

Summary of Human Rights Complaints Handled by the adidas Group in 2015

Complainant*	Factory name	Complaint	Outcome	Status
Bagimsiz Isciler Sendikasi - Union	Gelal Corap Sanayi ve Ticaret A.S. (Istanbul) - Turkey	Bagimsiz-SEN called to complain that four of its union members employed in Gelal Socks were being forced to resign by their line managers.	adidas Group asked for the names of these workers so that we could investigate and determine if there was any form of harassment taking place on the shop floor. The union agreed to mail the names of the individuals affected, however the information was never shared, despite reminders. In the absence of any specific information SEA invited the management team of Gelal Socks to meet and we ran through the commitments they had made to uphold Freedom of Association under our Workplace Standards. Since the initial complaint, there has been no further feedback from the union, or from any worker.	Closed
DSI Polluter	DSI Samson Industries, Sri Lanka	A local environmental campaigner reached out to adidas Group to raise concerns over pollution being caused by a rubber plant operated by DSI Samson Industries in the city of Mahara in Sri Lanka. Local residents had been protesting against the plant since its inception, and were calling for it close and relocate to a non-residential area.	adidas Group confirmed that it had held distribution agreements with the retail arm of DSI Samson Industries in the past. We also explained that the athletic footwear sold through DSI was imported into the country – there was no local rubber used in their manufacture. We recommended that the complainant reach out to the automotive industry, given that they are the direct beneficiaries of the rubber tires and air bags being manufactured by the DSI plant in Mahara. The complainant confirmed that they had reached out and were engaged with other industries.	Closed
Garment and Textiles	Gokaldas India Ltd.,	In 2014 a complaint was lodged with the Fair	The FLA appointed a medical doctor to	Closed

<p>Workers Union (GATWU) - an Indian trade union</p>	<p>Bangalore, India</p>	<p>Wear Foundation, who referred the case to the Fair Labor Association (FLA). It was alleged that a child in the factory’s daycare facility had been poisoned and had died before receiving emergency treatment. A police investigation and autopsy found no evidence of foul play.</p> <p>Subsequent allegations focused on the factory’s duty of care and legal breaches: there was no ambulance or doctor on site to immediately treat and convey the child to hospital. The Worker Rights Consortium (WRC) took up GATWU’s claims, writing directly to Gokaldas in October, 2014 and issuing an advisory to US collegiate licensees in December 2014.</p>	<p>conduct an independent investigation, under its 3rd party complaint mechanism. The FLA published their findings¹ in May 2015. The WRC published their own assessment in a separate report,² calling for Gokaldas to pay compensation for the child’s death.</p> <p>In July 2015 adidas Group advised WRC and FLA that it was winding up its buying relationship (for exports) with Gokaldas India and had reached out to other brands requesting that they become involved in the case, to increase leverage. GATWU continued in its engagement with Gokaldas and in September 2015 a settlement was finally reached for additional payments to the family.</p>	
<p>Researchers, Asian Law Centre, Melbourne Law School, The University of Melbourne</p>	<p>PT Panarub Industry, Indonesia</p>	<p>In February 2014, the factory management received a letter from the plant level union, SBGTS – GSBI, to inform them that they rejected a plan from GSBI National Board to deactivate their current leadership. And in March 2014, PT Panarub received a letter from GSBI National Board declaring that they were deactivating the current leadership of SBGTS and would re-elect new leaders.</p> <p>PT Panarub declared that it could not intervene in a dispute which was essentially an internal matter for the plant level union and its parent federation. However, as GSBI declined to use the Ministry of Manpower’s dispute mechanism to resolve the case, Panarub management offered to facilitate a</p>	<p>adidas Group responded to the letter from the academics, addressing each of their concerns. adidas also contacted the existing union leadership (which had been deactivated by GSBI National Board) and asked that they correspond directly with the researchers.</p> <p>We continued to engage with the parties from the union and eventually the two factions agreed to the National FOA Protocol Committee facilitating a new round of negotiations between them.</p> <p>Negotiations are ongoing and we are hopeful that both parties will eventually reach agreement and resolve their</p>	<p>Ongoing</p>

¹ <http://www.fairlabor.org/report/gokaldas-india-bangalore>

² <http://workersrights.org/freports/WRC%20Report%20re%20Gokaldas%2006.22.15.pdf>

