

## Summary of Human Rights complaints handled by adidas in 2018

Complainant*	Factory name	Complaint	Outcome	Status
<b>C.CAWDU - a Cambodian trade union</b>	Cheng Yueh Enterprise Co., Ltd., Cambodia (a former sub-contractor of one of the adidas' T1 footwear suppliers- Meng Da)	<p>adidas exchanged several emails with C.CAWDU regarding the termination and severance payments for 17 union officials and members following the 2017 closure of the Cheng Yueh subcontractor.</p> <p>C.CAWDU called for Meng Da to reinstate (with full back pay) 10 union officials who, it was claimed, were under contract of employment with Meng Da, while working in the Cheng Yueh factory.</p> <p>C.CAWDU also challenged the severance calculations for payments to 7 union officials.</p>	<p>adidas immediately launched an investigation and reached out to the lawyer who had been appointed by Cheng Yueh to handle the factory closure. We also sought advice from the Ministry of Labor.</p> <p>Regarding the demand for reinstatement of 10 workers, we examined the contact documentation and recommended that C.CAWDU reach out to Ministry of Labor, as the appropriate authority to interpret and advise on the employment contract status. The union informed us that they will bring this case to Ministry of Labor.</p> <p>In 2017 we had reviewed the severance calculations for all Cheng Yueh workers affected by the closure and found that payments met the local legal requirements. We recommended that the union meet with Cheng Yueh's lawyer to review the disputed severance calculations.</p> <p>On January 30, 2019 adidas met with C.CAWDU officials who provided the following updates:</p> <ul style="list-style-type: none"> <li>• <u>Re-instatement</u>: two workers had accepted a compensation package from Cheng Yueh. The remaining 8 workers had dropped their requested for re-instatement and sought compensation instead. The case is to be submitted to the Ministry of Labor for resolution.</li> <li>• <u>Incorrect severance payment</u>: C.CAWDU shared their severance calculation method, which we in turn shared with Cheng Yueh's lawyer for his review. A decision is still pending.</li> </ul>	Ongoing
<b>Central-Cambodia - a Labour Rights NGO based in Pnom Penh Cambodia</b>	Bowker Garment Factory (Cambodia) Company Limited	<p>On August 22, 2018 Central Cambodia ('Central') wrote to adidas alleging that Bowker had unlawfully dismissed 3 workers, taken inappropriate disciplinary action against 3 workers and discriminated against union leaders, by preventing the President and VP of the plant level union from performing overtime hours.</p>	<p>adidas shared with Central the result of our investigation and the remedial action taken by the factory:</p> <ul style="list-style-type: none"> <li>• <u>Terminations</u>: The case was reviewed by the tripartite Arbitration Council. As there was evidence of serious misconduct the 3 workers accepted their termination.</li> <li>• <u>Disciplinary Action</u>: 2 of 3 workers admitted misconduct and accepted the disciplinary action. Bowker acknowledged that HR has taken inappropriate disciplinary action against one worker. Bowker agreed to remedy the wrong.</li> </ul>	Closed

