



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT*

COMPANY: H&M Hennes & Mauritz AB

COUNTRY: Turkey

FACTORY CODE: 440276115HV

MONITOR: Bayramhan Boyer

AUDIT DATE: October 26, 2011

PRODUCTS: Garments

PROCESSES: Cutting, Sewing

NUMBER OF WORKERS: 354

*To read the original IEM report for the factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



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**Denotes a Notable Feature*

Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: [New Finding: Workers are registered to social security after a probation period \(maximum of 20 days\).](#)

[Source: document review](#)

Plan Of Action: [H&M requires the supplier to follow local laws and the requirements of H&M's Code of Conduct \(COC\). All workers shall be socially registered 1 day before recruitment.](#)

Deadline Date: [07/01/2013](#)

Supplier CAP: [Because of the circulation \(some workers are leaving the job 2-3 days after they start work\), workers are registered to social security after the probation period. The main problem is the workload of the HR department. But, the company will improve this issue and will do the registration, at latest, in a week. Starting from January 1, 2012, registration to social security has been done on the same day as the starting day.](#)

Supplier CAP Date: [07/01/2013](#)

Action Taken: [During our last audit in 2012, we observed that some workers were registered 3-4 days late.](#)

[H&M Comment in March 2013: The factory claimed in March 2013 that all workers are recruited 1 day before their recruitment. But, we did not yet confirm it via an audit. We will check it during coming audits.](#)

Plan Complete: [No](#)

Plan Complete Date:

Action Verified: No

Action Verified
Text:

Action Verified
Date:

Wages, Benefits and Overtime Compensation: Training and Probation Wage

WBOT.3 Where probation or training wages are legally allowed, no worker shall be paid a probation or training wage for more than three months cumulatively. (S)

Notable Feature

Explanation: Workers are mainly happy about the meal quality, Ramadan hampers (food allowance) and crèche service provided by the employer.

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, including OT compensation and wages higher than minimum wage, do not match with the payroll records registered in Social Security Administration. This is causing lower severance payments, pension rates, etc., for the workers who are receiving more than minimum wage.

Source: factory-provided records

Legal Reference: Social Security and General Health Insurance Law 5510 Article: 80

Plan Of Action: H&M requires the supplier and factory to follow local law as well as the requirements in H&M's 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. The primary focus is to get suppliers and factories to ensure all workers are registered and pay premiums to the social security administration. We encourage the supplier and factory to, in a sustainable way, work towards full legal compliance in this matter, without forgoing their transparency towards our auditors/H&M.

Deadline Date: 01/01/2014

Supplier CAP: Circumstances of the Turkish economy and garment production industry are the main reasons behind this noncompliance. In our meeting on June 8, 2009, the factory agreed to prepare a financial analysis of the additional cost of registering actual compensation with Social Security Administration.

Supplier CAP Date: 01/01/2014

Action Taken: 70% of overtime wages are paid in cash and showed in internal payment records; 30% of overtime wages are paid through bank account and shown in official payrolls; and 90% of salaries are paid through bank account and shown in the official payrolls. The management plans to declare entire salaries to the government by the end of 2011.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Pending: The facility still has a double book keeping system in place.

Action Verified Date:

Follow Up Plan of Action: The aim of the company is to minimize the overtime and to leave the double book keeping system in the future. On the actual payroll, salary and some part (40%) of the overtime are registered. The rest of the overtime wage is given directly to workers in cash. There will be a cost increase of 35% if the company registers all overtime hours.

H&M Comment in March 2013: The factory has informed us that they still have double booking, but a decision has been made by factory management to correct this finding by the end of 2013. The gradual improvement plan provided by factory management is, as follows: The factory decided on a gradual improvement: They have already been registering 30% of overtime hours in the first quarter of 2013. The ratio will increase to 50% until the end of the second quarter, 75% until the end of the third quarter, and 100% until the end of 2013.



Wages, Benefits and Overtime Compensation: Posting Notices

WBOT.23 All notices that are legally required to be posted in the factory work areas shall be posted. All legally required documents, such as copies of legal code or law, shall be kept at the factory and available for inspection. (P)

Notable Feature

Explanation: Text of labor law was posted at prominent places within the workplace and workers were aware of the labor law and their rights.

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

Other

Noncompliance

Explanation: There is no Annual Leave Committee within the facility for determining the annual leave periods and evaluating the annual leave requests of the employees. In addition, there are some missing signatures on annual leave documentation.

Legal Reference: 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 the workers' basic right of leave is respected and 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.

Deadline Date: 12/31/2013

Supplier CAP: The factory will set up a committee for annual leaves. Members of the committee will be same as the Discipline Committee.

June 30, 2009: Missing signatures on annual leave documentation will be completed.

Supplier CAP Date: 12/31/2013



Action Taken: [Ongoing, June 2, 2010:](#) we conducted an unannounced audit at the factory. No meeting has been held yet. 200 workers used annual leave in 2009, 20 workers did not use it. In 2010, 15 workers have used annual leave so far. Workers sign annual leave documents after they use it.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Ongoing:](#) The facility has established an Annual Leave Committee, which has a worker representative, but the committee does not work according to the regulation on the Annual Leave Committee. The committee's last meeting was held in October 2010.

Action Verified Date:

Follow Up Plan of Action: Supplier declared that Annual Leave Committee is doing evaluation meetings at the end of the year. The meeting for 2011 will be in the beginning of December and the committee will list the employees, which are eligible for annual leave.

[H&M Comment in March 2013:](#) Annual Leave Committee is holding meetings; the last meeting conducted was October 12, 2012. We will follow this up during upcoming audits.



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: Despite the fact that there is a Worker Representative Committee within the workplace, no elections have been held.

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 to represent the different sections in the workplace.

Deadline Date: 06/25/2009

Supplier CAP: The factory held its last election on 2007 and there are 9 workers. They will hold an election on June 25, 2009.

Supplier CAP Date: 06/25/2009

Action Taken: Completed: Employees elected new worker representatives on June 25, 2009; this was also verified during document review and worker interviews.

June 2, 2010: We conducted an unannounced audit at the factory and confirmed the status of the CAP. According to information given by the factory, worker representative elections are done regularly. The last election was done on November 6, 2012; none of the elected workers is a supervisor.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Ongoing](#): The facility has held elections to determine the worker representatives in 2009, but one of the representatives is a supervisor. New workers are not aware of the representatives or about the use of the worker representative system.

Action Verified Date:

Follow Up Plan of Action: The worker representative was not a supervisor at the time of the election. The employee was promoted to the supervisor level after they had become a worker representative. Worker representatives have been announced on the information board with their photos. The Quality Management System department and the HR department are giving out the new workers' information book and also informed them about the worker representatives.

[H&M Comment in March 2013](#): H&M will verify the effectiveness of the workers' representation system during the next follow-up visit.

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: [Disciplinary penalties, like written warnings, are under the sole control of supervisors; there is no control mechanism over them or means to appeal against them on 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: [06/19/2009](#)

Supplier CAP: The factory will set up a Discipline Committee, and this committee will handle all discipline points. On the statement forms (minutes), there will also be the signature of the responsible human resource staff member and of available management.

Supplier CAP Date: 08/03/2011

Action Taken: Ongoing: Disciplinary Committee was established and the owner of the company is a member of the committee. The committee reported discussing no disciplinary issues.

June 2, 2010: H&M conducted an unannounced audit at the factory and found that the CAP efforts were in progress.

Nike, August 3, 2011: The management has prepared a disciplinary procedure and employee handbook, including the disciplinary procedure, along with the other terms and conditions. Training on the handbook, disciplinary procedure, grievance system, and harassment and abuse policy will be conducted by the lawyer of the company in September 2011. Management has already started to apply official disciplinary steps by HR management, to avoid any direct communication by supervisors. Disciplinary Committee has been settled; however, the first meeting will be held after the procedures and trainings are completed.

Plan Complete: Yes

Plan Complete Date: 09/01/2011

Action Verified: Yes

Action Verified Text: Completed: The facility has set a Disciplinary Committee, which includes a worker representative; the last meeting was held in October 2010. The facility has not used written warnings as a measure since the last meeting.

Action Verified Date: 10/26/2011

Harassment or Abuse: Discipline/Verbal Abuse

H&A.11 Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline. (S)

Noncompliance

Explanation: Management practices do not prevent verbal harassment (on a managerial level).

Plan Of Action: H&M requires the factory to set up a policy against sexual harassment, abusive behavior, forced labor, and discrimination. H&M does not accept any kind of harassment or abuse from the factory against workers. The factory should work on implementing a grievance procedure to ensure any cases of harassment and abuse can be detected immediately and dealt with accordingly.

Deadline Date: 06/19/2009

Supplier CAP: The factory will be careful about this issue. This means that the owner will talk with the supervisors regularly and warn them regarding this important issue. The owner will also do regular meetings with the workers, to follow up this process.

Supplier CAP Date: 06/19/2009

Action Taken: Ongoing: Supervisors and middle management have been warned about using harsh language against employees. Also, HR manager gave new internal training to all supervisors about communication methods between employees and managers. But, meeting notes and details of training have not been kept. We will continue to check on it in follow-up audits. We conducted a meeting with all middle management and supervisors. We have noted that all have been trained and are aware of the company's harassment policy.

Completed: The facility continued to give training to supervisors. They have changed the line of supervisor and decreased the number of workers in that line in order to decrease workload and not to create pressure on the supervisor.

Plan Complete: Yes

Plan Complete Date: 10/26/2011

Action Verified: Yes

Action Verified Text: Completed: There has been training on anger management at the managerial and supervisor levels. There was no sign of verbal harassment in the facility during the day of audit, from either visual or worker interviews.

Action Verified Date: 10/26/2011

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: Despite the fact that the factory posted its own and some other brands' codes of conduct, there are no FLA or H&M Codes of Conduct posted within the workplace.

Plan Of Action: All H&M suppliers are informed of 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.

Deadline Date: 05/06/2009

Supplier CAP: The supplier is aware of the content of the code of conduct rules and they are also informing their subcontractors, with regular meetings and controls about these rules.

Supplier CAP Date: 05/06/2009



Action Taken: [Completed:](#) Although H&M does not require the H&M Code of Conduct to be posted in the factories, it was posted in the factory.

[June 2, 2010:](#) H&M conducted an announced audit at the factory and confirmed the status of this CAP.

Plan Complete: Yes

Plan Complete Date: 12/29/2009

Action Verified: Yes

Action Verified Text: [Completed:](#) H&M's code has been posted on the work floor.

Action Verified Date: 10/26/2011

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 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 cards with our contact information. The number we provide on the card is a mobile number, which workers can call or SMS to 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 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: 03/31/2010

Action Taken: Pending: Mobile numbers of H&M's compliance staff in Turkey were given to the interviewed workers during the follow-up audit.

Pending: June 2, 2010: H&M conducted an unannounced audit at the factory, during which mobile numbers of H&M's compliance staff in Turkey were given to the interviewed workers.

Nike, August 3, 2011: Nike works on capacity building on the HRM systems of the suppliers so that the factory management has direct and effective communication channels with employees. The factory currently has an established grievance channel between HR management and the employees; the updated grievance procedure is going to be explained by an all employee training in September 2011. Records from the grievance boxes and worker representative committee meetings are available.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Pending: There is still no established complaint channel between workers and company. The workers had no awareness of a complaint channel between the company and workers. None of the workers interviewed had information on worker complaint channel phone number or mail.

Action Verified Date:

Follow Up Plan of Action: H&M Comment in March 2013: H&M does not post hotline numbers at factories, but the Compliance Staff provides business cards with our contact information to the workers interviewed. 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. H&M Compliance staff will continue spreading the information at the factory during follow-up visits.

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 wastewater discharge license is missing. (Wastewater of printing section is discharging to the city sewage system.) Environmental Effects Evaluation Report (CED) is missing.

Legal References: Regulation About Discharging Wastewater Sewage Systems, 30.11.2006; Environmental Effects Evaluation Regulation 16.12.2003 Official Gazette No: 25318

Plan Of Action: H&M requires the supplier/factory to comply with applicable environmental laws. The outgoing water from wet processes must be treated before discharged. H&M requires that the factory apply for all applicable environmental permits and licenses. During our next audit in this factory, we will check that all applicable environmental permits and licenses are obtained by the factory and will further stress the importance of the factory to adapt a system to ensure that their operations are run in accordance with the law.

Deadline Date: 07/30/2009

Supplier CAP: The factory will send wastewater to analysis (deadline June 30, 2009) and will send an application to the civic government to have permission for wastewater discharge to the city sewage system.

Supplier CAP Date: 08/03/2011

Action Taken: Pending, June 2, 2010: We conducted an unannounced audit at the factory. Based on our findings, there was neither progress nor any action taken on this violation. The factory has applied for a wastewater analysis, according to results; discharge permit procedures will be started.

Nike, August 3, 2011: The factory could not apply for wastewater discharge permit yet, as the operation permit is in progress. After the operation permit process is completed, the wastewater discharge permit will be provided. The factory starts to get laboratory analytical results for the wastewater and will share with Nike.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Ongoing](#): The facility has obtained a discharge permit. The facility has not yet applied for Environmental Effects Evaluation Report (CED).

Action Verified Date:

Follow Up Plan of Action: [Supplier](#) declared that the factory will get information for the application of the Environmental Effects Evaluation Report and will make the application. Main supplier will support the factory with the help of their environmental engineer. This issue will be corrected by the end of March 2012.

[H&M Comment in March 2013](#): The factory has informed us that they have applied for CED, but the process is still going on. They have taken wastewater quality control license from the municipality dated August 26, 2011.

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: There is no emergency lighting system for the illumination of the evacuation routes. The power supply of the fire alarm system is not provided from an independent power source and connected to the main electricity line.

Legal References: Health & Safety Regulation Article: 19 (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 that safety in the factory is maintained according to local law and our code of conduct and 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. Staff from H&M and Nike visited the factory June 8, 2009. During this visit, H&M and Nike agreed that the lighting system is sufficient. The power supply for the fire alarm was corrected during our visit. We have encouraged the factory to maintain an efficient Health and Safety Committee and to strengthen their control of the functioning of the system. We will continue to follow up in future audits and visits.

Deadline Date: 08/06/2009

Supplier CAP: The factory has markings for evacuation and lighting at fire exits. Also, power source and generator are available. It is not possible to build a lighting system on evacuation routes.

Supplier CAP Date: 08/06/2009

Action Taken: The facility provided an adequate emergency lighting system for easy evacuation. Independent power source is now provided to the fire alarm system.

June 2, 2010: We conducted an unannounced audit at the factory and confirmed the status of this CAP.

Plan Complete: No

Plan Complete Date: 12/01/2011

Action Verified: No

Action Verified Text: Ongoing: The facility has installed emergency lighting and also developed a system to periodically control the equipment. But, the fire alarm system is not powered by the independent power supply.

Action Verified Date:

Follow Up Plan of Action: Supplier declared that the fire alarm is connected to the power supply. If there is a power failure, power supply will set in. The information will be verified during the follow-up visit.

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: 1. Workers with first aid training certificates are insufficient. Right now, there are only 8 workers with first aid certificates. There must be 1 for each 20 workers. (7 more needed)

2. Number of fire extinguishers is insufficient in some areas and positioning of some fire extinguishers is not suitable for easy access. During the factory walkthrough, it was observed that 1 fire extinguisher was empty in the printing section; also, the company is not asking for backup fire extinguishers from the service provider company during the refilling period.

Legal References: 1) First Aid Regulation Article 16 (22.05.2002/ Official Gazette: 24762); Labour Law 4857 Article: 77, Health & Safety Regulation Article: 123 Official Gazette No: 14765, 11.01.1974; Regulation on Fire Prevention in Buildings Article: 99, 19.12.2007 Official Gazette No: 26735

Plan Of Action: H&M requires that safety in the factory is maintained according to local law and our code of conduct. First aid equipment must be sufficient and easy accessible. We recommend that at least 1 person in each department is trained in basic first aid. During our visit June 8, 2009, the empty fire extinguisher was replaced and we found the number of fire extinguishers to be sufficient. The factory needs to further implement an effective control system for factory safety and workers' safety. In future audits and follow-up visits, we will check the functioning of this system.

Deadline Date: 08/31/2009

Supplier CAP: The factory will make an application to health center for 7 persons. Workers will receive training in August. The empty fire extinguisher has been changed with a filled one. The factory is keeping a checklist of fire extinguishers. Completed May 22, 2009. Responsible person for monthly check of fire extinguishers is technician for machinery. After monthly check, this person will give their report to the responsible human resources staff member.

Supplier CAP Date: 08/31/2009

Action Taken: [Ongoing:](#) Application for new employees who will get first aid training will be done in 2010. Adequate numbers of fire extinguishers were provided to all sections. All fire extinguishers were unblocked and easy to access. All fire extinguishers were full in the facility. We will continue to check if the control system is functional or not at further visits.

[Ongoing, June 2, 2010:](#) We conducted an unannounced audit at the factory. Based on our findings, there was no further progress in the implementation of an effective control system.

[Nike, August 3, 2011:](#) The factory has totally 18 first aid certified employees.

Plan Complete: Yes

Plan Complete Date: 08/03/2011

Action Verified: Yes

Action Verified Text: [Completed:](#) The number of trained personnel is now 18, which is sufficient, according to the number of workers in the facility.

Action Verified Date: 10/26/2011

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: Some MSDS for chemicals in use (rust-removing chemical, ink-removing chemical, paint-removing chemical) are missing.

Legal Reference: Regulation on Health and Safety Precautions When Working with Chemicals Article: 10(Official Gazette No: 25328, 26.12.2003)

Plan Of Action: H&M requires the factory to ensure that their chemical supplier provides the chemicals correctly labeled, along with correct MSDS. The MSDS needs to be accessible both in the workplace and where chemicals are stored. The factory needs to develop a system to ensure the correctness of chemical labeling, hazardous symbol(s), storage, and handling. Further, and of utmost importance, information on MSDS must be implemented through training/education of workers handling chemicals (on precautions, correct handling, storing, and use of protective equipment).

Deadline Date: 05/31/2013

Supplier CAP: The factory completed these missing MSDS; photos sent for review. Completed May 22, 2009. HR department will be responsible for the follow up on MSDS in the future.

Supplier CAP Date: 05/31/2013

Action Taken: Ongoing, June 8, 2009: H&M visited the factory and verified that the missing MSDS were provided.

Ongoing, June 2, 2010: H&M conducted an unannounced audit at the factory. Facility provided all missing MSDS with CAS numbers. However, 1 spot remover (Arc-Sol 2) includes the banned chemical tetrachloroethylene. The factory asked the chemical supplier to change it with a new one. We have asked supplier to send solvent to [Lab name] for screening test. We will check on the test result to make sure it does not include the banned chemical. During our last audit in 2012, the factory did not have MSDS for all chemicals. Some of the existing MSDS were in English. We asked the factory to have an action plan on chemical management.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: Pending: There were still some MSDS unavailable during the IEV. Also, some of the MSDS available was not in a language that workers can understand; also the workers were not fully aware of the risks in all chemicals.

Action Verified Date:

Follow Up Plan of Action: Supplier declared that the company will prepare a written policy regarding the buying of and the following up on chemicals, dye stuffs, and MSDS. The person responsible for follow up will be the person responsible for quality assurance. The responsible person will inform workers about the risks of the chemicals and will also prepare a written announcement on the handling of the most used risky chemicals. According to document review on March 2013, the factory has prepared a detailed chemical list. They have also created a control system to be able to follow up on all chemicals used. The Turkish version was obtained for all chemicals. We will check if the system is working during coming audits.

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: Isolation of the internal parts of the some electrical panels is not complete; grounding connections at the covers of the electrical panels are missing. Also, covers of some electrical panels were not kept closed.

Legal References: Labour Law 4857 Article: 77; Health & Safety Regulation Official Gazette No: 14765, 11.01.1974

Plan Of Action: Electrical installations are a potential fire hazard in the factory. Therefore, H&M requires the supplier to ensure that grounding connections are checked regularly and encourages the supplier to make regular checks and that a certificated electrician installs electrical installations in a safe way. The company fixed these findings at our visit on June 8.

Deadline Date: 05/29/2009

Supplier CAP: PU checked all electrical panels and completed the isolation of the internal parts. (Photos sent for review.) Completed May 29, 2009.

Supplier CAP Date: 05/29/2009

Action Taken:

Plan Complete: Yes

Plan Complete Date: 05/29/2009

Action Verified: Yes

Action Verified Text: [Completed:](#) The monitor did not observe any risks regarding the electrical panels and the grounding connections at the covers of the electrical panels.

Action Verified Date: [10/26/2011](#)

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 sewing machines are missing or not in use by employees. Lower pulley guards are missing on some machines.](#)

[Legal References:](#) 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 should be a priority at all times. H&M requires the factory to ensure that relevant production machinery is equipped with proper protective devices and to educate the workers in when, how, and why to use personal protection and related equipment.](#)

Deadline Date: [06/30/2009](#)

Supplier CAP: [June 5, 2009:](#) The missing needle protectors and lower guards have been added. Employees will be educated regarding using the proper protective equipment.

[June 30, 2009:](#) Education will be regular and the factory will designate a responsible person for this issue.

Supplier CAP Date: [06/30/2009](#)



Action Taken: [Pending, June 2, 2010:](#) H&M conducted an unannounced audit at the factory. Based on our findings, no progress or action was taken on this violation.

[Nike, August 3, 2011:](#) The factory has a control system in production and no missing equipment in the sewing machines was currently observed.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Pending:](#) The facility still has some needle protectors and lower pulley guards missing.

Action Verified Date:

Follow Up Plan of Action: [Supplier declared that the factory will control all machines and supply the missing protectors. To prevent the repeat of this issue in the future, machine maintenance persons will check all machines on every new start in the production lines and will complete the missing protectors. The use of protective equipment will be verified by H&M during the next visit.](#)

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 was missing equipment in the workplace health unit, such as oxygen tubes. Periodical health check report format of workers does not comply with related regulation. A nurse or health officer was not present at workplace health unit.

Legal Reference: Regulation About Workplace Health Units and Workplace Doctors
Article: 7, Appendix 1,6 16.12.2003/ Official Gazette: 25318

Plan Of Action: H&M encourages the factory to set up and maintain an efficient Health and Safety Committee and to develop an effective control system regarding the health and safety conditions in the factory. This committee should be established and work according to law (member of the committee should, in accordance with law requirements, do regular checks of the health and safety conditions in the factory; necessary improvements must be done and monitored by this committee, etc.). The factory should establish a health unit and all necessary equipment should be available in this health unit; also, a nurse should be employed in this health unit according to law.

Deadline Date: 09/30/2009

Supplier CAP: The factory will have a nurse in 2 months. Regarding the oxygen tubes, the supplier talked about this issue with the doctor and it is mentioned that oxygen tubes are not necessary. Periodic health check report format has been revised to a user-friendly format. Standard check report format was too long and some parts were not needed for the facility.

Supplier CAP Date: 09/30/2009

Action Taken: [Pending, June 2, 2010:](#) H&M conducted an unannounced audit at the factory. Based on our findings, the facility changed the format of the periodic health check report, but other issues remained unaddressed.

[Nike, August 3, 2011:](#) Health unit is currently well equipped. In accordance with Health & Safety Regulation/#27768/Article 5, the employer is due to employ a worksite doctor and other health officer when needed. As the factory is in the textile sector, assigning another health officer is not a certain requirement and is not a need in practice. Worksite doctor is contracted and a sufficient number of first aid certified employees are available.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: [Ongoing:](#) The workplace health unit conditions have improved, but the facility does not have a nurse or health officer for all work hours.

Action Verified Date:

Follow Up Plan of Action: Supplier declared that factory has a doctor who is visiting the company 2 days a week, Tuesdays and Thursdays. The company cannot employ a nurse or health officer at the moment.

[H&M Comment in March 2013:](#) Factory has employed a nurse on January 2, 2013.

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: [New Finding:](#) The toilets' hygiene conditions are insufficient; some do not have soap and paper, some of the flushes do not function, and some door handles are missing.

[Source:](#) factory tour

Plan Of Action: H&M requires the factories to have a clean working environment. Toilets shall also be kept clean; soap and running water shall be available in order to prevent diseases.

Deadline Date: 02/01/2012

Supplier CAP: Check and follow-up system will be constituted for assuring the cleanliness of the toilets. Missing doors will be put on the agenda of the monthly safety and health at work meetings and will be completed.

Supplier CAP Date: 02/01/2012

Action Taken: Factory has created a control list for toilet cleanliness. Toilets are being cleaned; this is checked from control list regularly. During our last audit in November 2012, we have seen that in the toilets, the cleanliness level was acceptable. The issue will be followed up in the upcoming audits.

Plan Complete: No

Plan Complete Date:

Action Verified: No

**Action
Verified
Text:**

**Action
Verified
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: There is only 1 drinking water fountain within the production area; the number of fountains needs to be increased, so that workers have easy access to the water. Also, it was observed that non-drinking water fountains were not marked as "non-drinking water."

Legal Reference: Health & Safety Regulation Articles: 31-33 Official Gazette No: 14765, 11.01.1974

Plan Of Action: H&M requires that clean drinking water should be easily available to all workers and be provided on all floors in the factory. We encourage the factory to increase the number of fountains at the production area.

Deadline Date: 06/19/2009

Supplier CAP: 1 more drinking water fountain has been added to the production area. The factory marked also the water fountains, which are not drinking water as "non-drinking water."

Supplier CAP Date: 06/19/2009

Action Taken: [Ongoing:](#) Drinking water was provided on the second floor. The stitching section is being re-located; therefore, the drinking water will be provided after completion of the move. Therefore, the drinking water in the stitching section will be checked in future visits.

[Ongoing, June 2, 2010:](#) H&M conducted an unannounced audit at the factory. Based on our findings, there was no further progress on this issue.

[Nike, August 3, 2011:](#) All production and office floors have a sufficient number of drinking water supplies.

Plan Complete: Yes

Plan Complete Date: 08/03/2011

Action Verified: Yes

Action Verified Text: [Completed:](#) 1 more fountain has been implemented on the ground floor.

Action Verified Date: 10/26/2011

Health and Safety: Other - Health and Safety

Other

Noncompliance

- Explanation:**
1. The printing facility's working license is missing; management thought that 1 registration would be enough for both companies.
 2. Work permits of both garment production facilities are missing; management forgot to apply for permits from the local municipality.
 3. The LPG (liquefied petroleum gas) tank is not fenced and fire extinguishers that need to be placed around this tank are missing.

Legal References: Labor 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 the factory to ensure they, at all times, obtain relevant legal permits and licenses, such as wastewater permit, working license, work permits, and other applicable legal documents.

Deadline Date: 06/30/2014

Supplier CAP: The factory sent an application to the civic government for the working license and is waiting for a reply.

Supplier CAP Date: 06/30/2014

Action Taken: Pending, June 2, 2010: H&M conducted an unannounced audit at the factory. Based on our findings, there was no progress or action taken on this violation.

Nike, August 3, 2011: Operation permit for the whole building is in progress.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: 1, 2. Pending: The facility has not applied for either the printing facility working license or the operating license.

3. Completed: The facility has stopped using LPG for heating and has removed the tank from this location. New Finding: 1 of the service buses used for personnel is a closed mini-van that is not appropriate for personnel transportation.

Action Verified Date:

Follow Up Plan of Action: Supplier declared that there will be operating license renewal in the beginning of 2012 and that the printing facility will be included. Company has problems with the civic government regarding working license. Negotiations between parties are in progress. Company will solve this problem within 4-5 months. New transport vehicle is arranged instead of the mini-van. HR department will be responsible for the shuttles. HR department will follow up and organize all issues about shuttles.

H&M Comment in March 2013: Factory has an ongoing court with the municipality; working license and work permit have not been taken yet. Factory informed us that no closed vehicle is used as shuttle bus.

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: Some workers have worked more than 15 hours per week, exceeding 60 hours/week as combined hours. In the printing part of the factory, excessive overtime was found in May, June, August, September, and November. In the garment making part of the factory, excessive overtime was found in August and September 2008 and January and March 2009.

Source: weekly OT records check

Plan Of Action: H&M requires that the suppliers' overtime hours should not exceed the legal limit, and overtime work should always be voluntary and properly compensated. 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. The aim of these workshops is to make root cause analysis with supplier in order to make them find the reasons for exceeding OT hours.

Deadline Date: 06/30/2014

Supplier CAP: The factory prepared a report/chart for follow up on the weekly OT records for garment production. For printing section, the flow of incoming orders are changeable, so the OT hours exceed legal limits. The factory will also prepare a chart for the printing section to follow up on the weekly OT records.

Supplier CAP Date: 06/30/2014

Action Taken: Completed: The facility established a system to check each employee's OT hours. OT hours are controlled regularly by HR and if any employee's OT hours exceed legal limits, supervisors are warned about it and, accordingly, these employees are not required to do OT work. We have checked OT hours records from June to December 2009 and noted that weekly OT hours were within legal limits for the periods checked.

June 2, 2010: H&M conducted an unannounced audit at the factory and confirmed the status of this CAP. We have checked OT hours records from March and April 2010 and noted that the working hours did not exceed 60 hours/week.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified: Pending: Some workers still work more than 15 hours of OT per week occasionally.

Action Verified Text: Source: document review

New Finding: Workers have worked more than 11 hours per day, some up to 22:30; the maximum observed was 24:00. Out of 20 workers' files, more than half exceeded the weekly and daily limits in the months reviewed. Different departments exceed the weekly and daily limits, depending on the workflow.

Source: document review

Action Verified Date:

Follow Up Plan of Action: Supplier declared that company is keeping an OT following list since 2009. They are following overtime hours in the facility to check, inform, and warn related departments and to achieve improvement. But, in some periods of the year, according to the customer variety, they faced deviations. Company will continue to keep the OT following list and will follow up the 6-month period in 2012.

H&M Comment in March 2013: Weekly working hours only exceptionally exceed limits; however, daily working hours are still exceeded by some workers. 12 workers have exceeded 11-hour limit once during the last 2 months. 6 workers have exceeded 11-hour limit twice during the same 2 months. The limit was exceeded by 1.5 or 2 hours maximum.

Sources: document review, records for the past 2 months (January and February 2013)

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: There is no system available for improving the working conditions and hours of pregnant workers. They are working same hours as regular workers and staying for OT.

Legal Reference: Labor Law 4857 Article: 88, Regulation About Working Conditions of Pregnant and Breast Feeding Workers Article: 10, Official Gazette No: 25522, 14.07.2004

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 factory workers and management.

Deadline Date: 06/19/2009

Supplier CAP: The factory mentioned that pregnant workers are waiting, because the risks on the road are more than in the factory. The factory will obtain their consent and will be more careful about the working conditions. Supervisors will be informed about the working conditions of pregnant workers. They will not stay OT and will stay break longer.

Supplier CAP Date: 06/19/2009

Action Taken: Ongoing: Extra breaks are provided to pregnant employees. During interviews, pregnant workers stated that they voluntarily stayed for OT during rush orders.

Ongoing, June 2, 2010: H&M conducted an unannounced audit at the factory and found that there were 8 pregnant employees in the facility. Extra break times are provided to pregnant employees, but they stay for OT during rush orders voluntarily.

Nike, August 3, 2011: The factory has signed a special working hours procedure for pregnant employees. According to procedure, it is forbidden for pregnant employees to stay overtime and pregnant employees' daily breaks are rearranged, so that their total daily work does not exceed 7.5 hours.

Plan Complete: No

**Plan
Complete
Date:**

Action [No](#)
Verified:

Action [Ongoing: The pregnant workers' work hours have been improved by lengthening break](#)
Verified [periods, but during the audit, it was observed that some pregnant workers continue](#)
Text: [working during the breaks.](#)

**Action
Verified
Date:**

Follow Up [Supplier declared that working hours, including breaks, specific to pregnant workers are](#)
Plan of [posted on the information boards. However, the policy is not implemented at all times](#)
Action: [and pregnant workers' working hours are not limited to 7.5 hours a day. Factory will work](#)
 [on how to remediate the issue.](#)

Hours of Work: Time Recording System

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

Noncompliance

Explanation: [New Finding:](#) The facilities' hour records are easy to manipulate and manipulations are not recorded or can be tracked. There is also a system that allows changes in multiple employees.

Plan Of Action: H&M requires the factories to be transparent about all issues, including working hours. The in and out records shall not be manipulated and, if really needed, the reason of each manipulation shall be recorded clearly.

Deadline Date: 04/30/2012

Supplier CAP: Company is using PDKS package computer program. This is a deficiency of this program. [Factory name] will come in contact with the company, from which they buy this program and will solve this problem as soon as possible.

Supplier CAP Date: 04/30/2012

Action Taken: In March 2013, the factory claimed that the PDKS program has been revised in order to be able to track changes.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

**Action
Verified
Date:**

Hours of Work: Other - Hours of Work

Other

Noncompliance

Explanation: There is an article on the job application form that asks if an applicant is willing to work OT or not.

Plan Of Action: Overtime should be voluntary and H&M requires the factory to revise the application form accordingly. The factory is further encouraged to work on a system to ensure voluntary overtime. During our visit on June 8, it was agreed that the factory will revise the application form by adding information regarding voluntary overtime. This will be checked in connection to our next visit in the factory.

Deadline Date: 06/19/2009

Supplier CAP: The factory has revised the job application forms.

Supplier CAP Date: 06/19/2009

Action Taken: Completed: Related article has been removed from application form.
June 2, 2010: H&M conducted an unannounced audit at the factory and confirmed the status of this CAP.

Plan Complete: Yes

Plan Complete Date: 12/29/2009



Action Verified: [Yes](#)

Action Verified Text: [Completed: The article on OT willingness has been removed from the job application.](#)

Action Verified Date: [10/26/2011](#)
