Company Comment: Our business level with this supplier has been limited. And no orders have been placed with them since September 2010. As of April 2011 H&M has decided to discontinue business relationship with the supplier due to no business activities for a long time. It is our understanding that the management will not be able to remediate all issues raised and H&M will not be able to enforce remediation due to lack of business relationship. We were further informed that currently no other FLA-affiliated company sources from this supplier.
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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:** Some training sessions are provided in rest hours and are not separately paid as OT.

Ref: Labor Law 4857 Article: 77, Regulation About Health And Safety Training Sessions Article: 6

**Plan Of Action:** H&M encourages the factory to set up and maintain an efficient H&S Committee and develop an effective control system regarding the health and safety conditions in the factory. The H&S Committee should plan and organize health and safety training for employees according to health and safety laws and regulations. The committee should further ensure that training is given according to law and given during working hours.

**Deadline Date:** 11/06/2009

**Supplier CAP:** No new education or training will be organized during rest hours.

**Supplier CAP Date:** 11/06/2009

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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

Other

Noncompliance

Explanation: Day care service (crèche) was not provided.


Plan Of Action: In many countries factories employing many women are obliged to arrange day care for children at the factory so that women can bring their infants in when they go back to work. If there are many female workers with young children, providing day care will provide the women with the opportunity to work and to continue breastfeeding, which is very important for the health of the infant. H&M encourages factories with predominantly female workers to arrange day care for children below school age. All safety requirements applicable to the factory workshop also apply to day care.

Deadline Date: 01/02/2011

Supplier CAP: No private day care service is active in [City name]. Only government schools accept children 6 years old for preschool class.

Supplier CAP Date: 01/02/2011

Action Taken: No

Plan Complete Date: 
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: Although there are worker representatives, it was observed that worker representatives are appointed by management and not elected by workers.

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 a follow up of the discussed topics. Workers should be informed about the actions taken by the factory management.

Deadline Date: 04/01/2010

Supplier CAP: We are working on defining the responsibilities, duties, minimum basic skills, abilities and background required for the worker representatives and then we will organize the election for worker representatives.

Supplier CAP Date: 04/01/2010

Action Taken: No

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 were no periodical meetings held between management and worker representatives. No documentation was maintained about the meetings. Both workers and worker representatives don’t have enough knowledge about this system (about their duties and responsibilities).

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 a follow up of the discussed topics. Workers should be informed about the actions taken by the factory management.

Deadline Date: 05/01/2010

Supplier CAP: Although necessary dialogues run between the management and representative, there were no meeting notes kept. We will organize a new system for keeping the notes and periodic meetings. The aim of the system and responsibility of the representative is to help build better dialogue between workers and management.

Supplier CAP Date: 05/01/2010

Action Taken: No

Plan Complete: No
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 sole control of management and there is no control mechanism or means to appeal against them over this issue.

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 employee representatives, not only to the supervisor.

Deadline Date: 06/01/2010

Supplier CAP: Written warnings are based on request from the supervisor or manager of the section; this is to be confirmed by production manager. Currently we are organizing the written warnings after having detailed defense of the worker, 2 witness workers’ written comments and the worker representative and supervisors’ signatures confirming the penalty. After all is completed management was judging the final situation. We will try on a basis that judging will be actioned together with the representative as a committee.

Supplier CAP Date: 06/01/2010

Action Taken:
Plan Complete: No

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 (43 apprentices) are working above 40 hours/week.

Regulation About Child and Young Workers Official Gazette No: 25425 Article: 6

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: 01/01/2010

Supplier CAP: There is a line-balanced production flowing in our site, so it is obvious that we cannot handle some workers working for shorter hours. We usually pay more than legal requirements for the trainees; we are working on a system so that the minimum amount they earn will never be less than the total amount of 40 hours legal payment plus 5 hours calculated as overtime for every working week.

Supplier CAP Date: 01/01/2010

Action Taken:
Plan Complete: No

Plan Complete

Date:

Child Labor: Legal Compliance (Apprenticeships and Vocational Training)

CL.10 Employers shall comply with all regulations and requirements of apprentice or vocational education programs, and shall be able to document to monitors that these are legally recognized programs. Informal arrangements of any kind are not acceptable. (P)

Noncompliance

Explanation: 1. Apprentices are working as regular employees (45 hours/week).


2. Apprentices are not allowed to use their annual leaves as one month, as they are entitled (only 14 days are used like regular workers).

Ref: Vocational and Technical Training Law 05.06.1986 Official Gazette No: 19139 Articles: 26

Plan Of Action: We require the factory to follow the local laws regarding protection of apprentices. We will encourage the factory to set up policy and procedures on how to meet legal requirements regarding apprentices, including working hours, annual leave conditions, personnel files, working contracts, health records and suitable workstations, as well as proper and timely physical examinations.