		<p>meeting between the two factions of SBGST. This meeting took place on June 26th, 2014, but no agreement was reached.</p> <p>The issue over leadership and representation of SBGST within the plant remains open, as neither of the trade union factions have been able to come to a common agreement.</p>	<p>differences. If this fails, the only option available would be for the plant level union, or the parent Federation, to submit the case to the Industrial Dispute Settlement Court for adjudication.</p>	
<p>Sindicato Carlos Fonseca Amador de la Empresa Troon Manufacturing</p>	<p>Troon Manufacturing</p>	<p>In November 2014 a former factory worker filed a third party complaint against the factory alleging that factory management had terminated him and 3 other workers for organizing a new union at the factory.</p>	<p>The Factory's Corporate Compliance Team conducted an internal investigation and identified that the local management had breached workers' rights by terminating them at the time they were in the process of organizing a union. The SEA Team in conjunction with the factory parent company worked on a remediation plan that included the reinstatement of all workers, the termination of a sr. local manager (who made the decision to terminate the workers) and an ongoing training program for the factory management on FoA by local credible NGO, COVERCO. The FLA published the final report in April 2015³.</p>	<p>Closed</p>
<p>SBTGS - an Indonesian trade union</p>	<p>PT Panarub Dwikarya Bena, Indonesia (Former sub-contractor of one of the adidas Group's contract footwear supplier).</p>	<p>The complaint relates to a dispute, which began in July 2012, when workers were treated as having "resigned" following an 8 day strike over back wages, and other demands.⁴ The union requested that adidas Group intervene and ensure that workers are reinstated, compensated for losses and paid out redundancy, given the factory has now closed. The supplier has countered that they</p>	<p>Despite having no business with this factory at the time of the dispute, adidas Group offered to help the two parties.</p> <p>In 2013 the union and the factory management agreed to independent mediation but could not reach agreement. We therefore recommended that the complainant either continue with</p>	<p>Unresolved</p>

³ http://www.fairlabor.org/sites/default/files/documents/reports/troon_final_report_april_2015.pdf

⁴ <http://www.adidas-group.com/en/media/news-archive/sustainability-news/2012/update-current-status-workers-dismissals-factory-pt-panarub-dwikarya-bena-indonesia/>

		acted lawfully and that the strike took place without the required legal notice, i.e. was illegal, and the striking workers failed to return to work within the time period stipulated under the law.	direct negotiations, or take the matter to court. No settlement has been reached by the parties. In November 2015 the Clean Clothes Campaign labelled this a case of “unfair dismissal”. ⁵ adidas issued a formal response to those claims, which can be found on the Business & Human Rights Resource Centre website. ⁶	
TEKSİF - Union	Imteks Duzce - Turkey	A local union representative (TEKSİF) called to complain that 26 workers had been dismissed due, they believed, to a decrease in adidas orders at the Imteks factory.	adidas Group contacted Imteks immediately. The factory explained that adidas’ order volumes were not the reason for the retrenchment. Imteks had reorganized and moved some of its production processes to its facility in Georgia. It was this action which had triggered the layoffs. We shared this feedback with the union, who had received similar feedback from other brands who they had approached. The retrenchment was lawful and workers had received the proper severance payment. No further questions were raised and the case was closed.	Closed
Former member of the Trabajadores al Poder Union	New Holland Nicaragua	A former factory worker and executive board member of one of the factory’s unions filed a third party complaint against New Holland Nicaragua for unfair dismissal and psychological harassment. The worker’s termination was approved by the Ministry of Labor and later by the local labor court. However, both government agencies ignored the worker’s legal protection guaranteed by	Although the factory had not completed the approval process, and there was no adidas-group production at the time of the 3PC, the SEA Team partnered with the Factory’s main buyer and commissioned a mediator investigate the termination procedures, which revealed a number of gaps in the way the factory (and government agencies) handled her	Closed

⁵ <http://www.cleanclothes.org/news/2015/08/26/adidas-and-mizuno-involved-in-unfair-dismissal-case>

⁶ <http://business-humanrights.org/sites/default/files/documents/adidas-response-Nov-2015.pdf>

		her union leadership position and the short term medical leave she had at the time of her termination.	terminations. Additionally, the mediator assisted the factory and the worker sign an agreement that provided financial assistance to the worker while she went through medical treatment and provided the worker with the ability to be rehired should she be given the legal medical opinion to return to work (at the time of the mediation, the worker was under a long term medical treatment required by the Nicaraguan Legal Medicine Institute). The FLA published the final report in May 2015 ⁷ .	
Unidos en Victoria - Union	Troon Manufacturing	In August 2015 the Sec-General of a factory unions (in formation) filed a 3PC against the factory for terminating workers with union immunity (<i>fuero sindical</i>) and while on vacation, verbal harassment, and improper termination procedures.	The Factory commissioned a third NGO monitoring group to investigate the allegations. Based on the investigations it was verified that: 1. 4 workers with union immunity were terminated, 2. no workers on vacation were terminated, 3. although the termination procedures did have gaps and opportunities for improvement, the decision that led to the termination of the 4 union workers was not a result of the procedures followed by the factory, but by the union replacing the 4 workers with other workers. Nevertheless, factory management should not have terminated any founding members as per local law. The factory reinstated all 4 workers and revamped their termination procedures. In terms of the verbal harassment, this portion of the 3PC was reported months after the original 3PC was received, and by the time this allegation was received, the supervisor accused, had resigned from	Ongoing

