



Summary of Human Rights Complaints handled by adidas in 2019

Complainant*	Factory name	Complaint	Outcome	Status
Action Labour Right (ALR) – local labour rights organization in Myanmar	Myanmar Infochamp Limited Company – a sub-contractor supplying screen printing frames for an adidas T1 footwear supplier in Myanmar – Pou Chen Myanmar (PMA)	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 dismissed union organizers brought the case to government’s Conciliation Body and the Ministry of Labour for mediation to resolve the 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 and left their employment. The fourth worker, however, insisted on full reinstatement.	Initially, adidas asked its main T1 supplier – PMA, to investigate and verify the allegation at their sub-contractor factory. PMA provided regular updated to adidas on the mediation and negotiation process. In January 2019, adidas followed-up and investigated the case directly, interviewing workers and reviewing documentation on the dismissal. Our investigation concluded that there were no legal grounds for Infochamp to dismiss the 4 workers and we asked for them all to be reinstated. However, in March 2019 Infochamp announced that it would close the factory and layoff all employees, due to ongoing financial losses. As reinstatement was no longer viable, we asked Infochamp to provide monetary compensation to the dismissed workers, over and above the severance payout to the other laid-off workers. After several rounds of negotiation, a severance package was mutually agreed with the dismissed workers, including back-wages from the date of dismissal, annual leave and other allowances. adidas followed up with ALR on March 21, 2019. ALR confirmed that the case had been fully resolved and the dismissed workers were satisfied with the settlement.	Closed
Deriteks (Local Union)	Erateks Tekstil Sanayi ve Ticaret A.Ş., an adidas’ T1 supplier located in Turkey	On February 4, 2019 the Deriteks Union representative in the factory called adidas to complain that middle managers at Erateks were threatening their members. It was alleged that	adidas immediately contacted the management team of Erateks and asked for an internal investigation. It was reported that two middle managers had spoken with some workers during	Closed

		workers were being threatened with dismissal, if they fail to resign from the trade union.	<p>their break time and claimed that the owner of the factory would dismiss workers if they become union members.</p> <p>adidas concluded such actions to be a breach of our Workplace Standards and required all middle managers and managers to attend FOA training. adidas also provided a briefing to all workers about their freedom to join trade unions of their own choosing, without interference from factory management.</p> <p>Following the mandated training there have been no further complaints about breaches to FOA rights at the factory. The case has been closed.</p>	
C.CAWDU - a Cambodian trade union	Cheng Yueh Enterprise Co., Ltd., Cambodia (a former sub-contractor of one of the adidas' T1 footwear suppliers - Meng Da)	<p>adidas exchanged emails with C.CAWDU regarding the termination and severance payments for 17 union members and officials following the 2017 closure of the Cheng Yueh subcontractor.</p> <p>Initially, 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>In response to the complaint, in 2017 adidas 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 Labour.</p> <p>Regarding the demand for reinstatement, we examined the contact documentation and recommended that C.CAWDU reach out to Ministry of Labour, as the appropriate authority to interpret and advise on the employment contract status. The union confirmed that they would bring this case to Ministry of Labour.</p> <p>In 2017 adidas also 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 for its officials.</p> <p>In January, 2019 adidas met with C.CAWDU who provided the following updates:</p> <ul style="list-style-type: none"> • <u>Call for Re-instatement</u>: two workers had accepted a compensation package from Cheng Yueh. The remaining 8 workers had 	Closed

			<p>dropped their requested for re-instatement and sought compensation instead. The case was to be submitted to the Ministry of Labour for resolution.</p> <ul style="list-style-type: none"> • <u>Incorrect severance payment</u>: C.CAWDU shared their severance calculation method, which with submitted to Cheng Yueh's lawyer for review. <p>In February 2019 adidas facilitated 2 meetings between Cheng Yueh's lawyer and C.CAWDU to review and cross-check the method for the severance calculation. As a result, on March 5, 2019, C.CAWDU confirmed in writing that all remaining 17 workers had agreed to accept the compensation package provided by Cheng Yueh and acknowledged that the case was closed.</p>	
<p>Central-Cambodia – a labour rights NGO; Worker Rights Consortium (WRC) – US based labour advocacy group</p>	<p>Pou Chen Cambodia (PCC) - a former supplier to adidas.</p>	<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.</p> <p>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 favour of the workers. A similar approach was made by WRC to other brands, including brands who were active buyers from PCC, prior to it closure.</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 had paid the correct amount of severance and that they had consulted the Ministry of Labour, who had confirmed that the factory's calculations were in accordance with the labour law.</p> <p>We were informed that on December 3, 2018 the factory's active buyers, PCC's former factory management, the union and 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. The NGO and labour union representatives were also firm in their position and continue to call for a higher payout.</p> <p>In mid-2019 the Ministry of Labour issued new Legal Advice on severance calculations, that apply to Arbitration Council decisions. We believe</p>	<p>Ongoing</p>

