COMPANY: H&M Hennes & Mauritz AB
COUNTRY: Turkey
FACTORY CODE: 4400761020
MONITOR: STR Responsible Sourcing
AUDIT DATE: July 6 – 7, 2010
PRODUCTS: Denimwear
PROCESSES: Cutting, Sewing, Pressing, Packaging, Washing, Spraying, Warehousing, Embroidery
NUMBER OF WORKERS: 611

**Company Comment:** H&M no longer has a business relationship with [Factory name], as the factory closed down in December 2012, due to financial reasons. All the legal procedures, which should be applied by the factory during the closure period, were followed up on by the main supplier, H&M and by the union [Union name]. We confirmed, in this closure process, that the workers of [Factory name] received rights above legal requirements, as a result of discussions made between the union and factory management.

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

Freedom of Association: General Compliance Freedom of Association.................................................. 3
Code Awareness: ......................................................................................................................................... 4
Code Awareness: ......................................................................................................................................... 5
Health and Safety: Evacuation Requirements and Procedure................................................................. 6
Health and Safety: Safety Equipment and First Aid Training ................................................................. 7
Health and Safety: Personal Protective Equipment.................................................................................. 8
Health and Safety: Chemical Management and Training ................................................................. 9
Health and Safety: Sanitation in Factory Facilities.................................................................................. 10
Health and Safety: Toilets......................................................................................................................... 11
Hours of Work: General Compliance Hours of Work............................................................................ 12
Hours of Work: Rest Day ......................................................................................................................... 13
Hours of Work: Extraordinary Business Circumstance/Forced Labor.................................................. 15
Hours of Work: Annual Leave................................................................................................................. 16
Freedom of Association: General Compliance Freedom of Association

FOA.1 Employers shall comply with all local laws, regulations and procedures concerning freedom of association and collective bargaining. (S)

Noncompliance

Explanation: The facility does not have a written policy recognizing and respecting freedom of association and collective bargaining. Moreover, employment application forms have a question asking if the employees are members of a union or not.

Plan Of Action: H&M requires the factories to follow ILO core convention as well as related country labor law and H&M commitments. Workers shall have the right to establish and be members of the association/union of their own choosing. The right to freedom of association begins while workers look for a job and continues during the time they are employed, including the termination of employment. At H&M, freedom of association is a protected right and is featured in the “Workers' Basic Rights” chapter in our handbook. The factory should follow the relevant regulations and should remove the question from their application form as well as any kind of document/practice in their system.

Deadline Date: 10/01/2010

Supplier CAP: We respect workers’ freedom of association and collective bargaining rights. Workers are free to make their own choices without any limitations. There is no discrimination of workers based on their membership to any legal civil organization. The membership to a legal civil organization is not a criterion for the recruitment. The question asking whether the applicant is a member of a union has been removed from the Application Form for recruitment. We aim to have a peaceful working environment and have the workers satisfied by the conditions. The information about freedom of association will be written in Personnel Regulations Booklet that is given to all employees during employment.

Supplier CAP Date: 10/01/2010

Action Taken: H&M Visit (August 18, 2010): Related question has been removed from the application form.

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’s Code of Conduct (COC) is not posted on the work floors and the employees are not aware of H&M’s COC. Furthermore, the contract between the factory and catering subcontractor does not comply with FLA’s COC regarding rest days, maximum hours of work, minimum wage/overtime payments, and minimum age.

**Plan Of Action:**
All H&M suppliers are informed about 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. During audits and follow-up visits, we conduct interviews with workers and hand out our contact information so that the workers can put forward their grievances directly to us. From now on, we will also encourage supplier to train workers in the factory regarding regulations, local labor law and our code of conduct. Furthermore, the contracted workers should also have same rights as ordinary workers, meaning that the contract between catering company and factory should comply with the local labor law and H&M’s COC.