			<ul style="list-style-type: none"> <li>• <u>Anti-Union Discrimination:</u> Bowker met with the union leaders to clarify the factory's overtime policy, which is voluntary and based on production needs. All workers, including union members and officials, are eligible for overtime, so long as there is a legitimate need for such overtime.</li> </ul>	
<b>Central-Cambodia – a Labor Rights NGO</b>	Bowker Garment Factory (Cambodia) Company Limited	<p>On December 3, 2018, Central-Cambodia ('Central') raised the following complaints with adidas:</p> <ul style="list-style-type: none"> <li>• Bowker's failure to respect and implement the agreement signed between the parties at the Arbitration Council to convert workers who has excessive FDC (Fixed Duration Contract) terms to become UDC (Undetermined Duration Contract).</li> <li>• Discrimination against independent trade union leaders: the factory continues to discriminate against the trade union leadership by refusing to allow them to work overtime.</li> <li>• Poor working condition in the factory</li> </ul>	<p>adidas reviewed the allegations and conducted a follow-up investigation and verification. We shared with Central the result of our investigation and the remedial action taken by the factory:</p> <ul style="list-style-type: none"> <li>• <u>FDC:</u> Record review shows that, by end of 2018, there were 496 workers who were on FDC have been converted to UDC. Bowker confirmed to complete the conversion of FDC to UDC by end of March 2019.</li> <li>• <u>Discrimination:</u> Factory management met with the union leaders on December 17, 2018 to re-confirm the company's policy and commitment to non-discrimination. Since then there has been no further issues raised by the factory Union.</li> <li>• <u>Working Conditions:</u> The factory is in the process of improving the ventilation, drinking water supply and condition of the toilets.</li> </ul>	Closed
<b>Central-Cambodia – a labor rights NGO; Worker Rights Consortium (WRC) – US based labor advocacy group</b>	Pou Chen Cambodia (PCC) - a former supplier to adidas.	<p>In September 2018 adidas was approached by Central-Cambodia ('Central'), and later by the Worker Rights Consortium (WRC) about PCC. The factory had recently closed and was the subject of an on-going dispute regarding the amount of severance payable to approximately 20% of the laid-off workers. Although adidas had no active sourcing relationship with PCC, the NGOs asked for adidas' support in reaching out to PCC's parent company in Taiwan, i.e. Pou Chen group, and calling for them to revise the severance calculation following a ruling by the Arbitration Council ('AC'), which was in favor of the workers.</p>	<p>Despite having no active relationship with PCC, adidas wrote to Pou Chen urging them to act on the AC ruling. Pou Chen responded stating that they have paid the correct amount of severance and that they had consulted the Ministry of Labor, who had confirmed that the factory's calculations were in accordance with the labor law. We were informed that on December 3, 2018 the factory's active buyers, PCC's former factory management and union and the concerned NGOs met to discuss the case. In the meeting, the factory reiterated its position that it had met in full its legal obligations to the workers.</p> <p>The NGO and labor union representatives were also firm in their position and continue to call for a higher payout. The union is considering re-submitting the case to the AC for an unofficial mediation, or for an official ruling. PCC has made clear that they reserve the right to take the case to Court, should arbitration ruling be unfavorable to them.</p>	Ongoing

			There are no further updates from the NGOs or PCC. The case remains ongoing and unresolved.	
<b>DPC SPN – union regional committee</b>	PT Sung Dong Il –a sub-contractor to an adidas T1 footwear supplier in Indonesia, i.e. PT Parkland World Indonesia ('PWI')	In August 2018 the union wrote to PT Sung Dong Il and adidas, alleging that the factory has not acted on the verdict of the Labor Court regarding an industrial dispute filed by 2 employees.	adidas asked our main supplier, PWI, for their support in confirming the allegations and following-up with their sub-contractor. In September 2018, PT Sung Dong Il executed the Labor Court's verdict by reinstating the 2 workers and paying them the required back wages. In settling the case the factory signed an agreement letter with DPC.	Closed
<b>Garment Labor Union India</b>	Carnival Clothing Company -1 (CCC 1), India – an adidas supplier on-boarded in August 2018	In November 2018, the Garment Labor Union submitted a third-party complaint to the Fair Labor Association (FLA) about harassment and abuse and a Freedom of Association violation in CCC 1.	In accordance with FLA protocols, adidas conducted a preliminary investigation through an unannounced visit. An initial report has been submitted to FLA and, as the next step, adidas has nominated a third-party auditor to the FLA to carry out independent third-party investigation of the factory to verify the allegations and, if proven, to recommend a remedial strategy. This investigation is currently in progress.	Ongoing
<b>Garment and Textiles Workers Union (GATWU) – an Indian trade union; Worker Rights Consortium (WRC) – a US labor advocacy group; and Clean Clothes Campaign (CCC) – a European advocacy group</b>	Avery Dennison (AD) plant in Bangalore, India – an adidas supplier of labels and tags	In April 2017 WRC informed adidas and other brands that it had received reports of serious violations of freedom of association at the Avery Dennison plant, which manufactures product labels and tags for major international garment brands and retailers, including adidas. In June 2018, adidas received copy of GATWU's letter sent to German Partnership for Sustainable Textile Secretariat reporting the continuing violation on labor rights in AD. In August 2018, adidas received a letter from the CCC, which again highlighting unresolved issues in AD. And in the same month, adidas was approached by the FLA as they received a letter from the US-based Union League (an affiliation of trade unions) about unresolved issues in AD, which a reported hunger strike and petitioned brands to take action.	In response to the reported allegations, adidas coordinated a call with AD and several other buyers to discuss the union's claims. We called for an independent third-party investigation to verify the allegations. This was not initially taken up, as the Ethical Trade Initiative (ETI) had already become engaged, seeking to mediate between the union and AD.  We have continued our engagement with related stakeholders, e.g. joined buyer meetings in India and attended a series of calls with brands, ETI and AD representatives about the case.  As the case has progressed, AD has taken several steps to address the union's concerns: <ul style="list-style-type: none"> <li>• <u>Third Party Investigation</u>: In October 2018, AD commissioned Kroll, a leading global provider of risk solutions, to conduct a third-party investigation. The investigation is scheduled to take 6-8 weeks to complete. We have yet to receive the investigation report.</li> <li>• <u>Mediation</u>: In November 2018, AD and GATWU had a first formal mediation process in New Delhi with a mediator agreed by both parties. The next mediation will take place in early 2019.</li> <li>• <u>Engagement</u>: In December 2018 AD met with WRC in United States to discuss the case. They plan to meet again, once the preliminary report from Kroll is available.</li> </ul>	Ongoing
<b>Independent Federation of Workers of</b>	Bay Island Sportswear – a	adidas was contacted in June 2018, prior to a scheduled compliance audit, by another brand (Fanatics) alerting	The compliance audit conducted in June 2018 confirmed, through worker interviews and documentation review, that the factory's management had targeted dismissals of workers who	Ongoing

<b>Honduras ("FITH")</b>	Reebok supplier via a licensee	adidas to allegations raised by representatives of FITH that the factory had engaged in an ongoing practice to dismiss workers who attempted to unionize over the past several years. Bay Island worked with Reebok via its licensee, Streetwear whose Reebok business occupied less than 1% of the factory's overall capacity (with the business relationship ending entirely in Q3 2018).	attempted to unionize over the past several years. As a result, adidas and Fanatics along with the other major brand working with the factory, Disney, requested for the Fair Labor Association to conduct a Safeguard Investigation to further investigate the allegations, their scope, and any resulting legal requirements/ obligations. The investigation occurred in October 2018 and identified several instances where the factory had terminated workers attempting to unionize over the past several years. The report also provided a series of Recommendations for Bay Island's management to pursue to strengthen the factory's practices when it comes to respecting workers FoA rights. The report and Recommendations are in the process of being finalized to be shared publicly. This case/remediation will continue to be tracked in 2019.	
<b>La Federación Independiente de Trabajadores de Honduras (FITH) and Maquila Solidarity Network (MSN)</b>	Gildan Mayan Textiles S. de R.L. – an adidas supplier	On September 29th, Gildan Mayatex terminated 41 workers due to an alleged reduction to their production. Immediately after the terminations, workers organized a protest outside of the factory's processing zone in response. The SEA Team was also contacted by FITH union and reported that most of the terminated workers were affiliated to a union that had filed for registration the day before the terminations had begun. In addition, Canadian based Maquila Solidarity Network with close ties to labor groups in Central America has taken interest in the outcome of this case.	Initially Gildan rejected allegations that their terminations decisions presented any violations to workers' rights. However, after receiving verification that terminated workers were founding members of a union in formation and thus, were protected by law from termination without prior authorization from the Ministry of Labor, agreed to reinstate workers. Given that Gildan is an FLA Participating Company producing for multiple FLA company affiliates, adidas and other brands encouraged Gildan to work under a collaboration model. Brands since then have put together a comprehensive remediation plan that is currently underway.  Some of the remediations completed as of December 2018 include: <ul style="list-style-type: none"> <li>• <u>Reinstatement opportunities for terminated unionized workers</u>: all but 4 workers have accepted reinstatements and since then have been reinstated.</li> <li>• <u>Backpay of lost wages</u>: Additional steps to be completed include, comprehensive FOA training by a credible third party to entire workforce, engagement of Ombudsperson to support management and unions establish effective communication and working relation, and a review of various HR policies and procedures.</li> </ul>	Ongoing
<b>LT Apparel (licensee working with factory)</b>	Impression Apparel – an adidas licensee supplier	Factory informed LT Apparel's management in September 2018, the adidas licensee working with factory, that it would be laying off roughly 10% of its workforce in Q4 2018 (90 workers out of 900). Factory claimed these layoffs were a result of reduced	Impression Apparel was the prior focus of a WRC campaign in 2015, concerning the factory management's targeting of unionized workers at that time, so with that in mind these most recent layoffs were under increased scrutiny to ensure they were being done for legitimate reasons and within accordance of the law. In addition, the allegations were raised to the FLA by Sindicato de la Industria Textil Salvadoreña (SITS). To date, 99	Ongoing