Deadline Date: 01/01/2010
As mentioned above we have a line-balanced production system and apprentices are also set in this system. So lack of apprentices during working period will cause efficiency losses. It is true that their working period is as regular workers, but they also earn as much as regular workers. Such as the law permits, 218.7 TL per first 6 months and 228.15 TL for the last 6 months and yearly earnings will be a maximum of 2681.1 TL.

Within our system if we agree that they are a new trainee:

** First 2 months they will earn: 254.79 TL*2 = 509.58 TL
(729*0.3) => 218.7 salary + (218.7/200 (5wk*40hrs)*1.5*22 day) => 36.09 as overtime

** 4 months they will earn minimum 521.89*4 = 2087.56 TL

** Last 6 months they will earn minimum 544.44*6 = 3266.64 TL

Yearly total amount is 5863.78 TL.

It is obvious that they earn more than the legal requirement, which also fairly compensates the extra one hour worked during the day and the short annual break actioned.

Supplier CAP Date: 01/01/2010

Action Taken: Plan Complete: No

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:  H&M Code of Conduct was not posted in the facility.

Plan Of Action:  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 labor law and to communicate these to all workers.

Deadline Date:

Action Taken:

Plan Complete:  No

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 was no established complaint channel between workers and the 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 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.

Deadline Date:
Action Taken:
Plan Complete: No
Plan Complete Date:
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: 1. The health and safety trainings are not in line with the related regulation.

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

2. H&S Committee is not active and members are not doing regular checks on facility to check working conditions, PPE selection and usage. Topics covered at H&S Committee meetings are too broad and don’t cover most of the health and safety topics mentioned at related regulation.

Ref: Labor Law 4857 Article: 77-80, Regulation About H&S Committees Article: 7-8 07.04.2004 Official Gazette No: 25426

Plan Of Action:

1. 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 to provide a sufficient number of workers training to inform them about their legal rights and work-related risks. The 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.

2. H&M requires that workers’ safety is a priority at all times. H&M encourages factory to set up and maintain an efficient H&S Committee and to develop an effective control system regarding health and safety conditions in the factory. This committee shall be established and work according to law. The committee should be guided by the facility doctor and an H&S Specialist. The H&S Specialist should evaluate the risks in the factory and create the agenda of each meeting, according to the work-related conditions and level of awareness in the factory. Members of the committee should be in accordance with the law; committee should do regular checks of the health and safety conditions in the factories; necessary improvements must be done and monitored by this committee; etc. Minutes of the meetings should be recorded, which should enable a follow up on the topics by monitoring the improvements from the records.

Deadline Date: 06/01/2010

Supplier CAP: It is decided to reorganize the H&S Committee, meetings, members, educations, checking periods and topics handled parallel to mentioned laws. We believe this will activate a better result.
Supplier CAP  06/01/2010

Action Taken:

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 is insufficient i.e.;

1. Emergency lighting system is not checked periodically, thus some illumination equipment is not operational or is missing;
2. Some evacuation routes were blocked;
3. Fire alarm buttons were missing or insufficient at some areas (canteen, office floor, trim storage area, fabric storage area);
4. Number of fire extinguishers was insufficient and not suitable for easy access in some areas.

Plan Of Action: H&M requires that health and safety in the factory is maintained according to local law and our code of conduct. We encourage the factory to set up and maintain a comprehensive health and safety system. During our audits we regularly check that the health and safety routines are followed and that safety requirements are met.

Deadline Date: 06/01/2010

Supplier CAP: This is agreed to be handled with more care. We will prepare a checklist and assign a responsible staff person to check the requirements periodically.

1. All the exits and emergency lighting systems will be controlled.

2. All evacuation routes will be guaranteed to be unblocked.

3. We will also control the fire alarm button quantity as per law. We will make sure on every floor we have a fire alarm button every 50 meters.

4. Total number of extinguishers is sufficient, but we will recheck the places of them.

Supplier CAP Date: 06/01/2010

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: Workers with first aid training certificates are insufficient (35 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 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.

Deadline Date: 09/30/2010

Supplier CAP: There are regular educations organized by factory doctor for first aid; in addition, we will follow the companies that give first aid training and make our workers have this education to reach the sufficient number.

Supplier CAP Date: 09/30/2010

Action Taken:

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

Ref: 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

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 are trained to know when, how and why to use personal protection and related equipment.

Deadline Date: 05/01/2010

Supplier CAP: Lower pulley guards will be checked and completed, most of our machines such as button sewing, tacking and bartacking machines have protectors. We will prepare a checklist and assign a responsible staff person in order to control health and safety requirements periodically.