**Deadline**
Date: 08/01/2010

**Supplier CAP:**
We are outsourcing the food services to a third party. Contracts between the company and its workers have been reviewed. Articles regarding working hours, minimum wage, overtime payments, workers’ ages, and weekly holidays have been added to the contracts. The revised contracts are controlled and confirmed by our Personnel Department.
Supplier CAP Date: 08/01/2010

Action Taken: **H&M Visit: (August 18, 2010):** Missing articles have been added into the relevant contracts.

Plan Complete: No

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**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:** The employees are not aware that there is a confidential noncompliance reporting mechanism that allows them to contact H&M directly.

**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 local line, which is specifically allocated to get workers' calls 24/7. We also encourage these workers 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:**
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: Evacuation route is not marked in washing, drying, cutting, and quality control sections.

Plan Of Action: H&M requires that the factories follow the H&S regulations in the local law and the H&M’s COC. Factory needs to mark evacuation routes for renovated sections.

Deadline Date: 12/15/2010

Supplier CAP: We are expanding the factory's capacity, aiming for a better quality and quicker reaction to customer’s demands. We are constructing to expand the production areas; there are repairs and renovations in some other parts. Moving or renovations in washing, dry process, cutting, and finishing departments are still on course. Marking the evacuation route is the last step in those works. Construction in washing and dry process departments is still going on. The marking of the evacuation route is done and completed in cutting and finishing departments.

Supplier CAP Date: 12/15/2010

Action Taken:
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: 4 fire extinguishers are not marked, 1 fire extinguisher is not mounted and 2 fire extinguishers' pressures are 0.

Plan Of Action: H&M requires that factories follow the H&S regulations in the local law and H&M’s COC. Factory needs to establish a comprehensive H&S control system. This system should guarantee that periodic checks regarding each subject of H&S are followed on time. Fire extinguishers should always be kept with complete pressure, mounted, and marked in the factory.

Deadline Date: 01/01/2011

Supplier CAP: We continue to work to fulfill all the items in Occupational Health and Safety regulations. Professional assistance is taken from specialized companies. We are regularly checking the fire fighting system and taking necessary actions whenever needed. In this context, we have asked our contractor to recheck the whole fire fighting system. After the controls, we have established main fire fighting stations in all the departments in our company. All fire extinguishers are numbered and marked. The person responsible in our factory will check pressure control, layout and placements with a checklist every 2 weeks. The controls will be documented and reported.
## Health and Safety: Personal Protective Equipment

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

### Noncompliance

**Explanation:** 2 metal mesh gloves are inadequate for use as there are open holes in the glove fingers.

**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 workers are informed of when, how and why to use personal protective equipment. Factory should replace all damaged metallic gloves used in cutting section.

**Deadline Date:** 01/01/2011

**Supplier CAP:** We continue to work to fulfill all the items in Occupational Health and Safety regulations. A periodic checklist has been prepared for the safety equipment. Those checks will be documented and reported. Steel gloves that are used in the Cutting Department are changed. Steel gloves as well as other safety gear in the factory will be controlled by COC and department responsible once a week as mentioned on the checklist.

**Supplier CAP Date:** 01/01/2011
**Health and Safety: Chemical Management and Training**

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

**Noncompliance**

**Explanation:** Secondary containment is missing for the stored chemicals.

**Plan Of Action:** H&M requires that the factories follow the H&S regulations dictated by local law and H&M’s COC. In order to prevent the possibility of chemical leakage, which may cause work-related accidents or injuries, the factory needs to provide secondary containment or build a drainage canal in the ground at the chemical storage location.

**Deadline Date:** 11/15/2010

**Supplier CAP:** The chemical warehouse is 1 of the departments that is undergoing construction in our factory. The new chemical warehouse is divided into 2 sections. The main warehouse will be the area where all the chemicals are stored. Possible leakages will be drained by special ducts in the ground. Daily chemical needs will be stored in a smaller warehouse, which has secondary containments, beside the main warehouse. Only authorized personnel responsible for the chemicals will be allowed in those warehouses.

**Supplier CAP Date:** 11/15/2010
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: Ventilation is inadequate in the restrooms.

Plan of Action: H&M requires that the factories follow the H&S regulations in the local law and H&M’s COC. Factory needs to improve ventilation system in the restrooms.

