

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

04 Jun 2024



Factory Information

FLA Affiliates	Fast Retailing Co., Ltd.
Country	Turkey
Number of Workers	178

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

FLA Code Element	Number of Violations
Compensation (C)	4
Employment Relationship (ER)	10
Forced Labor (F)	1
Health, Safety And Environment (HSE)	11
Hours Of Work (HOW)	5

Assessment Information

Assessor	Key of Sustainability Denetim Ltd.
Assessment Date	04 Jun 2024

Assessment Purpose

Factory Assessment (In-Person)

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.21.2
Benchmark Details	All benefits shall be calculated correctly
Finding Details	Due to discrepancies in payment systems based on 30-day months, the factory over-counts employee absences during the month of February. For example, workers who miss 1 day of work in February have 3 days' wages deducted, causing them to be underpaid and receive insufficient social insurance contributions.
Recommendation for Immediate Action	Factory should make complete payments according to the exact number of days worked in a month.
Compliance Classifications	Immediate Action Required
Local Law	Regulation on earnings (including wages, overtime, bonuses) payment by bank Art 10
Benchmark ID	C.16.1
Benchmark Details	All compensation records, including wages and benefits whether in cash or in-kind, must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g. signature, thumbprint).
Finding Details	If workers work more than 50 hours of overtime in a month, the cash payments made for these additional hours (see finding C.1.1) are not recorded on the pay slips.
Recommendation for Immediate Action	Pay slips should state all payments, including overtime hours paid via bank transfer or cash.

Compliance Classifications	Immediate Action Required
Local Law	Turkish Labor Law, Article 37, The employer must give the worker a signed slip or a special sign of the workplace showing the wage account when making payments at the workplace or to the bank.
Benchmark ID	C.12.1
Benchmark Details	All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.
Finding Details	If workers work more than 50 hours of overtime in a month, the employer does not report those additional hours to the national social insurance institution. As a result, the employer does not make contributions to the social insurance system for those hours.
Recommendation for Immediate Action	Report all hours worked and earnings to the proper social insurance institution.
Compliance Classifications	Immediate Action Required
Local Law	Social Security and General Health Insurance Law no 5510 Art 80
Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	If workers work more than 50 hours of overtime in a month, the employer pays the workers for those additional hours in cash, rather than bank deposit.
Recommendation for Immediate Action	All wages should be paid through bank deposit.
Compliance Classifications	Immediate Action Required

Local Law	Regulation On The Payment of Fees, Bonus, Bonuses And All Kind Of Records This Quality Through Banks, Payments made to the employee subject to the Labor Law, Art 10-1
Employment Relationship (ER)	
Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	The factory provided a training on social compliance topics and workplace standards in August 2023. However, 66 workers hired after August 2023 have not received any social compliance training.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.1
Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.

Finding Details	1. According to the company's internal regulations, a meeting to review suggestions and complaints should be organized every 6 months. In practice, however, the last such review meeting was held 1.5 years ago. 2. One of the worker representatives at the factory was promoted to a supervisory role and was no longer eligible to be a worker representative. The public list of worker representatives was not updated to reflect the change.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	The factory's Policy and Procedure on Child Labor does not include details on how a situation of child labor would be remediated.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1

Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	There are no policies and procedures in place with regard to performance reviews. No performance reviews are conducted in the factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.8
Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
Finding Details	1. There are no procedures regarding promotion, demotion and job reassignment. Promotion of workers is done solely by managers' decision. 2. The factory's labor contract states that "wage increase is at the discretion of the employer" and "the bonus may be given or removed." However, there is no bonus system in place for workers at this factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	Neither the FLA Code nor the FLA member company's workplace code are publicly posted in the factory. Management stated that they did not have the FLA Workplace Code of Conduct.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	Neither the FLA Code, nor the FLA member company's workplace standards, are posted on the notice boards at the factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.15.3

Benchmark Details	Employers shall not demand that workers sign any declaration of good health, waivers or releases of other rights as a condition of receiving severance pay or other legal benefits* from the company, and shall not threaten to withhold benefits if workers do not sign.
Finding Details	When the employer calculates workers' indemnity payments, the monetary values of the transportation and meal benefits provided for workers are not included in the calculation.
Recommendation for Immediate Action	Indemnity payments should be calculated based on all services provided by the company.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law, Payment of fees and charges, Art 32
Benchmark ID	ER.3.1
Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.
Finding Details	The factory's social compliance training for workers does not cover four key Code elements: Harassment and Abuse, Forced Labor, Child Labor, and Freedom of Association. In addition, the assessment found that recently-hired workers (hired in approx. the last month) had not been informed of the presence of worker representatives in the factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.16.3

