

ILS Social Compliance Audit

Audit ID #: AU130454 **Date Audit Conducted:** 2018/05/10
Yr/Mo/Day

Code Conducted to: DISNEY **Audit Report Date:** 2018/05/21
Yr/Mo/Day

Audit Type: Initial First F/U Second F/U Third F/U Other F/U

Facility Information

Facility ID No.: NA

Facility Name: NARKONTEKS TEKSTIL IHRACAT ITHALAT SANAYI VE TIC. A.S

Address Line 1: B.E.G.O.S.B DOGUS CAD. 3/19 SOKAK

Address Line 2: NO: 12

City: IZMIR **State/Province:** NA

Town: BUCA **Country:** TURKEY

Postal Code: 35460 **GPS Location:** NOT PROVIDED

Contact Last Name: ERKAN **Contact First Name:** PINAR

Primary Email: pinarerkan@narkonteks.com **Telephone:** 90 232 440 86 86

Contact Person Title: H.R MANAGER **Fax:** 90 232 440 41 51

Name/Address/Ownership Updates

Facility Name: NA

Facility Address: NA

Facility Ownership Update: NA

Upcoming Relocation or Expansion: NA

Audit Team

Audit Firm: INTERTEK TURKEY

Lead/ Exclusive Auditor:

Number of Auditors: 2

Audit Team Member 1: FATMA ARLI

Audit Team Member 2: ORHAN BUYUKCAM

Audit Details & Assessment

Facility Details

Access to Facility: Accepted Denied Denied by phone Unable to Access – No fault of facility

Predetermined Comments: Acceptable
 Auditors attempted to conduct an audit and were denied access.
 Other

Additional Comments: None

Current % Capacity Devoted to Disney: 0% **Past % Capacity Devoted to Disney:** 0 %

Products Produced: Apparel

Disney Products Observed: None

Production Processes: Cutting, Sewing, Quality Control, Ironing and Packaging

Total Employees: 417 **#Production Employees:** 323

Buildings: 1

Buildings by Purpose: Entrance Floor: Accessory Warehouse, Shipping Warehouse, Quality assurance

1st Floor: Cutting Section, Plastic preparation, Changing room

2nd Floor: Administrative offices

3rd Floor: Sewing Section, Changing room

4th Floor: Sewing Section, Changing room

5th Floor: Brassiere sample production, Doctor Room, Lunch Hall

Peak Production Months:

- | | | |
|-----------------------------------|---------------------------------|---|
| <input type="checkbox"/> Unknown | <input type="checkbox"/> April | <input checked="" type="checkbox"/> September |
| <input type="checkbox"/> None | <input type="checkbox"/> May | <input checked="" type="checkbox"/> October |
| <input type="checkbox"/> January | <input type="checkbox"/> June | <input checked="" type="checkbox"/> November |
| <input type="checkbox"/> February | <input type="checkbox"/> July | <input checked="" type="checkbox"/> December |
| <input type="checkbox"/> March | <input type="checkbox"/> August | |

Low Production Months:

- | | | |
|--|---------------------------------|------------------------------------|
| <input type="checkbox"/> Unknown | <input type="checkbox"/> April | <input type="checkbox"/> September |
| <input type="checkbox"/> None | <input type="checkbox"/> May | <input type="checkbox"/> October |
| <input checked="" type="checkbox"/> January | <input type="checkbox"/> June | <input type="checkbox"/> November |
| <input checked="" type="checkbox"/> February | <input type="checkbox"/> July | <input type="checkbox"/> December |
| <input type="checkbox"/> March | <input type="checkbox"/> August | |

Facility Regular Hours:

N/A

Facility # of Shifts/Hours

1/08:00-10:00 & 10:15 - 12:00 & 12:30-15:00 & 15:15 - 18:00 x 5 days

Other Brands Present?

Blackspade, HugoBoss, Tancade

Establishment Date: Yr/Mo/Day

2005/03/21

Audit Details

Attendance Records Reviewed:

- | | | |
|---|---|---|
| <input type="checkbox"/> Unknown | <input checked="" type="checkbox"/> April | <input type="checkbox"/> September |
| <input type="checkbox"/> None | <input type="checkbox"/> May | <input checked="" type="checkbox"/> October |
| <input checked="" type="checkbox"/> January | <input type="checkbox"/> June | <input type="checkbox"/> November |
| <input type="checkbox"/> February | <input type="checkbox"/> July | <input type="checkbox"/> December |
| <input type="checkbox"/> March | <input type="checkbox"/> August | |

Payroll Ledgers Reviewed:

- | | | |
|----------------------------------|---|---|
| <input type="checkbox"/> Unknown | <input checked="" type="checkbox"/> April | <input type="checkbox"/> September |
| <input type="checkbox"/> None | <input type="checkbox"/> May | <input checked="" type="checkbox"/> October |

	<input checked="" type="checkbox"/> January	<input type="checkbox"/> June	<input type="checkbox"/> November
	<input type="checkbox"/> February	<input type="checkbox"/> July	<input type="checkbox"/> December
	<input type="checkbox"/> March	<input type="checkbox"/> August	
Last Pay Date: Yr/Mo/Day	2018/05/10	Number of Records Sampled:	20
# Individual Employee Interviews:	10	# Employee Group Interviews:	0
Numbers per Group:	0		
Additional Locations Audited?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes; Locations not under same business license	
	<input type="checkbox"/> Yes; Location under same business license	<input type="checkbox"/> Yes; unknown	
Explain Additional Location Details:	NA		
Comments/Observations:	NA		
Communicated Findings With:	PINAR ERKAN - H.R MANAGER		
Agreed to and Signed CAPAR?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Unknown
Audit Entered by: (Name)	ORHAN BUYUKCAM		

Comments Details

Comments: The facility established in Gaziemir/ Izmir on 21 March 2005. The facility has operated in the existing location since June 2009 in Buca/ Izmir. The main product of the facility is apparel (underwear, home wear, sportswear and swimwear production). Meal and transportation are provided free of charge to all employees. Total closed area of the facility is 5774 square meters. The facility is the only company in the building that owns it. Building is not shared with another companies.

Administrative: 94 Employee (64 female, 30 male)

Production: 323 (279 female, 44 male)

Name and Title of Others Present (ex. translators, observers, trainees): None

Attendance Records Provided: 12/ May 2017- April 2018

Payroll Records Provided: 12/ May 2017- April 2018

Number of Records Sample: Current: April 2018- 10, Peak: October 2017- 5, Non - Peak: January 2018- 5

Resources Received from Facility (i.e. transportation, meals): None

Factory Representative in opening meeting (name/title): PINAR ERKAN - H.R MANAGER, HASAN OZTURK - ADMINISTRATIVE AFFAIRS EXECUTIVE, ONUR BAG – INVESTMENT PROJECTS MANAGER

Factory Representative in closing meeting (name/title): PINAR ERKAN - H.R MANAGER, HASAN OZTURK - ADMINISTRATIVE AFFAIRS EXECUTIVE

(Note: other comments may include but not limit to: details if "Agreed to and signed CAPAR" is indicated "No"; further details regarding audit scope; special observation or comments on the audit process; etc.)

Audit Violations

Age Requirement

Child Labor:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Young Persons:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Association: Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Coercion and Harassment:

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Physical Abuse or Sexual Harassment:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Compensation: Minimum Wage:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Remarks:

Local minimum wage standard: Since January 1st, 2017: 1777,5 TL (Gross- including subsistence allowance); 1404.06 TL (Net- including subsistence allowance) / month.

Since January 1st 2018 : 2029,50 TL (Gross- including subsistence allowance); 1603,12 TL (Net- including subsistence allowance) / month)

Overtime Hours:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Remarks:

Attendance Recorded by: (automated/electronic, timecard, manual, no recording, etc.): Finger printing

1) For April 2018 (Current Month), The maximum weekly working hours were 58,5 hours (1 out of 10 samples). The maximum monthly overtime were 28 hours per month

2) For October 2017 (Peak month), The maximum weekly working hours were 52,5 hours (1 out of 5 samples). The maximum monthly overtime were 26 hours per month.

3) For January 2018 (Non-Peak month), the maximum weekly working hours were 52,5 hours (1 out of 5 samples). The maximum monthly overtime were 11 hours per month.

Overtime Wage:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Remarks: The facility pays %150 rates for overtime practices performed in weekdays, and 200% for weekly off days and statutory holidays.

Social Benefits and Other Compensation:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

A child care facility is not provided.

Law / Code: Regulation on Working Conditions of Pregnant or Breastfeeding Females, Breastfeeding Rooms and Childcare Facilities, No.28737, Date: 16.08.2013; Art. 13 – (2) In any case of ages and marital status, employers who employ more than 150 female shall establish a childcare facility which fulfill the conditions stated in Appendix-IV for female employees to leave their children (0-6 ages), childcare and breastfeeding. If the childcare facility is more than 250 m. far away from the company, employer shall provide transportation.

Additional Comments: Auditors noted that there are a total of 279 female production employees at the facility and creche was not provided.

Remarks:

Regular Pay Date: 10th each of month

Wage pay in/by (cash, check, direct deposit, etc.): Bank Transfer

Health and Safety:

Dormitories:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

N/A

Law / Code:

Additional Comments: There is no dormitory at the facility.

Fire & Emergency Safety:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Hazardous Material:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Machine & Electrical Safety:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Medical & First Aid:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Assessment of occupational hazards factors is not conducted annually or as required.

Law / Code: Regulation on Laboratories which conduct measurement, test and analysis on Labor Hygiene, Date: 20.08.2013, No: 28741; Art. 5 – (1) Employer shall protect the employee against the dangers and hazardous impacts of workplace conditions and any processed, used or existed substance. To provide a safety workplace; employer shall conduct measurement, test, analysis and evaluations on physical, chemical and biological impacts about personnel exposure on workplace or workplace conditions.

Regulation on the Health and Safety Measures Taken For the Buildings and Additions (No: 28710, Date: 17.7.2013)

Appendix-I Minimum Health and Safety Requirements for Buildings and Additions

22- Workplaces shall be illuminated with sufficient day light. If it is not able to benefit from day light sufficiently reasoned from type of work or construction style of workplace or at night work, illumination is provided with appropriate and sufficient artificial light.

23- Illumination systems on working places and passage ways shall be in style that will not create any accident risk for employees and placed appropriately.

Additional Comments: Auditors noted that the accessory warehouse section was not included in the lighting indoor environment measurements made in April 2015.

Personal Protective Equipment (PPE):

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Sanitation:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Involuntary Labor:

Mandatory Overtime:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Prison, Bonded, Indentured, Forced Labor:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Monitoring and Compliance:

Ethics:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Insufficient or Inadequate Records:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Transparency:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Non-Discrimination:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Other Laws (if applicable):

Labor Contract:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Other:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Protection of the Environment:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Publication:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

Acceptable

Law / Code:

Additional Comments: No apparent violations.

Subcontracting:

Acceptable Needs Improvement N/A Unable to Verify

Predetermined Comments:

N/A

Law / Code:

Additional Comments: Auditor confirmed that **NARKONTEKS TEKSTIL IHRACAT ITHALAT SANAYI VE TIC. A.S** does not subcontract or receive Disney-branded production from any facility or other sources during May 2017- April 2018.