			that this advisory has, in effect, removed the legal grounds for the union's demands. To date we have received no further communications from the complainant or updates on the case, nor have the other buyers who were the active customers prior to the closure of PCC factory. The case remains open pending further feedback.	
Garment Labour Union India	Carnival Clothing Company -1 (CCC 1), India – an adidas supplier onboarded in August 2018	In November 2018, the Garment Labour 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 undertook an unannounced audit and submitted our initial findings to the FLA for its review. Separately, adidas nominated a third-party auditor to carry out in-depth independent investigation to verify the allegations and recommend a remedial strategy. The findings of that audit were shared with Carnival and the FLA in May 2019. A remediation plan was developed by Carnival and subsequently tracked by adidas. Evidence of the completed remediation was shared with the FLA in July 2019. adidas is now awaiting confirmation from the FLA that the 3 rd party complaint has been satisfactorily resolved.	Ongoing
Garment and Textiles Workers Union (GATWU) - an Indian trade union; Worker Rights Consortium (WRC) – a US labour advocacy group; and Clean Clothes Campaign (CCC) – a European advocacy group	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 labour rights in AD. In August 2018, adidas received a letter from the CCC, which again highlighted unresolved issues in AD. And in the same month, adidas was	In response, 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. adidas has 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 took steps to address the union's concerns, it commissioned	Closed

		<p>approached by the FLA as they had received a letter from the US-based Union League (an affiliation of trade unions) about unresolved issues in AD, which reported a hunger strike and petitioned brands to take action.</p>	<p>an independent third-party investigation and entered into a mediation process with the union. Mediation between AD and GATWU continued throughout 2019 and in January 2020, AD announced that it had mutually agreed salaries and benefits for permanent workers. An MOU has now been signed between the AD factory, members of joint committee and leaders of the unions involved. And the unions have withdrawn their complaint to the Labor Commissioner, regarding the status of permanent workers. And with this, the case has been closed</p>	
<p>Gerakan Rakyat Anti Korupsi Indonesia (GERAK Indonesia) – local NGO located in Central Java, Indonesia</p>	<p>PT Parkland World Indonesia (PWJ) Jepara</p>	<p>GERAK Indonesia wrote to adidas on September 20, 2019 alleging that 2 female employees of PWJ, who work in a dormitory, were the subject of verbal and sexual harassment by a senior factory manager</p>	<p>adidas immediately launched investigation, conducting an off-site interview to verify the sexual harassment allegation. However, we were unable to find solid evidence to support the allegation.</p> <p>We shared our findings with the NGO. Given the seriousness of the allegations we advised the NGO to consider a legal approach.</p> <p>In parallel, PWJ held several meetings with the NGO to discuss about the case. On October 4, 2019, adidas received another letter from GERAK informing us that given a lack of supporting evidence they would not pursue the case and withdrew their complaint.</p>	<p>Closed</p>
<p>Independent Federation of Workers of Honduras (“FITH”)</p>	<p>Bay Island Sportswear – a Reebok supplier via a licensee</p>	<p>adidas was contacted in June 2018, prior to a scheduled compliance audit, by another brand (Fanatics) alerting 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).</p>	<p>An audit conducted in June 2018 confirmed, through worker interviews and documentation review, that the factory’s management had targeted dismissals of workers who 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.</p>	<p>Ongoing</p>

			<p>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.</p> <p>The report and recommendations are in the process of being finalized to be shared publicly. This case and the associated remediation continued to be tracked in 2019.</p>	
<p>La Federación Independiente de Trabajadores de Honduras (FITH) and Maquila Solidarity Network (MSN)</p>	<p>Gildan Mayan Textiles S. de R.L. – an adidas supplier</p>	<p>On September 29, 2018 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.</p>	<p>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.</p> <p>Brands put together a comprehensive remediation plan and as of December 2018 all but 4 workers had accepted reinstatement and since then have been reinstated, and backpay was completed for lost wages.</p> <p>Since the original grievance was reported by FITH and MSN, a second union (SITRAGILMATEX) affiliated to a different union federation has been formed and registered at the Ministry of Labor. Meanwhile, the union (SITRAGILMAS) that originally contacted adidas has been unable to receive registration status, which has created</p>	<p>Ongoing</p>

			<p>tensions between both trade unions, which Gildan continues to manage.</p> <p>Throughout this time, adidas in collaboration with another factory buyer has continued to communicate the need for Gildan to provide a safe space for the registered union and union information and to recognize each organization's rights and responsibilities, which Gildan has committed to do. Gildan declined, however, to engage an Ombudsperson to help the factory and two unions improve and strengthen their communication and overall working relationship. In terms of the original remediation plan, progress has been made on Freedom Association training and updates to factory policies and procedures, including an appeal process. In order to fully assess the status of the ongoing remediation, adidas will conduct a performance audit in 2020.</p>	
<p>PAHAM Indonesia (Pembebasan Hak Asasi Manusia) – a local NGO and FSPKI - a union national federation in Indonesia</p>	<p>PT Global Marketing Technology (GMT) – T1 subcontractor PT Parkland World Indonesia (PWI)</p>	<p>In February 2019 adidas received complaint letters from FSPKI and PAHAM alleging serious labor rights violations in GMT, including paying workers below the legal minimum wage, employing unlawful contract workers and offering insufficient coverage of social security and health insurance.</p>	<p>adidas asked PWI to verify the allegations and ensure GMT develop and execute remedial action for any confirmed violation. GMT was fully cooperative and resolved all issues raised by the complainants, including legal minimum wage, provision of mandatory leaves and enrollment to health and social insurance. PAHAM and FSPKI have acknowledged the remediation efforts by GMT and wrote to adidas in March 2019 revoking their complaint.</p>	<p>Closed</p>

