



2010

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** H&M Hennes & Mauritz AB

**COUNTRY:** Turkey

**FACTORY CODE:** 4400761121I

**MONITOR:** Bayramhan Boyer

**AUDIT DATE:** August 19-20, 2010

**PRODUCTS:** Apparel

**PROCESSES:** Cutting, Sewing, Ironing, QC,  
Finishing

**NUMBER OF WORKERS:** 213

**Company Comment:** Due to production related issues, H&M decided to end the business relationship with this supplier and its linked production units in March 2012. Moreover, we were informed that the factory closed down at the end of 2012, due to financial reasons.



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## **Forced Labor: Employment Terms/Voluntary Agreement**

F.3 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely negotiated and valid collective bargaining agreements, or the FLA Code. (P)

### **Noncompliance**

**Explanation:** The workers do not receive a signed copy of their contract.

**Plan Of Action:** H&M requires that the factories prepare a contract between worker and management in accordance with local labor law and H&M Code of Conduct (COC). Contract should be signed by the worker and management. Signed contract should be kept in the worker's personnel file and a copy of contract should be given to the worker and explained.

**Deadline Date:** 01/31/2011

**Supplier CAP:** All of our employees who started working after July 1, 2009 were given a copy of their contracts, but we have realized that they are not well informed of the content of the contract. We have prepared a presentation that contains the main subjects of the contract and we have included the presentation in our orientation program beginning on October 1, 2010. We will follow the directions of our up-to-date recruitment procedure beginning on October 1, 2010.

**Supplier CAP Date:** 01/31/2011

**Action Taken:** On August 22, 2011, we conducted a follow-up audit of [Factory name]. Based on our findings, there was some progress made on correcting this violation. New factories provided copy of contracts in the beginning of employment. We will continue to monitor this violation in further audits.

**Plan Complete:** No

**Plan Complete Date:**



## **Freedom of Association: Employer Interference/Constitution, Elections, Administration, Activities and Programs**

FOA.5 Employers shall not interfere with the right of workers to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs. (S)

### **Noncompliance**

**Explanation:** Not all workers in the workplace are aware of their worker representatives or the worker representative system. There is no documentation available of the elections. The worker representative system is not actively used by either workers or management.

**Plan Of Action:** H&M encourages the factory to develop and maintain functioning communication channels between workers and management. We require the workers' representatives to be elected by the workers and represent the different sections in the workplace, and we ask the factory to keep the election records. In addition, we require factories to introduce the worker representatives to the newly hired workers during orientation education.

**Deadline Date:** 01/31/2011

**Supplier CAP:** We have a clear written policy for workers' representatives beginning October 1, 2010. At the meeting held at the dining hall on October 21, 2010:

We informed workers of the tasks, characteristics, responsibilities, and selection process of workers' representatives. All of the workers voted in this meeting, and we kept a record of meeting minutes in our action book. After the meeting, we have informed all departments about all workers' representatives. We will inform the newly employed workers about workers' representatives during the orientation program.

**Supplier CAP Date:** 01/31/2011

**Action Taken:** On August 22, 2011, we conducted a follow-up audit of [Factory name]. Based on our findings, there was some progress in addressing this violation. A new election has been conducted.

**Plan Complete:** No

**Plan Complete Date:**

**Code Awareness:**

GEN.1 Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.

**Noncompliance**

**Explanation:** The workers are not aware of H&M's COC, nor it is posted in the facility. It was noted that some of the workers interviewed during H&M audits had more understanding of the code of conduct than others.

**Plan Of Action:** During our audits and follow-up visits to factories, H&M compliance staff conducts interviews with workers. During these interviews, we hand out our business card with our contact information. The number we provide on the card is a mobile number, which workers can call or SMS to put forward their grievances directly to H&M. We also encourage the workers interviewed to spread our contact information to other workers. Further we support the factory in building a dialogue system in order to have a system for the workers to put forward their grievances to the management. During our audits and follow-up visits, we check the function of these systems. All H&M suppliers are informed 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.

**Deadline Date:**

**Action Taken:**

**Plan Complete:** No

**Plan Complete Date:**

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## Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

### Noncompliance

**Explanation:** The facility does not have an operating license or a working permit.

**Plan Of Action:** H&M requires the factory to ensure that at all times they possess the relevant legal permits and licenses, such as the working license, work permits and other applicable legal documents.