Deadline Date: 01/01/2011

Supplier CAP: We are currently revising the ventilation system in the restrooms. New equipment will be installed wherever it is needed to improve ventilation in the factory.

Supplier CAP Date: 01/01/2011

Action Taken:

Plan Complete: No
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: Gender separation signs are not posted on men and women's locker rooms.

Plan Of Action: Gender separation signs should be posted on each locker room.

Deadline Date: 07/09/2010

Supplier CAP: Gender separation plates will be posted on the men and women's locker rooms.

Supplier CAP Date: 07/09/2010

Action Taken: H&M Follow Up (July 26, 2010): Gender separation signs are now in place.

Plan Complete: No

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: Weekly overtime hours exceeded 12 hours for 21 selected employees out of 25 at least once in the 3 months checked: April 2010, May 2010, and June 2010. 4 selected employees out of 25 have worked during night shifts at least 3 weeks consecutively. Daily working hours are 12 hours whenever the employees work overtime until 10:00pm. Spraying, washing and drying section employees work 10 hours during the night when they work between 8:00pm and 8:00am. The facility has not informed the government regarding shift working in washing, drying and spraying sections.

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 the local law. All H&M suppliers are encouraged to find possible measures for reducing overtime both through our Code of Conduct Supplier Guideline (guidance on how to implement H&M’s COC requirements) and via workshops held by compliance staff. In the short-term, we require the factory to ensure that workers have 1 rest day per week and to work on measures that limit the number of overtime hours on weekdays. The supplier is required to send monthly OT analysis reports to H&M for each section. Further, we will conduct a root cause analysis with the supplier to find the reason for excessive overtime and support the supplier in measures it may take to keep overtime within legal limits.

Deadline Date: 12/31/2011

Supplier CAP: Production department in our factory determines daily, weekly and monthly targets. Production targets are set without taking overtime in consideration. Targets are to be kept within the normal working hours. In these studies, the employees are expected to do their best; they will not be forced to work beyond what they can perform. We are well aware that overtime causes negative effects to the workers and is an additional cost for the company; therefore we try to avoid it as much as possible. If overtime is needed, the person responsible for production advises the department supervisor about the operations that will be done on overtime and the number of operators needed. By the approval of the department supervisor, the name list of employees who will be asked to work overtime is prepared. Employees are informed of the reason for overtime. The employees are required to sign as the proof of their agreement to the overtime. Employees are not forced to do overtime; they have the right to refuse it. Furthermore, to decrease daily overtime hours we try to implement the 3-shift system with 7.5 hrs. in each shift at washing, spraying and dry process sections.
On the confection side, we are still working on different production systems to become more efficient and thus to decrease overtime. Meanwhile, we applied to local Social Security Administration on July 12, 2010 to ask permission to use the shift work system. According to the written reply we received, permission to use the shift working system is no longer required, according to the legislation issued on April 7, 2004. The current requirement is just to keep workers health check records in their personnel files in the factory and send them a list which includes name of the workers work in night shift.

**Supplier CAP Date:** 12/31/2011

**Action Taken:** H&M Follow Up (July 26, 2010): Maximum daily combined working hours is 12 hours in June 2010 at chemical spraying section. Now they are working in 3-shift system, 7.5 hrs. in each shift. Factory sent a name list of the workers working the night shift to the local Social Security Administration on July 12, 2010.

**Plan Complete:** No

**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:** 19 selected employees out of 25 have worked 7 days consecutively at least once in the 3 months checked: April 2010, May 2010, and June 2010.

**Plan Of Action:** H&M requires that the overtime hours do not exceed the legal limit, that overtime work is done only voluntarily, and that it is 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 within legal limits and in a sustainable manner in the future.
**Deadline Date:** 12/31/2011

**Supplier CAP:**

Daily working hours are set according to the production/day ratios and production targets. In our factory, production targets are set according to 45 hours/week. The targets are revised and updated continuously based on the productivity analysis done in the lines. Our factory tries to avoid that type of work knowing the negative effects of excessive overtime to the workers and the extra cost to the company. However, during some periods such as seasonal transitions or unforeseen problems, our factory has no other option but to use overtime work. Whenever overtime is done during the weekly rest days, the workers will have an alternate rest day during the subsequent week.