⁷ http://www.fairlabor.org/sites/default/files/documents/reports/new_holland_apparel_nicaragua_final_summary_report_may_2015.pdf

			the factory. This 3PC was closed in February 2016 ⁸ , however, after its closure, additional allegations were reported that are currently being investigated.	
Viet Labor, a federation of labor groups⁹	Yupoong Vietnam, Bien Hoa, Vietnam	Viet Labor wrote to adidas (and number of other buyers) calling for an investigation into “Yupoong’s suspicious and wrongful behaviours”. ¹⁰ On the 21 st of September 2015 a large fire led to the closure of Yupoong’s operations and the retrenchment of some 1,900 workers. Viet Labor believed the fire had started under suspicious circumstances and complained that subsequently workers had been harassed by security personnel, that pregnant women had lost their employment in breach of their legal rights, and that other workers had been forced to “voluntary” resign. The Labor organization requested that adidas and Yupoong’s other buyers, fact-find, and meet with the workers and their representatives. They also called for proper compensation to be paid for those who had been laid-off and a suspension of further layoffs.	adidas committed to investigate, noting that it had reviewed the reasons for the closure and was aware that the labour department and state run union had accepted the lawfulness of the layoffs. As part of investigation, we have interviewed workers and continue to exchange information with Viet Labor. The government investigations into the fire, which occurred at night after the factory had closed, concluded that the cause was likely to have been an electrical fault. There were no reported injuries. The case is ongoing.	Ongoing
Worker Rights Consortium (WRC) – a US labour advocacy group	PT Ching Luh Indonesia-2, Tangerang, Indonesia.	In August 2015, the management of PT Ching Luh Indonesia-2 announced to its workers that the factory was closing. The management also met with the trade unions representing workers at the company, SPSI, SBM and FSBKU, to inform them of the closure. It was reported to WRC that during the	adidas Group had been tracking closely the proposed closure of this plant and had reviewed all materials, processes and payments to ensure that all legal provisions had been met. We highlighted the fact that contrary to what WRC had been told, all of the plant level unions had signed and agreed to the layoffs and that	Closed

⁸ http://www.fairlabor.org/sites/default/files/documents/reports/summary_report_troon_apparel_february_2016.pdf

⁹ Free Viet Labor Federation (abbreviated to Viet Labor) is an alliance of labor groups inside and outside Vietnam comprising: Viet Labor Movement, Vietnam Independent Union, and Committee to Protect Vietnamese Workers. See <http://laodongviet.org/about/>

¹⁰ See <http://laodongviet.org/2015/12/13/yupoong-retrenchment/>

		<p>meeting with the management, the unions had expressed their opposition to the closure process because it failed to comply with the requirements of Indonesian law prior to mass layoffs of employees. And that one of the unions had filed complaints regarding the layoff with the Department of Labor for the Tangerang District and the Industrial Relations Court.</p> <p>Based on information received from a district level union official, WRC believed that PT Ching Luh had failed to take the measures required by Indonesian law and regulations prior to terminating its workforce, with respect to (1) attempting alternative measures short of termination, (2) negotiating with worker representatives, or (3) obtaining prior determination by a labor dispute resolution body. WRC concluded that terminations were, therefore, under Indonesian labor laws and regulations, “null and void,” and, by extension, in violation of adidas’ code of conduct.</p>	<p>the factory had consulted extensively with government. adidas Group provided documentary evidence in a formal written response to WRC.¹¹</p> <p>adidas Group also followed up with WRC’s representative in Indonesia to clarify the misleading claims which had been made by a district level union official, who was not a party to the plant level union agreements.</p> <p>After submitting our formal response to WRC there was no acknowledgement or reply from the NGO. The case was duly closed.</p>	
Worker Rights Consortium (WRC) – a US labour advocacy group	PT Bintang Bersatu Apparel Batam, Indonesia	In February 2015, the owner of a printing sub-contractor, named PT Yee Woo, fled the country. He abandoned his factory and left the workers without the required severance pay. adidas Group was approached by WRC, who requested that we support the workers.	<p>adidas Group met with a representative from WRC in March 2015 and outlined the business relationship between its supplier (PT Bintang Bersatu Apparel) and the printing subcontractor. PT Bintang Bersatu Apparel had placed a test order with the printer, but had no ongoing or active business relationship and was not using this subcontractor at the time it abruptly closed.</p> <p>Given the order history and overall lack of</p>	Closed

¹¹ [Click here](#) to see the document.