**Deadline Date:**

**Supplier CAP:** [City name] doesn't give work permits to our company or the companies around us because of legal incapacities. Instead of work permits they charge us money for a temporary license every year.

**Supplier CAP Date:**

**Action Taken:** On August 22, 2011, we conducted follow-up audit of [Factory name]. Based on our findings, there no progress made toward addressing this violation. The supplier has applied to the municipality but they could not get an operating license yet.

**Plan Complete:** No

**Plan Complete Date:**

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## Health and Safety: Worker Consultation

H&S.4 The health and safety policy shall be developed and implemented in consultation with workers or their representatives. (P)

### Noncompliance

**Explanation:** The worker representatives in the H&S Committee have not received appropriate training on H&S. They do not participate actively in the H&S Committee's roles such as H&S audits and risk assessments. Furthermore, workers on the health and safety committee are not aware of their full role and responsibility.

**Plan Of Action:** H&M requires that factories follow the health and safety regulations in the local law and H&M's COC. We require that the factory provide a health and safety training to at least 5% of the workers (according to the local regulation) preferably from all departments. We further require that the factory implement a sustainable system to keep the number of trained workers in compliance with the local law. All worker representatives, as the other members of H&S Committee, need to join the meeting actively.

**Deadline Date:** 01/20/2011

**Supplier CAP:** We have chosen our H&S Committee based on which personnel are trained in first aid and fire fighting. In addition, on October 21, 2010 the H&S Committee attended a training session that was held by our Code of Conduct representative. The training was about the most important things they should be concerned with regarding H&S issues. We will conduct the meeting monthly and worker representatives will attend the meetings actively.

**Supplier CAP Date:** 01/20/2011

**Action Taken:** On August 22, 2011, we conducted follow-up audit of [Factory name]. Based on our findings, there was no progress toward addressing this violation.

**Plan Complete:** No

**Plan Complete Date:**

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## Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

### Noncompliance

**Explanation:** The facility does not have an active health and safety system or policy that promotes an active H&S Committee, that takes preventive measures on fire safety and emergency preparedness with the involvement of the facility doctor and worker representatives. The facility does not produce a risk assessment or an end-of-year medical unit report to be used in H&S system improvement. The doctor employed within the facility does not actively participate in the system nor there is a trained staff member in H&S management.

**Plan Of Action:** H&M requires that factories follow the health and safety regulations in the local law and H&M's COC. H&M uses management system as a tool to make the supplier implement a sustainable system with written H&S policy and procedures, assigned competent staff, proper methods to inform the related people and a feedback/control system. The feedback and control part provides the supplier with a way to determine the factory's weaknesses/risks. Factory needs to employ a H&S specialist who is in charge of all related applications in the factory together with doctor and workers trained in H&S. One of the responsibilities of H&S Committee is to do risk assessment by taking into consideration the health reports.

**Deadline Date:** 01/20/2011

**Supplier CAP:** Personnel and Administrative Affairs Manager, Personnel and Administrative Affairs Specialist and Textile Engineer/R&D Specialist have audited the factory in terms of H&S and have taken feedback from the departments. They identified the risk factors and deficiencies, and as a conclusion they have built a H&S Procedure and a presentation that explains how the procedure was prepared.

At the meeting at the dining hall on October 21, 2010:

1. We made the visual presentation of Health & Safety Policy,
2. H&S Committee was re-organized. 6 worker representatives and company doctor have started to join the meetings.





3. The findings about the risk factors and the necessities to prevent those factors that cause risk in the factory environment have been communicated to the personnel.
4. The emergency procedures for fire or natural disaster were communicated.
5. The distribution of duties was explained to the members of the H&S Committee.
6. Employees' representatives were selected and they have been told about their responsibilities.
7. Awareness of the grievance system was increased by explaining the methods.

After this process:

1. All of the risk factors will be reported to the management.
2. The visible deficiencies will be corrected more effectively with participation of employees' representatives.
3. All of the grievances will be communicated to management easily by the employees' representatives or using grievance boxes. If there is a lack of efficiency at this system, the management will reexamine the system.
4. The H&S materials will be audited by the responsible workers any time.

