



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.  
COUNTRY: Turkey  
ASSESSMENT DATE: 11/04/16  
ASSESSOR: FLA EMEA  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 900

## Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The factory does not have a policy or procedures on the performance review system that includes steps and processes or demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements. Furthermore, the factory does not have procedures on raising or broadening skills in order to advance workers in their careers or provide written outcomes of promotion, demotion, and reassignment to workers.
2. The factory does not have a written policy on the following Employment Functions: Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System.
3. The factory does not have written procedures on the following Employment Functions: Personnel Development, Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System. However, there are some documents or systems in place to manage Compensation and Hours of Work.
4. The Workplace Conduct & Discipline procedures do not include a procedure for workers to appeal disciplinary actions.
5. The factory's Environmental Protection policy does not include a statement of the factory management's general support of energy and water efficiency, and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The Environmental Protection procedures do not include procedures that enable workers to raise environmental concerns, or protections against retaliation for workers who allege environmental violations.
6. The factory's Health & Safety procedures do not include the following: measures to protect the reproductive health of workers through minimizing exposure to workplace hazards; procedures for workers to raise Health & Safety concerns or protection against retaliation for those who do; steps on how to ensure that visitors, contractors, and service providers are safely evacuated; a complete chemical inventory; a list of confined spaces that require work permits; the precautions people must take prior to, or during entry and stay in each confined space; and a list of equipment that requires lockout-tagout.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety & Environment Benchmarks HSE.1 and HSE.12)

#### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

No action needs to be done since the factory already improved.

### Company Action Plan Update

1. As per document review and management interviews the company has policies and procedures on the performance review system that includes steps and processes or demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements. Furthermore, the factory had procedures on raising or broadening skills in order to advance workers in their careers or provide written outcomes of promotion, demotion, and reassignment to workers.
2. As per document review the company has a written policy on the following Employment Functions: Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System.
3. As per document review the company had written procedures on the following Employment Functions: Personnel Development, Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System. However, there are some documents or systems in place to manage Compensation and Hours of Work.
4. As per document review the Workplace Conduct & Discipline procedures included a procedure for workers to appeal disciplinary actions.
5. As per document review the factory's Environmental Protection policy included a statement of the factory management's general support of energy and water efficiency, and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The Environmental Protection procedures included procedures that enable workers to raise environmental concerns, or protections against retaliation for workers who allege environmental violation.
6. As per document review the factory's Health & Safety procedures included the following: measures to protect the reproductive health of workers through minimizing exposure to workplace hazards; procedures for workers to raise Health & Safety concerns or protection against retaliation for those who do; steps on how to ensure that visitors, contractors, and service providers are safely evacuated; a complete chemical inventory; a list of confined spaces that require work permits; the precautions people must take prior to, or during entry and stay in each confined space; and a list of equipment that requires lockout-tagout.

## Action Plan no 2.

### Description

No action needs to be done since the factory already improved.

### Company Action Plan Update

1. As per document review and management interviews the company has policies and procedures on the performance review system that includes steps and processes or demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements. Furthermore, the factory had procedures on raising or broadening skills in order to advance workers in their careers or provide written outcomes of promotion, demotion, and reassignment to workers.

2. As per document review the company has a written policy on the following Employment Functions: Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System.

3. As per document review the company had written procedures on the following Employment Functions: Personnel Development, Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System. However, there are some documents or systems in place to manage Compensation and Hours of Work.

4. As per document review the Workplace Conduct & Discipline procedures included a procedure for workers to appeal disciplinary actions.

5. As per document review the factory's Environmental Protection policy included a statement of the factory management's general support of energy and water efficiency, and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The Environmental Protection procedures included procedures that enable workers to raise environmental concerns, or protections against retaliation for workers who allege environmental violation.

6. As per document review the factory's Health & Safety procedures included the following: measures to protect the reproductive health of workers through minimizing exposure to workplace hazards; procedures for workers to raise Health & Safety concerns or protection against retaliation for those who do; steps on how to ensure that visitors, contractors, and service providers are safely evacuated; a complete chemical inventory; a list of confined spaces that require work permits; the precautions people must take prior to, or during entry and stay in each confined space; and a list of equipment that requires lockout-tagout.

### Action Plan no 3.

#### Description

No action needs to be done since the factory already improved.

#### Company Action Plan Update

1. As per document review and management interviews the company has policies and procedures on the performance review system that includes steps and processes or demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements. Furthermore, the factory had procedures on raising or broadening skills in order to advance workers in their careers or provide written outcomes of promotion, demotion, and reassignment to workers.

2. As per document review the company has a written policy on the following Employment Functions: Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System.

3. As per document review the company had written procedures on the following Employment Functions: Personnel Development, Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System. However, there are some documents or systems in place to manage Compensation and Hours of Work.

4. As per document review the Workplace Conduct & Discipline procedures included a procedure for workers to appeal disciplinary actions.

5. As per document review the factory's Environmental Protection policy included a statement of the factory management's general support of energy and water efficiency, and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The Environmental Protection procedures included procedures that enable workers to raise environmental concerns, or protections against retaliation for workers who allege environmental violation.

6. As per document review the factory's Health & Safety procedures included the following: measures to protect the reproductive health of workers through minimizing exposure to workplace hazards; procedures for workers to raise Health & Safety concerns or protection against retaliation for those who do; steps on how to ensure that visitors, contractors, and service providers are safely evacuated; a complete chemical inventory; a list of confined spaces that require work permits; the precautions people must take prior to, or during entry and stay in each confined space; and a list of equipment that requires lockout-tagout.

#### Action Plan no 4.

##### Description

Procedures are available

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 5.

##### Description

In March we set a new committee about Sustainability, they have met every months.

End of August we will publish our first Sustainability Report which includes our improvement program about Energy, water, chemical efficiency.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 6.

##### Description

Occupational health and safety procedure and Subcontract working procedure available.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 7.

##### Description

No action needs to be done since the factory already improved.

##### Company Action Plan Update

1. As per document review and management interviews the company has policies and procedures on the performance review system that includes steps and processes or demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements. Furthermore, the factory had procedures on raising or broadening skills in order to advance workers in their careers or provide written outcomes of promotion, demotion, and reassignment to workers.

2. As per document review the company has a written policy on the following Employment Functions: Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System.

3. As per document review the company had written procedures on the following Employment Functions: Personnel Development, Compensation, Hours of Work, Retrenchment, Industrial Relations, and Grievance System. However, there are some documents or systems in place to manage Compensation and Hours of Work.

4. As per document review the Workplace Conduct & Discipline procedures included a procedure for workers to appeal disciplinary actions.

5. As per document review the factory's Environmental Protection policy included a statement of the factory management's general support of energy and water efficiency, and a commitment to minimize impacts with respect to air emissions, waste, hazardous

materials and other applicable environmental risks. The Environmental Protection procedures included procedures that enable workers to raise environmental concerns, or protections against retaliation for workers who allege environmental violation

6. As per document review the factory's Health & Safety procedures included the following: measures to protect the reproductive health of workers through minimizing exposure to workplace hazards; procedures for workers to raise Health & Safety concerns or protection against retaliation for those who do; steps on how to ensure that visitors, contractors, and service providers are safely evacuated; a complete chemical inventory; a list of confined spaces that require work permits; the precautions people must take prior to, or during entry and stay in each confined space; and a list of equipment that requires lockout-tagout.

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The factory does not provide ongoing training on Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Grievance System, Workplace Conduct & Discipline, Environmental Protection. Although the factory does provide ongoing training on Health & Safety, the training content is very general and does not cover specific issues in detail, such as PPE usage or chemical risks. The new Health & Safety specialist was in the process of updating the training content to for workers.

2. The factory does not provide any formal training to supervisors on any of the Employment Functions. The factory does provide verbal training to supervisors on Compensation and Recruitment, Hiring & Personnel Development. No training records are kept.

3. Workers who lift heavy objects are not trained on proper lifting techniques.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, and ER.27; Health, Safety & Environment Benchmarks HSE.8, HSE.9, and HSE.17)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Healthy and safety training have been provided. 468 employees were trained about four hours in 2016. In 2017 247 employees were trained about H&S.

For employment functions we prepared and gave a booklet which includes Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Grievance System, Workplace Conduct & Discipline. (NC-7)

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 2.

##### Description

The new prepared booklet is given to all employees at the beginning of the work and employees are informed. Supervisors' trainings will be completed by the end of September and will be record.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 3.

##### Description

Workers who lift heavy objects are trained on proper lifting techniques in health and safety training.

#### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 4.

##### Description

No action needs to be done since the factory already improved.

#### Company Action Plan Update

1. As per document review the factory provided ongoing training on Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Grievance System, Workplace Conduct & Discipline, Environmental Protection.

2. As per document review and worker interviews the factory provided any formal training to supervisors on any of the Employment Functions. The factory provided verbal training to supervisors on Compensation and Recruitment, Hiring & Personnel Development. Training records were kept.

3. As per worker interviews and document review workers who lift heavy objects were trained on proper lifting techniques.

### FINDING NO.3

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

##### Finding Explanation

1. As the factory does not have a policy or procedures on Compensation, Hours of Work, Industrial Relations, Retrenchment, or the Grievance System, they are not able to communicate these policies, procedures or their updates with the general workforce.

2. As the factory does not have procedures on Personnel Development they are not able to communicate these procedures or their updates with the general workforce.

3. There is a Health & Safety committee with worker representatives; however, their responsibilities are limited to Health & Safety issues – such as recognizing and reducing risks, etc. The representative system is not otherwise used as a dialogue mechanism between management and workers.

4. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input and feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

5. The factory does not arrange consultation meetings with workers or worker representatives before management reaches any final decisions on layoffs.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.29, ER.30 and ER.32; Compensation Benchmark C.17)

#### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Procedures were prepared

Company Action Plan Update

09/21/17 : on-going

Action Plan no 2.

Description

Procedures are available

Company Action Plan Update

09/21/17 : on-going

Action Plan no 3.

Description

Workers representative names are located on the information board. Workers representative started to join the monthly H&S meeting.

Company Action Plan Update

09/21/17 : on-going

Action Plan no 4.

Description

Procedures are completed. In July first meeting had done with workers representatives

Company Action Plan Update

09/21/17 : on-going

Action Plan no 5.

Description

Procedures are prepared. 2 of workers representative will join first next meeting of board of discipline.

Company Action Plan Update

09/21/17 : on-going

Action Plan no 6.

Description

No action needs to be done since the factory already improved.

Company Action Plan Update

1. As per document review the factory had a policy or procedures on Compensation, Hours of Work, Industrial Relations, Retrenchment, or the Grievance System, they are not able to communicate these policies, procedures or their updates with the general workforce.

2. As per document review and worker interviews the factory had procedures on Personnel Development they were able to communicate these procedures or their updates with the general workforce.

3. As per document review and worker interviews The representative system was established used as a dialogue mechanism between management and workers.

4. As per document review and worker interviews the worker integration component was not missing across all Employment Functions. This indicates that the factory has established procedures to request and/or receive workers' input and feedback regarding the creation, implementation, and updating of its policies and procedures.

5. As per document review worker interviews the factory arranged consultation meetings with workers or worker representatives



before management reaches any final decisions on layoffs.

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

1. The factory does not have a system to review or update any of its existing policies and procedures for any of the Employment Functions.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29, ER.30, and ER.31)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Career Management Procedure, Performance Evaluation Procedure, Recruitment Procedure were available and Section Directors and Managers, Hr Directors and Managers are responsible for the implementation of the procedures. They meet monthly. And we set a new yearly meeting with responsible of management system about reviewing procedures

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 2.

##### Description

No action needs to be done since the factory already improved.

##### Company Action Plan Update

1. As per document review and management interviews the factory was established a system to review or update any of its existing policies and procedures for any of the Employment Functions.

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The current percentage of disabled workers, is below 3%, the legal minimum. There are currently only 14 disabled workers in the factory. The factory needs to hire 11 more disabled workers to meet the legal requirement based on the number of workers at the time of the assessment.

2. Job application forms contain fields such as gender, marital status, nationality, and photo which might potentially lead to discriminatory hiring practices, although there was no evidence that such information had influenced hiring decisions.

3. The factory does not have the legally required parental permission forms for one young worker. This young worker was found incidentally during the site tour; his name was not included on the factory's personnel list.

4. The factory does not have a system for tracking the location of young workers within the factory.

5. There was some information missing from five out of 22 sampled personnel files, such as salary, signature, or job description.

#### Local Law or Code Requirement

Turkish Labour Law (4857), Articles 5, 30 and 71; Regulation about Working Conditions for Young Workers and Children, Article 12; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.4, and ER.14; Child Labour Benchmarks CL.3, CL.4, and CL.6; Nondiscrimination Benchmarks ND.1, ND.2, and ND.4)

#### Recommendations for Immediate Action

1. Remove the fields for gender, marital status, nationality, and photo from all job application forms.

2. Obtain the legally required parental permission forms before employing young workers. Maintain this documentation in the workers' personnel files.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

3% disabled workers are employed.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 2.

#### Description

New job application forms are prepared

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 3.

#### Description

Young worker name was included on the factory's personnel list and The factory does have the legally required parental permission forms for one young worker

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 4.

#### Description

Fingerprint reading system is available.All staff members are fingerprinting at the entrance and exit.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 5.

#### Description

Deficiencies in the file are completed

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 6.

#### Description

1. There are 998 employees and 21 disabled employees. An application was made to İşkur Büyükçekmece Service Directorate on 17.06.2019 to provide employment for disabled personnel.

#### Company Action Plan Update

2. Personal benchmarks such as facial photo, marital status and gender were present on the job application forms which may potentially lead to discrimination incident although verified that practically not applied.
3. As per document review and worker interviews the factory had the legally required parental permission forms for one young worker.
4. As per document review and worker interviews the factory was established a system for tracking the location of young workers within the factory.
5. As per document review there was no missing information sampled personnel files.

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory practices double bookkeeping. One set of records is official and indicates workers' gross earnings, including salaries and overtime. The other set is unofficial and includes bonuses that are paid by hand.
2. Pay slips are not distributed to the workers. Instead, the factory has launched an internet-based system which every worker can access with their own password provided by the factory and see their pay slips. However, according to worker interviews, most of the workers find it impractical and difficult to understand as the factory does not make a computer available to access these documents and many workers do not have a computer or internet access in their homes.
3. There are two workers who have an "execution deduction" deducted from their salaries each month due to legal debts. However, the deduction rate is 30% of the workers' salaries instead of 25%, as legally required.
4. The factory does not include meal and transportation allowances in their calculation of termination pay outs, as legally required.
5. The factory has an arrangement with a crèche outside of the factory where 30 children between the ages of two and six go. The factory pays the crèche TRY 345 for each child and female workers whose children go to the crèche pay the factory TRY 100 in cash after being paid their monthly salaries. By law, the factory should provide free childcare, either onsite or offsite, to their workers.
6. There is a lactation room in the factory, however the factory has yet not sent an information letter to the Employment Agency informing the agency of this provision, as legally required.

##### Local Law or Code Requirement

Regulation About Working Conditions of Pregnant and Nursing Workers, Articles 13(2) and 23; Supreme Court 9th Civil Chamber Verdicts 2008/1635E 2009/14798K, 2007/38244E, 2009/3712K, 2007/24490E, 2008/20203K, 2007/24005E, and 2008/20203K; Supreme Court 9th Civil Chamber Verdicts E.1992/15138,K. and 1993/5687,T. 13.4.1993; Tax Procedure Law, Article 359; Turkish Labour Law (1475), Article 14; Turkish Labour Law, (4857), Articles 32, 35 and 37; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.19; Nondiscrimination Benchmark ND.8.1; Compensation Benchmarks C.1, C.5, C.13, C.15, and C.16)

##### Recommendations for Immediate Action

1. Cease the practice of double bookkeeping; ensure that the bonus payments are recorded and paid with workers' salaries and overtime payments. Include bonuses in the calculation of social insurance premiums.

2. Distribute pay slips to workers and ensure that workers understand the content.
3. Ensure that legally mandated deductions do not exceed 25% of workers' monthly salaries.
4. Ensure that calculations for termination pay outs include transportation and meal allowances, as legally required.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

New Procedures are prepared.

(NC-21A/B) Discussing to getting budget for 2018 with management. We are planning to give bonus via bank.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 2.

#### Description

we started to print out pay slip to whom wants. That decision was inform all workers via hang information on fingerprint machines. And additionally we are communicating with company of our HR portal. They are trying to make a kiosk which can print pay slip by worker's fingerprint.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 3.

#### Description

The system was corrected so that there would be no deductions from employees' salaries. We set our deduction rate is %25.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 4.

#### Description

Procedures and budgets are preparing.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 5.

#### Description

All Creche expenses are covered by the company

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 6.

#### Description

Employment Agency said it is not necessary for which company has lactation room before publishing law. Date is August 2013

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 7.

#### Description

1. Performance bonus payments will be included in payroll as market shopping voucher in July.

4. It will be reassessed in the future, depending on the budget.

#### Company Action Plan Update

2. As per worker interviews pay slips were given to all employees.

3. As per document review and worker interviews workers who have an “execution deduction” deducted from their salaries each month due to legal debts as legally required.

5. As per document review and worker interviews the factory provided free childcare no payment was taken for childcare.

6. As per document review and management interview the factory sent an information letter to the Employment Agency informing the agency of this provision, as legally required.

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. There are 12 apprentices at the factory who work three days per week for vocational training. However, the factory does not provide special working hours to them although they are young workers. They work nine hours per day instead of eight hours, as legally required.

2. There is one young worker at the factory and he works nine hours per day plus overtime, which is not in accordance with the law.

3. There are two shifts in the cutting section, where 30 workers work. Five sampled workers worked 11 hours (regular + overtime) on the night shift in March, April, and May 2016, which exceeds the legal limit of 7.5 hours for the night shift, and worked 12 hours (regular + overtime) on the day shift in March, April, May, and October 2016, which exceeds the legal limit of 11 hours in day shift.

4. There is no identification of young and apprentice workers in the working hour records to ensure that they do not work more hours than legally allowed.

5. The factory has not formed the legally required “Annual Leave Committee.”

##### Local Law or Code Requirement

Annual Paid Leave Regulation, Article 15; Turkish labour Law, 4857, Articles 69 and 71; FLA Workplace Code (Employment Relationship Benchmark ER.14; Hours of Work Benchmarks HOW.1, HOW.4, HOW.5, and HOW.8; Child Labor Benchmarks CL.1, CL.4, and CL.8)

##### Recommendations for Immediate Action

1. Ensure that young workers, including apprentices, do not work more than eight hours per day.

2. Ensure that night shift workers do not work more than 7.5 hours per night and day shift workers do not work more than 11 hours per day, as legally required.

## COMPANY ACTION PLANS

Action Plan no 1.

Description

Procedures were prepared.(NC-27)Supervisors were trained and the working hours of young employees will be arranged as 8 hours. Management changed working hours for young workers. They limited max 8 hour per day.

Company Action Plan Update

09/21/17 : on-going

Action Plan no 2.

Description

Procedures were prepared.(NC-27)Supervisors were trained and the working hours of young employees were arranged as 8 hours. Management changed working hours for young workers. They limited max 8 hour per day. New working hours table are on information board.

Company Action Plan Update

09/21/17 : on-going

Action Plan no 3.

Description

Employees were given tea breaks and their working hours were regulated within legal limits.

Company Action Plan Update

09/21/17 : on-going

Action Plan no 4.

Description

On the day of the audit the system does not detected the fingerprint of the selected employee,Employee fingerprint records are taken every day and check by HR team. If they find any miss data, they will check on floor.

Company Action Plan Update

09/21/17 : on-going

Action Plan no 5.

Description

Annual leave committee will be established

Company Action Plan Update

09/21/17 : on-going

Action Plan no 6.

Description

No action needs to be done since the factory already improved.

Company Action Plan Update

1. There was no apprentice in the company. Meantime, weekly and daily working hours of juvenile employees were limited within legal limits.

2. As per document review and worker interviews weekly and daily working hours of juvenile employees were limited within legal limits.

3. As per document review and worker interviews weekly regular working hours of cutting section workers were organised as : 1st shift; from 08:00 to 16:00 including 30' meal break

2nd shift: from 16:00 to 24:00 including 30' meal break

3rd shift: from 00:00 to 08:00 including 30' meal break and no working practice performed at night over 11 hours legal limit.

4. There was no apprentice in the company. Meantime, weekly and daily working hours of juvenile employees were limited within legal limits.

5. As per document review and worker and management interviews Annual Leave Committee was established.

## FINDING NO.8

### UNCORROBORATED RISK OF NON-COMPLIANCE

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. During worker interviews, two workers attested that one data entry worker who is pregnant works overtime (OT) but is paid in cash for her OT. In her interview with assessors, she denied staying for OT and said she leaves as early as other pregnant workers. Management also denied this practice.

##### Local Law or Code Requirement

Regulation About Working Conditions of Pregnant and Nursing Workers, Article 9; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.14, and ER.23; Hours of Work Benchmarks HOW.1 and HOW.4; Nondiscrimination Benchmarks ND.1 and ND.8.1; Compensation Benchmark C.15)

##### Recommendations for Immediate Action

1. Ensure that pregnant workers do not work more than the legal maximum, 7.5 hours per day.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

We never give payment for ot in cash.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 2.

##### Description

No action needs to be done since the factory already improved.

##### Company Action Plan Update

1. As per document review and worker interviews pregnant workers didn't perform overtime practices.

## FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

#### Finding Explanation

1. Apart from direct verbal communication with supervisors, the factory does not have an effective Grievance System. The suggestion boxes are located at the entrance to the production area instead of somewhere that would ensure confidentiality, such as locker rooms or restrooms. Therefore, workers do not use the suggestion boxes. In addition to the suggestion boxes, the factory provides workers with an email address for conveying any grievances or suggestions. However, this system is also ineffective, since workers do not all have access to email, the process is not anonymous, and the emails are delivered to a different factory with the same owner.

2. The factory does not maintain documentation in relation to the grievance process.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Set new grievance systems and procedure. Both of electronic system and box let to take which unname of grievance. For opening box, We set a new committee which includes 2 workers representatives. Also we set a new box area in more confidential. (NC33c)

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 2.

#### Description

Complaints procedure available and Records are kept

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 3.

#### Description

No action needs to be done since the factory already improved.

#### Company Action Plan Update

1. As per site tour, document review and worker interviews there were a lot of complaint boxes located different area in the company premises, the grievance system worked effectively in the company.

2. As per document review the factory maintained documentation in relation to the grievance process.

## FINDING NO.10

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline



#### Finding Explanation

1. Although factory procedures state that disciplinary actions are processed by the Disciplinary Committee, the Committee is not functional and no records of disciplinary actions are kept. Since there are no records, workers do not sign written documentation of disciplinary actions taken against them. According to management, the factory has not taken any disciplinary action against workers except for verbal warnings.

2. Disciplinary actions are not witnessed by a third party during imposition.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

There was no circumstances that required the disciplinary board. If any required, committee will be active.. Also we prepared booklet which includes our disciplinary procedure. We publish to our workers.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 2.

##### Description

There are witnesses in the reports

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 3.

##### Description

No action needs to be done since the factory already improved.

##### Company Action Plan Update

1. As per document review and worker interviews, the company has established and implemented for disciplinary actions as required at previous audit.

2. As per document review and worker interviews worker representatives and a lawyer were witnessed during imposition of occurred any disciplinary practice.

### FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. There are worker representatives in the Health & Safety Committee in the factory; however, two of the three of them were designated by management. In September 2016, the factory announced that workers could apply to be candidates in the worker representative election. Since only one worker has been a candidate, management chose the other two representatives.

#### Local Law or Code Requirement

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Election announcement was made.No candidate so assigned. After assesment we didnt make a new election. But In september 2017 we are planning to make a new election.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 2.

#### Description

No action needs to be done since the factory already improved.

#### Company Action Plan Update

1. As per document review and worker representatives there were 5 freely elected worker representatives in the company. The last election was done in January 2018.

## FINDING NO.12

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Environmental Protection

#### Finding Explanation

1. The factory segregates its waste by type and the location of each type of waste with signs in a closed storage area. However, some of the florescent bulbs and waste oil bins are not placed in the appropriate waste storage area; they are instead placed next to each other in front of the waste storage area. Moreover, waste florescent bulbs were stored in the maintenance room.
2. Oil-contaminated water that comes out of the dryer and compressor is directly discharged on the ground, outdoors.
3. There is no secondary container for the generator's fuel oil tank.

#### Local Law or Code Requirement

Waste Management Regulation, Article 9; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

#### Recommendations for Immediate Action

1. Ensure that all waste is stored according to its type. Train the relevant workers on environmental protection and waste management.
2. Collect oil-contaminated water that comes out of the dryer and compressor and ensure that it is not discharged to the environment.
3. Provide a secondary container for the generator's fuel oil tank

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

taff alerted.Waste to be transported to waste site

#### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 2.

##### Description

The dryer was repaired. mixed water and oil due to machine had a problem. It was solved. In factory we have a closed area for collecting oil-contaminated. All contaminated oil is collecting in that area.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 3.

##### Description

It will be ready end of December

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 4.

##### Description

No action needs to be done since the factory already improved.

##### Company Action Plan Update

1. As per site tour the factory segregates its waste by type and the location of each type of waste with signed in a closed storage area properly.
2. As per site tour no oil-contamination was observed water that comes out of the dryer and compressor.
3. As per site tour secondary container for the generator's fuel oil tank was provided.

## FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not provide the workers in quality control, who make up 20% of the standing workers, with anti-fatigue mats.
2. On 40% of the sewing machines, the eye guards and/or finger guards have been removed or displaced.
3. The grinder machine does not have an eye protection guard. Moreover, workers do not wear the provided goggles when using the machine.
4. The forklift does not have a seat belt or a portable fire extinguisher, as legally required.
5. The factory does not have an earthquake resistance report for the main building.
6. The Material Safety Data Sheet (MSDS) for the "Clean Pas Stain Remover" does not include either the Chemical Abstracts Service (CAS) or all 16-legally required sections.

##### Local Law or Code Requirement

Regulation About Hazardous Substances Material Safety Data Sheets Article 5 and 6; Health and Safety Law, 6331, Article 4; Regulation about Requirements of Using Workplace Equipment, 25.04.2013, Article 9, 10, Addition 1/ 3.1; Turkish Earthquake Code 2007 and the

#### Recommendations for Immediate Action

1. Ensure that workers do not remove or displace eye or finger guards from the sewing machines. Train workers on the proper use of machine guards. Regularly monitor for compliance.
2. Retrain workers on the use of proper eye protection guard when using the grinding machine. Regularly monitor for compliance.
3. Install a seatbelt and portable fire extinguisher on the forklift.
4. Prepare MSDS forms in compliance with local law and include the CAS number and all legally required sections.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

It was completed. Anti-fatigue mats were given to all quality control employees.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 2.

##### Description

Missing machine protectors have been completed. All Machine protectors are available. Supervisors were trained to ensure that workers know that its importance.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 3.

##### Description

Staff warned to wear spectacles

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 4.

##### Description

The forklift does have a seat belt or a portable fire extinguisher, as legally required. (NC44)

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 5.

##### Description

Earthquake resistance report will be taken before completion date.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 6.

##### Description

MSDS are available for all chemicals which we use.

##### Company Action Plan Update

09/21/17 : on-going

## Action Plan no 7.

### Description

5. It will be reassessed in the future, depending on the budget.

### Company Action Plan Update

1. As per site tour the factory provided all workers performed standing jobs.
2. As per site tour all eye and finger guards at sewing machines were available and used by employees.
3. As per site tour all machines have proper guards including grinder machines on audit day and all worker use PPE when necessary.
4. As per site tour the forklift had a seat belt and a portable fire extinguisher.
6. As per site tour all chemicals at stain removing unit had MSDS.

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Electrical panels in the sewing section are covered in dust and lint. Furthermore, the cover of electrical panel is open.
2. The water tank is located in a small underground room. The entrance to this room (located in the garden) looks like a hole in the ground with a ladder to go underground. There is a cover over the hole to prevent falling. However, there is no sign posted indicating that it is a confined space and therefore the factory does not have the corresponding procedures or equipment to respond to an emergency rescue.
3. The second operator who operates the steam boilers does not have a boiler usage certificate, as per legal requirements.

#### Local Law or Code Requirement

Health and Safety Risk Assessment Regulation Articles: 8, 9 and 10; Protection of Buildings from Fire Regulation, Article 55; Regulation for Health and Safety Requirements in Workplaces and its Extension Buildings, (Addition 1) Article 4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.6, HSE.13, and HSE.14)

#### Recommendations for Immediate Action

1. Keep electrical panels free from any dust and lint. Instruct workers to keep the switchboards' covers closed. Regularly monitor to ensure compliance.
2. Post a warning sign near the entrance to the underground room in the garden. Create a procedure for working in confined spaces. Ensure that the risk assessment identifies all risks related to confined spaces.
3. Ensure that all steam boiler operators have the legally required boiler usage certificates.

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

The electrical panels in the sewing section have been cleaned. Also, the cover of the electric panel is locked.(Nc47)

Company Action Plan Update

09/21/17 : on-going

Action Plan no 2.

Description

After assesment a new door was built. Now it doesnt look like a hole. (NC48a) Alarm installed in water tank room. Also we revised our emergency rescue plans for adding water tank. (NC48b/c)

Company Action Plan Update

09/21/17 : on-going

Action Plan no 3.

Description

Steam boiler operators have to has a boiler usage certificate, as per legal requirements.

Company Action Plan Update

09/21/17 : on-going

Action Plan no 4.

Description

No action needs to be done since the factory already improved.

Company Action Plan Update

1. As per site tour electrical panels in the sewing section were not covered in dust and lint. Furthermore, the cover of electrical panels were not open.

2. As per site tour the water tank was covered with protective materials and all necessary signs posted indicating that it was a confined space.

3. As per document review and worker interviews all operators who operates the steam boiler had necessary certificates.

## FINDING NO.15

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

Finding Explanation

1. The fire alarm control panel in the main building, located in the sewing and cutting sections, is broken. There is no light on the control panel indicating the fire alarm is on.

2. The smoke detectors in the main building do not function.

3. The fire alarm is not loud enough in main building; it was especially difficult to hear in the cutting section. Additionally, some fire alarm buttons, which have an older design that require breaking glass to trigger the alarm. It is necessary to continuously push the button of these fire alarms for the siren to sound.

4. There is no fire alarm button in the fabric warehouse in the sewing section.

5. Twenty percent (20%) of the factory's fire extinguishers and fire hoses are obstructed with tables and goods throughout the factory. One fire extinguisher and fire hose are placed between shelves in the fabric warehouse, making them difficult to see and access easily.
6. The emergency evacuation map posted at the entrance to the main building does not reflect the actual layout of the factory. The placement of the departments and emergency exit routes on the map do not guide workers in the correct direction.
7. The factory does not conduct fire drills during the night shift.
8. There is no system in place to account for all workers during an emergency evacuation.
9. There are lunch tables in front of the emergency exit doors in the canteen, which could prevent safe evacuation.
10. Fabric rolls are blocking the emergency exits in the basement of the second building where fabric rolls are unloaded from trucks.

#### Local Law or Code Requirement

Workplace Health and Safety Law, 6331, Article 11; Protection of Buildings from Fire Regulation, Articles 30, 33, 73, 74, 75, 76, 77, 84 and 99; Regulation for Health and Safety Requirements in Workplaces and its Extension Buildings, (Addition 1) Articles 10 and 12; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.6)

#### Recommendations for Immediate Action

1. Repair the fire alarm control panel in the main building and regularly inspect the panel to ensure it is in good working condition.
2. Repair the smoke detectors in the main building and regularly inspect the smoke detectors to ensure they are in good working condition.
3. Ensure that fire alarm is loud enough to hear in every section of the factory. Repair or replace the fire alarm buttons to ensure that the alarm rings easily in case of emergency.
4. Install a fire alarm in the fabric warehouse.
5. Locate fire extinguishers and hoses in places which are easily visible and ensure they remain unobstructed. Regularly monitor for compliance.
6. Ensure that all emergency evacuation plans reflect the actual layout of the factory and correctly direct workers to the emergency exits.
7. Conduct fire drills for the night shift. Ensure that all details are observed and recorded during the fire drills.
8. Develop a system to account for all workers during an evacuation.
9. Keep all emergency exits free from any obstruction, including tables and fabric rolls.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

system is working. Alarm and light is working. But cause is light control panel. We are working on this.

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 2.

#### Description

Price quotation received, valuation phase

#### Company Action Plan Update

09/21/17 : on-going

### Action Plan no 3.

#### Description

Additional alarm set installed.

#### Action Plan no 4.

##### Description

Fire alarm button is provided to the fabric warehouse in the sewing section

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 5.

##### Description

Supervisors were trained about importance of this issue and periodic checks. We built new bars for prevent obstructing with anything. (NC54a/b) Also for issue in cutting section, we built new bar for seem and access easily.(NC54c)

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 6.

##### Description

The emergency evacuation map posted at the entrance to the main building does reflect the actual layout of the factory.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 7.

##### Description

Fire drills are condcuted at night shift periodically.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 8.

##### Description

Emergency action plan and fire practise available. We have seperated area for each departmant on collecting area. In any emergency evacuation our supervisors will compare workers quantity and names with HR actual documents.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 9.

##### Description

Removed tables in front of the emergency exit door

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 10.

##### Description

Removed rolls in front of the emergency exit door. Also we are preparing a new line for pedestrians.

##### Company Action Plan Update

09/21/17 : on-going

#### Action Plan no 11.

##### Description

No action needs to be done since the factory already improved.



### Company Action Plan Update

1. As per site tour the fire alarm control panel was in good condition and the system was working properly.
2. The smoke detectors in the main building was in good condition.
3. As per site tour the fire alarm was loud enough in main building; it was especially enough to hear in the cutting section.

Additionally, all fire alarms were in condition and they were working.

4. As per site tour fire alarm button was provided in the fabric warehouse in the sewing section.
5. As per site tour all all fire extinguishers and fire hoses were available and easily accessible.
6. As per site tour all evacuation plans reflect the current layout of the company.
7. As per document review and worker interviews the factory conducted fire drills during the night shift.
8. As per document review and worker interviews the company was established and implemented to account for all workers during an emergency evacuation.
9. As per site tour all emergency exit doors including lunch halls' were accessible and not blocked.
10. As per site tour all emergency exit doors were accessible and not blocked.