**Supplier CAP Date:** 12/31/2011

**Action Taken:**

H&M Follow Up (July 26, 2010): Some workers worked 13 consecutive days in June 2010 at the chemical spraying section. As per management statement, since they started working in 3-shift system, they were given 1 day off. We will continue to monitor it in further audits.

**Plan Complete:** No

**Plan Complete Date:**
**Hours of Work: Extraordinary Business Circumstance/Forced Labor**

HOW.11 In case of extraordinary business circumstances, employers shall make reasonable efforts to secure voluntary overtime work prior to mandating involuntary overtime. Employers must get workers voluntary consent periodically for all overtime that is above the 12 hours as provided for in the Code and that is not due to extraordinary business circumstances. (P)

**Noncompliance**

**Explanation:** Management and worker interviews and personnel file inspection found out that there was no system to ensure that OT work beyond legal limits is done on a voluntary basis.

**Plan Of Action:** H&M requires that the overtime hours do 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 to take measures to reduce overtime both through our Code of Conduct Supplier Guideline (guidance on how to implement H&M’s COC requirements) and via workshops held by compliance staff. In the short-term, we require the factory to ensure that workers have 1 rest 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 conduct 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:** 08/01/2011

**Supplier CAP:** Our factory production management does not plan production targets over normal work hours (45 hours/week). Our factory is aware that overtime causes negative effects to the workers and additional cost to the company. However, there may be many unforeseen situations that cause the factory to lose time in production. Management may decide to compensate for this time loss with overtime. The reasons for overtime are defined as: machine breakdowns, absence of workers, quality problems in production, etc. If overtime is needed, the production supervisor responsible advises the department supervisor about the operations that will be done on overtime and the number of operators needed. By the approval of the department supervisor the list of employees who will be asked to do overtime is prepared. Employees are informed of the reasons for overtime. The employees are required to sign as the proof of their agreement to the overtime. Employees are not forced to work overtime; they have the right to refuse it. Production manager receives monthly reports of total time and reasons for overtimes. If overtime becomes a regular occurrence, then preventive actions are taken. If our employees think that they are forced to work overtime they can file their complaints in different ways: they can declare their complaints individually or collectively to management or they can use the suggestion and complaint boxes.
By using one of those ways, our employees can communicate their complaints, wishes or proposals to the top management. Our aim is to make a better working environment for our employees. We believe that this will make our colleagues healthier, peaceful and happy.

Supplier CAP Date: 08/01/2011

Action Taken: H&M Follow Up (July 26, 2010): Workers and middle management have been informed of the policy on refusing overtime and the legal limits regarding overtime work through a meeting on July 12, 2010. We will continue to monitor this issue in further audits.

Plan Complete: No

Hours of Work: Annual Leave

HOW.14 Employers shall provide workers with paid annual leave as required under local laws, regulations and procedures. (S)

Noncompliance

Explanation: Annual leave days have not been completely used by 29 employees on time and they have accumulated.

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

Deadline Date: 09/01/2011
In our factory, leave days are applied according to the Turkish Labor Laws. All of our employees get a "Personnel Regulations Booklet" where they can find detailed information regarding leaves and vacations like maternity leave, leave with excuse or health reasons etc. and all their other rights. Employees are free to use their annual vacation rights at their conveniences. However, sometimes during peak season the employees may not be able to use their leave. In that case, alternative dates are agreed upon with the employees. Annual vacations are kept in Annual Vacation Report Notebook as defined in Turkish Employment Law. Deserved days of annual vacations are informed to department managers. We will also encourage our employees to put their annual leave request to employee representatives and employee representatives may discuss those requests in the worker committee. Lastly; we are planning to have all the past years’ annual vacations used within 1 year for all our employees.

Supplier CAP:  
CAP Date: 09/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date: