



adidas-Salomon

adidas-Salomon International Sourcing Limited  
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Date: 25 June 2004

Serikat Pekerja Nasional and  
Serikat Buruh Garmen Independen  
c/-Dae Joo Leport Indonesia  
Marunda Industrial Park Blok C2 No. 17 & 18  
KBN Cabang Marunda - Jl. Marunda Raya No. 1  
Cilincing - Jakarta Utara 14120

Your reference	Our reference	Phone No.	Fax No.
Wpa/Lett/250604		(852) 2302-8735	(852) 2302-8875

Dear SPN and SBGI

Thank you for taking the time to travel to central Jakarta to meet with my colleague, Ms Adelina, and myself.

Thank you also to Mr Aso, who joined us as an independent observer from the Workers Rights Consortium (WRC).

Given the urgency of your request, I thought it important to come to Indonesia to meet with you, to understand your concerns, and to:

- clarify for you our relationship with Daejoo,
- explain to you our expectations of Daejoo's management, regarding the fair treatment of the workforce; and,
- set out the areas where we can, and cannot, help.

Our conversation dealt with two topics:

1. the future of PT Daejoo as a business; and
2. the rumours circulating among employees of a possible factory closure.

I was happy to discuss these issues with you. However, it would be more appropriate for you to discuss these matters directly with the owners and managers of the factory.

You are aware that adidas does not buy product from PT Daejoo. Agron, one of our licensees in the USA, is the direct customer of the factory. Agron and adidas cannot make decisions or commitments on behalf of the factory management, and we cannot directly mediate between the unions and the factory management. If such mediation is required, then this is a matter for the local Manpower Department.

adidas has no direct control over the factory operations, or Daejoo's business decisions. However, as a customer and an international brand we do expect our business partners to



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treat workers well, and maintain good relations and open communications with the unions that represent the workers.

As you explained, in recent weeks SPN and SPG have made several requests to meet with PT Daejoo's management and discuss the rumours that have been circulating in the factory, but management has not agreed to meet with you. I know this has caused frustration and I have explained this directly to Mr Jung at Daejoo. I have stressed to him the need for PT Daejoo management to communicate with SPN and SPG directly, and that a meeting must be arranged as soon as possible. I understand that a meeting is now scheduled for the week commencing 27<sup>th</sup> June, 2004.

Several times during my meeting with you, I stated adidas's concern for the wellbeing of the workers at PT Daejoo. Let me re-state adidas's position. So long as PT Daejoo remains open for business, and the factory is able to meet Agron's operational requirements – quality, delivery, price and SOE compliance – then Agron will continue to place orders with this factory.

However, in the event that Daejoo's management decides to close the factory, then we would take the following actions:

- ask Daejoo to set out the business case for factory closure and communicate this to all parties – Agron, adidas, the other buyers, WRC and of course the workers and the unions;
- require PT Daejoo management to fulfil all legal and procedural requirements with respect to severance;
- require PT Daejoo management to negotiate and agree with the unions any additional benefits that can be provided to workers who are laid off;
- monitor the factory conditions, and meet with workers, management, and SPN and SPG, to check that the closure is managed properly and in full accordance with Indonesian law; and
- share our findings with WRC, and with VF Corp and other major buyers.

I trust our meeting, and this letter, clarifies our position and explains where adidas can and cannot help.

I would encourage you to speak regularly with Ms Adelina and continue to update her on the situation at the factory. She will keep me informed.

If I receive additional feedback or information from Daejoo management, I will contact you directly.

Sincerely,  
adidas-Salomon International Sourcing Ltd

A handwritten signature in blue ink, appearing to read 'W Anderson', followed by a horizontal line.

William Anderson  
Head of Social & Environmental Affairs  
Asia Pacific