

FLA ADMINISTERED SPECIAL INVESTIGATION ON FREEDOM OF ASSOCIATION VIOLATIONS IN CRESCENT KONFEKSİYON ÜRÜNLERİ PAZARLAMA SAN. DİŞ TİC. A.Ş. / TURKEY

Introduction

The Fair Labor Association (FLA) administered a Special Independent Investigation, consistent with its established Safeguards procedures, <http://www.fairlabor.org/transparency/safeguards>, regarding allegations of violation of freedom of association (FOA) rights of the workers in Crescent Konfeksiyon Ürünleri Pazarlama San. Dış Tic. A.Ş. located at 15 Temmuz Mah. 1440. Sk. No:39-41 Güneşli – Bağcılar / İstanbul, which produces coats, jackets and trousers for men; and shorts, coats, jackets, skirts, trousers, shirts, and blouses for women.

The factory's main clients are Esprit, Ikks, Li&Fung, Denim Hunter (a brand of DK Company which is a member of The Danish ETI), Helly Hansen (a brand which is a member of ETI Norway), Benetton, Noppies (a brand which is a member of the Dutch Agreement on Sustainable Garments and Textiles), Rosner, Kappai, Calzedonia and Yamamay.

Although there are no FLA affiliated brands sourcing from this Crescent factory, one of the main buyers of this factory – Nine & Co. – approached the FLA and asked for assistance with an independent investigation on FOA violation allegations. Plaintiff union Deriteks also reached out to the FLA and declared that they are in favor of an FLA-led special investigation and will respect the findings and Corrective Action Plans (CAPs) to be proposed by the FLA at the end of this process.

There are two main complaints filed by Deriteks union and being investigated here:

- 1) Dismissal of two of their members (Aslan Ogurlu and Ali Coskun) in October 2018.
- 2) Union busting practices/tactics followed by factory management which are alleged to have rendered the union's organizing efforts unsuccessful.

Background of the Independent Investigator

The FLA selected Mr. Sudi Sinan Doven as the independent investigator for the investigation. Mr. Doven has 18 years of experience in the Social Compliance arena and has conducted more than 2,000 assessments in nearly 56 countries for international brands that require different accreditations such as BSCI, RJC, ICS, SA 8000, SMETA, C-TPAT, FLA, and EICC in the textile, apparel, toys, electronic, sport equipment, chemicals, gold, food, mine, marble, metal, white appliances, automotive, livestock, poultry, and agriculture sectors. He is also experienced in management systems, conducting remedial workshops and seminars. Besides conducting similar investigations concerning allegations of union restrictions at workplaces, he also works with the Fair Wage Network and with international brands on Wage Grid and Performance systems in the workplace.

Methodology

Since the objective of the assessment was to gain a better understanding of issues regarding the Deriteks Union allegations on unfair dismissals of two union members and FOA violations at the workplace, the investigator has conducted on-site and off-site worker interviews, interviews with dismissed workers, meeting with Deriteks Union representatives, meeting with ETI member Li&Fung, calls with ETI representative Mr. Kadir Uysal, calls with Esprit representative Ms. Bayramhan Boyer and IndustriAll representative Mr. Sedat Kaya, procedure reviews and their implementation phases at the factory are conducted which are key elements to understand the case. The investigation team was provided full assistance from each party and the factory was cooperative during the investigation process on April 11 and 12, 2019.

Meeting with Li & Fung

FLA official Mr. Alpay Celikel and the assigned independent investigator Mr. Sudi Sinan Doven visited Li & Fung office located at Bağlar Mh., Yalçın Koreş Cd. No:20, 34197 Bağcılar, İstanbul on April 8, 2019 between 9:40am to 11:45am.

The General Manager of Corporate Sustainability & Compliance (CSC) Ms. Muazzez Siahpoush, the General Manager for production Ms. Aysin Titiz and Senior Manager on Vendor Compliance & Sustainability Ms. Eylem Yilmaz attended to the meeting.

- The investigator asked Li&Fung team to explain the issues on a timeline and the following information was provided for the current case.

<i>October 21, 2018</i>	<i>dismissal of Aslan Oğurlu</i>
<i>October 31, 2018</i>	<i>dismissal of Ali Coşkun.</i>
<i>November 02, 2018</i>	<i>Engin Sedat Kaya called Crescent (talked to Tahir Ekin) claiming the unfair dismissal reason of Ali Coşkun and Aslan Oğurlu to be related with FOA and asked to employ them back. He informed Mr Ekin that they represent Esprit and conduct audits on behalf of Esprit. Mr Kaya asked Mr Ekin to contact with Deriteks asap.</i>
<i>November 20, 2018</i>	<i>E-mail from Attorney/Mediator Belgin Akpınar to Crescent inviting for a mediation session for Aslan Oğurlu's case.</i>
<i>November 28, 2018</i>	<i>Wednesday Larry Brown from Esprit sent an e-mail to Nine & Co informing about the details of the case and asked to find a solution by November 31, 2018 Friday due to the fact that union told Esprit that, unless the factory agrees to make amends by Friday, they will file lawsuit.</i>
<i>November 28, 2018</i>	<i>Rob van Thiel from Nine & Co wrote an e-mail to Aysin Titiz asking to contact Kartal Mutlu to discuss about the case.</i>
<i>November 29 & 30, 2018</i>	<i>Aysin had several phone calls with Kartal Mutlu and Kartal Mutlu did not accept the allegation and as per his statement contracts of those 2 workers were terminated due to poor performance and legal compensations were already paid.</i>
<i>November 29, 2018</i>	<i>A legal mediation session took place with Aslan Oğurlu's attorney. No agreement.</i>
<i>December 03, 2018</i>	<i>LF (Muazzez Siahpoush & Aysin Titiz) met with Crescent management to get details from Crescent.</i> <i>During the meeting Crescent explained the case as: They recently have been going through a transition in their factory and started to produce non-denim, besides denim products. A new</i>

	<i>supervisor that has been employed during this transition in Aug 2018 has focused on restructuring the team and there have been several dismissals (total 5).</i>
<i>December 07, 2018</i>	<i>Bayramhan Boyer contacted with Aysin Titiz via e-mail to discuss about the case.</i>
<i>December 07 or 08, 2018</i>	<i>Aysin Titiz, Muazzez Siahpoush & Bayramhan Boyer had a call regarding the case and Bayramhan had emphasised the importance of the factory to be cooperative and reemploy the workers</i>
<i>December 21, 2018</i>	<i>Bayramhan informed Aysin if Crescent will not reemploy the regarding workers there will be a need of further investigation in the factory regarding FOA. Aysin checked with Crescent and they have accepted the investigation.</i>
<i>December 21, 2018</i>	<i>Engin Çelik from Deriteks has sent an e-mail to the brands about the case.</i>
<i>December 25, 2018</i>	<i>A warning letter from Crescent attorney to Deriteks regarding the mail dated December 21st, 2018 to the brands.</i>
<i>January 3, 2019</i>	<i>Muazzez Siahpoush and Kadir Uysal from ETI had a meeting for ETI related activities and during that meeting Kadir Uysal advised that he has received info about Crescent case and asked to arrange a meeting with Crescent management.</i>
<i>January 18, 2019</i>	<i>Rob van Thiel contacted Alpay Celikel from the FLA to conduct a special investigation.</i>
<i>February 13, 2019</i>	<i>Kadir Uysal & Muazzez Siahpoush visited Crescent and met Kartal Mutlu. Case is discussed and Kartal advised that he wants to continue the investigation option. Also during the meeting there has been an agreement about Crescent joining Social Dialogue project including 5.5 days of training to workers representatives, management etc.</i>
<i>March 11, 2019</i>	<i>Mail from Kadir Uysal to Kartal Mutlu stating that the social dialogue project will be postponed.</i>

- The investigator also asked Li&Fung team to provide their grading system, the trainings and if Crecent Konfeksiyon's CoC responsible has attended the meetings to increase awareness in Freedom of Association issues.

The following Training Schedule was provided and Mrs. Siahpoush stated that the CoC responsible of the factory has not attended any trainings for the last two years and the last training he attended did not cover Freedom of Association issues as a topic.

<i>Occupational H&S Training</i>	<i>Serkan Atac</i>	<i>20.11.2013</i>
<i>VCS Service Evolution Update - LF Factories</i>	<i>Serkan Atac</i>	<i>27.08.2015</i>
<i>Introduction Training with IMPR on How to Obtain Work Permit for Syrian Refugees</i>	<i>Serkan Atac</i>	<i>7.12.2016</i>
<i>Subcontracting Standards Implementation - Factories</i>	<i>Serkan Atac</i>	<i>17.06.2016</i>
<i>Fast Fashion Project - Audit Rules for the Factories Less Than 40 Emp</i>	<i>Serkan Atac</i>	<i>29.03.2017</i>

In regard to the grading criteria, the following information was provided. The suppliers are invited to explain the onboarding and grading process through mail and the suppliers interested attend these meetings as per Ms.

LF Ratings & Approval Periods

- ✓ Audit ratings and approval periods are based on the types of non-compliances identified at the factory.

Ratings and approval periods	Ratings Definitions
A (GREEN): 24 months	Approaching Compliance
B (YELLOW): 24 months	Improvement Required
C (ORANGE): 12 months	Substantial Improvement Required
D (RED): 6 months <ul style="list-style-type: none"> • Factory is required to submit an acceptable corrective action plan (CAP) within 30 calendar days. • Failure to submit an acceptable CAP within 30 calendar days will result in factory deactivation (no new orders will be placed) • Failure to rectify non-compliances within 6 months will result in deactivation. 	Immediate Remediation Required
F (BLACK): 0 month <ul style="list-style-type: none"> • Factory is deactivated in LF system • Factory with orders in production must submit a remediation plan in 7 calendar days and rectify non-compliances in 30 calendar days to be eligible to ship goods. 	Zero Tolerance

Zero Tolerance Standards (F - Violations)

- ✓ Protect Factory, LF and customers' reputation

Zero Tolerance	
Accountability/Transparency and Ethics <ul style="list-style-type: none"> • Attempted/committed bribery • Full access denied • Unauthorized subcontracting • Unauthorized home working • Equivalency report falsification 	Labor <ul style="list-style-type: none"> • Lack of business license • Involuntary Labor: Forced overtime with extreme threat, coercion or penalty • Involuntary Labor: Prison labor • Involuntary Labor: Bonded or indentured labor • Involuntary Labor: Use of trafficked humans or slaves for labor • Withholding employees' original identification documents (ID) • Withholding deposit as a condition of employment • Underage labor (15 or legal age in country, whichever is higher) • Physical abuse/corporal punishment • Sexual harassment • Non-payment of wages for more than 2 pay periods
Health & Safety <ul style="list-style-type: none"> • Evidence of potential structural collapse risk • Locked or systematically obstructed emergency exit • Bangladesh factory failed to complete 100% Accord/Alliance remediation within 2017 	
<p><i>*Unauthorized subcontracting: Violation of this Zero Tolerance Standard by factory / Vendor will lead to permanent cessation of business.</i></p>	

Quiz

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Immediate Remediation Required (D - Violations)

D - Violations	
Accountability/Transparency and Ethics <ul style="list-style-type: none"> • Record falsification • Coaching employee, dismissing or hiding employee to evade audit • Partial access denied 	Labor <ul style="list-style-type: none"> • Unlawful juvenile employees' working conditions • Unlawful employees' working conditions for pregnant, elderly, disabled and/or young workers • Employment termination based on pregnancy • Unlawful testing during recruitment (pregnancy, HIV) • More than 30 consecutive work days in the past 6 months • Lack of/conflicting time records (multiple or systematic) • Termination or refusal to hire based on union affiliation • Paying below minimum wage • Monetary fines, or illegal or excessive disciplinary policy or practice • Illegal deductions • Lack of/conflicting payroll records (multiple or systematic) • Facility negotiate the CBA with the union not in good faith
Health & Safety <ul style="list-style-type: none"> • Impeded access to emergency exit • Inadequate number of emergency exits • Emergency exits do not open outward in direction of travel • Fully obstructed emergency exit pathway / stairway • Immediate fire hazard from unsafe electrical conditions • Systematic failure of electrical system maintenance • Hazardous and/or toxic substances stored in residence • Smoking in non-smoking area or in area of flammable material storage 	

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Previous Audits

Li & Fung company representatives also explained that they have a system to follow up their supplier's social compliance performances through third party audit reports and provided the list of the audits conducted at the factory along with the related full reports.

The factory was audited in:

- ICS standards on January 22, 2018,
- SMETA standards on November 24, 2017,
- BSCI standards on January 3, 2018 and March 13, 2019.

The findings of ICS audit conducted on January 22, 2018 were related to pay slips not having been provided to the workers, working permission not covering all factory area and health & safety issues; no findings were noted at the SMETA audit conducted on November 24, 2017; findings of working permission not covering all factory area were noted on BSCI audit conducted on January 3, 2018; findings related to work hours, lack of 7th day rest, keeping two sets of payrolls, cash overtime payment, working permission not covering all factory area and health & safety at the most recent third party BSCI audit conducted on March 13, 2019.

Li & Fung also conducted follow ups and informed the factory on corrective actions on February 5, 2018 regarding the pay slips not being provided to the workers, working permission not covering all factory area and health & safety; on February 7, 2018 regarding working permission not covering all factory area, on May 22, 2018 regarding a health & safety finding and on April 8, 2019 regarding keeping two sets of payroll, cash payment, work hours, lack of 7th day rest and working permission not covering all factory area.

Call with Esprit

Mrs. Bayramhan Boyer was contacted before the investigation took place on April 11&12, 2019 and was asked to provide a timeline of the issues regarding the case. The below timeline was provided:

5&6.11.2018	<i>Been informed that there is pregnancy pants production at Crescent factory of our licensee</i>
6.12.2018	<i>After the discussions with Li & Fung, the licensee is contacted</i>
20.12.2018	<i>It is decided to proceed with an audit due to lack of sufficient data on the case</i>
18.1.2019	<i>Nine&Co requested an independent investigation from the FLA</i>

The following Esprit Code of Conduct is also provided to stress the importance of worker's Freedom of Association rights.

5 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Reference is made to ILO Convention C87 (Freedom of Association and Protection of the Right to Organize Convention) and C98 (Right to Organize and Collective Bargaining Convention)

5.1 Right to associate and to collective bargaining

Workers have the right to join or form trade or labour unions, to associate and/or engage in collective bargaining to seek representation and to join workers councils - all without prior authorization from SUPPLIER' management. SUPPLIER shall not interfere with, obstruct or prevent such legitimate activities.

5.2 Prohibition of hindrance of alternative forms of independent workers representation

Where the right to freedom of association and collective bargaining is restricted or prohibited under law, SUPPLIER shall not hinder alternative forms of independent and free workers representation and negotiation, in accordance with International Labour Standards.

5.3 Prohibition of discrimination against of workers representatives

SUPPLIER shall not discriminate against or otherwise penalise worker representatives or trade union members because of their membership in or affiliation with a trade union, or their legitimate trade union activity, in accordance with International Labour Standards.

IV

ESPRIT

5.4 Access to representative functions


Suppliers shall give worker representatives access to the workplace in order to carry out their representative functions, in accordance with International Labour Standards.

Call with Ethical Trading Initiative (ETI)

Mr. Kadir Uysal from ETI was also contacted before the investigation took place on April 11&12, 2019 and the following timeline is provided regarding the issue:

22.11.2018	<i>The letter of complaint from Deriteks union indicating that Li&Fung which is an ETI member is sourcing from the factory</i>
3.1.2019	<i>Meeting with Li & Fung representatives to discuss the issue. It is decided to communicate with the factory and ask them to rehire the dismissed workers</i>
13.2.2019	<i>As Li&Fung's efforts were fruitless, we had a meeting together with the factory owner Mr. Kartal. We stressed the importance of the union allegations, stated that we would work with the brand to solve the issue and asked them to be respectful of any result of an investigation that would be conducted by an independent third party. Alternatively, we requested two terminated workers to be rehired. The factory owner preferred an investigation process and stated that they are volunteering to join the workplace social dialogue programme by ETI.</i>
11.3.2019	<i>After the discussions, it is decided to include the factory in such workplace social dialogue programme after the investigation process.</i>


The following is the Freedom of Association part of ETI Code of Conduct



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Freedom of association and the right to collective bargaining are respected

- 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.



Deriteks Union Meeting

FLA official Alpay Çelikel and independent investigator Sudi Sinan Doven visited the Deriteks Union office on April 8, 2019 from 14:20 to 17:00. The meeting was held with President of the union Mr. Musa Servi, General Coordinator Mr. Engin Celik and one of the dismissed workers Mr. Aslan Ogurlu. The union representatives reported that their demands are reinstatement of the two dismissed workers and establishing a dialogue channel between Deriteks Union and Crescent management which could be instrumental for eliminating FOA violations within the factory.

- The investigator asked the Union representatives to provide a timeline of the issues and the following was provided.

13.12.2017	<i>Deriteks began to organize at Crescent. We held a meeting with 4 workers and after this meeting, the workers began to join the union. The first members of the union at Crescent is Aslan Oğurlu and Ali Coşkun.</i>
12.2017- 07.2018	<i>Number of the union members increased.</i>
19.10.2018	<i>Union leader Aslan Oğurlu was dismissed from Crescent.</i>
01.11.2018	<i>Union leader, Ali Coşkun was dismissed from Crescent. In the same day, Deriteks conducted a meeting with 20 workers because of dismissals.</i>
05.11.2018-	<i>Deriteks informed Sedat and Şeyda from IndustriAll and Bayramhan from Esprit.</i>
08.11.2018	<i>Two workers resigned from their union membership. From the beginning of the unionization until 8 November, no workers resigned from the union membership.</i>
22.11.2018	<i>Deriteks informed Kadir Uysal from ETI Turkey Office about the case.</i>
November 2018	<i>Four workers in total resigned from their union membership. Two of them joined the union again 27.11.2018. One additional worker who resigned re- joined the union on February in 2019. Besides these three workers, three more new workers joined the union on November.</i>
7.12.2018	<i>Deriteks sent email calling on social dialogue to Crescent.</i>
14.12.2018	<i>Deriteks made a phone call to Crescent but Deriteks representatives were not be able to an interview with representatives of Crescent.</i>
21.12.2018	<i>Due to not receiving any response, Deriteks sent a second email by including Crescent's costumers.</i>

23.12.2018	<i>One worker resigned from the union and this worker joined the union in March 2019 again.</i>
26.12.2018	<i>After second email, the lawyer of Crescent sent a notice by the notary to Deriteks. The lawyer, in its notice, indicated that a request of dialogue was unlawful, and the union had been continuing denigration and defamation activities against to the company.</i>
28.12.2018	<i>In relation to response of Crescent, Deriteks sent a notice stating that this request was not unlawful, and that this was a call for establishing of social dialogue.</i>
December 2018	<i>Three new workers joined the union.</i>
13.02.2019	<i>Kadir from ETI held a meeting with employer at Crescent. In the meeting, reinstatement of the dismissed workers was addressed. Employer stated that they were open to the independent investigation in this case.</i>

- The investigator also met with Union's organization representative Mr. Veysel Arslan before the onsite investigation and asked to provide a description of the events from his perspective. The following has been provided:

Union activities have been started at Crescent Konfeksiyon Urunleri Pazarlama San Dıs Tic A.S. on March 2017. Some workers have applied to our union for collective solution at their workplace complaining on low wages, low increases at wages annually, the wage increase time of the existing workers and the new workers are different, mandatory overtime, harsh behavior, yelling and abuse of the supervisors and managers towards the workers, non-existence of sufficient smoking area, the elevators being restricted for workers claiming that 'the clients would be disturbed'. Union activities have been started for in order to improve factory conditions.

In order not to jeopardize the worker's employment and allow the employer terminate workers before receiving to the member number for authorization document, we have not conducted any group meetings and collected members to our union by meetings individually or 2-3 worker groups as we do at most of the factories. Unfortunately, we cannot work on union activities which is our legal and democratic right due to the resistance and rude manner of the employer which are threatening on termination, putting pressure in different ways, mobbing, framing and such.

Union membership have been conducted this way slowly but solid. In September 2017, the union activities have been increased in order to affect the wage increase rates for the year 2018 and we have started group meetings informing the workers that union activities are their legal right, memberships were done on individual basis. The meetings have continued until June 2018 and the union activities at the factory have been revealed after the meeting conducted at a close location of the factory.

At this time, Ali Coskun and some of our members have been watched by the supervisors closely and even some of the supervisors that have never been there have stayed at the workplace all the time for surveillance.

Due to insufficient numbers of members for authorization document, we stopped group meetings and continued individual meetings. An incident occurred in August 2018 have confirmed that the union activities have been revealed.

The factory terminated two of our members without any valid reason; Mr. Ali Coskun were terminated on October 19, 2018 and Mr. Aslan Oğurlu were terminated on November 1, 2018 without any valid reason.

After that time, the factory manager Mr. Halil Ibrahim Kurt have met with all the workers individually. A worker who is not our union's member Mr. Isa Ozbek stated that the manager have told that the upper management told him to terminate Ali and but he have not done it. When the worker asks the reason, he responds saying that 'the management knows that he does union activities at the workplace, they want to terminate him and don't tell this to no one'.

The termination of these two qualified workers without any valid reason while new workers are recruited confirms that it is because of union activities.

The retaliation to our union by the factory continued as Mr. Cahit Gundogdu who have taken over our union representative position at the factory were accused of 'abusing the female workers, requesting the identification numbers and e-government passwords' on December 13, 2018.

This is defamation and effort to disrepute our member. This is clearly an action by the employer to prevent union activities at the workplace by the union member. Our member have not accepted these accusations. The aim has been to damage the reputation of the member as well as the union that would be the reason for emotional problems, damaging the peace and relationships with co-workers. On the contrary, the workers of the factory defended the workers, spoke to the managers and prevented this worker's termination. It should also have been considered that this worker can face problems at his social community due to this accusation.

Due to the sensitiveness of accusation, our union have informed the general headquarters and our regional responsible Mr. Veysel Arslan have been assigned to contact the factory for a 'dialogue' on the matter in order to make sure that this case does not turn to a negative process on December 14, 2018.

The assigned responsible have arrived to the factory, asked the receptionist to speak with a responsible person, requested to have a short meeting or make an appointment for a future time based on availability to the factory manager Mr. Sevket Erel after waiting 20 minutes. The manager have increased his voice, started swearing and stated that he does not recognize the union. He fired the representative quoting the following: 'who are you, how dare you try to meet me without appointment, you are not my equivalence, what is your relation with Cahit, are you prosecutor, or lawyer, or police, not your business, door is there'.

All these incidents show that there is a systematic activity against the union at the workplace.

- The President of Deriteks Union Mr. Musa Servi sent the following letter to the factory on December 7, 2018.

Our union has been organized at textile, ready wear, leather and foot wear sectors, member of Turk-Is on local basis and member of IndustriAll Global Union and IndustriAll European Trade Union on global basis. Our union have been active at your workplace for a period of time. During this period, our members Mr. Ali Coskun on 1.11.2018 and Aslan Ogurlu on 19.10.2018 were dismissed.

This is considered as an action to prevent a union activity at the workplace. Terminations are also basic ethical code of the clients you work for. We believe that dialogue plays great role in solving the issue in a peaceful way in order not to harm the relationships and damage the clients you work.

In this content, we are waiting forward to hear from you to arrange a meeting between the factory and the union.

- As the union did not hear back from the factory, the same letter has been sent to the factory again and the clients were cc'd on December 21, 2018.
- On December 25, 2018, the factory's lawyer sent the following to the factory:

The mail sent by Mr. Engin Celik have been received by the employer on 21.12.2018. At the mail shared with international clients the factory works with, you requested to meet with the factory manager as the head of Union, however could not get a positive answer, the factory has terminated two workers due to their union related activities and the factory has been acting against the union. You request the factory to show respect to union activities, in case you don't receive a response, you would go on complaining to the international clients.

We reject all these accusations.

The factory has been working in textile industry for international clients nearly 30 years. The activities have been complied with legal regulations, the relations with the workers and the partners continue based on respect and trust. In this context, the factory has always been respectful to the workers rights, obey the laws, provide all the worker rights on time and organized the working conditions carefully to implement it in accordance with the legal requirements. Peace at work is very important for the factory and a great effort have been spent to provide this.

We would like to draw your attention in the context of union rights in Constitution and the legal regulations.

Constitution's article 51/I indicates that the workers and the employers are free to form a union in order to protect their economic and social rights without any approval and join or resign from a union in the work relationship. No one can be forced to join or resign from a union.

The Unions and Collective Bargaining Law (6356), article 17/3 indicates that joining a union is free. No one can be forced to join or resign from a union.

Turkish Punishment Law, article 118, (1) indicates that a person who use pressure by threatening for joining or resigning from a union, attending or not attending union activities, forcing to resign from the union would be sentenced to prison from 6 months to 2 years.

The workers have right to join a union and conduct union activities as per the Constitution, legal regulations and the international agreements Turkish Republic recognized. The factory does not have

any practice, process or attitude to prevent this right. We reject the unfair and baseless accusation on this issue.

As you also know, the legal process for establishing union organization at a workplace have been described at our regulations clearly. The employer has not received any 'Certificate of Competency' from the Ministry of Labor. The employer's establishing a contact with a union with no 'Certificate of Competency' directly would be against the rights of freedom of association, in favor of a union and against law. In fact, the employer does not if there is any union member, if yes how many, if they are members of your union or some other union. In this context, the employer has legal obligation to stay distant for a meeting request from any union in order to protect association rights of workers. In other words, the employer does not meet, discuss or contact with any union that might seem differently against other unions before any 'Authorization Document' issued by Ministry authorities. Otherwise would be against freedom of association.

The reasons for two worker's terminations is involved with the company's trade activities and trade secrets. At the same time, it is legal obligation to keep privacy of the personal information as per the Privacy Data Protection Law. The data on the union activities of the workers is maintained at their own possession and the employer does not have any knowledge.

The employer has not received any official application on union relationship of the dismissed workers and did not have any practice related to union. Therefore, the employer has suspicion on your statement indicating that the dismissed workers are employer's workers and no response will be given on any issue raised like this.

Finally, we reject your abstract accusation for the behavior of the employer regarding union activities. The employer has the obligation to protect the worker's social economical and Constitutional rights. It is not even matter of discussion to force or divert the workers for joining the union or not and act sided in this matter. Similarly, a person's asking private data and e-government password to another worker regarding union membership, union selection or union activities and putting pressure on this issue cannot be tolerated. The employer pays careful attention to protect the worker's Constitutional rights and freedom as well as the workplace needs.

Based on our explanation above, we request your union to stop requests that are not in compliance with law regulations. Your actions on limiting the freedom of association are illegal and require punishment. Your defamation and mobbing activities towards the employer are also against the law and identified as guilt and cause unfair competition.

The employer is in the process of evaluating the unfair attacks and legal rights. It is considered to file a complaint and open a court case in legal basis in case of continuation of such behavior.

- The union sent the following response through notary on December 28, 2018.

We have stressed the importance of dialogue and requested to have a meeting with you on December 7, 14 and 21, 2019 after the incident of termination of union members due to their union organization activities. The main role of the union is to improve the conditions and protect the rights of the members. We again indicate that the reason of our dialogue request is the termination of our 2 members and the pressure towards the union members at the workplace.

The references indicated at the written warning sent through notary consists of the collective bargaining agreement system process. There is a wrong understanding of a pre-condition of authorization procedure to communicate with a union. We have not contacted the factory for a negotiation process but requested a dialogue to protect the rights of union members as per the necessity of industrial relationships. We request this as representative of our members.

Social dialogue is a normative value in today's industrial relationship regarding work relations and it is possible for the parties to gather together without any arrangement in work relations. Therefore, we would like to indicate that your distant approach to the dialogue request is against the freedom of union and law, and your evaluation of being in favour of a union and law obligations is wrong.

We also would like to remind you that you missed that the basic rights of the workers are protected by your clients, there are lots of audits conducted at your workplace in this regard, the workers have right to report any problem they have at working conditions through grievance mechanism established, and they can do this through a union. The peaceful efforts for communication on December 7 through mail and on December 14 through phone call were result less and we reserve the rights since the beginning of the process.

We again request for a dialogue to protect the rights of our members in this context again. We are waiting forward to hear from you.

Situation of dismissed workers

In December, the dismissed workers appealed to the court. In the last week of December, an arbitration process about the dismissed workers took place. Crescent management offered 10.000 TRY the dismissed workers as a compensation package. This offer was not accepted by the dismissed workers and a reinstatement lawsuit was filed.

First hearing of court case for Ali Coşkun was held on 8 February 2019 and second hearing was held on 15 April 2019.

First hearing of court case for Aslan Oğurlu was held 28 February 2019 and second hearing will be held on 27 June 2019.

Interview with dismissed workers:

Dismissed worker Mr. Aslan Ogurlu was interviewed on April 8, 2019 during the meeting with the union. He stated that he was dismissed from Crescent on 19 October 2018. When he asked the reason for the termination, the supervisor of the sewing section Mr. Servet Doğan indicated that the reason is he was refusing to work overtime.

Dismissed worker Mr. Ali Coşkun was interviewed at a café near the factory on April 12, 2019 during the lunch break. He stated that he was dismissed from Crescent on 1 November 2018. When he asked the reason of termination, the supervisor of sampling section Mr. Halil Kurt stated that he does not know the reason. Then, Mr. Ali Coşkun asked the personnel manager Mr. Tahir Ekin and he indicated that his department demanded this termination and the management accepted the dismissal.

Both dismissed workers reported that they were not provided with a valid reason for their dismissals in a written termination document. According to the dismissed workers, the management heard of the unionization activities in the workplace and Mr. Ali Coskun’s supervisor Mr. Halil Kurt stated "Ali can be dismissed because of his involvement into unionization activities." to one of the workers at that section.

Mr. Ali mentioned that he was followed closely by the supervisors in the workplace because of his active involvement in unionization efforts recently before he was dismissed.

Crescent Tekstil Onsite Visit

The investigation at Crescent Tekstil was conducted on April 11&12, 2019 by Independent Investigator Mr. Sudi Sinan Doven. FLA official Ms. Gulden Ulker joined the investigation process on April 12, 2019 to interview the female workers (to allow them to be interviewed by same gender investigator).

During the opening meeting on April 11, 2019, Mr. Serkan Atac who is responsible from CoC, Garment & supplies purchasing & administration, and Mr. Tahir Ekin who is responsible from Accounting & Human Resources, were informed of the investigation process. The management team was receptive to the investigation process and provided all necessary documents as requested.

Mr. Serkan stated that they work for Benetton, Esprit, Noppies, Ikks, Supermom, Chevignon, Monoprix, Laredoute, Laura Ashley, Sandwich, Rich and Royal currently.

The management team was asked to provide a timeline of the events and the following information was provided for Aslan Ogurlu’s case:

19.10.2018	<i>The work contract of Aslan Ogurlu has been terminated.</i>
2.11.2018	<i>Someone named Mr. Engin Sedat Kaya from Industriall related to Deriteks union called the factory, stated that the terminated workers are active union members and asked to hire these workers back to work. We reported that we do not have any knowledge of their union memberships.</i>

20.11.2018	<i>Intermediator Ms. Belgin Akpinar informed that she is assigned for the arbitration process application done on November 15, 2018 for Mr. Aslan Ogurlu</i>
29.11.2018	<i>The parties could not agree at the meeting hosted by the arbitrator and arbitration process ended without any agreement.</i>
11.12.2018	<i>Mr. Aslan Ogurlu filed a lawsuit against the factory and demanded his reinstatement.</i>
11.1.2019	<i>The official court case letter was received on January 11, 2019. First hearing taken place in February 25, 2019 and next hearing scheduled for June 27, 2019.</i>

The following information was provided for Ali Coskun's case:

31.10.2018	<i>The work contract Ali Coskun has been terminated.</i>
3.12.2018	<i>Intermediator Mr. Serdar Kuguoglu informed that he is assigned for arbitration process of Mr. Aslan Ogurlu case</i>
17.12.2018	<i>The parties could not agree at the meeting hosted by the arbitrator, arbitration process ended without any agreement.</i>
25.12.2018	<i>Mr. Ali Coskun has filed a lawsuit against the factory and demanded his reinstatement.. The trial was postponed to April 15, 2019 at the first hearing on February 8, 2019. We were also informed that Ali Coskun has similar lawsuit at his previous workplace.</i>

The total number of the workers in the factory by the days of the visit:

White Collar		Blue Collar		Total	
Male	Female	Male	Female	Male	Female
38	36	56	35	94	71
74		91		165	

Department wise breakdown of the workforce is as follows:

Marketing	Accounting	Kitchen & Reception	Planning	Modelling	Model Sewing	Ironing & Packing	Sewing
17	2	4	31	18	14	27	52

The worker turnover numbers of the factory for the period between January 2018 to February 2019 was also reviewed:

	White Collar			Blue Collar			TOTAL
	Total	In	Out	Total	In	Out	
1.2018	50	4	4	76	5	6	126
2.2018	50	4	3	76	6	5	126
3.2018	50	3	1	78	7	4	128
4.2018	49	0	2	80	6	5	129
5.2018	50	1	1	80	7	5	130
6.2018	52	4	1	78	2	5	130
7.2018	55	5	3	82	8	5	137
8.2018	55	3	1	79	2	4	134
9.2018	66	12	8	88	13	3	154
10.2018	64	6	6	93	8	7	157
11.2018	67	9	5	100	14	5	167
12.2018	67	5	3	103	8	4	170
1.2019	76	10	6	102	5	2	178
2.2019	77	7	3	102	2	5	179

The management team stated that they started working on a different product type in September 2018.

Compensation & Benefits

The annual leave records were also reviewed and it is noted that annual leave days have not been used completely in previous years by 17 white collar as 1 to 69 days and by four blue collar workers as 2 to 14 days are accumulated from the previous years. It is also noted that an annual leave committee is missing in the factory. The management team was advised to make sure that an annual

leave committee is established in the factory as per Annual Leave Regulation, 3.3.2004, No: 25391, Article 15 and annual leave days are used as per Annual Leave Regulation, 3.3.2004, No: 25391, Article 15 and Labor Law (2003), No: 4857, Article 53.

The factory keeps two sets of payroll documentation as actual and overtime compensation is not listed on social security payroll accurately and the differences are paid on cash basis. The workers reported that they are not provided with pay slips each month. The management team was advised to make sure that actual and overtime compensation of the workers is listed on official payrolls correctly as per Social Security and General Health Security Law (2006), No.5510, Art.80, all the wages are paid through bank deposit as per Regulation Related to Payments through the Banks of the Salaries, Bonuses and all Kinds of Remunerations (2008), No.27058, Art.10 and pay slips are provided to all workers regularly as per Labor Law (2003), No. 4857, Art. 37.

The management team stated that they provided a 12% wage increase in July 2017, 15% wage increase in July 2018 and 12% wage increase in January 2019. The new workers' wages are increased in January in order for the workers to be paid at least minimum wage (legal minimum wage has increased in January). The wages and overtime information at the Appendix 1 is provided by the management team to evaluate the wage increases.

Employment Contracts

The contracts of the workers are also reviewed through a sample template and it is noted that contract clause 1.6 and 1.7 indicates that the worker agrees to work at any position and location in advance as per Labor Law article 22; however, it does not indicate that the worker has right to decline this position or location change within six days after it is offered in written format which is a requirement of Labor Law (2003), No: 4857, Article 22.

Procedures & Implementation

The procedures and the training records were also provided for review. According to the documentation provided, CoC Mr. Serkan Atac attended BSCI training on February 14, 2018. In addition, 37 workers received BSCI training from EOS company on 8.2.2019 and 68 workers attended BSCI training by EOS company on 11.2.2019. The training was about the BSCI code of conduct, legal rights of the workers, wage calculation and working hours, grievance mechanism, disciplinary procedure, work ethics, environment and health & safety Mr. Serkan Atac stated that some of the supervisors have not attended to this training.

The factory's organization chart and the responsibilities dated 1.1.2018, document no: OS1 was provided for review. Section 7 of this document is related to the worker representatives and it indicates that the duties are establishing dialogue with the employer, evaluating the complaints, remediation recommendations and evaluating the compliance of work rules.

Health & Safety committee meeting notes were also reviewed, and it is noted that the following decisions were taken during the meetings:

28.3.2018: The lighting bulbs to be changed to ex-proof, health & safety training to be provided to recently started workers and to the ones who have not received yet, periodical assessments to be conducted, updating the first aid certifications, warnings to be posted on the elevators.

31.5.2018: The solid waste boxes are going to be requested from the municipality to increase the number, seating at smoking area would be increased and providing thermal comfort conditions due to summer season.

29.11.2018: Information regarding the regulations were shared, evacuation drills are planned, health & safety training to be conducted for all workers, the emergency action team members to be updated, increasing the number of fire extinguishers at the warehouse

28.2.2019: Decided to continue the actions taken during the previous meeting, working to prevent any blocked electrical control panel, evacuation route, emergency exits.

The factory has a Social Compliance Training Policy dated 1.1.2018, document no: P6 indicating that yearly training schedule would be established, signatures of the attendees would be collected and all the workers would attend the training.

BSCI worker representative job description document dated 30.10.2018, document no: GT2 and BSCI employer representative job description dated 30.10.2018, document no: GT1 are provided.

The factory has a grievance and complaint procedure. According to the procedure dated 1.11.2017, the mechanism consists of the following:

Implementation

- 1. The workers communicate their grievances or complaints with upper management without any pressure.*
- 2. Worker representative selection announcement would be done.*
- 3. The candidates for worker representative system apply for the position.*
- 4. An election would be conducted by voting by secret ballot and the votes would be counted in front of the workers*
- 5. Supervisors or white-collar workers cannot be candidates for worker representative position*
- 6. Worker representatives are responsible to inform the upper management regarding the complaints and suggestions of workers*
- 7. Worker representatives conduct meetings each month to discuss the worker's complaints and suggestions; and the decisions from these meetings are shared on announcement boards.*
- 8. The factory provides easily accessible suggestion and complaint boxes*
- 9. The suggestions & complaints are collected from the suggestion & complaint boxes at each 15 days by worker representatives and shared with the management without reading them.*
- 10. There are announcements on the boards indicating that the suggestions or complaints with no name will be taken into consideration.*
- 11. All the suggestions and complaints are evaluated, files and the results are shared with the workers through announcement boards.*
- 12. This procedure is shared with all workers*

Feedback & Control

- 13. All the issues mentioned at the suggestion & complaint boxes are maintained.*
- 14. All the corrective actions are announced to the workers through announcement boards*
- 15. Human resources department verify that system is effective. The complaints are investigated and solved.*
- 16. The effectiveness of the system would be checked by surveys that would be conducted periodically*
- 17. The workers are free to contact to the management due to out Open Door Policy.*

Based on the above written procedure established in 2017, the management team was asked to provide worker representative election documents, complaint / suggestion box records, announcement on corrective actions and surveys to check effectiveness of the system.

The previous worker representative election was held in 29.9.2017 and four workers were elected as worker representatives until March 1, 2019. (Ercan Adiyeye, Barış Kalkan, Ertan Isik, Hatice Erarslan). The most recent elections were held on March 1, 2019 and seven workers were elected. (four main and three substitute) (Main: Baris Kalkan, Medine Tay, Feda Gokcebulak, Hamdi Toy. Substitutes: Sabiye Arda, Deniz Genc, Muhammet Zengin) These workers were trained on their duties on 7.1.2019 according to the documentation provided by management.

The head representative Mr. Baris Kalkan is managing seven workers at packing section and is responsible from that section according to his testimony. He reported that he was offered to be the candidate for worker representative by management. Other representatives were also interviewed and one of the other representatives reported that they were asked to join worker representative elections by management and another one reported that she does not trust this worker representation system as the supervisors would be the ones solving with the problems. Three workers who are known as close to the union reported that they were not informed of the worker representative election process, heard that there would be elections at the last minute and one of them applied for it and lost according to her although she won the elections to be representative of the section.

When the worker representatives were asked how often they check the suggestion boxes, the interviewed worker representatives reported that H&R manager Mr. Tahir has the keys and the management check the boxes through their knowledge although the procedures indicate that the suggestion boxes would be opened every 15 days with the worker representatives.

It is also noted that the factory did not conduct any survey to verify the effectiveness of the grievance and complaint procedures. Mr. Serkan explained that they only conducted a survey on food quality as there were complaints filed regarding food quality through the suggestion and complaint boxes.

The suggestion and complaint boxes records were also reviewed. It is noted that the factory has been keeping the logs for suggestion and complaints since November 2017, the boxes are checked each month and the only complaints noted were from March 2018 according to the documentation provided. They are requests for better food quality, more seats at the smoking area, praying room to be extended and no smoking at the toilets. 13.3% of the interviewed workers reported that all of the concerns have not been completed yet and they do not know the progress as the complaints are not posted on announcement boards as instructed under the procedure.

Mr. Serkan also stated that they recently started conducting social communication meetings and the meeting was conducted on February 18, 2019. The topics discussed are:

- The workers reported being satisfied with the meal and transportation organizations
- The workers reported being satisfied with the treatment by the supervisors and managers

- They reported being satisfied with the working hours and conditions
- They requested the number of changing cabinets to increase at the changing rooms
- They requested that the workers do no smoke at the toilets

Mr. Serkan stated that no smoking signs have been posted at the toilets, and an additional 24 changing cabinets are provided to the changing rooms. It is noted that these actions were not announced to the workers, as mentioned in the procedures, as Mr. Serkan stated that they did not see it as necessary to announce as the workers already see the improvements at the workplace.

Worker representative job description document dated 1.1.2018, document number Is2 was provided for review. Main responsibilities of the representatives are problem reporting and solution procedure, collecting information on worker - employer dialogue and collaboration, attending to regular meetings between worker and employer, preventing the case from being subjective while sharing the worker's complaints, representing the worker and protecting workers' rights.

These worker representatives also have the responsibility to the workers as follows:

- Informing all the workers on worker representative elections
- Informing the responsibilities of the worker representatives, explaining the system and informing workers of their rights
- Conducting periodic meetings with the employees to discuss the suggestions and complaints, and recording the outcome
- Providing consultation before negotiating with the management
- Informing the workers on decisions

The worker representatives have the following responsibilities to the employer:
Informing of the workers suggestions directly in an objective manner

- Playing an effective role in decision making and documentation
- Signing any contracts on behalf of the workers
- Respecting to all decisions and agreements taken by both parties

Mr. Serkan was asked what 'signing any contracts on behalf of workers' means and he was not able to describe what it means and reported that only worker contracts are being signed by being directly involved with workers and they are all signed by the workers themselves anyway.

It is noted that although the procedures are established in 2019, the dates of the procedures on the documents are 1.1.2018.

Management feedback meeting was conducted on 25.2.2019 according to the documentation dated 16.11.2018, document number YYG5 was provided. The suggestions coming from open door policy started to be recorded in January 2018. (Typo as it started in January 2019 according to the management.) An internal audit was conducted in January 2018 (typo as it started in January 2019 according to the management) and the resulting grade is 98 and it is decided that the worker representative meetings are conducted periodically as corrective action. Another worker representative election was conducted, and it is decided that the worker representatives meet once every three months. The living wage calculation was conducted in 2018 (typo as it was conducted in January 2019 according to the management) and it is mentioned that it is observed that the workers receive above the living wage.

The independent investigator asked what the criteria are to calculate the living wage; however, Mr. Serkan was not able to provide the calculation and the amount that is claimed to be the calculated living wage. He contacted the accounting person responsible Mr. Tahir and was informed that this study was not conducted yet although the documentation indicates that the calculation was conducted, and it is observed that the workers receive above the living wages.

Above mentioned examples show that the written procedures are not in implementation and therefore are not being followed properly.

Procedure of social compliance meetings dated 1.1.2018, document number YGG3 explains the social compliance's management system and targets, social compliance management system and instructions, evaluation of partner companies on social compliance, suggestions for remediations and workers suggestion and complaint boxes and training records.

Social responsibility management procedure dated 1.1.2018, document number YGG2 indicate policy, procedures and the forms to be used for the processes.

Social policy of the company dated 1.1.2018, document number P13 indicates that the factory is respectful of workers' rights to join a union and sign collective bargaining agreement. The factory also has social compliance, freedom of individual and collective meeting procedure dated 1.1.2018, document number 2 indicates that the workers have freedom of individual and collective meeting, selecting worker representative, establishing a union and can communicate their concerns.

The policy regarding discrimination, abuse and mobbing dated 1.1.2018, document n: P1 indicates that the workers would not be discriminated against based on their religion, language, ethnicity, gender, social class or being a member of an organization.

The factory has a disciplinary committee and the members of the committee are one worker representative (Baris Kalkan), one worker from sampling (Hatice Erarslan), Accounting staff (Abdulkadir Gulmez) and HR responsible (Tahir Ekin).

Disciplinary Case of Unionized Worker

There has been only one case according to the management team and it is regarding a worker Mr. Cahit Gundogdu asking for the identification number and e-government password of a worker and repeatedly claiming that he would register the worker to the union. The worker informed the management about this request on 7.12.2018 and he insisted again on 10.12.2018 according to the documentation provided. A supervisor also filed a complaint on 13.12.2018 indicating that Mr. Cahit Gundogdu has asked for this private information claiming that he would register the worker to the union. An investigation was started on 14.12.2018 and a written warning was filed and request for defense statement has been requested from that worker on 18.12.2018 indicating that his contract would be terminated if he goes on asking these kinds of information to the workers. The worker indicated that he requested to discuss this with the worker who filed the complaint as he did not insist on this information, did not accept this accusation and did not sign the document. The warning document has been sent to the worker's address through notary on December 19, 2018 as the worker did not accept getting the document at the factory. The worker responded through the notary on December 25, 2018 indicating that he does not accept the accusation, he does not request these kinds of information from the workers, the factory is putting pressure on the worker to prevent unionization activities at the workplace, request this warning to be taken back or he would have the right to open a court case against the factory.

It is noted that this worker has been registered to Deriteks union on 20.12.2018, while encountering this incident. The worker reported that he thought he was registered to the union much earlier; however, he found out that he could not complete the membership process until that time properly, therefore he joined the union as soon he found out this on 20.12.2018.

The worker who did file allegations was also interviewed and she stated that Mr. Cahit asked her for her e-government identification number and password to register her to the union if she wants. She was not interested in being a union member. According to her, Mr. Cahit approached her two times and mentioned the union and union activities, and she did not want to be a member. She underlined that Mr. Cahit did not push her to be a union member or taking the ID number and password; however, she felt uncomfortable related to being asked about her ID number and password. She also expressed that she shared this issue only with a colleague and did not convey this to the management as she did not think it would be necessary. However, one of her colleagues reported this issue to the management and the management team called that worker to prepare the disciplinary notice for the allegation indicating that Mr. Cahit insisted on receiving her personal information and put pressure on her while she reported that he did not insist, but she felt uncomfortable to be asked about personal information.

Mr. Veysel, the union's organization responsible, and another union member worker at the factory also stated that mobile phones are not working to access to e-government site sometimes and they offer help to the workers to do it together if they know their passwords; however do not insist on this.

Although the management team stated that they only had one disciplinary case as mentioned above, the same worker Mr. Cahit Gundogdu who is responsible for union activities at the workplace stated that he received

another disciplinary notice letter recently regarding his absences on March 1, 12, 28, 2019 and April 1, 2019 indicating that he is warned not to repeat absences without any excuse as he has to present a valid official document regarding the reason for absence or health report; in case of a repetition of this incident again, he would be terminated without notice and severance payment. During the interview, the worker reported that although he got permission from the department's manager on the phone on March 1 & 28, 2019, April 1, 2019 and although he came to the factory on March 12, 2019 to get the permission (statement confirmed by the management team), he was still provided this warning letter through notary.

According to the disciplinary procedures, the workers with absences without notifying the management would receive a reprimand, not warning; however, it is noted that the factory has not followed the process mentioned at the disciplinary procedures for this case.

Dismissals of union members Mr. Aslan Ogurlu and Ali Coskun

While discussing the terminations of Mr. Ali Coskun and Mr. Aslan Ogurlu with factory management; the management team stated that they started working on a different product type around September 2018 and these workers were terminated as per their subpar performances as they could not adapt themselves to the new product type. The investigator asked the factory to provide measurable performance indicators, training records, interview records and timeframe for improvement as the hiring and termination procedure dated 1.1.2018, document number PR4, clause 10 indicates that 'A worker which is planned to be terminated based on the performance or non-conformity would be trained, interviewed and a timeframe would be given. In case the problem is not solved, the worker would be terminated by paying all the rights and severance pay.' The management team stated that they do not keep any documents for performance and the supervisor's verbal information is counted for performance review.

It is also noted that the disciplinary procedure of the factory dated 1.11.2017, with no number, does not indicate that the worker's low performance would be the reason for direct termination. According to the procedure, not obeying the company's working system, delaying or not doing the duties, or disturbing the teamwork would be reasons for written warnings.

During the interview with the workers in the factory and with Mr. Aslan Ogurlu, the reason of his termination was claimed to be not accepting to work overtime and being a union member as per the

supervisor's statement. The time records of this worker were reviewed and it is noted that he worked overtime until September 17, 2018 and stopped overtime work after that time on weekdays until his termination on October 19, 2018, which is consistent with the testimonies. It is also noted that this terminated worker has worked between 8:00 and 23:21 on August 17, 2018 which is not compliant with Labor Law (2003), No: 4857, Article 63.

The supervisor of the sewing section was interviewed and he stated that they started working on woven garment more instead of denim lately. These terminated workers were working at pregnant trousers production and were

transferred to other sections; however, it was decided to be terminate those workers based on low performance. The investigator asked for a written document to verify these workers' low performance; however, the supervisor stated that there is no written document for performance reviews as they see it already. He also stated that he is aware that there are union members at the workplace and there is no different treatment of these workers. According to him, the workplace is the place where they earn their livelihood, no one can be forced to work overtime, there is no discrimination at the workplace, the rights are provided by the factory proper – which leads him to think that there is no need for a union as his personal opinion.

It is noted that this "opinion" was shared with some of the workers previously as there were uniform answers of 'the workplace is the place where they earn their livelihood, no one can be forced to work overtime, there is no discrimination at the work place, the rights are provided by the factory proper and there is no need for a union in the factory'.

45 production workers were interviewed individually at the clinic and the supervisor's room on the work floor as there were no any other places available without a CCTV camera.

Results of the worker interviews:

- All the workers (100%) reported that they are provided pastry on the investigation days of April 11 & 12, 2019 as breakfast.
- 36 out of 45 workers (80%) reported that they were informed about this investigation in advance
- 35 out of 45 workers (77%) reported that they are happy with the factory conditions, 2 out of 45 workers (4.4%) reported that they are neutral and 8 out of 45 workers (17.7%) reported that they are not happy with the factory conditions
- 12 out of 45 workers (26.6%) reported that there is gossip at the factory indicating that there might be terminations after the investigation. 6 of these workers are unionized and reported that they would be terminated first because of being union members with other reasons like performance provided as was done in Ali Coskun and Aslan Ogurlu cases
- 10 out of 45 workers (22%) reported that they do not know who the worker representatives are
- 6 out of 45 workers (13.3%) reported that they do not know what worker representative duties are and there are problems that are not solved in the factory such as food quality, extra cabinets at the changing room, not being provided pay slips etc.
- 3 out of 45 workers (6.6%) workers who are known as workers close to union reported that they were not informed of the worker representation election process, heard that there would be elections in the last minute and one of them have applied for it and lost according to her although she won the elections to be representative of the section.
- None of the worker representatives reported that they check the suggestion boxes with the management as instructed at the procedures
- 16 out of 45 workers (35.5%) reported that grievance mechanism is not effective

- 8 out of 45 workers (17.7%) reported that disciplinary practices are not fair and workers who are union members and the ones that do not want to work overtime are terminated with other reasons. According to these workers, nearly 5 union members were terminated since September 2018
- All the workers reported that they know what union is
- 8 out of 45 workers (17.7%) reported that they were called by the supervisor to his room and mentioned that ‘the workplace is the place where they earn their livelihood, no one can be forced to work overtime, there is no discrimination at the work place, the rights are provided by the factory proper and there is no need for a union in the factory’
- 4 out of 45 workers (8.8%) reported that they resigned from the union in November 2018 after Aslan Ogurlu and Ali Coskun were terminated unfairly thinking that they can also be terminated because of being union members; then decided to join the union again after they saw that the union protects the workers’ rights
- 2 out of 45 workers (4.4%) reported that Mr. Cahit took over the responsibility of organizing this workplace as a pioneer member right after termination of Mr. Ali & Mr. Aslan and most probably he would be terminated with false accusations and then they will have to take this responsibility until they will be terminated in a similar vein.

Conclusions:

The following conclusions were reached in light of the findings of investigation focusing primarily on freedom of association issues in Crescent Tekstil:

1. Allegations on dismissals of two union members, Mr. Aslan Ogurlu and Mr. Ali Coskun, based on their union membership status:

Although factory management claimed that the employment contracts of two union members – Mr. Aslan Ogurlu and Mr. Ali Coskun- were terminated due to their low performance and they were not fit to new production type -denim to woven- due to their lack of experience; no sufficient documentation was provided by management to verify those claims.

The below listed points cast doubt on the real motivation behind those dismissals:

- Factory management failed to follow legally required steps for those terminations and workers are not provided with a legally required official termination declaration document which clearly describes the reason of termination.
- Although factory management verbally declared to the investigator that those dismissals were based on “unsatisfactory performance and those workers were not fit to changing on product group”, there are no objective criteria available for evaluation of the individual performance of the operators and the current system heavily relies on the subjective evaluation of supervisors/first level managers.
- It is also not clear why management has not followed the steps defined in the factory’s internal regulations when it instead decided to terminate these workers hastily, such as providing trainings to these workers to improve their performance or issuing warning letters before termination to let them know about their subpar performance and being unfit to work in the changed product group.

- Almost 13% of the workers interviewed stated that those terminations were based on union membership status of the workers and their active involvement into ongoing organizing efforts within the factory. Workers also stated that they are expecting dismissal of more union members after the completion of the investigation process and the reason will be given by management for these dismissals will be similar such as low performance, unfit to work with changed product type...etc.
- The number of workers in production department constantly increased since October 2018 (89 workers) until March 2019 (103 workers); considering the fact that new workers were being hired in various departments including the sewing section, it was not clear why Mr. Aslan and Mr. Ali were employed in any of these positions.

In light of points listed above, the investigator believes that it would not possible to accept that the dismissals of Mr. Ali Coskun and Mr. Aslan Ogurlu were solely based on their low performance and/or fitness to the changed product type in production.

2. Allegations on union busting practices/tactics followed by factory management:

Although factory management declared that they respect the freedom of association (FOA) and collective bargaining agreement (CBA) rights of the workers as a longtime supplier of well-known international brands, the below listed points indicate that not all managerial staff acted in a neutral and impartial manner, refraining from interference with ongoing unionizing efforts within the facility.

- Dismissal of two pioneer members of the union (Mr. Ali and Mr. Aslan) on the grounds of low performance despite the fact that there is not an objective system in place for evaluating individual performance of the workers. Furthermore, violation of factory's internal procedures on termination and conducting those terminations in a haste.
- Almost 18% of the workers being interviewed stated that they were subjected to coaching by their supervisor prior to the investigation where their supervisor told them all of their rights provided by factory and that there is no need for a union in this factory.
- Disciplinary action imposed against one of the pioneer union member Mr.Cahit Gundogdu through bypassing the factory's existing disciplinary procedure. It was not clear why factory management has followed a different path and issued a written warning against this worker through a notary rather than utilizing the internal disciplinary procedure and following defined steps in this procedure -i.e. asking for letter of defense, gathering disciplinary committee, reprimand letter, etc.
- Allegations of management's interference with the most recent worker representative elections held in March 2019 reported by both union members and nonunion member workers -- such as not posting an announcement about upcoming elections and candidanship being open for all workers, encouraging some workers and even one supervisor to become a candidate.
- Although the factory is a supplier of many international brands and quite aware of international labor standards that dialogue channels should be open for communicating with unions in such cases regardless of local law limitations, factory management has refused several dialogue attempts of union and sent a response to the union through a factory lawyer which is written with a threatening tone and reflects a

position of limiting the dialogue between union and factory management with CBA -collective bargaining- negotiations.

Against this backdrop, it is not possible to conclude that all managerial staff including supervisors and middle management of Crescent Tekstil acted in a neutral and impartial manner, refraining from interference with ongoing unionizing efforts within the factory.

Recommendations for the factory:

1. Factory management to start dialogue meetings with Deriteks union to resolve issues concerning members of this union. Such meetings should not be considered as collective bargaining agreement (CBA) negotiations or to indicate that the factory is endorsing this particular union over the other unions. Such meetings are an essential part of social dialogue and there is no local law/regulation which prohibits such meetings between the parties.
It is recommended to organize these meetings in the presence of an impartial observer – such as a brand/agent representative or ETI representative- to prevent possible misunderstandings and disputes. The main agenda items of those meetings will be as follows:
 - Finalizing the details and timeline of reinstatement of the two dismissed union members
 - Discuss the union’s allegations on violation of freedom of association (FOA) rights of their members and alleged union busting practices followed by supervisors and middle management.
2. Factory management will renew worker representative elections to ensure that none of the managerial staff interfered with this process and the notice period for candidateship and that the announcement is being made properly. Management should ensure that none of the supervisors or acting supervisors are shortlisted as candidates for this election. It is highly recommended to have an impartial observer – such as a brand/agent representative or ETI representative- in the factory in an observer capacity.
3. Existing disciplinary rules and procedures must be followed, and disciplinary penalties must be sanctioned through a Disciplinary Committee that includes elected worker representatives. The defense statements and witness testimonies of employees must be heard and it is essential that decisions are reached by vote, there will not be any exemptions on implementation of these rules like in the case of union member Mr. Cahit Gundogdu and any disciplinary action decided and implemented through sidestepping of the disciplinary committee for any worker (be it union member or not) will be deemed as void.
4. One of the most fundamental problems is the insufficient involvement of the workers in the decision-making and implementation processes in the workplace. To address this issue, it is recommended that worker representatives be elected and take an active participant role in the committees to be formed, such as the EHS Committee, Annual Leave Committee, Disciplinary Committee, and Grievance and Suggestion Evaluation Committee. In this way, conflicts that may arise between the workers and the employer can be resolved more easily and might even be preempted. Instead of ad hoc meetings held to address issues as they arise, a more proactive approach with periodic meetings is recommended.
5. Workers are not able to become actively involved in the development of policies and procedures or the decision-making process, for the most part. In that respect, the following shortcomings are important to note: the absence of an Annual Leave Committee; inactive state of the Disciplinary Committee and the EHS Committee; and the absence of a system for reporting of grievances and suggestions of the workers in a confidential way and their evaluation with the participation of worker representatives.

6. The grievance system must be revised to build trust among the workers that they can confidentially lodge their complaints. It is important that the received complaints are collected by elected worker representatives and evaluated with the participation of such representatives during the monthly Grievance and Suggestion Evaluation Committee meeting.
7. Both administrative personnel and the workers are not sufficiently informed concerning issues regarding freedom of association and the collective bargaining rights. Both groups must receive training from a credible trainer/academician in accordance with a plan. It is recommended that a brand/agent/ETI representative assist and observe key steps of this process such as selection of trainer, content development and delivery of those trainings.
8. It is recommended that the performance evaluation system be prepared and implemented with participation of the workers in order to have an objective and quantifiable system.
9. It is recommended that factory stop following a double bookkeeping practice as a cost cutting measure and start declaring all earnings of workers to the Social Security and Tax Administration Departments. Furthermore, the factory should stop cash payments and start paying all wage and wage components through the bank accounts of the workers.
10. It is recommended that factory management, together with the Annual Leave Committee to be formed, prepare a plan on how and when unused annual leave days of the workers will be granted in upcoming months.
11. Factory management should pay more attention to daily working hours limits, excessive overtime and voluntary overtime concept.
12. Articles 1.6 and 1.7 of existing employment contracts should be revised to indicate explicitly the legal requirement of seeking worker's consent on possible position or workplace location change cases.
13. The responsible Social Compliance person is also responsible and actively working on garment & supplies purchasing related tasks, which is significantly reducing the amount of time to be allocated on social compliance related matters. It would be useful to check the existing workload of this person to ensure that he is allocating enough time for compliance related matters.

Recommendations for Union:

There are certain mistakes stemming both from the attitude of the union and inexperience of the unionized workers, such as:

1. Insisting approach of some union members to convince some workers to get registered with union although those workers have clearly stated that they are not interested with registering with any union. Just like registering with a union, a worker's right to not to registered with a union should be respected.
2. Some union members asking for individual information of workers to register them with the union -- which should not be asked from workers.
3. It was observed that the Union has followed a positive approach and tried to open up a dialogue channel with factory management to discuss issues concerning their members rather than escalating the issue and starting an aggressive campaign against the employer and brands/organizations involved. It is important for union to maintain this attitude and try to remain patient while brands/agents/ETI representatives discuss the results and Corrective Action Plans suggested in this report with factory management.

4. The Union should not expect factory management to allow them access to the factory floor and to the full workforce during the dialogue meetings; the purpose of these meetings will be solely to discuss the issues concerning the union's members
5. Deriteks Union should respect the members of the other unions (if any) in the factory as well as workers who do not want to get registered with any union.

Recommendations for brands/agents sourcing from Crescent Tekstil and ETI:

1. It is important to bear in mind that maintaining a continuous business relationship is the key for improving working conditions in any given workplace environment; therefore, regardless of the issues and concerns identified in this report, it is very important for brands/agents sourcing from Crescent Tekstil to keep sourcing from this factory.
2. As mentioned in the proposed corrective actions above, there is a role to play for brands/agents and ETI during the Corrective Action Plan (CAP) implementation process, such as providing technical assistance to factory management and observing some key steps of some proposed CAP items.
3. It is recommended that brands/agents sourcing from Crescent and/or ETI set up a direct hotline for the workers working in their supply chains so that these workers can report complaints/grievances directly to them – via phone or email – in case all internal complaint procedures/channels within their workplace are exhausted.
4. Review of the previous brand/agent audit reports shows that the existing standard auditing methodology and tools are not adequate to investigate special cases such as the one at hand. This standard audit methodology and format should not be applied in such high profile cases.
5. It is recommended to conduct more effective trainings at the suppliers by brands/agents and ETI as the Social Compliance responsible official Mr. Serkan Atac has not provided any training opportunities on any social compliance related topic for the last two years and the last one he attended was two years ago, which did not cover Freedom of Association.

Appendix

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	Workers		Average Salaries		50% Overtime Hours		100% Overtime Hours		Overtime Compensation		Cash Payment		Average Income		Average Overtime Hours	Average Overtime payment
	White Collar	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar	White Collar	Blue Collar
1.2018	46	71	173,100	120,300	0	1,047	0	0	0	11,953	3,713	0	3,763	1,694	14,75	168,36
2.2018	46	73	171,050	122,750	0	1,685	0	180	0	22,060	2,042	6,904	3,718	1,681	23,08	302,20
3.2018	48	78	176,450	131,100	0	1,570	0	66	0	18,823	5,088	5,591	3,676	1680	20,13	241,32
4.2018	46	78	170,450	131,700	0	2,013	0	3	0	23,158	3,370	7,498	3,705	1688	25,81	296,90
5.2018	46	80	171,050	134,400	0	1,367	0	0	0	15,667	3,340	2,774	3,718	1680	17,09	195,85
6.2018	48	78	173,700	130,700	0	1,425	0	0	0	16,279	4,090	6,667	3,618	1675	18,27	208,71
7.2018	50	81	198,300	149,270	0	1,884	0	0	0	23,857	4,182	11,586	3,966	1842	23,27	294,54
8.2018	52	78	209,750	145,870	0	1,002	0	75	0	13,982	5,335	3,565	4,033	1870	12,85	179,27
9.2018	57	87	228,850	162,670	0	1,300	0	85	0	18,379	1,952	9,170	4,014	1869	14,94	211,26
10.2018	57	89	229,500	167,820	0	1,912	0	7	0	24,820	1,950	9,125	4,026	1885	21,48	278,88
11.2018	63	98	254,000	185,270	0	2,264	0	173	0	32,455	3,567	11,565	4,031	1890	23,10	331,18
12.2018	64	101	255,700	190,320	0	3,224	0	40	0	42,204	2,685	19,582	3,995	1884	31,93	417,87
1.2019	69	103	283,500	215,100	0	2,572	0	258	0	40,919	3,185	17,992	4,108	2088	24,97	397,27
2.2019	72	100	295,450	209,000	0	2,238	0	267	0	35,858	3,388	16,865	4,103	2090	22,39	358,58
3.2019	70	100	292,950	207,100	0	861	0	29	0	12,854	1,875	2,179	4,185	2071	8,62	128,55