



Fair Wear Foundation

Management system audit report

McGregor Fashion Group

3 December 2009

FWF member since: 19-03-07

Sources of information:

A: Database FWF

B: Annual report and work plan

C: Archived documents

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Fair Wear Foundation

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Fair Wear Foundation

1. Introduction

In December 2009 Fair Wear Foundation (FWF) conducted a management system audit (MSA) at McGregor Fashion Group. The MSA is a tool for FWF to verify that McGregor Fashion Group implements the management system requirements for effective implementation of the Code of Labour Practices, as specified in the FWF Charter.

Starting point for the MSA has been the work plan for 2009. FWF tailored the MSA to the specifics of the management system of McGregor Fashion Group in order to assess the key issues of interest. During the MSA, employees of McGregor Fashion Group were interviewed and internal documents have been reviewed.

FWF developed this report on the basis of findings collected during the MSA. The report contains conclusions, requirements, recommendations and an annex which includes detailed findings. If FWF concludes that the management system needs improvement to ensure effective implementation of the Code of Labour Practices, a requirement for improvement is formulated. The implementation of required improvements is mandatory under FWF membership. In addition, FWF formulates recommendations to further support McGregor Fashion Group in implementing the Code of Labour Practices. The numbering of the requirements and recommendations correspond with the numbers of the conclusions.

This report focuses on those aspects of the management system of McGregor Fashion Group that have been identified as key areas of interest for year. As FWF approaches the implementation of the Code of Labour Practices as a step-by-step process, it is well possible that MSA reports of subsequent years will focus on different aspects of the management system.

FWF invites McGregor Fashion Group to comment on the content of the draft report within ten working days after receiving the draft report. Subsequently the report is made definitive.

FWF will publish the conclusions, requirements and recommendations of all MSAs on www.fairwear.org. The annex with detailed findings will remain confidential. FWF encourages McGregor Fashion Group to include information from the MSA report in its social report.



2. Executive summary

In 2009 McGregor Fashion Group actively promoted general awareness of the implications of FWF membership among its product managers. Product managers are responsible for the process of following up on corrective action plans as part of their ongoing dialogue with factories. However, corrective action plans were not systematically followed up on by Product Managers. In response to this McGregor Fashion Group designated two coordinators within the business units McGregor and Gaastra for ongoing coordination of the process of auditing and following up on corrective action plans with product managers. The challenge for 2010 is to make follow-up on corrective action plans part of the standard routine of Product Managers in their communication with factories. FWF recommends that a SMART performance appraisal system be developed with regard to the process of following up on corrective action plans.

McGregor Fashion Group has made substantial efforts to monitor working conditions in factories. In 2009 19 audits were carried out in factories. To this end McGregor Fashion Group hired FWF audit teams in China, Thailand and Turkey. The audits carried out on behalf of McGregor Fashion Group in 2009 indicated several main areas for improvement, which are indicated in the report. FWF recommends that McGregor Fashion Group assess in cooperation with factories the root causes of excessive overtime.

Of all audited factories, FWF received in 2009 one complaint from workers of factories where clothing is produced for McGregor Fashion Group. The complaint was filed by a worker of a factory in China. FWF investigated this complaint by means of a factory audit. On the basis of the complaint investigation, FWF concluded that the complaint was founded with regard to excessive overtime and insufficient payment of overtime wages. McGregor Fashion Group subsequently agreed on a corrective action plan with the factory. FWF will verify if and how the issues to which the complaint was related have been remediated.

3. Positive findings

Conclusions
<p>1. McGregor Fashion Group has made substantial efforts to monitor working conditions in factories. The company has shown an active approach in incidental cases of factories unwilling to receive the audit team, during which the company insisted that the audit be allowed to proceed.</p> <p>2. McGregor Fashion Group is actively promoting general awareness of the implications of FWF membership throughout the entire company.</p> <p>3. In 2009 McGregor Fashion Group has taken a big step forward by embedding FWF membership further within its purchasing department. The company designated two coordinators within the business units McGregor and Gaastra for ongoing coordination of the process of auditing and following up on corrective action plans in cooperation with product managers.</p>

4. Sourcing

Conclusions

1. In 2009 the business unit McGregor initiated a process which should lead to a decrease in the amount of suppliers with an estimated 30 to 40 %. However as McGregor produces a diverse range of collections the supplier list will remain relatively long. The supplier list of business unit Gaastra has remained relatively stable: only 10% of the supplier base changed.
2. McGregor Fashion Group requires suppliers to sign its standard Manufacturing Agreement, which includes the FWF Code of Labour Practices. Product managers of McGregor Fashion Group are expected to ask factories which have already been audited on behalf of other buyers to share a copy of the audit report. This is not yet done on a structural basis.
3. In approximately 50% of factories where its clothing is produced McGregor Fashion Group accounts for a substantial share of production (5-15% of factory production volume). For the remaining factories McGregor Fashion Group accounts for less than 5% of their production volume.
4. Of the 19 factories which McGregor Fashion Group audited in 2009, management of 4 factories expressed that the lead time for orders of McGregor Fashion Group is relatively tight, which may contribute to excessive overtime. McGregor Fashion Group is of the opinion that avoiding excessive overtime for workers is a shared responsibility of the buyer and supplier. In the cases mentioned above (approximately 20 % of the audited factories) McGregor Fashion Group does not agree that its lead times have contributed to excessive overtime for workers.

Recommendations

1. FWF encourages McGregor Fashion Group to avoid terminating business relationships with factories which have made progress in the implementation of corrective action plans.
2. FWF recommends that product managers structurally ask factories to share existing audit reports, on the basis of which a corrective action plan can be agreed.
3. FWF recommends that production from separate collections or business units be clustered in fewer factories wherever product specifications allow. Where McGregor Fashion Group accounts for a substantial share of production, the factory concerned will be more inclined to commit to implementation of a corrective action plan.
4. FWF recommends that McGregor Fashion Group, in cooperation with factories, investigate the root causes of excessive overtime. It is useful to ask factories where excessive overtime is found during audits to carry out a root cause analysis on the factors causing excessive overtime. All incidents of overtime, their origin and severity should be recorded to support this analysis. It is recommended that a period be defined which is representative for an entire business year for the factory to carry out this analysis, for example a period of 3-6 months. After this analysis, a practical step-by-step



plan can be drafted by the factory to bring the amount of working hours down to legally allowed levels. The plan should explain how and if and to what extent the factory can control overtime hours, and to what extent McGregor Fashion Group (and possibly its other clients), could help remediate this problem.

5. Coherent system for monitoring and remediation

Conclusions

1. The factories that have been audited by McGregor Fashion Group in 2007-2009 by making use of local FWF audit teams represent 45% of the purchasing volume of McGregor Fashion Group (1 factory for which an audit has been requested by McGregor Fashion Group could not be audited by the local FWF team. This factory represents 2,2% of the purchasing volume of McGregor Fashion Group). The factories that have been audited by other initiatives represent 7,5%. 2,5 % of the purchasing volume is sourced from what FWF refers to as Low Risk Countries. In total the monitoring activities of McGregor Fashion Group covered 55% of its purchasing volume in 2009.
2. In 2009, 19 factory audits were carried out. To this end McGregor Fashion Group hired FWF audit teams in China, Thailand and Turkey. McGregor Fashion Group has shown an active approach in incidental cases of factories that were unwilling to receive the audit team, during which the company insisted that the audit be allowed to proceed.
3. Product managers are responsible for the process of following up on corrective action plans as part of their ongoing dialogue with factories. In 2009 corrective action plans were not systematically followed up on by Product Managers. Factories are visited twice a year by product managers and by quality controllers from McGregor's Hong Kong office. McGregor Fashion Group is in the process of establishing an approach to ensure structured follow up on corrective action plans with factories. Within the business units McGregor and Gaastra coordinators have been identified to ensure that Product Managers take ownership in this process and to provide support if needed. As of 2010 the appraisal system for those product managers who have a bonus component in their remuneration package includes their performance in the FWF process. The related bonus for product managers has not yet been formalised according to SMART methodology.
4. McGregor Fashion Group does not cooperate with other customers of manufacturers regarding follow up on corrective action plans. Product Managers of McGregor Fashion Group are increasingly asking if factories have been audited on behalf of other clients. However this is not yet done structurally. If factories agree to share audit reports with McGregor Fashion Group no new corrective action plan is established with the factory.



Requirements

1. McGregor Fashion Group is expected to meet the required threshold of 60% based on the duration of FWF membership.

Recommendations

3. As product managers are responsible for the process of following up on corrective action plans, FWF recommends that this job aspect be specified in vacancies for recruitment. We also recommend that a SMART performance appraisal system be developed with regard to the process of following up on corrective action plans. Specific indicators for good performance could be as follows:

- Provision of accurate information on supplier status (agent, factory, subcontractor), audit date, date of discussion of corrective plan etc.
- Formal discussion of corrective action plan with factory within three months after the audit.
- Accurate reporting of outcomes of discussions with factories including a description of actions taken to remediate improvement issues.
- Provision of information as input for the annual social report of McGregor Fashion Group regarding improvement issues in factories.

4. FWF recommends that McGregor structurally check if factories have been audited on behalf of other clients and to ask them to share audit reports with McGregor Fashion Group. On the basis of the checklist which is to be issued by FWF in 2010, McGregor Fashion Group will be able to assess the quality of existing audit reports. If audit reports are of sufficient quality McGregor Fashion Group will be able to follow up on existing audit reports, possibly in cooperation with other clients of the factory.

6. Complaints procedure

Conclusions

1. Within McGregor Fashion Group, product managers are responsible for the process of following up on complaints received by FWF from workers in factories where clothing is produced. The designated coordinators for McGregor and Gaastra are responsible for central coordination of follow up on complaints.

2. In 2009 FWF received only one complaint from workers of factories where clothing is produced for McGregor Fashion Group, filed by a worker of a factory in China. FWF investigated this complaint by means of a factory audit. On the basis of the complaint investigation, FWF concluded that the complaint was founded with regard to excessive overtime and insufficient payment of overtime wages. McGregor Fashion Group then agreed on a corrective action plan with the factory. At the time of the management system audit McGregor Fashion Group had not provided FWF with further information about follow-up on the corrective action plan.

3. In 2009 FWF complaints handlers received three phone calls from workers of two



factories in China and one in Turkey. The persons made their phone calls to report problems with respect to discrimination in the payment of wages (China), excessive overtime (China) and insufficient social security benefits. As all of these three factories had been audited within a period of two months preceding these phone calls, FWF does not handle these as complaints. FWF agreed with McGregor Fashion Group that the reported problems would become part of the existing corrective action plans that would be followed up on with factories, and that McGregor Fashion Group would keep FWF informed about improvements on these specific issues.

Requirements

2. McGregor Fashion Group is expected to keep FWF informed on the implementation of corrective action plans on received complaints.

7. Improvement of labour conditions

Conclusions

The nineteen audits carried out on behalf of McGregor Fashion Group in 2009 indicated several areas for improvement.

1. In China fifteen factories were audited. The audits showed that the FWF Code of Labour Practices is often not posted in the factory. Management and workers are often unaware of the FWF Code of Labour Practices. Whereas no severe non-compliances were found on discrimination, child labour and forced labour, factories tend to lack formal policies to prevent violations on these labour standards. All factories employing more than 50 workers lack an independent union branch or an independent workers committee which is run by workers without management involvement. A minority of factories complies with labour legislation on wage payments. Leave benefits tend not to comply with Chinese labour legislation. In some factories workers do not understand how their wages are calculated and in several factories mandatory wage deductions exist for workers living in the factory dormitory and / or monetary fines are used for disciplinary reasons. In the majority of factories excessive overtime is found. To a varying degree points for improvements were found with regard to fire, chemical and machine safety. In most factories a significant share of workers is not covered by social insurance and/ or does not have a formal labour contract.

An audit on behalf of FWF was carried out in December 2009 in one of the factories audited in 2008 by McGregor Fashion Group in order to verify improvements in working conditions. This audit pointed out that several improvements had been made: The factory improved on documentation. It became more transparent on working hours. Further efforts to realise improvements remain necessary: A workers committee was established after the initial audit, however it was found that workers are not aware of its existence. Workers remain poorly aware of the factory policy to improve working conditions. Non-compliances with regard to payment of wages and benefits remained in place. Workers are not paid premiums for overtime in evenings, during weekends or on public holidays, and a significant number of improvement issues on health and safety were found.

2. In Thailand two factories were audited. In one of the audited factories paid leave of



piece rate workers is not in line with legal limits. In the other factory payday has not been punctual since last year due to financial problems of the factory. Excessive overtime was found to occur on a structural basis in one of the factories. Both factories do not comply with various aspects of local legislation on occupational health and safety. Whereas both factories employ a significant amount of migrant workers from Myanmar, these workers tend to be poorly informed about general practices and policies. There are no Myanmar worker representatives involved in the welfare and OSH committees. In one factory the work permits of migrant workers from Myanmar were held by management. No non-compliances were found with regard to discrimination or child labour.

3. In Turkey two factories were audited. It was found that not all workers receive the legal minimum wage. National holiday work is not always paid correctly. The Turkish Social Security Administration does not receive correct information on wages and working hours from both factories. Both factories have common problems with regard to fire and machine safety. In both factories workers are generally unaware of their rights at work and specifically about the right to organise and bargain collectively. In one of these factories young workers are working as regular workers and staying overtime. In both factories no non-compliances were found with regard to discrimination or forced labour.

Based on results of audits carried out by FWF teams and complaints of workers, FWF has drawn up an overview of labour conditions in factories. The overview is annexed to this report.

Recommendations

1. FWF recommends that McGregor Fashion Group further strengthens its approach to agree and follow up on corrective action plans in cooperation with factories. Below additional recommendations are made with respect to several complex issues that recur in many factories.

The establishment of an independent workers committee is an area for improvement in the majority of the factories that have been audited. FWF therefore recommends that McGregor Fashion Group consider facilitating factory trainings that aim at improving social dialogue on factory level. FWF can recommend organisations that could carry out factory trainings. McGregor Fashion Group has expressed to FWF that at present it wishes to focus on the process of monitoring working conditions, and that the company will continue to focus on carrying out and following-up on audits.

8. Training and capacity building

Conclusions

1. McGregor Fashion Group is actively promoting general awareness of the implications of FWF membership among product managers. New product managers are informed about FWF membership by means of the company manual. Every two months an internal newsletter is sent to product managers to inform them about recently conducted audits and to provide them with essential information regarding their responsibilities pertaining to FWF membership. McGregor product managers periodically organises internal meetings to strengthen the process of monitoring and improving working conditions. The meetings are primarily intended to get product managers on board for



this process, to clarify their responsibilities and to promote exchange of experiences in communicating with factories about corrective action plans. 2. McGregor Fashion Group informs its agents about its FWF membership. The company expects its agents to only work with factories that are compliant with the FWF Code of Labour Practices, but is open to inform agents more actively about the implications.

Recommendations

1. To further strengthen ownership of product managers in the process of improving working conditions, it could be beneficial to encourage them to observe the work of FWF teams during audits in factories.
2. FWF recommends that McGregor Fashion Group assess to what extent it is of added value to hire a local service provider to support factories in the process of realising improvements. FWF recommends choosing this approach if the factory has demonstrated its commitment to this process. It is beneficial to share the cost of hiring the expert between McGregor Fashion Group and the factory concerned. FWF can make further suggestions and provide references of credible service providers on request.
3. As reality points out that factories in the Far East are rarely fully compliant with international labour standards, McGregor is advised to consider how agents can be encouraged to take a proactive approach in this regard. One possibility is to inform agents of McGregor Fashion Group about the possibility to apply for Fair Wear Foundation membership.

9. Information management

Conclusions

1. The supplier register submitted to FWF specifies the share of each supplier in the total purchasing volume of McGregor Fashion Group. The register specifies when audits have been carried out by McGregor Fashion Group. The register does not specify for all audited factories when corrective action plans have been discussed with factories.
2. The supplier register submitted to FWF does not structurally contain factory names , addresses and audit dates. Most often the name of traders or agents who act as intermediaries between factories and McGregor Fashion Group are mentioned. Suppliers of external production are not stated in supplier register.
3. McGregor Fashion Group has no central overview of information on the status of corrective action plans and realised improvements. Product managers do not yet structurally register information about realised improvements after factory visits.



Requirements

2. The supplier register submitted to FWF must contain factory addresses. It should also specify suppliers of external production ('external production' refers to suppliers of products which McGregor Fashion Group does not commission itself, but which it buys from another company, like a brand company).

Recommendations

1. It could be helpful for product managers if the coordinators of their business unit periodically discuss registered information on realised improvements in factories.
2. It could be beneficial to formalise the responsibilities of product managers to provide accurate information regarding factory contact information and addresses. It is recommended that factory address information from audit reports be cross-checked against the information registered in the central supplier register to assess if accurate information has been registered.
3. It is recommended that tasks of product managers to gather information on realised improvements be formalised further in order to ensure that this information is centrally registered and kept up to date.

10. Transparency

Conclusions

1. McGregor Fashion Group informs the general public about its FWF membership through its website. With the exception of the Green.2 collection which was released in 2009, the company does not actively seek publicity about its FWF membership.
2. McGregor Fashion Group has published its 2008 annual social report on its website.

Requirements

1. The annual social report must include information on the main areas for improvement in factories on the basis of outcomes carried out in 2008. It is recommended that information on improvements that have been realised after audits also be included.

11. Management system evaluation and improvement

Conclusions

1. McGregor Fashion Group evaluates FWF membership and the process of improving working conditions as part of its internal meetings. In 2009 McGregor Fashion Group designated 2 coordinators within the business units McGregor and Gaastra for ongoing coordination of the process of auditing and following up on corrective action plans with



product managers. Once every three months both coordinators discuss main developments/logistics in this process with the Group Director for Human Resources and company lawyer. FWF is occasionally discussed in meetings of the management team. There is no designated moment to evaluate the process of improving working conditions. In 2009 an intern was hired to assess the process of following up on audits by product managers.

Recommendations

1. FWF recommends that minutes of meetings during which the process of improving working conditions is discussed be kept, in order to have an overview of decisions and activities. It is desirable to discuss the status of follow up on complaints at least once in three months. It is advised to carry out a formal evaluation at least on an annual basis to assess if the process of improving working conditions in factories is effective.

12. Basic requirements of FWF membership

Conclusions

1. McGregor Fashion Group meets the basic requirements of FWF membership for 2009: the membership fee has been paid and a work plan for 2009 was handed in.

13. Recommendations to FWF

Recommendations

1. McGregor Fashion Group recommends that FWF cooperate with anti counterfeiting organisations. Counterfeit products come from producers who do not take responsibility for working conditions in factories. There is a collective interest in emphasising that consumers should chose for 'real' products instead of counterfeit.

	Summary of most important findings from audits carried out in China in 2009 (15 factories)	Summary of most important findings from audit (Dec 2009) on behalf of FWF to verify improvements in a factory that has been audited on behalf of McGregor Fashion Group in 2008.
Workers interviews	Workers were interviewed prior to the date of audits. Individual meetings were held with them outside the factory premises outside the working hours. In addition, meetings were held with randomly selected workers of the factory.	Workers were interviewed prior to the date of the audit. Individual meetings were held with them outside the factory premises outside the working hours. In addition, an hour-long meeting was held with randomly selected workers of the factory.
Documentation	Grievance and disciplinary records are often not kept by factories.	Working hours are not accurately recorded. Other documentation was improved after the initial audit by McGregor Fashion Group.
Sourcing practices (price, leadtime, quality requirements)		The order price from MFG has remained similar from the beginning of the year, but shows a 10% drop compared to 2009. Since the production costs have been rising, the factory can only maintain balance but makes no profit.
Monitoring system of FWF member company	McGregor Fashion Group started monitoring activities regarding the 15 factories by means of audits by FWF teams.	McGregor Fashion Group audited the factory in 2008 as part of its monitoring process. McGregor Fashion Group has no direct communications with the factory on CSR. All communications are going through the agent company in Hong Kong.
Management system factory to improve labour standards	FWF Code of Labour Practices is often not posted in the factory. Management and workers are often not aware of the FWF Code of Labour Practices and do not receive any training on it. Subcontractors are often not informed about the FWF Code of Labour Practices and factory do not set up a system to monitor the compliance status of subcontractors.	The FWF Code was posted after the initial audit, however it was found that the document is located in a corner difficult to be noticed for workers.
Communication, consultation and grievance procedure	Workers tend to be unaware of the responsible person for social compliance program in their factory.	Workers remain poorly aware of the factory policy to improve working conditions.
Employment is freely chosen	Some factories lack formal policies to prevent forced labour. No other non-compliances found.	No non-compliances found in 2008 and 2009.
No discrimination in employment	Some factories lack formal policies to prevent discrimination. No other non-compliances found.	No non-compliances found in 2008 and 2009.
No exploitation of child labour	Some factories lack formal policies to prevent child labour. No other non-compliances found.	No non-compliances found in 2008 and 2009.
Freedom of Association and the Right to Collective Bargaining	All factories employing more than 50 workers do not have an independent union branch or an independent workers committee which is run by workers without management involvement.	A workers committee was established after the initial audit, however it was found that workers are not aware of its existence.
Payment of a Living Wage	A minority of factories complies with labour legislation on wage payments. In some factories workers do not understand how their wages are calculated. Leave benefits tend not to comply with Chinese labour legislation. In several factories mandatory wage deductions exist for workers living in the factory dormitory and / or monetary fines are used for disciplinary reasons.	Non-compliances with regard to payment of wages and benefits remained in place. Workers are not paid premiums for overtime in evenings, during weekends or on public holidays.
No excessive working hours	In the majority of factories excessive overtime is found.	The factory became more transparent on working hours after the initial audit. Excessive overtime remains a problem. General working hours are time estimated in the range of 60-80 hours/week. The factory cannot guarantee one rest day in every week for all workers.
Occupational health and safety	To a varying degree points for improvements were found with regard to fire, chemical and machine safety.	A significant amount of improvement issues on health and safety remains necessary in the factory. No training for workers who work with chemicals.
Legally binding employment relationship	In most factories a significant share of workers is not covered by social insurance and/ or does not have a formal labour contract.	No details of wages, work time, rest days and holidays are mentioned in the labour contracts. Workers do not have a copy of the labour contracts.
Special remarks	none.	none.

	Summary of most important findings from audits carried out in Thailand in 2009 (2 factories)
Workers interviews	Workers were interviewed and local NGOs were consulted prior to the date of the audit. Short interviews were conducted with the workers on the shop floor on the days of the visit to the factory. An hour-long meeting was held with randomly selected workers of the factories. This group included female and male workers from different categories.
Documentation	In the one audited factory not all workers received a copy of their labour contract.
Sourcing practices (price, leadtime, quality requirements)	Both factories have seen prices of clients reduced. Current pricing levels are insufficient to improve worker benefits as a result of which the company is not able to compensate workers with a living wage.
Monitoring system of FWF member company	McGregor Fashion Group started monitoring activities regarding the 2 factories by means of audits by FWF teams.
Management system factory to improve labour standards	In both factories not all workers well informed about the Code of Labour Practices. The Code of Labour Practices has not been translated in Myanmar language. One factory has not set up a system to monitor the social compliance status of its subcontractors.
Communication, consultation and grievance procedure	There is a lack of communication and consultation from management to workers.
Employment is freely chosen	In 1 factory the work permits of migrant workers from Myanmar were held by management.
No discrimination in employment	No non-compliances found.
No exploitation of child labour	No non-compliances found.
Freedom of Association and the Right to Collective Bargaining	In 1 factory the majority of welfare committee members are of supervisor level. There are no Myanmar worker representatives involved in the welfare and OSH committees.
Payment of a Living Wage	In one of the audited factories paid leave of piece rate workers is not in line with legal limits. In the other factory payday has not been punctual since last year due to financial problems of the factory.
No excessive working hours	It was found in 1 factory that excessive overtime occurs on a structural basis in 1 factory. In 1 factory inconsistencies were found between the payroll and time records.
Occupational health and safety	Various improvement points on occupational health and safety.
Legally binding employment relationship	No non-compliances found.
Special remarks	none.

	Summary of most important findings from audits carried out in Turkey in 2009 (2 factories)	
Workers interviews	Workers were interviewed prior to the date of the audit. Individual meetings were held with them outside the factory premises outside the working hours. In addition, an hour-long meeting were held with randomly selected workers of the factory.	
Documentation	In 1 factory employment contracts are not signed by employees and some workers do not have employment contracts	
Sourcing practices (price, leadtime, quality requirements)	No findings	
Monitoring system of FWF member company	McGregor Fashion Group started monitoring activities regarding the 2 factories by means of audits by FWF teams.	
Management system factory to improve labour standards	The factory has no policy to monitor and improve labour standards in the factory.	
Communication, consultation and grievance procedure	The Code of Labour Practices is not communicated to the workers. There is no elected worker representatives for Health & Safety Committee	
Employment is freely chosen	No non-compliances found.	
No discrimination in employment	No non-compliances found.	
No exploitation of child labour	In 1 factory young worker employed as a regular worker.	
Freedom of Association and the Right to Collective Bargaining	In both factories workers are generally unaware of their rights at work and specifically about the right to organise and bargain collectively.	
Payment of a Living Wage	Some workers do not receive the legal minimum wage. National holiday work is not paid.	
No excessive working hours	In both factories workers were found whose working hours exceeded more than 60 hrs per week. Some workers work consecutively 7 days. Overtime premiums are not calculated correctly.	
Occupational health and safety	Both factories have general problems with regard to fire and machine safety.	
Legally binding employment relationship	The Turkish Social Security Administration does not structurally receive correct information on wages and working hours from both factories.	
Special remarks	none.	