Supplier CAP Date: 05/01/2010

Action Taken: No

Plan Complete: No
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. Missing equipment on workplace H&S Unit, such as oxygen tube and computer.

2. Periodic health checks of young workers (apprentices) are not done on semi-annual basis.

3. H&S specialist is missing at the workplace H&S Unit.

Ref: Regulation About Workplace Health and Safety Units and Common Health and Safety Units Article: 5-8 Labor Law 4857 Article: 80, Regulation About Heavy and Dangerous Works Article: 5

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 an H&S Specialist who is in charge of all related applications in the factory, including the maintenance of equipment such as oxygen tube, mobile stretcher and computer. The factory doctor should, together with the H&S Specialist, implement a sustainable system for first and for periodic health checks of the employees, in order to be able to trace their health conditions and eliminate the work-related risks.

Deadline Date: 06/01/2010

Supplier CAP: 1. We will make sure that our doctor makes the periodic health checks for young workers twice a year.

2. We aim to complete missing equipment such as oxygen tube and computer.

3. We will get consultancy from an H&S Specialist.

Supplier CAP Date: 06/01/2010
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: It was observed that there were some restrictive cases on toilet use applied by some supervisors, without the knowledge of management.

Plan Of Action: H&M requires factories to follow the local laws and regulations and the H&M Code of Conduct while taking disciplinary actions against workers. Factories should respect workers’ basic necessities such as access to food, water, toilets and not use them as means to maintain labor 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 repeat of the violation. Workers should be informed about the changes to the previous applications which led to the violation. Follow up should be enabled through internal communication channels in the factory.

Deadline Date: 06/01/2010

Supplier CAP: As mentioned above this is not a general management decision; this may be a case that some workers misuse this option for smoking and also for leaving for lunch or breaks earlier than others, pushing supervisors to act more strict. To eliminate the cases of misuse we believe new system of discipline will help, and supervisors do not need to act as mentioned above. Also, we will remind the supervisors not to block this right because of some unfair actions.
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 report for the drinking water test is outdated and drinking water fountains are dirty (there is no 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: Ensuring that the workers have free access to clean drinking water is essential in order to prevent dehydration and exhaustion in hot weather. Ensuring that the workers are provided with individual cups for drinking water ensures that disease is not spread between workers. H&M expects suppliers to provide clean drinking water that is easily available to all workers on all floors in the factory. Proper clean containers should be used for drinking water. The reuse of empty chemical containers for drinking water is not allowed. Containers and the areas around them should be kept clean at all times.

Deadline Date: 02/15/2010
Supplier CAP: We write the necessary request to organize the drinking water test, and believe that this will be finalized till end of January. We will make the drinking water analysis 2 times a year and keep the reports. We also set a signing table to control water fountains.

Supplier CAP Date: 02/15/2010

Action Taken:

Plan Complete: No

Plan Complete Date:

Hours of Work: Protected Workers (Women and Young Workers)

HOW.4 The factory shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by women or workers under the age of 18. (S)

Noncompliance

Explanation: Pregnant and breastfeeding workers are working more than 7.5 hours/day. (Maximum than 11 hours per day)


Plan Of Action: H&M requires the factory to follow the Labor Law concerning working conditions of pregnant women. Internal regulations should be in line with the law and our Code of Conduct (and should include working conditions/circumstances for pregnant workers). These regulations should be communicated to both workers and management in the factory.

Deadline Date: 02/01/2010
The law says pregnant women cannot work more than 7.5 hours per day, because of this usual term is to work 6 days and hit 45 hours. They aim to mention “overtime is forbidden.” For the new year, we start to work based on a policy to eliminate overtime for pregnant women. There are some pregnant women who still want to work extra and earn more, but even we say no. Regarding breastfeeding workers we always allow them to have 1.5 hour early leave from the company. Whoever would like to start normal working hours before one year completed, we decide to take a confirmation letter.

Supplier CAP 02/01/2010
Date:

Action Taken:

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: The workers in finishing, ironing and packing sections and joker (personnel capable of all operations in their department) workers worked more than 60 hours per week (up to 80 hours/week); they also exceeded 270 hours yearly legal OT limit. (Maximum completed 270 hours within 3 months).

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 always done voluntarily and compensated according to 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 to work on measures that limit the number of overtime hours on 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: 01/04/2010

Supplier CAP: It is a main subject for the company to eliminate the overtime hours and costs. We follow per each month and year. We achieved in the last 4 years an improvement starting from 17-18% to 13%; in 2009 this is actioned as 7.5%. Also, we organized some special shifts and working hours for warehouse personnel, to reduce the inefficient times by morning and to set less overtime by the evenings of shipments. All this will help to keep overtime minimized.

Supplier CAP Date: 01/04/2010

Action Taken: No

Plan Complete: No
Plan
Complete
Date:
