



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: H & M Hennes & Mauritz AB

COUNTRY: Turkey

FACTORY CODE: 440076258J

MONITOR: Level Works

AUDIT DATE: November 15, 2011

PRODUCTS: Socks

PROCESSES: Knitting, Dyeing, Sewing,
Forming, Confection

NUMBER OF WORKERS: 1,412



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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: It was observed that 6 workers who sent a warning letter to the factory management requiring compliance with the Labor Law on issues around wages and benefits were first sent on annual leave, then unpaid leave, and finally their contracts were terminated. The workers did not receive any severance payment and they brought to the issue to the labor court.

Plan Of Action: H&M has investigated the issue via a visit to the factory conducted on June 12, 2011 and it was noted that there was a running court case on the issue. During the follow-up audit conducted on June 19, 2012, it was noted that the above-mentioned workers were shift responsables. As per the court decision document provided by the supplier, workers sued the supplier due to dismissal without severance payment since they were union members, but after the first investigation, the court has decided that this case is not a union case. Then the court continued about dismissal without severance payment and their demand about returning to work and severance payment was accepted. You may find the court decision attached. The supplier has appealed the decision to the higher court and now they are waiting for the final decision. During our audit, we talked about the root causes of this issue with the supplier and we decided together that the main problem is about not having a properly working dialogue system between workers and factory management. We will have a meeting with the supplier to work on a remediation plan about the dialogue system in the factory. We have also asked the supplier to inform us with the news about the court. We have noted that the supplier was very cooperative about the case.

Deadline Date:

Supplier CAP: The above-mentioned workers have started to take damaging actions against company rules, causing a delay in the process and setting a negative example for other workers. As a result of this, their contracts have been terminated on the grounds of the Turkish Labor Law, 4857/25-II. Workers have sued us and the matter is still under jurisdiction.

Supplier CAP

Date:

**Action
Taken:**

Follow-up May 2012: As per the decision taken by the court on November 5, 2012, the termination decision of the supplier was vitiated and it was decided that the workers dismissed by the supplier will be re-employed within the determined legal period. If the supplier does not re-employ the workers, then supplier needs to pay 4 months salary to the workers. Upon this decision, the supplier filed an appeal and it is still in progress. The court decision has been sent to FLA for review.

Follow-up May 2013 (improvement of the dialogue system in the factory): H&M conducted a management system workshop at the factory on several topics including a dialogue system and grievance system in June 2012. Nowadays, we are conducting a project in order to improve our important suppliers' management system, again on some specific areas, including grievance and dialogue. The factory is a part of this project. We will be focusing more on it, via workshops that will be held at the most 2 months from now.

**Plan
Complete:**

No

**Plan
Complete
Date:**

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: It was noted that workers are not registered to the social security on time. They are registered 2-6 days after recruitment.

Legal Reference: According to Turkish Social Security Law 506, Article 1, the factory shall provide social security insurance benefits for all workers upon employment and keep the records at the factory.

Plan Of Action: H&M requires that all workers producing garments for H&M are entitled to all their basic rights according to law. All employees must be registered with the national social insurance office 1 day before their employment as required by law. H&M encourages their suppliers to establish a system to ensure that employees are insured as they start work.

Deadline Date: 12/31/2011

Supplier CAP: We were not able to register all workers before they started working in our factory because 30-40% of the workers who apply for a job and whose applications are accepted do not come to work the day we ask them to come. This is because they change their minds/or find another job. When we register them with the Social Security Administration before they start work and they do not come to work the first day, this causes a lot of problems with the Social Security Administration and we have to pay them a 1 day salary for the day they did not come to work. After the FLA audit, we changed our recruitment procedure as below: When a worker applies for a position, we ask him to prepare his documents and start work in some days' period. If the worker brings his documents the day we requested, we understand that he is really willing to work in our factory and he will be coming the day we request him to start working. In this case, we register this worker before he starts working, as per law. At the moment, the procedure is working as explained and all our employees are registered with the Social Security Administration on time.

Supplier CAP Date: 12/31/2011



Action Taken: During our audit on June 19, 2012, we noted that the supplier has started to register workers to social insurance on time (1 day before recruitment).

Plan Complete: No

Plan Complete Date:

Freedom of Association: Employer Interference and Control

FOA.3 Employers shall refrain from any acts of interference with workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by employers. (S)

Uncorroborated Evidence of Noncompliance

Explanation: External group consultation, review of the pay records, review of the legal action documents against the factory management, and interviews with workers revealed that the factory management might have interfered with workers' right to freely associate by using wage increases to avoid trade union activity. Management's action was considered discriminatory by most of the workers. Confidential Summary has been sent to FLA for review.

Plan Of Action: H&M requires that all workers should be free to join any associations of their own choosing, and they should have the right to bargain collectively. We do not accept any disciplinary actions from the factory against workers who choose to peacefully and lawfully organize or join an association. This issue was investigated during our visit to the factory on June 12, 2011 but could not be verified fully. We have conducted a follow-up audit on June 19, 2012 and during our audit we have verified via document review, management interviews and worker interviews that workers that have extra wage increases were mainly the shift responsables. Previously, these workers' salaries were quite close to minimum wage and therefore they were unsatisfied about this situation. We have decided that the information we have taken from different sources, including a management statement, match each other. We will be following-up on this issue in upcoming audits.

Deadline Date:



Supplier CAP: In our company the increase in wages are made according to the importance of the job and the performance of the workers. Normally, a salary increase is given once a year, but in 2011, we gave an extra salary increase for some workers only (especially the more qualified workers/supervisors or shift responsables) who were complaining about their wages being too close to minimum wage- which is given to non-qualified workers.

Supplier CAP Date:

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 did not provide their code of conduct; hence it was not posted in the production area.

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 labour law and to communicate these to all workers. However if the company decides/prefers to post our code of conduct as a tool to inform workers about factory conditions/worker rights, we do not ask them not to post the documents either.

Deadline Date: 12/31/2011



Supplier CAP: H&M Code of Conduct was hung on every clipboard in the production area but in time some of them were lost. Now they are hung on every information board.

Supplier CAP Date:

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: It was noted that 1 emergency exit door was opening inwards at the forming section in 1 of the factory buildings.

Legal Reference: As per Turkish Occupational Health & Safety Regulation (7/7583) Article 113, the facility shall have all exit doors open outwards for emergency situations.

Plan Of Action: H&M requires that safety in the factory must be maintained according to local law and our Code of Conduct. We encourage the factory to set up and maintain a comprehensive Health & Safety system. This system should also include exit doors opening outwards.

Deadline Date: 12/31/2011

Supplier CAP: The above-mentioned emergency exit door in the forming section in our second factory was changed to opening outwards.

Supplier CAP

Date:

Action Taken: During our follow-up audit conducted on June 19, 2012, we verified that the supplier completed the above-mentioned correction.

Plan Complete: No

Plan Complete Date:

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: It was noted that the ventilation system was not sufficient in the chemical warehouse. As per the Occupational Health & Safety Regulation (7/7583), Article 21, the company shall provide an appropriate ventilation system in the print and paint preparation section.

Plan Of Action: H&M requires factories to store all chemicals safely, according to the MSDS. Enough ventilation should also be provided in the chemical storage area and in the workshop where chemicals are used.

Deadline Date: 12/31/2011

Supplier CAP: The ventilation system was improved by changing out the ventilation motors with more powerful fans.

Supplier CAP Date:

Action Taken: During our follow-up audit conducted on June 19, 2012, we verified that the supplier made the above-mentioned correction. We asked the supplier to supply us an air quality measurement report for the chemical warehouse. We are waiting for the document.

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: 1) It was noted that handrails were not provided in the stairways for the dyeing machines.

Legal Reference: As per Turkish Labor Health & Safety Regulation (7/7583) Article 23, all stairways with more than 4 stairs shall be provided with handrails.

2) The factory has only 1 steam boiler operator who is working during the daytime. There is no certified staff for operating the steam boiler during the 2 rest shifts.

Legal Reference: According to Turkish Occupational Health & Safety Regulation (7/7583) Article 210, the heating boiler shall be operated by a person who has a license issued by the government or local authorities.

Plan Of Action: H&M requires that workers' safety be a priority at all times. H&M requires the factory to ensure that the relevant production machinery is equipped with the proper protective devices and to educate the workers on when, how and why to use personal protection and related equipment.

1) We asked the supplier to provide handrails for the stairways.

2) We advised the supplier to hire steam boiler operators for the 2 shifts.

Deadline 12/31/2011
Date:

Supplier 1) Handrails are provided in the above-mentioned stairways for the dyeing machines.
CAP: 2) Certified staff is working during every shift.

Supplier CAP
Date:

Action During our follow-up audit on June 19, 2012, we verified that:
Taken: 1) Handrails were provided.
2) 2 more steam boiler operators were hired.

Plan No
Complete:

Plan
Complete
Date:

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: 1) It was noted that the combined (regular + overtime) daily working hours reached up to 14 hours a day in September 2011.

Legal Reference: According to Turkish Labor Law 4857, Article 63, daily working hours (regular + overtime) shall not exceed 11 hours.

2) It was noted that some workers had only 8 hours of rest between 2 shifts and came back to work without having 11 consecutive hours of rest. For example; they have worked between 16:00 – 24:00 and came back to work for the 08:00 - 16:00 shift.

Legal Reference: According to Turkish Labor Law 4857, Article 69, workers shall not start working a shift without having 11 hours of consecutive rest.

3) It was noted that the workers have worked 66 hours or more per week in September 2011. 3 workers have worked 66 hours per week for 2 consecutive weeks in September 2011, in the forming and packing sections. 2 workers have worked 73.5 hours per week in September 2011 in the packing and forming sections.

Legal References: According to Turkish Labor Law 4857, Article 41, regular working week is 45 hours and overtime working hours total cannot exceed 270 hours per year for 1 worker; according to Turkish Labor Law 4857, Article 63, daily working hours (regular + overtime) shall not exceed 11 hours; as per Turkish Labor Law 4758, Article 46, at least 24 hours consecutive rest will be provided in every 7 day period.

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 legally compensated. All H&M suppliers are encouraged on possible measures for reducing overtime both through our Code of Conduct Supplier Guidelines (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 create a root cause analysis together with the supplier in order to make them find the reasons they exceed OT hours. Additionally we are now asking our suppliers to send us their overtime analysis every month and we are following up on them.

Deadline Date:

Supplier CAP: Our shift system normally allows workers to rest at least 11 hours between 2 shifts. But, when overtime work is needed, the worker may work 2 consecutive shifts within the same day. In 2011, it was observed that sometimes some of the employees worked overtime above the legal limits to avoid any delays. After the FLA audit, all department responsables are trained on the importance of the law and they are given the necessary information about the legal limits of overtime work. A better follow-up system was established that does not allow workers' hours to exceed the legal limits, and allows for better planning. By these measures, there will not be any overtime work above the legal limits, so that the rest time between the 2 shifts will be within the legal limits.

Supplier CAP Date: 06/30/2013

Action Taken: As per the given update by the suppliers, the number of employees has been increased in each shift and each worker uses their 1 day off on different weekdays, thus, although 1 shift can run for 7 consecutive days, workers work a max of 6 days consecutively. With this taken action, the supplier has been aiming to decrease the OT hours and always give 1 day off to the workers. 60 more workers in total have been recruited in order to implement this system. This action was taken in the beginning of May 2013.



According to info taken from the supplier in May 2013: in January 2013, 33 workers: in February 2013, 57 workers and in March 2013, 40 workers have worked over the daily limit of 11 hours. Only 1 worker exceeded the monthly limit of 48 hours during the same months. There are currently 1330 workers in the company.

Plan Complete: No

Plan Complete Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: It was noted that the workers have generally worked 1-3 rest days in September, which adds up to 13 - 20 consecutive workdays. The most consecutive days noted was 27 in 1 time record, which is for September 2011 in the forming section.

Legal Reference: As per Turkish Labor Law 4758, Article 46, at least 24 hours of consecutive rest will be provided in every 7-day period.

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. In the short term, we require the factory to ensure that workers 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 the legal limits in a sustainable manner in the future by taking each worker's working days into consideration.

Deadline Date: 06/30/2013

Supplier CAP: Management prohibits 7 days working days without any rest. All the department responsables are trained about the importance of this issue and how to follow-up on this issue.

Supplier CAP Date: 06/30/2013

Action Taken: As per the given update by the suppliers, the number of employees has been increased in each shift and each worker uses their 1 day off on different days of the week, thus, although 1 shift can run for 7 consecutive days, workers can work a max of 6 days consecutively. With this taken action, the supplier has been aiming to decrease the OT hours and always give 1 day off to the workers. 60 more workers in total have been recruited in order to implement this system. This action was taken in the beginning of May 2013.

According to info taken from the supplier in May 2013, 8 workers in January 2013, 12 workers in February 2013, and 80 workers in March 2013 have worked on their weekly rest day. There are currently 1330 workers in the company.

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: It was noted that the pregnant workers are working during the night shifts. Additionally, breastfeeding mothers are not given any paid leaves (1.5 hours daily).

Legal References: a) According to a regulation issued on July 14th, 2004 in the Official Newspaper related with Turkish Labor Law 4857, Article 9, the pregnant female workers shall not work during the night shift. Night is defined as between 20:00 to 06:00. b) According to a regulation issued on July 14th, 2004 in the Official Newspaper related with Turkish Labor Law 4857, Article 14, the female workers who have a baby younger than 1 year shall be provided 1.5 hours of breastfeeding rest daily.

Plan Of Action: H&M requires the factory to follow the labor law concerning the conditions for pregnant women and young workers. We emphasize the importance of building a system to ensure that young workers' and pregnant women's working conditions are in line with the law. We informed the supplier that pregnant workers should not work during night shifts and that the breastfeeding rest should be granted to female workers who have a baby younger than 1 year.



Deadline Date: 12/31/2011

Supplier CAP: Normally our company does not allow pregnant workers to work during night shifts. But sometimes our female workers do not inform us about their pregnancy for several reasons. Some pregnant workers want to continue working the night shifts because their husbands also work in our company and they have children to look after. In this case, the woman worker wants to work a different shift from her husband so that 1 of them will be at home at all times so that they can look after their children, etc. After the FLA audit, we asked our female employees to inform us as soon as possible if they are pregnant. And even if a pregnant worker asks to continue working the night shifts, we do not allow them to do so. All workers, who come back to work after maternity leave, are informed about breast feeding rights in detail and these employees are allowed to use this right. Forms have been prepared in order to follow up on this issue in a more systematic way. The HR department has followed up on this issue.

Supplier CAP Date: 12/31/2011

Action Taken: During our follow-up audit on June 19, 2012, we verified that the supplier has started applying the above procedure. Pregnant workers only work during the day shift and breastfeeding mothers are given legal paid leave.

Plan Complete: No

Plan Complete Date:

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: The annual leave records revealed that 80% of the workers received their full annual leave benefits, while 20% did not. However, the records did not have workers' signatures in order to verify that they received their benefits. The management reported that the annual leaves are not recorded in the annual leave logs.

Legal Reference: According to regulation issued in the Official Newspaper dated March 3rd, 2004 referring to Turkish Labor Law 4857, Article 53, facilities shall provide paid annual leave and holidays as required by law, for example: 14 days off if they have been employed for 1 year but less than 5 years. 20 days off if they have been employed for 5 years and but less than 15 years. 26 days off if they have been employed for 15 years.

Plan Of Action: H&M requires that workers' basic leave rights be respected and that the factory should provide legal paid leave to workers. Used annual leave should be recorded in the annual leave logbooks and these records should also contain workers' signatures.

Deadline Date: 12/31/2014

Supplier CAP: Some workers' leaves were accumulated in 2011, as we were not able to make them use their leave except for in the first 5 months of 2012, and because of the smaller workload, we were able to give them the right to use the accumulated leave. Missing signatures have been detected in the registration book and after the audit, all missing signatures have been filled in and the employees are urged to sign the book before the leave. Now all used annual leave is recorded in the annual leave logs/registration book and the human resources department performs a regular follow-up.

Supplier CAP Date: 12/31/2014

Action Taken: During our follow-up audit conducted on June 19, 2012, we verified that the logbook is now kept properly. However, we have seen that the supplier may be having difficulties giving workers the right to 20 days of annual leave to the workers that have completed 5 years of employment. We have also seen that no proper records are kept on the number of earned days for the workers who have completed 5 years of employment. (The supplier is still making the calculation for over 14 days even if the worker deserves 20 days of annual leave.) The root cause of this situation is the high workload of the factory. According to the supplier's statement, the non-used days are paid when the worker quits the job. We asked the supplier to work on this issue and send us a list of accumulated leaves.

Follow-up 2013: According to the list prepared in January 2013, there are 277 workers who have accumulated annual leave days up to 50 days. 1-10 days: 14 workers, 11-20 days: 116 workers, 21- 30 days: 86 workers, 31- 40 days: 52 workers, 41- 50 days: 9 workers. Factory is working on decreasing these days by providing annual leave.

Plan Complete: No



**Plan
Complete
Date:**