			<p>leverage, adidas Group took no further part in discussions over remediation. There was no further feedback or engagement from WRC on this matter.</p> <p>The case was duly closed.</p>	
<p>Worker Rights Consortium (WRC) – a US labour advocacy group</p>	<p>Meng Da Footwear Industrial Co., Ltd. New Orient (Cambodia) Garment Co., Ltd Yorks Cambodia Co. Ltd. Dayup Global Co., Ltd. Grand Twins International (Cambodia) Plc. H & L Apparel (Cambodia) Corp. Hung Wah (Cambodia) Garment MFG. Ltd. JIT Textiles Ltd. (PCCS Group), Cambodia</p>	<p>In late December 2013, there were violent street protests linked to demands for higher wages in Cambodia. Following these protests, the Garment Manufacturers Association of Cambodia (GMAC) called for its members to report their losses and detail the property damage which had occurred. Using this information GMAC filed a civil lawsuit against 6 independent trade union leaders, who they alleged had orchestrated the protests.</p> <p>In March 2015, WRC filed a complaint with adidas Group, alleging that 15 suppliers had violated workers’ rights by joining GMAC in their lawsuit against the 6 trade union leaders. WRC believed that the legal action was a clear breach of freedom of association and urged adidas to request that its suppliers drop their participation in the case.</p>	<p>We responded to WRC, noting that only 8 of 15 named suppliers were producing for adidas Group. Of these, only 2 factories were understood to be officially part of the lawsuit; although information from the other factories had been included in the evidence submitted to the court.</p> <p>All suppliers agreed to seek a withdrawal letter from GMAC’s lawyer, with an acknowledgement from the court. SEA provided WRC with copies of the revocation notice from the court and withdrawal letters from GMAC to confirm the action taken by the suppliers. The case was closed</p>	<p>Closed</p>

<p>Worker Rights Consortium (WRC) – a US labour advocacy group</p>	<p>Nan Yang Garment Co., Ltd. (Cutting Factory), Thailand</p>	<p>In March 2015, WRC raised a concern that supervisors in this factory were being paid below the legal overtime rates.</p>	<p>Nan Yang was identified as a subcontracting facility to a supplier making for an adidas Group’ licensee. adidas commissioned a 3rd party audit, which confirmed that there has been underpayment of overtime premiums for supervisory level employees. Based on the audit result, we asked the factory to remediate the issue and provide back payment to the affected workers.</p> <p>We have verified that Nan Yang has corrected the underpayment and that the factory has published a new overtime compensation policy, which is fully aligned with Thailand Labour Law.</p> <p>We consider this case closed and have informed WRC accordingly</p>	<p>Closed</p>
<p>Worker Rights Consortium (WRC) – a US labour advocacy group</p>	<p>Yue Yuen Footwear Factory, China</p>	<p>On May 16, 2014 the WRC published an assessment following a major strike at Yue Yuen (Holdings) Limited in China.¹² The report sets out a number of allegations, as well as recommendations to collegiate licensees who source product from Yue Yuen (YY), regarding the remediation of social insurance and other freedom of association issues arising out of the strike.</p>	<p>adidas Group provided a lengthy response to the WRC and shared updates on the remedial actions underway at the Yue Yuen’s Y6 plant, which makes adidas Group product.¹³ The Y6 plant accounts for approximately 15 percent of the YY workforce in Dongguan.</p> <p>By 2015 YY had completed the agreed back-payments into its social insurance and housing funds and an independent review of Yue Yuen’s remedial efforts was undertaken by the Fair Labor Association. The FLA review was published in July 2015.¹⁴</p>	<p>Closed</p>

¹² [http://www.workersrights.org/freports/WRC%20Assessment%20re%20Yue%20Yuen%20\(China\)%205.16.14.pdf](http://www.workersrights.org/freports/WRC%20Assessment%20re%20Yue%20Yuen%20(China)%205.16.14.pdf)

¹⁴ http://www.fairlabor.org/sites/default/files/documents/reports/pou_chen_social_benefits_verification_july_2015_0.pdf

			<p>With respect to Freedom of Association issues, the re-election and establishment of a new union at the plant level was completed in October 2014. The state-backed union continues to promote worker's awareness on their role and have promoted worker membership. Internally the union conducts regular communication with workers on quarterly basis and involved on the settlement of employee's grievance</p>	
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Note* Complainants are only named where their cases have already been disclosed publicly (usually by international advocacy or labour rights groups, the media or by the complainant themselves). The names of all other complainants are treated as confidential, as is the supplier's name where investigations are ongoing. For third party complaints managed by the Fair Labor Association, please go to: <http://www.fairlabor.org/transparency/safeguards>