Benchmark Details	Where temporary or permanent layoffs are unavoidable, a plan should be developed and implemented that mitigates the adverse effects of such changes on workers and their communities.
Finding Details	The factory has no procedure in place for retrenchment or downsizing.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Forced Labor (F)

Benchmark ID	F.7.1.6
Benchmark Details	Employers shall not utilize, nor shall they use employment agencies or intermediaries that utilize, practices that restrict any worker's freedom of movement, or ability to terminate their own employment, or that create a threat of penalty. Examples of such practices include, but are not using false information to recruit workers.
Finding Details	The factory's labor contract contains provisions that put workers in a disadvantaged position: 1. Article 10 states that the employees will compensate the damage caused to the company due to the breach of confidentiality agreement. 2. The contract states that if an employee's action or error causes monetary damages, the employee must pay the damages, up to 30 days of wages. If the employee is at fault for more than 30 days of wages, the employer may terminate the contract unilaterally. 3. The contract states that workers should accept overtime work, on official holiday or religious holidays, rather than making all overtime voluntary. 4. The contract states that an employee can only question or object to issues with payment within 7 days after receipt of payment, or else, s/he loses the right. 5. The contract states that the employee agrees to work for the company at any location within Turkey.

Recommendation for Immediate Action	Labor contract should be written to reflect actual practices in the factory, ensuring freedom of movement, clear explanation on wage increase/bonus and premium salary, prohibition of deductions from salary, voluntary overtime and clear definitions of the right to object or question the salary calculation.
Compliance Classifications	Immediate Action Required
Local Law	Turkish Labor Law, Art 8 - 30

Health, Safety And Environment (HSE)

Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	1. One of the emergency exit aisles between embroidery machines is not wide enough to allow for safe evacuation. 2. There is a glass window near the emergency exit door on the second floor, in violation of local regulations.
Recommendation for Immediate Action	Emergency exit routes should be accessible, safe and clear for evacuation. No emergency exit doors should be nearby glass windows.
Compliance Classifications	Immediate Action Required
Local Law	Regulation on Health and Safety Precautions at Offices, Buildings and extensions Art 5 / 1/ b and Art 42
Benchmark ID	HSE.9.1

Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	In the washing department, hazardous liquid chemicals are not kept in a restricted area.
Recommendation for Immediate Action	All hazardous materials should be stored in a separate restricted area, which is only accessible to authorized personnel.
Compliance Classifications	Immediate Action Required
Local Law	Environmental Law no 2872 Art 13, Harmful chemicals to be stored correctly
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	The assessment observed that in areas of the factory where no work was being done, electrical wires were not insulated, were unorganized, and electricity panels were open, posing electrical hazards.
Recommendation for Immediate Action	Electrical wires should be kept insulated and organized and electricity panels should be kept closed.
Compliance Classifications	Immediate Action Required
Local Law	Electric Indoor Facilities Regulation, Art 3, Protective Insulation, a) The purpose of protective insulation is to prevent being under the influence of high touch voltages against the conductive parts in contact with the ground or the place on which it stands.
Benchmark ID	HSE.14.1

Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	The factory did not have a lock-out and tag-out procedure available for review.
Recommendation for Immediate Action	Implement a lock-out and tag-out procedure for maintenance. Provide a written procedure and training for relevant employees.
Compliance Classifications	Immediate Action Required
Local Law	Use of Work Equipment Regulations Health And Safety Requirements Art 5/1, The employer maintains the necessary precautions for the equipment not to harm workers
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	The factory's operating permit/business license does not cover the lower ground floor of the building, where the water booster is located.
Recommendation for Immediate Action	Obtain an operating permit to cover all areas of the factory building.
Compliance Classifications	Immediate Action Required
Local Law	Regulation on Opening Workplaces and Operating Licenses, Article 6
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

Finding Details	1. Solid wastes are kept outside the factory building without any labels, marking, or warnings. 2. The factory's waste area is not demarcated. In that area, hazardous and non-hazardous waste are stored together. 3. The assessment found that factory's wastewater treatment system was not turned on. During the course of the audit, the factory corrected this by turning the system on.
Recommendation for Immediate Action	Waste should be stored properly into a designated area and managed by responsible personnel and accredited transportation companies. Wastewater treatment should be turned on at all times.
Compliance Classifications	Immediate Action Required
Local Law	Environmental Law no 2872 Art 8, Prohibited to pollute the environment by not following legal requirements Environmental Law no 2872 Art 3, Responsibility of the company to minimise pollution Environmental Law no 2872 Art 11, Obligations to set-up necessary waste treatment processes as required according to law Regulation on Health and Safety Precautions while handling Chemical Substances Art 5, employer is responsible for preventing workers to get affected by chemicals or at least minimize these effects by maintaining necessary precautions.
Benchmark ID	HSE.14.3
Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
Finding Details	Individual electric switches are not identified and labeled on all electricity panels in the factory.
Recommendation for Immediate Action	All electrical switches should be identified and indicated on the electricity panels.
Compliance Classifications	Immediate Action Required
Local Law	Regulation on Health and Safety Precautions at Offices, Buildings and extensions Appendix 1 Art 4 to 9

Benchmark ID	HSE.29
Benchmark Details	Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.
Finding Details	The list of personnel responsible/authorized for entering the restricted compressor room was not posted at the time of the assessment.
Recommendation for Immediate Action	The responsible/authorized personnel list should be posted in front of compressor room.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Regulation on Protection of Buildings Against Fire, Art 6, b) The employer shall take adequate measures during the use of the work equipment to ensure that it is in accordance with the particulars specified in subparagraph (a) of this Article.
Benchmark ID	HSE.10.1
Benchmark Details	Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
Finding Details	The chemical Madeira MSA 900, used in the embroidery section, did not have a MSDS available.
Recommendation for Immediate Action	MSDS documents for all chemicals used in the factory should be readily available, in the appropriate language/s, for worker's review when necessary.
Compliance Classifications	Immediate Action Required
Local Law	Regulation on Health and Safety Precautions while handling Chemical Substances Art 9, Workers are informed about risk assessments, limits of effect, MSDS, occupational sickness and storage information related to chemicals used

Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	1. The pulley guard of one sewing machine was missing at the time of the assessment. 2. Two sewing operators were observed not using eye guards while operating machines. 3. Workers in the ironing and quality control sections, and one sewing operator, are not provided with ergonomic mats despite working in a standing position for their entire shift.
Recommendation for Immediate Action	Factory should provide PPEs and proper machine guarding, and enforce their use, to ensure worker's safety.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Health and Safety Law no 6331 Art 4 Regulation on Health and Safety Precautions while handling Chemical Substances Art 7
Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	The assessment found that personnel responsible for occupational health & safety in the factory are not aware of the importance of routine maintenance to ensure machine safety.
Recommendation for Immediate Action	Protective machinery parts and equipments should be maintained properly.
Compliance Classifications	Immediate Action Required

Local Law	Occupational Health and Safety Law no 6331 Art 4
Hours Of Work (HOW)	
Benchmark ID	HOW.22.1
Benchmark Details	Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.
Finding Details	The factory's Internal Overtime Regulation states that if work is not completed during regular working hours, working overtime is the only solution, demonstrating a lack of policies to manage working hours and overtime sustainably.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.20
Benchmark Details	Employers shall have in place practices that conduct regular analysis of hours of work in their workplaces and procedures that demonstrate a commitment to progressively reducing excessive hours of work.
Finding Details	1. Workers at the factory worked more than 11 hours per day on a regular basis. For example, out of 12 sampled workers, in May 2024, 7 worked from 11.5 hours to 13-hours a day; in April 2024, 4 workers worked from 12 to 15.5 hours a day. 2. In January 2024, 1 worker worked overtime on a night shift, totaling 10.5 hours on that day. Under local law, night-shift work is limited to 7.5 hours per day.
Recommendation for Immediate Action	Ensure that daily working hours are limited to 11 hours, and that night shift work is limited to 7.5 hours per day.

Compliance Classifications	Immediate Action Required
Local Law	Labor law no 4857 Art 69 and 63
Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	Workers frequently work more than 60 hours per week at the factory. For example, out of 12 sampled workers, in May 2024, 5 worked between 60.5 hours to 67 hours per week. In April 2024, 1 worked 62 hours per week. In March 2024, 1 worked between 60.5 hours to 63 hours per week.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HOW.12.2
Benchmark Details	The time at which annual leave is taken is determined by employers in consultation with workers, taking into account work requirements and the opportunities for rest and relaxation available to workers.
Finding Details	The minutes of the factory's annual leave committee indicate that the factory did not make plans to ensure employees used all their annual leave days by the end of the year. The assessment found that all workers in the factory (322) have unused annual leave, ranging from 10 to 47 days.
Recommendation for Immediate Action	The annual leave committee should manage a yearly annual leave plan, including by taking into account employees who have not completed their annual leave days from the previous year.

Compliance Classifications	Immediate Action Required
Local Law	Labor law no 4857 Art 53
Benchmark ID	HOW.2
Benchmark Details	Workers shall be entitled to at least 24 consecutive hours of rest in every seven- day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.
Finding Details	Local law requires that workers receive at least 11 hours of rest between two shifts. This 11-hour gap was not provided for 7 out of 12 sampled workers in May 2024 and 4 out of 12 in April 2024, when they finished work at 10 p.m.
Recommendation for Immediate Action	Control shift assignments, start/stop times, and overtime hours to ensure that employees are provided with at least an 11-hour rest period between two shifts.
Compliance Classifications	Immediate Action Required
Local Law	Labor law no 4857 Art 69