**Supplier** 01/20/2011  
**CAP Date:**

**Action** On August 22, 2011, we conducted follow-up audit of [Factory name]. Based on our  
**Taken:** findings, there was no action taken to address this violation.

**Plan** No  
**Complete:**

**Plan**  
**Complete**  
**Date:**

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## Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

### Noncompliance

**Explanation:** The emergency exit routes throughout the facility are not well designed. The signs lead in mixed directions, and also the aisles are improperly marked in most departments, resulting in blockages, especially in sewing, model sewing and warehouse sections. The emergency lights are not sufficient in all work areas (e.g. model cutting, warehouse). The fire extinguisher markings in most of the facility are not visible from all directions and also some extinguishers have been relocated without the removal of old fire extinguisher signs.

**Plan Of Action:** H&M requires that the factories follow the health and safety regulations in the local law and H&M's COC. H&M uses management system as a tool to make the supplier implement a sustainable system with a written H&S policy and procedures, assigned competent staff, proper methods to inform the related people and a feedback/control system. Feedback and control system helps the supplier to determine the weaknesses of the system.

**Deadline Date:** 05/31/2011

**Supplier CAP:** All around the factory (inside and outside) we have made improvements:

1. The instruction plaques, which show the emergency exits, were completed.
2. Wrongly located plaques were removed and replaced with the right ones.
3. Emergency lighting was installed.
4. The markers on the ground, which show the emergency exit, were relocated.
5. Fire extinguishers were marked in such a way that they will be visible from anywhere.
6. Employees were trained about the protection of signs and plaques.

After this step:

1. The routine maintenance of lighting system will be done by our electrician.
2. All deficiencies will be reported to the management by employees' representatives.
3. The controls for the fire extinguishers will be done by the employees' representatives.

**Supplier** 05/31/2011  
**CAP Date:**

**Action**  
**Taken:**

**Plan** No  
**Complete:**

**Plan**  
**Complete**  
**Date:**

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### **Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance**

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

#### **Noncompliance**

**Explanation:** The ventilation in departments situated in the inner areas of the building is insufficient (e.g. model cutting, sewing).

**Plan Of** A safe and healthy working environment should be a priority at all times. H&M requires  
**Action:** its factories to provide a clean, tidy and well-ventilated working place.

**Deadline** 11/01/2010  
**Date:**

**Supplier** Ventilation of the cutting department for the patterns was not acceptable because of a  
**CAP:** technical problem of the air conditioner. The problem was solved by carrying the external part of the air conditioner to the acceptable location.

**Supplier** 11/01/2010  
**CAP Date:**

**Action Taken:** On August 22, 2011, we conducted a follow-up audit of [Factory name] and confirmed the status of the CAP. Air conditioners were placed in the facility.

**Plan Complete:** No

**Plan Complete Date:**

### 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:** The workplace health unit is not fully equipped as required by legal regulations.

**Plan Of Action:** H&M requires the factories establish and maintain a workplace health unit as required by applicable laws. All necessary equipment should be provided and maintained at all times as a part of H&S procedures.

**Deadline Date:** 12/06/2010

**Supplier CAP:** All of the equipment in the legal legislation for H&S was supplied to the Workplace Health Unit. All employees were trained on the utilization of that equipment. The employees' representatives were delegated to track the deficiencies of the equipment.

**Supplier CAP Date:** 12/06/2010

**Action Taken:** On August 22, 2011, we conducted a follow-up audit of [factory name] and confirmed the status of the CAP. Wheeled bed, oxygen tube, and other needed materials were acquired.

**Plan Complete:** No

**Plan Complete Date:**

### 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:** The ventilation, sanitation and maintenance of the men's washroom in the sewing department is insufficient.

**Plan Of Action:** H&M requires the factories to follow the health and safety regulations in the local law and H&M's COC. In addition to all production areas, toilets, canteens, kitchens, and clinics, should be kept clean and safe and be in compliance with all applicable laws. We ask the factories to implement a procedure with a cleaning time schedule and defined responsibilities.

**Deadline Date:** 12/06/2010

**Supplier CAP:** The toilets, which were located at the Sewing Department, were repaired and maintenance instructions were defined. All of the necessary regulations were adhered to.

**Supplier CAP Date:** 12/06/2010

**Action Taken:** On August 22, 2011, we conducted a follow-up audit of [Factory name] and confirmed the status of the CAP. Air conditioners were placed in the facility.

**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:** During the overtime hour records check it was observed that:

1. Most workers work overnight OT shifts and 16 hour work days (including OT);
2. During the first 5 months of 2010 some workers have worked up to 100 hours without leaving the facility;
3. Most workers exceed the yearly 270-hour OT limit within 1 to 3 months.

**Plan Of Action:** H&M requires that the overtime hours should not exceed the legal limit, and that overtime work is done always voluntarily and compensated according the local law. All H&M suppliers are encouraged on possible measures for reducing overtime both through our Code of Conduct Supplier Guideline (guidance on how to implement H&M's COC requirements) and via workshops held by compliance staff.

**Deadline Date:** 06/30/2011

**Supplier CAP:** In peak seasons, unfortunately, workers work overtime. We have started to arrange the overtime working hours according to the legal limits. We have increased our capacity. You can see below our correction plan regarding overtime hours:

1. We have increased the number of ironing boards from 14 to 24.
2. The number of our current subcontractors--which is approved by H&M--was increased from 2 to 3. We have also declared our request for a 4th subcontractor to H&M.

3. The number of staff who are responsible for controlling our sub-production has been increased to avoid problems during the shipping process:

a. Sub-production control staff +2

b. Planning Department staff +3

c. Also we have hired a new director of the Marketing Department.

**Supplier** 06/30/2011  
**CAP Date:**

**Action** On August 22, 2011, we have conducted follow-up audit of [Factory name]. Based on our  
**Taken:** findings, there was no action taken on this violation.

**Plan** No  
**Complete:**

**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:** During the work hours record check it was observed that, most of the workers have worked without 1 rest day per 7. In the first 5 months of 2010, some workers have worked over 20 days consecutively.

**Plan Of** H&M requires that the overtime hours should not exceed the legal limit, and that  
**Action:** overtime work is always done voluntarily and compensated according to the local law. All H&M suppliers are encouraged on possible measures for reducing overtime both through our Code of Conduct Supplier Guideline (guidance on how to implement H&M's COC requirements) and via workshops held by compliance staff.



**Deadline Date:** 06/30/2011

**Supplier CAP:** In peak seasons unfortunately we need workers to work on Sundays. As a company policy, we do not prefer to work on Sunday. We have started to do our production plan by taking this policy into consideration. We are checking the monthly overtime day to day. We are warning the staff and Department Managers if overtime comes closer to the legal limit. In addition, we have increased our capacity.

You can see below our correction plan about overtime hours:

1. We have increased the number of ironing board from 14 to 24.
2. The number of our current subcontractors -which is approved by H&M- was increased from 2 to 3. Also we have declared our request for a 4th subcontractor to H&M.
3. The number of staff who are responsible for controlling our sub-production has been increased to avoid problems during the shipping process:
  - a. Sub-production control staff +2
  - b. Planning Department staff +3
  - c. Also we have hired a new director of Marketing Department.

**Supplier CAP Date:** 06/30/2011

**Action Taken:** On August 22, 2011, we conducted a follow-up audit of [Factory name]. Based on our findings, there was neither progress nor any action taken on this violation.

**Plan Complete:** No

**Plan Complete Date:**

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### 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)

#### Uncorroborated Evidence of Noncompliance

**Explanation:** The facility has not made an agreement with workers stating their willingness to work excessive OT due to a production problem in the first 5 months of 2010. Under this circumstance, the line production and full facility OT work may result in a risk of involuntary OT.

**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 the local law. We ask management to have a policy regarding voluntary overtime that supports proper procedures and competent staff to apply the procedures. It is very important that the policy and procedures should be communicated to the workers clearly and workers need to know that they can refuse excessive overtime at will. It is a routine part of the audit to consider involuntary overtime risk during the worker and management interviews.

**Deadline Date:** 12/06/2010

**Supplier CAP:** At the meeting that was held at the dining hall:

1. We have told all personnel that overtime must be on a voluntary basis.
2. All of the workers have signed consent letters regarding overtime.

**Supplier CAP Date:** 12/06/2010

**Action Taken:** On August 22, 2011, we conducted a follow-up audit of [Factory name] and confirmed the status of the CAP. The workers signed OT willingness statement.

**Plan Complete:** No

**Plan Complete Date:**