		orders and not a result of these workers attempting to organize.	workers have been retrenched with 98 of those workers receiving their full legally entitled benefits. One affected worker contacted the Ministry of Labor (MoL) regarding their dismissal. As a result, the factory provided the required documentation to the MoL regarding the layoffs and answered their questions. No further input has been received by MoL, currently. A Performance Audit is scheduled to be conducted in January 2019 to further verify that all required policies and procedures have been followed and workers' legal rights have been respected.	
<b>SBTGS - an Indonesian trade union</b>	PT Panarub Dwikarya Benoa (PDB), Indonesia A former sub-contractor of one of the adidas' contract footwear supplier, PT Panarub Industry (PRB)	<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. Initially the union requested that adidas intervene and ensure that workers were reinstated and compensated for financial losses. Those demands changed to a call for redundancy payments when PDB closed in 2014.</p> <p>The supplier countered that they acted lawfully and that the strike took place without the required legal notice, i.e. was illegal, and when the striking workers failed to return to work they were treated as resigned, as per the law. Their compensation level was determined by resignation, not redundancy.</p> <p>On September 29, 2017, Business &amp; Human Right Resource Center (BHRRC) published statement from CCC which alleged adidas had neglected its responsibility in this case and was unwilling to use leverage to resolve this long-standing dispute.</p>	<p>Prior to and following the closure of PDB, adidas continued to engage with its main contractor PRB, to seek ways to settle the dispute. Despite repeated engagements, meetings and a formal mediation between the union and PRB (funded by adidas) no common agreement could be reached.</p> <p>In 2018 adidas again urged PRB to participate in negotiations facilitated by Indonesia's Manpower Department to settle the dispute. In October 18, 2018 both parties reached an agreement on the compensation for the remaining 284 workers. And in November 2018 a supplement agreement was also signed in which PRB committed to provide additional compensation to help workers pay personal bank loans.</p> <p>PRB has registered both agreements with the Labor Court and the Court has certified that the industrial dispute has been legally settled. Despite the legal settlement, the union has called on adidas and another sporting goods company, who was the majority buyer sourcing from PDB at the time of the strike, to pay additional compensation to the 284 workers and for the compensation to be based on a redundancy package, rather than a resignation status (due to non-attendance).</p>	Ongoing

<p><b>Sentral Gerakan Buruh Nasional SGBN – a union national federation in Indonesia</b></p>	<p>PT Korean Fine Chemical – a subcontractor for adidas T1 footwear supplier in Indonesia, i.e. PT Parkland World Indonesia (PWI)</p>	<p>SEA received letter from SGBN in August 2018 alleging several labor rights violations related to the payment of the minimum wage, legal benefits, overtime wages, the termination of a union member and employment status (contract workers).</p>	<p>adidas asked our main supplier, PWI, for their support to verify the allegations and drive the remediation at their subcontractor factory. Of the 13 confirmed violations, approximately one third have been resolved, i.e. converting contract workers to permanent, provision of legal benefits and the settlement of the worker termination case. Resolution of the remaining issues, such as the back pay, overtime wages and legal benefits, is still in progress.</p>	<p>Ongoing</p>
<p><b>SÜDWIND Institute (SÜDWIND), Sedane Labour Resource Centre (LIPS) and Stichting Schone Kleren Kampagne/ Clean Clothes Campaign - labor advocacy groups</b></p>	<p>PT Panarub Dwikarya Benoa (PDB), Indonesia A former sub-contractor of one of the adidas' contract footwear supplier, PT Panarub Industry (PRB)</p>	<p>A complaint was lodged with the OECD National Contact Point (NCP) in Germany claiming that adidas had failed to use its leverage over PT Panarub (in the case cited above) to pay the workers of PDB their severance. The Complainants argued that adidas has been directly linked to the workers' rights abuse through its business relationship with PT Panarub and had contributed to it by allegedly condoning the refusal of its supplier to provide remedy for the PDK workers. The Complainants have argued that adidas has violated the OECD Guidelines for Multinational Enterprises as well as the UN Guiding Principles on Business and Human Rights in providing access to remedy to rightsholders, in this case the PDB workers. The Complainants do not include, nor do they formally represent, the affected trade union or the PDK workers. They are acting independently, as an interested party</p>	<p>adidas has provided the NCP with its formal response to the complaint and a mediation process is pending. Both the Complainants and adidas are bound by confidentiality and cannot disclose specific details until the case concludes.</p>	<p>Ongoing</p>
<p><b>Action Labor Right (ALR) – local labor rights organization in Myanmar</b></p>	<p>Myanmar Infochamp Limited Company – a sub-contractor supplying screen printing frames for an adidas T1 footwear supplier in Myanmar</p>	<p>SEA received an email from ALR in September 2018 reporting the dismissal of 4 worker representatives, allegedly due to their efforts to form a union in the factory. The union brought the case to Conciliation Body and the Ministry of Labor for mediation to resolve the</p>	<p>adidas asked its main T1 supplier – PMA, to investigate and verify the allegation at their sub-contractor factory. PMA provide regular update to adidas on the mediation and negotiation process, but the case has yet to be fully resolved.  In January 2019, adidas followed up and investigated the case directly, interviewing workers and reviewing documentation on dismissal.</p>	<p>Ongoing</p>

	- Pou Chen Myanmar (PMA)	dispute, but no agreement was reached between the parties. During the negotiation process, 3 of the affected workers accepted a severance package offered by Infochamp factory. The fourth worker, however, insisted on full reinstatement.	Our investigation concluded that there were no valid grounds for Infochamp to dismiss the 4 workers, hence their dismissals were unlawful. Based on this, we requested Infochamp to offer reinstatement to all 4 workers. The response from Infochamp is still pending.	
<b>The Palestinian Campaign for Academic and Cultural Boycott of Israel (PACBI)</b>	Related to adidas' sponsorship of Israel Football Association	<p>In March 2018, over 130 Palestinian football clubs, supported by PACBI, called on adidas to respect international law and its commitment to the UN Guiding Principles.</p> <p>It was alleged that adidas was "complicit in serious human rights violations" and at risk of being included in the <a href="#">UN's database</a> for companies involved in Israeli settlements, due to its sponsorship of the Israeli Football Association (IFA). At issue was the presence of Israeli football clubs in the Occupied Territories.</p>	<p>We responded to the allegation by declaring that "adidas acts in a politically neutral way." It was explained that adidas supports and uphold human rights standards and norms and that we had "raised with FIFA the need for them to adjudicate on the question of the Israeli settlement teams, by following the tenets of international law and their human rights policy."</p> <p>In June 2018 staff from our Amsterdam offices met with a delegation from Palestine, who presented adidas with an international petition calling on the company to drop IFA. In August 2018 adidas announced that its sponsorship of the Israeli FA had ended. Although this commercial decision was not related to the complaint - the sponsorship period having expired - it effectively settled the issue being raised by the complainants.</p>	Closed

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>

Supplementary note. In 2018 adidas was informed verbally of 2 freedom of association violations in our Indonesian supplier facilities, one a direct contractor supplying footwear and the other a sub-contractor. We followed up both cases, which were successfully resolved. As these were not formal complaints, just courtesy information provided by the affected trade unions, they have not been included in the above summary.