Sedex Members Ethical Trade Audit (SMETA) Report

(Version 2.4, September 2010)

Supplier name:	AKARTEKS TEKSTIL SAN VE TIC LTD STI
Site country:	TURKEY
Site name:	AKARTEKS TEKSTIL SAN VE TIC LTD STI



Audit Company Name: Intertek	Client: AKARTEKS TEKSTIL SAN VE TIC LTD STI
Sedex Company Reference:	**S 000000051822**
Sedex Site Reference:	**P**

Audit Conducted By			
Commercial	☒	**Purchaser**	☐
NGO	☐	**Retailer**	☐
Trade Union	☐	**Brand Owner**	☐
Multi-stakeholder	☐	**Combined Audit (delete all that don't apply)**	

Auditor Reference Number: (If applicable)	NA

SMETA Declaration

I declare that the audit underpinning the following report was conducted in accordance with SMETA best practice guidance.

Any exceptions to this are recorded here: None

Auditor Name: MR. HUSEYIN BIRKAN OZKAN

Role: LEAD AUDITOR

Date: 11.06.2012

Audit Details

Audit Details	
Report #:	AU112869
Date of audit:	11.06.2012
Time in and time out:	Time in 09.00 Time out 16.00
Number of Auditor Days Used	1
Audit type:	☐ Full Initial ☐ Full Re-audit ☒ Partial Follow-Up #1st fu ☐ Partial Other - Define
Was the audit announced?	☒ Announced ☐ Semi – announced ☐ Unannounced
Was the Sedex SAQ reviewed?	☒ Yes ☐ No If no, why not?
Previous audit date:	27.03.2012
Previous audit type:	☒ Full Initial ☐ Full Re-audit ☐ Partial Follow-Up ☐ Partial Other – Define
Auditor name(s) and role(s):	Mr. Huseyin Birkan OZKAN – Lead Auditor
Report written by:	Mr. Huseyin Birkan OZKAN
Report reviewed by:	Ms. Elcin YILDIRIM
Report issue date:	15.06.2012
Supplier name:	AKARTEKS TEKSTIL SAN VE TIC LTD STI
Site country:	TURKEY
Site name:	AKARTEKS TEKSTIL SAN VE TIC LTD STI
Site contact and job title:	AYHAN OZTURK (PERSONNEL AND ADMINISTRATION MANAGER)
Site address:	DEMIRKAPI MAH. VELIOGLU CAD. NO:81 34214 BAGCILAR ISTANBUL

Applicable business and other legally required licence numbers: for example, liability insurance	14.07.2010/6144(BUSINESS LICENCE)
Site phone:	0090 212 657 90 90
Site fax:	0090 212 630 06 06
Site e-mail:	ayhanozturk@akarteks.com.tr
Products/Activities at site, for example, garment manufacture, electricals, toys, grower	DENIM GARMENT
Audit results reviewed with site management?	YES
Who signed and agreed CAPR (Name and job title)	AYHAN OZTURK (PERSONNEL AND ADMINISTRATION MANAGER)

Audit Scope

Local Law (Please state legal requirement)	
Standard work week (total hours):	45 hours per week
Maximum allowed overtime hours (per day, week, month):	11 total working hours per day (regular + overtime), 270 overtime hours per year.
Minimum work age:	15 years old
Minimum wage for standard hours:	796.50 TL (Gross), 570.21 TL (Net) Since January 1st, 2011 837 TL (Gross); 599,21 TL (Net) / since July 1st, 2011 886,50 TL(Gross); 634,65 TL(Net) / since January 1st, 2012
Minimum overtime wage:	Legal overtime premium for weekdays: 150% Legal overtime premium for general holidays:100%

Audit Scope (Please select the code and additional requirements that were audited against during this audit)	
ETI Base Code (if partial audit, please detail which base code items were used):	☒
A: Entitlement to Work and Immigration	☒
B: Sub-Contracting and Homeworking	☒

Additional Requirements	
C: Environment	☒

Note: The main focus of this ethical audit is on the ETI Base Code and local law. The additional elements A,B,C,D will not be audited in such depth or scope, but the audit process will still highlight any specific issues.

This report provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The social audit process requires that information be gathered and considered from records review, worker interviews, management interviews and visual observation. More information is gathered during the social audit process than is provided here. The audit process is a sampling exercise only and does not guarantee that the audited site prior, during or post-audit, are in full compliance with the Code being audited against. The provisions of this Code constitute minimum and not maximum standards and this Code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable laws and where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection. The ownership of this report remains with the party who has paid for the audit. Release permission must be provided by the owner prior to release to any third parties.

Non-Compliance Table

Issue		Area of Non-Conformity (Only check box when there is a non-conformity)			Rating (Currently only to be completed as a specific client requirement)
		ETI Base Code	Local Law	Additional Elements	
0	Management systems and code implementation	☐	☐		Not Applicable
1	Employment Freely Chosen	☐	☐		
2	Freedom of Association	☐	☐		
3	Safety and Hygienic Conditions	☐	☐		
4	Child Labour	☐	☐		
5	Wages and Benefits	☐	☐		
6	Working Hours	☒	☒		
7	Discrimination	☐	☐		
8	Regular Employment	☐	☐		
8A	Sub-Contracting and Homeworking		☒	☐	
9	Harsh or Inhumane Treatment	☐	☐		
A	Entitlement to Work		☐	☐	
B	Environment		☒	☐	

Audit Overview

Audit Overview		
Audit attendance	**Senior management**	**Worker representatives/ Union representatives**
Present at the opening meeting?	☒ Yes ☐ No	☐ Yes ☐ No NA
Present at the audit?	☒ Yes ☐ No	☐ Yes ☐ No NA
Present at the closing meeting?	☒ Yes ☐ No	☐ Yes ☐ No NA
If Worker/Union Representatives not present please explain reasons why	NA	
Site description: (Include size, location, age, structure, number of buildings)	AKARTEKS TEKSTIL was founded in 1995 in Istanbul. Production of the facility is based on denim garment. The facility has 10000 sqm closed area and 12500 sqm total area. Layout of the facility building is; 5th floor: Lunch hall 4th floor: Quality Control, Ironing, Packaging 3rd floor: Sewing (Band 1-2) 2nd floor: Sewing (Band 3-4) 1st floor: Administration Entry floor: Modelling -1st floor: Goods warehouse, shipment -2nd floor: Fabric warehouse, accessorize warehouse, cutting, embroidery The working hours are; 08:30 – 19:00 x 5 days including 1 hr meal break and 15'x2 tea breaks each day (45 hours in a week). Embroidery process is subcontracted by CIHAN NAKIS and dyeing, washing, emery and spray processes are subcontracted by KOMONTEKS TEKSTIL YIKAMA VE BOYAMA SANAYI VE TICARET LTD. STI. (Please refer to NC in subcontracting part). Population of the facility; Production: 298 Male, 127 Female Administration: 26 Male, 31 Female Total: 482 employees	
Site function:	☐ Agent ☒ Factory Processing/Manufacturer ☐ Finished Product Supplier ☐ Grower ☐ Homeworker ☐ Labour Provider	

	☐ Pack House ☐ Primary Producer ☐ Service Provider ☐ Sub-Contractor
Month(s) of peak season: (if applicable)	From November until March

Process overview: (Include products being produced, main operations, number of production lines, main equipment used)
Their main product is denim garment. They have cutting, sewing, quality control, ironing, packaging sections.
Attitude of workers: (Include their attitude to management, workplace and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk
General attitude of the employees were positive.
Attitude of managers: (Include attitude to audit, and audit process. Both positive and negative information should be included)
Management was very helpful during the audit process.
Summary of main findings: (positive and negative)
Negative Findings: 1- It was noted overtime practices in peak times, exceeds daily legal working time limit (regular + overtime) of 11 hours. 2- Environmental permit was not available in the facility. The facility applied for environmental permit. The application is still in process. 3- Komonteks is used as a subcontractor for dyeing, washing, emery and spray processes and Cihan Nakıs is used as a subcontractor for embroidery process. **Positive Findings:** Meal and transportation are provided free of charge for all employees.

Key Information

Key Information	
Do all workers (including migrant workers) have contracts of employment?	☒ Yes ☐ No
Were appropriate records available to verify hours of work and wages?	☒ Yes ☐ No
Were any inconsistencies found? (if yes describe nature)	☐ Yes ☒ No ☐ Poor record keeping ☐ Isolated incident ☐ Repeated occurrence
For the lowest paid production worker, are wages paid for standard hours below or above the legal minimum?	☐ Below legal minimum ☒ Meet %14 ☒ Above %86
% of piece rate workers: (if applicable)	0%
Combined hours (regular and overtime) over 60 per week found?	☐ Yes ☒ No
Are the correct overtime premiums paid?	☒ Yes ☐ No
Is there any night production work at the site?	☐ Yes ☒ No
% of workers living in site provided accommodation (if applicable):	0%
Age of youngest worker found:	18 years old
Workers under 18 subject to hazardous work assignments?	☐ Yes ☒ No
What form of worker representation is there on site?	☐ Union (name) ☐ Worker Committee ☒ Other (specify) (open door policy, suggestion box)
Are there any External Processes?	☒ Sub-Contracting (dyeing, washing, emery, spray, embroidery) ☐ Homeworking ☐ Other External Process (detail)

Worker Analysis

Worker Analysis							
	Local			Migrant			
	Permanent	Temporary	Agency	Permanent	Temporary	Agency	Homeworkers
Worker numbers – male	298	0	0	0	0	0	0
Worker numbers – female	127	0	0	0	0	0	0
Total	425	0	0	0	0	0	0

Total Workers at this Site: 482 (including administration employees)

Number of Workers interviewed	10	0	0	0	0	0	0

Migrant Workers:

Originating Locations/Countries:	No migrant worker was recruited by the company.
Work undertaken by migrant workers:	No migrant worker was recruited by the company.
Were migrant workers recruited through an agency?	No migrant worker was recruited by the company.
If yes, is there a contract with the agency? Provide details of agencies and contractual arrangements	No migrant worker was recruited by the company.
Percentage of migrant workers in company provided accommodation:	No migrant worker was recruited by the company.

Audit Results by Clause

0: Management systems and code implementation:
0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code. 0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code. 0.3 Suppliers are expected to communicate this Code to all employees and to their suppliers. 0.4 Suppliers should, where reasonably practicable, extend the principles of this ethical code through their supply chain.

Evidence of Compliance and Current Status
The facility management had already posted ETI Base code on notice boards. The facility has its own documented social policy that covers all issues mentioned in ETI Base Code. The facility has a well detailed disciplinary procedures and work rules. All posted onsite.

Non-compliance:
No non compliance found regarding the “Management systems and code implementation” requirements of SMETA audit program.

Observation
No negative observation was noted regarding the “Management systems and code implementation” requirements of SMETA audit program.

Good Examples observed:	
Description of Good Example (GE) NONE	**Objective evidence observed:** NA

1: Employment is Freely Chosen
ETI 1.1 There is no forced, bonded or involuntary prison labour. 1.2 Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.

Evidence of Compliance and Current Status
Employment is freely chosen. No guards present during working hours. Movement of employees at the facility is not prohibited or limited. Employees have free access to toilets and drinkable water. Overtimes are always performed on voluntary basis.

Non-compliance:
No non compliance found regarding the “Involuntary Labour” requirements of SMETA audit program and Local laws.

Observation
No negative observation was noted regarding the “Involuntary Labour” requirements of SMETA audit program and Local laws.

Good Examples observed:	
Description of Good Example (GE): NONE	**Objective evidence observed:** NA

2: Freedom of Association and Right to Collective Bargaining are Respected
ETI 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively. 2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities. 2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace. 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

Evidence of Compliance and Current Status
There is a open door policy that employee can complain directly to the top management (declared by workers during interviews) Union membership is not prohibited. Suggestion boxes are placed in several places of the company.

Non-compliance:
No non compliance found regarding the "Freedom of Association" requirements of SMETA audit program and Local laws.

Observation
No negative observation was noted regarding the "Freedom of Association" requirements of SMETA audit program and Local laws.

Name of union and union representative, if applicable:	NONE
If no union what is parallel means of consultation with workers?	Open door policy + Suggestion boxes
The percentage of workers at the site covered by collective bargaining with one or more recognised trade unions	0
The percentage of workers at the site covered by negotiation with workers' representatives who are NOT members of one or more recognised trade unions	0

Does the Collective Bargaining Agreement (CBA) include rates of pay	N/A

Good Examples observed:	
Description of Good Example (GE): NONE	**Objective evidence observed:** NA

3: Working Conditions are Safe and Hygienic
ETI 3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment. 3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers. 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided. 3.4 Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers. 3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

Evidence of Compliance and Current Status
The last fire training was performed on 21.03.2012 The last health inspection of kitchen staff was performed on 21.02.2012 The last electricity grounding was performed on: 27.10.2011 Potable water analysis was performed on 12.01.2012 The fire evacuation drill was conducted on 13.04.2012. Expansion tank, steam boiler, heating boiler, air tanks (2) was checked on 12.04.2012. Forklift and lifts (3) are checked on 12.04.2012.

Non-compliance: 1	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Last evacuation drill was conducted in 2010. **Local law or ETI requirement:** In accordance with the Regulation on Protection Of Buildings Against Fire (19.12.2007) , article 129 the fire drill should be conducted at least once per year. **Recommended corrective action:** It is recommended that evacuation drill should be conducted every year. **1st Follow Up Audit on 11.06.2012 – CORRECTED** Fire evacuation drill was conducted on 13.04.2012.	**Objective evidence observed:** Document Review & Employee Interview

Non-compliance: 2	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Last periodical inspection report of boiler, elevator (3) and forklift (1) was not available. **Local law or ETI requirement:** In accordance with The Turkish Regulations for Employees Health and Occupational safety (7/7583) article 207 and 210, Steam and hot water boilers have to be checked -at least ones a year, -after revision, changes on them -before first using of them by state approved technicians and the employee operating the boiler has to be certified. Results of check have to be recorded. In accordance with The Turkish Regulations for Employees Health and Occupational safety (7/7583) article 378; lift machines and equipment have to be controlled by operator before starting to work. Steel ropes, chains, hooks, catapults, hoops, breaks and automatic stoping systems have to be controlled in every three months by authorized technical person and record of control must be kept at the facility **Recommended corrective action:** It is recommended that periodical inspection of boiler should be conducted yearly and forklift& elevator should be conducted in every 3 months and records should be kept properly. **1st Follow Up Audit on 11.06.2012 – CORRECTED** Periodical inspection report of boiler, elevator (3) and forklift (1) was conducted on 12.04.2012 and the results are proper.	**Objective evidence observed:** Document Review

Non-compliance: 3	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Battery operated lights were not available at emergency exit corridors and emergency exit doors. (80% of the facility). **Local law or ETI requirement:** In accordance with The Turkish Regulations for Labour Health and Job safety (7/7583), article 91 and The Turkish Regulation On The Working Conditions Duty And Authorities of Workplace Doctors, article 8c, if any manufacturer has more than 50 employees it is obligatory to employ a doctor in the facility. **Recommended corrective action:** It is recommended to provide battery operated lights for all emergency exit corridors and emergency exit doors. **1st Follow Up Audit on 11.06.2012 – CORRECTED** Battery operated lights are provided at all exit corridors and emergency exit doors.	**Objective evidence observed:** Factory Tour

Non-compliance: 4	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Snapping machines which used at the facility have one-hand guard. **Local law or ETI requirement:** In accordance with the Turkish Regulation on the conditions of the health and safety rules while using the job related equipment (11.02.2004), Appendix I Minimum general requirements to be included in the job equipment 2-3 In all job equipment, there should have the system that can stop all parts of the equipment safely. In each working location, in accordance with the nature of the danger, there should be control system which can stop all or part of the equipment and ensure the safe condition of the related equipment. 2-5 Appropriate safety apparatus should be provided for the job equipments which has the risk of falling down or popping of piece out of the machine. 2-7 Appropriate safety measures should be taken for the risks of breaking off, breaking and scattering of the pieces that may cause a danger for the health and safety of the employees. 2-8 Appropriate safety guards and safety systems should be provided to prevent the reach to the dangerous areas of the machine or to stop this active areas before reaching them, if the mechanic contact with the active parts of the job equipment may cause a danger. **Recommended corrective action:** It is recommended that snap machines should have two-hand guards. **1st Follow Up Audit on 11.06.2012 – CORRECTED** Double hand protection system is provided for all snapping machines.	**Objective evidence observed:** Factory Tour

Observation
No negative observation was noted regarding the “Health and safety” requirements of SMETA audit program and Local laws.

Good Examples observed:	
Description of Good Example (GE) NONE	**Objective Evidence Observed:** NA

4: Child Labour Shall Not Be Used
ETI 4.1 There shall be no new recruitment of child labour. 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child. 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions. 4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.

Evidence of Compliance and Current Status
Minimum age is 18 years old in the facility.

Non-compliance:
No non compliance found regarding the “Child labour” requirements of SMETA audit program and Local laws.

Observation
No negative observation was noted regarding the “Child labour” requirements of SMETA audit program and Local laws.

Good Examples observed:	
Description of Good Example (GE) NONE	**Objective Evidence Observed:** NA

5: Living Wages are Paid
ETI 5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income. 5.2 All workers shall be provided with written and understandable information about their employment conditions in respect of wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid. 5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

Evidence of Compliance and Current Status
All employees were paid at least legal minimum wage. Wages are paid on time on 5th of each month All employees are given a detailed pay slip. All employees were covered with social security.

Non-compliance: 1	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Calendar day is based on instead of working days when calculating annual leave days. **Local law or ETI requirement:** In accordance with Turkish Labour Law # 4857 / 2003, ARTICLE 53-Any worker completing the at least one year service period, including the trial period, is granted a paid annul leave. The worker may not waive the right of paid annual leave. The provisions of this Law relating to paid annual leaves may not be applied to the workers employed in seasonal and campaign works less than one year due to their qualifications. The paid annual leaves to be granted to the workers may not be less than; a) 14 working days for those having service period 1 to 5 years (incl.) b) 20 working days for those having service period more than five less than fifteen years, c) 26 working days for those having service period fifteen years (incl.) and over. However, the paid annual leaves granted to the workers of 18 years age or under and fifty years age and over, may not be less than twenty working days. The annual leave periods may be increased by labour contracts and collective labour agreements. **Recommended corrective action:** It is recommended that working days should be based on when calculating annual leave.	**Objective evidence observed:** Document review and employee interview

1st Follow Up Audit on 11.06.2012 – CORRECTED Working days is based on when calculating annual leave days.	

Non-compliance: 2	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Since there is no time recording system which time in and time out are recorded, overtime wages could not be verified for the firm, called MUAMMER CELEP, which is used for embroidery process in the facility. **Local law or ETI requirement:** In accordance with the Turkish Regulation on Working Hours Related to Labor Law, art 9 The employer should document the working hours of employees appropriately. In accordance with the Turkish Labour Law # 4857 / 2003, ARTICLE 41-Overtime is permitted for reasons such as national interests, or the basic requirements of the work or increase of production. Overtime is defined in the Law as the working hours that exceed fourty-five working hours in a week. In cases where the reconciliation principle is applied, no overtime is considered even if the average weekly working hours exceed total of forty-five hours in certain weeks provided that the normal weekly working period is maintained. The overtime pay per hour is calculated by increasing normal hourly wage at the rate of fifty percent. **Recommended corrective action:** It is recommended that time recording system should be provided to verify overtime wages properly. **1st Follow Up Audit on 11.06.2012 – CORRECTED** The facility uses outside subcontractor for embroidery process.	**Objective evidence observed:** Document review and employee interview

Non-compliance: 3	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Since there is a problem regarding finger printing system, some of the employees in or out times were recorded by personnel department on some days. Additionally, some of the employees' out times' minutes are rounded down in time recording system automatically. So that overtime hours and also overtime wages could not be verified through records exactly. NOTE: During the employee interview all of the interviewed employees stated that they got their deserved overtime wages properly in a timely manner. **Local law or ETI requirement:** In accordance with the Turkish Regulation on Working Hours Related to Labor Law, art 9 The employer should document the working hours of employees appropriately. In accordance with the Turkish Labour Law # 4857 / 2003, ARTICLE 41-Overtime is	**Objective evidence observed:** Document review and employee interview

permitted for reasons such as national interests, or the basic requirements of the work or increase of production. Overtime is defined in the Law as the working hours that exceed fourty-five working hours in a week. In cases where the reconciliation principle is applied, no overtime is considered even if the average weekly working hours exceed total of forty-five hours in certain weeks provided that the normal weekly working period is maintained. The overtime pay per hour is calculated by increasing normal hourly wage at the rate of fifty percent. **Recommended corrective action:** It is recommended that in and out times should be recorded by employees and time records should reflect the in and out times of the employees objectively to verify overtime hours and overtime wages properly through records. **1st Follow Up Audit on 11.06.2012 – CORRECTED** The problems about finger print system were solved.	

Non-compliance: 4	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Overtime practice which done at 28.10.2011 afternoon (national holiday) are not paid as overtime. **Local law or ETI requirement:** In accordance with the Turkish Labour Law # 4857 / 2003, ARTICLE 47-Where no work is performed by the workers employed in the working places within the scope of this Law during the days accepted as national and public holidays by the laws, the wage corresponding to these workless days are paid in full; if worked, one day wage is paid to the worker for each day of work. The Turkish Law For National Festivals and General Holidays # 2429 (17/3/1981),Article 1 and article 2, October 29 is a national holiday which The Republic established. This festival begins from October 28 after 13:00 and continues during the October 29. In October 29, facilities must be closed. **Recommended corrective action:** It is recommended that all working practices which done in national holidays should be paid as overtime. **1st Follow Up Audit on 11.06.2012 – CORRECTED** Woking practices on national holidays are compensated as overtime.	**Objective evidence observed:** Document review

Observation
No negative observation was noted regarding the “Compensation and Benefits” requirements of SMETA audit program and Local laws.

Good Examples observed:	
Description of Good Example (GE): Meal and transportation are provided to employees free of charge.	**Objective Evidence Observed:** Employee declarations and wage records.

Wages analysis:	
Sample size (number of wages checked and which weeks or months):	10 employees' wage records were reviewed April 2012, May 2012 and June 2012.
Legal minimum wage for standard time:	796.50 TL (Gross), 570.21 TL (Net) Since January 1st, 2011 837 TL (Gross); 599,21 TL (Net) / since July 1st, 2011 886,50 TL(Gross); 634,64 TL(Net) / since January 1st, 2012
What deductions are required by law, and have all of these been made:	Social insurance and taxes were deducted from wages of employees.
Industry norm for this region:	796.50 TL (Gross), 570.21 TL (Net) Since January 1st, 2011 837 TL (Gross); 599,21 TL (Net) / since July 1st, 2011 886,50 TL(Gross); 634,64 TL(Net) / since January 1st, 2012
Legal overtime premium for weekdays:	150%
Legal overtime premium for rest days:	150%
Legal overtime premium for holidays:	100%
Were collective bargaining agreements reached on the wages stated below?	N/A

Worker Type	Process Operator (Highest paid)	Process Operator (Average paid)	Process Operator (Lowest paid)
This is not so relevant in farms where most workers are paid the same, or are of the same 'Worker type'. Also many farms in SA use a combination of piece and hourly rate which is impossible to capture on this form.			
Select one worker's records from each "Worker Type" and populate the boxes:			
Pay period (pm/week)	May 2012	May 2012	May 2012
Employee identification/ Staff ID#/Dept	Employee A	Employee B	Employee C
Employee Gender	Male	Male	Male
Contract monthly/daily	Monthly	Monthly	Monthly
Regular working hours	225 hours	225 hours	225 hours
Regular work pay rate	1885 TL	1465 TL	886,5 TL
Regular day overtime (hour)	36 Hours	19.5 Hours	20 Hours
Regular day overtime (wage)	452 TL	190.5 TL	118.2 TL
Rest day overtime (hour)	0	0	0
Rest day overtime (wage)	0	0	0
Statutory Holiday overtime (hour)	9 Hours	9 Hours	9 Hours
Statutory holiday OT (wage)	150.7 TL	117.19 TL	70.92 TL
Total overtime hours	45 Hours	28.5 Hours	29 Hours
Incentives/Bonus/ Allowances etc.	0	0	0
Gross wages	2487.7 TL	1772.69 TL	1075.62 TL
Social insurance and other deductions	638 TL	435.49 TL	204.84 TL
Actual wage paid after deduction	1849.7 TL	1337.2 TL	870.78 TL
Comments:			

(Please state here any specific reasons/circumstances that explain the lowest and highest gross wages)	
Minimum subsistence discount was deducted from “social insurance and other deductions” part and added directly to the net wage.	
Is there a defined living wage:	☒ Yes ☐ No (add notes into guidance for auditors) Please specify amount/time period:
Is there evidence that equal rates are being paid for equal work:	☒ Yes ☐ No Details:
How are workers paid:	☐ Cash ☐ Cheque ☒ BACS If not explain:
1. Contracted overtime premium for…	
Weekdays:	150%
Rest days:	150%
Holidays:	200%
2. Actual overtime premium paid in sample for…	
Weekdays:	150%
Rest days:	No rest day working observed
Holidays:	200%
3. Average wage paid to operators:	750TL (net)

6: Working Hours are not Excessive
ETI 6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection. 6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

Evidence of Compliance and Current Status
Systematic working practices are arranged as follows : From 08:30am to 19.00pm with 1hr lunch break and 2' X 15' tea breaks x 5 days

Non-compliance:1	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Since there is no time recording system which time in and time out are recorded, working hours could not be verified for the firm, called CIHAN NAKIS-MUAMMER CELEP, which is used for embroidery process in the facility. **Local law or ETI requirement:** In accordance with the Turkish Regulation on Working Hours Related to Labour Law, art 9 The employer should document the working hours of employees appropriately. **Recommended corrective action:** It is recommended that time recording system should be provided to verify working hours properly through records. **1st Follow Up Audit on 11.06.2012 – CORRECTED** The facility uses outside subcontractor for embroidery process.	**Objective evidence observed:** Time Record Review and employee interview.

Non-compliance: 2	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Since there is a problem regarding finger printing system, some of the employees in or out times were recorded by personnel department on some days. Additionally, some of the employees' out times' minutes are rounded down in time recording system automatically. So that overtime hours could not be verified through records. **Local law or ETI requirement:** In accordance with the Turkish Regulation on Working Hours Related to Labour Law, art 9 The employer should document the working hours of employees appropriately. **Recommended corrective action:** It is recommended that in and out times should be recorded by employees and time records should reflect the in and out times of the employees objectively to verify overtime hours properly through records. **1st Follow Up Audit on 11.06.2012 – CORRECTED** The problems about finger print system were solved.	**Objective evidence observed:** Time Record Review and employee interview.

Non-compliance: 3	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** It was noted overtime practices in peak times, exceeds daily legal working time limit (regular + overtime) of 11 hours. <u>February 2012</u> Employee A worked 1 time 15 hr 45 min, 4 times 12 hr 15 min, 4 times 11 hr 45 min in a day. Employee B worked 1 time 15 hr 45 min, 2 times 12 hr 45 min, 4 times 11 hr 45 min in a day. Employee C worked 1 time 14 hr 45 min, 5 times 12 hr 15 min, 4 times 11 hr 45 min in a day. Employee D worked 2 times 13 hr, 3 times 11 hr 45 min in a day. <u>December 2011</u> Employee A worked 1 time 13.5 hr, 4 times 12 hr 15 min, 2 times 11 hr 15 min in a day. Employee B worked 1 time 13.5 hr, 3 times 12 hr 15 min, 2 times 11 hr 15 min in a day. Employee C worked 1 time 13.5 hr, 2 times 12 hr 15 min, 2 times 11 hr 15 min in a day. <u>October 2011</u> Employee A worked 1 time 12 hr 15 min, 1 time 11 hr 45 min, 2 times 11 hr 15 min in a day.	**Objective evidence observed:** Time Record Review and employee interview.

Employee B worked 2 times 12 hr 15 min, 3 times 11 hr 45 min, 3 times 11 hr 15 min in a day. Employee C worked 1 time 11 hr 45 min, 2 times 11 hr 15 min. **Local law or ETI requirement:** In accordance with the Turkish Regulation on Working Hours Related to Labor Law, art 4 In general the duration of work shall be at the most 45 hours a week. This period shall be applied by dividing equally among the days of the week worked, unless the opposite is concluded. Daily working hours shall not be exceeded 11 hrs a day in any case. **Recommended corrective action:** It is recommended to limit daily working hours (regular + overtime) to 11 hours **1st Follow Up Audit on 11.06.2012 – NOT CORRECTED** Working practices between 08:30-22:30 exceeded 11 hours which is daily total (regular + overtime) working time limit. **Examples:** Employee A worked more than 11 hours/day once in April 2012, 6 times in May 2012 and once in June 2012. Employee B worked more than 11 hours/day 5 times in April 2012, 12 times in May 2012 and twice in June 2012. Employee C worked more than 11 hours/day 5 times in April 2012, 12 times in May 2012 and 3 times in June 2012.	

Observation
No negative observation was noted regarding the “Hours of work” requirements of SMETA audit program and Local laws.

Good Examples observed:	
Description of Good Example (GE) : NONE	**Objective Evidence Observed:** NA

Working hours analysis	
What timekeeping systems are used: time card etc.	Finger Print System
Sample size checked (number of workers):	10 employees’ time records were reviewed April 2012, May 2012 and June 2012.
Legal standard work week (hours):	45 hours per week

1. Contracted standard work week this site (hours):	45 hours per week
2. Actual standard work week averaged over sample (hours):	45 hours per week
3. Lowest basic hours worked:	45 hours per week
4. Highest basic hours worked:	45 hours per week
Legal permitted overtime hours:	270 hours per annum
Any local waivers for this site:	NO
Comments: (Please state here any specific reasons/circumstances that explain the highest working hours)	
NONE	
1. Actual overtime hours: (averaged over sample)	70 hours for reviewed months (April 2012,May 2012 and June 2012)
2. Range of overtime hours over all workers: (quote highest and lowest)	85 hours – 25 hours for reviewed months (April 2012,May 2012 and June 2012)
3. Peak seasons:	November – March

7: No Discrimination is Practiced
ETI 7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Evidence of Compliance and Current Status
No evidence against discrimination requirements of the client was found during the audit processes. Employees stated that they were paid and treated equally.

Non-compliance:
No non compliance found regarding the “Discrimination” requirements of SMETA audit program and Local laws.

Observation
No negative observation was noted regarding the “Discrimination” requirements of SMETA audit program and Local laws.

Good Examples observed:	
Description of Good Example (GE): NONE	**Objective Evidence Observed:** NA

8: Regular Employment Is Provided
ETI 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice. 8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or homeworking arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Evidence of Compliance and Current Status
All employees have their own labour contracts. Copies of contracts are given to employees. All issues mentioned in the contracts totally comply with legal requirements.

Non-compliance:
No non compliance found regarding the “Regular employment” requirements of SMETA audit program and Local laws.

Observation
No negative observation was noted regarding the “Regular employment” requirements of SMETA audit program and Local laws.

Good Examples observed:	
Description of Good Example (GE) : NONE	**Objective Evidence Observed:** NA

8A: Sub-Contracting and Homeworking:
8a.1 There should be no sub-contracting unless previously agreed with the main client. 8a.2 Home-working should be properly managed. *Note to auditor on homeworking:* *Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.*

Evidence of Compliance and Current Status
No home working is used by the facility.

Non-compliance: 1	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** Komonteks is used as a subcontractor for dyeing, washing, emery and spray processes. Details are as follow: PROCESS: dyeing, washing, emery and spray processes NAME: Komonteks Tekstil Yikama ve Boyama Sanayi ve Ticaret Ltd. Sti. ADRESS: Ertugrul gazi cd. No:20/22 34250 Gaziosmanpasa Istanbul CONTACT PERSON: Serkan Kayhan PHONE NUMBER: 0090 212 477 10 25 FAX NUMBER: 0090 212 617 59 14 E-MAIL: info@komonteks.com.tr **Local law or ETI requirement:** In accordance with ETI Standard , There should be no sub-contracting unless previously agreed with the main client. **Recommended corrective action:** It is recommended that approval letter should be provided from client for subcontractor. **1st Follow Up Audit on 11.06.2012 – NOT CORRECTED** Komonteks is used as a subcontractor for dyeing, washing, emery and spray processes and Cihan Nakıs is used as a subcontractor for embroidery process. There is not still approval letter for subcontractors from client. PROCESS: Embroidery process NAME: Cihan Nakis ADRESS: Hamidiye Mah. Girne Cad. Serdar Sok. No:4 Kat:2 Kagıthane CONTACT PERSON: Muammer Celep PHONE NUMBER: 0090 212 654 48 96	**Objective evidence observed:** Management interview

Observation
No negative observation was noted regarding the “Sub-Contracting and Home working” requirements of SMETA audit program.

Good Examples observed:	
Description of Good Example (GE) : NONE	**Objective Evidence Observed:** NA

Summary of sub-contracting	
1. Number of sub-contractors/agents used	2 / Komonteks and Cihan Nakis (Outside subcontractors)
2. Is there a site policy on sub-contracting?	☒ Yes ☐ No If yes, summarise details: They assess social compliance issues of their subcontractor.
3. What checks are in place to ensure no child labour is being used and work is safe?	ID Card control
4. What processes are sub-contracted?	Washing, dyeing, emery, spray,embroidery

Summary of homeworking			
1. Number of homeworkers	Male: 0	Female: 0	Total: 0
2. Are homeworkers employed direct or through agents?	No homeworker is used for any process.		
3. If through agents, number of agents	No homeworker is used for any process.		
4. Is there a site policy on homeworking?	No homeworker is used for any process.		
5. How does site ensure worker hours and pay meet local laws for homeworkers?	No homeworker is used for any process.		
6. What processes are carried out by homeworkers?	No homeworker is used for any process.		
7. Are written agreements in place	No homeworker is used for any process.		

for homeworkers that include regular employment?	
8. Are full records available at the site?	No homeworker is used for any process.

9: No Harsh or Inhumane Treatment is Allowed
ETI 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Evidence of Compliance and Current Status
No evidence against “No harsh & inhumane treatment” requirements of the client was found during the audit processes.

Non-compliance:
No non compliance found regarding the “Harsh or Inhumane Treatment” requirements of SMETA audit program .

Observation
No negative observation was noted regarding the “Harsh or Inhumane Treatment” requirements of SMETA audit program.

Good Examples observed:	
Description of Good Example (GE): NONE	**Objective Evidence Observed:** NA

Other Issue areas: A: Entitlement to Work and Immigration
Additional Retailer Specific Elements A1 Only workers with a legal right to work shall be employed or used by the supplier. A2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation. A3 Employment agencies must only supply workers registered with them. A4 The supplier shall implement processes to enable adequate control over agencies with regards to the above points and related legislation.

Evidence of Compliance and Current Status
All workers are local. No migrant worker is employed.

Non-compliance:
No non compliance found regarding the “Entitlement to Work and Immigration” requirements of SMETA audit program.

Observation
No negative observation was noted regarding the “Entitlement to Work and Immigration” requirements of SMETA audit program.

Good examples observed:	
Description of Good Example (GE) : NONE	**Objective Evidence Observed:** NA

Other issue areas B: Environment
B.1 Suppliers shall seek to make continuous improvements in their environmental performance and, as a minimum, comply with the requirements of local and international laws and regulations. B.2 The supplier shall be aware of and comply with their end clients' environmental requirements.

Evidence of Compliance and Current Status
All domestic wastes are collected and disposed properly.

Non-compliance: 1	
Initial Audit was performed 27.03.2012 **Description of non-compliance:** There is no environmental permit in the facility. **Local law or Customer requirement:** The regulation on permits and licensee which must be provided according to environmental law 29.04.2009, 27214, Art 4 (2) Industries which are stated in the lists Appendix1 – and Appendix2 must obtain environmental permit or environmental permit and licensee. **Recommended corrective action:** It is recommended that environmental permit should be provided. **1st Follow Up Audit on 11.06.2012 – NOT CORRECTED** The facility applied for environmental permit. The application is still in process.	**Objective evidence observed:** Document review

Observation
No negative observation was noted regarding the "Environmental" requirements of SMETA audit program and legal legislations.

Good examples observed:	
Description of Good Example (GE) : NONE	**Objective Evidence Observed:** NA

Worker Interview Summary

Worker Interview Summary		
Were workers aware of the audit?	☒ Yes ☐ No	
Were workers aware of the code?	☒ Yes ☐ No	
Number of group interviews	1 Group (3 employees)	
Number of individual interviews	Male: 3	Female: 4
Number of interviewed workers	Male: 4	Female: 6
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	☒ Yes ☐ No	
In general, what was the attitude of the workers towards their workplace?	☒ Favourable ☐ Non-favourable ☐ Indifferent	
What was the most common worker complaint?	None	
What did the workers like the most about working at this site?	Payment on time.	
Any additional comment(s) regarding interviews:	None	

Agency Workers (workers sourced from a local agent who are not directly paid by the site)	
Number of agencies used (average):	And names if available: NA
Were agency workers' age/pay/hours included within scope of this audit	☐ Yes ☐ No NA

Other findings

Other Findings Outside the Scope of the Audit
none

Community Benefits (Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)
no

Photo Form

General Site Tour Photos:

		
Lunch Hall	Evacuation Plan	Fire Extinguisher
		
Packaging Section	Q.C Section	Q.C Section
		
Suggestion Box	Sewing Section	Doctor room

		
Praying room	Steel glove for cutting machine	Warehouse

		
Changing room	Modelling	Embroidery

		
Double hand guard on snapping machine.	Outside view of the facility	

DISCLAIMER:

"This report is for the exclusive use of the client of Intertek named in this report ("**Client**") and is provided pursuant to an agreement for services between Intertek and Client ("**Client Agreement**"). This report provides a summary of the findings and other applicable information found/gathered during the audit conducted at the specified facilities on the specified date only. Therefore, this report does not cover, and Intertek accepts no responsibility for, other locations that may be used in the supply chain of the relevant product or service. Further, as the audit process used by Intertek is a sampling exercise only, Intertek accepts no responsibility for any non-compliant issues that may be revealed relating to the operations of the identified facility at any other date. Intertek's responsibility and liability are also limited in accordance to the terms and conditions of the Client Agreement. Intertek assumes no liability to any party, for any loss, expense or damage occasioned by the use of this information other than to the Client and in accordance with the Client Agreement and these disclaimers. The disclaimer should be read in conjunction with the Terms and Conditions of Intertek."

End of report.



For more information on Sedex please go to www.sedex.org.uk
or email info@sedex.org.uk