<p>SBTGS - an Indonesian trade union</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>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 having resigned, as per the law. Their compensation level was determined by resignation, not redundancy.</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. 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 supplementary agreement was also signed in which PRB committed to provide additional compensation to help workers pay personal bank loans. PRB has registered both agreements with the Labour 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). Since March 15, 2018 there have been no further representations or communications with the union. The case, however, has been the subject of separate complaint lodged with the OECD National Contact Point in Germany, as detailed below.</p>	<p>Ongoing</p>
<p>Sentral Gerakan Buruh Nasional (SGBN) - a</p>	<p>PT Korean Fine Chemical ('PT KFC') - a subcontractor for</p>	<p>adidas received letter from SGBN in August 2018 alleging several labour rights violations related to the payment of the minimum wage, legal</p>	<p>adidas asked our main supplier, PWI, for their support to verify the allegations and drive the remediation at their subcontractor factory.</p>	<p>Closed</p>

<p>national union federation in Indonesia</p>	<p>adidas T1 footwear supplier in Indonesia, i.e. PT Parkland World Indonesia (PWI)</p>	<p>benefits, overtime wages, the termination of a union member and employment status (contract workers).</p>	<p>Of the 13 confirmed violations, approximately one third were quickly resolved, i.e. converting contract workers to permanent, provision of legal benefits and the settlement of the worker termination case, which included agreement on the severance pay.</p> <p>Negotiations over the remaining issues, continued until March 2019, when agreement was reached with the union on the back payment for wages, overtime, health insurance and compensation for annual and maternity leave. On March 12, 2019 SBGN sent letter to adidas confirming that they have reached agreement with the factory and had revoked their complaint. The back payment of wages owed to workers was completed in mid-April 2019 and the case closed.</p>	
<p>Sindicato de la Industria Textil Salvadoreña (SITS) - a trade union, and Worker Rights Consortium (WRC) – a US labour advocacy group</p>	<p>Impression Apparel – an adidas licensee supplier producing for LT Apparel</p>	<p>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. Factory claimed these layoffs were a result of reduced orders and not a result of these workers attempting to organize.</p>	<p>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 and within accordance of the law. In addition, allegations were raised to the FLA by Sindicato de la Industria Textil Salvadoreña (SITS).</p> <p>A total of 99 workers were retrenched in 2018 with 98 of those workers receiving their full legally entitled benefits. One affected worker contacted the Ministry of Labour (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.</p> <p>Impression Apparel had a series of audits in 2019 related to the ongoing disputes, in the first</p>	<p>Ongoing</p>

			<p>half of 2019, between the factory's numerous unions (20) and the factory's management regarded retrenched workers. This culminated in one union, SITS, organizing a one-day strike in May 2019. These actions resulted in complaints being made to the FLA and WRC.</p> <p>As a result of the ongoing tensions, LT Apparel advocated that the factory employs the services of a local labor lawyer, to work with the factory's management and union to improve their working relationship. The work between the factory, unions, the lawyer and LT Apparel is ongoing. There have been no additional incidents reported in recent months and all previous complaints that were raised by the FLA and WRC have been subsequently addressed and the outside parties (FLA, WRC) were satisfied by the actions taken.</p>	
<p>WIND Institute (SÜDWIND), Sedane Labour Resource Centre (LIPS) and Stichting Schone Kleren Kampagne/ Clean Clothes Campaign - labour advocacy groups</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.</p> <p>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.</p> <p>The Complainants claim 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.</p>	<p>adidas provided the NCP with its formal response to the complaint and participated in a mediation process in 2019. Both the Complainants and adidas are bound by confidentiality and cannot disclose specific details until the case concludes.</p>	<p>Ongoing</p>

		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.		
Tomas Borges Martinez - a Trade Union-Factory Union	Stahls SNS y Compania Limitada, an adidas T1 supplier in Nicaragua	In January 2019 an executive board member of the Tomas Borges union contacted adidas to report a number of grievances, including: 1. Monetary disciplinary actions; 2. Installation of a surveillance camera directly above the union's office area that violated the union's privacy; 3. Verbal/psychological abuse by an HSE manager	In January 2019, adidas communicated the grievances to the factory's senior leadership and US headquarters representatives during an in-person meeting with management representatives. Management acknowledged the implementation of nonpayment of wages when workers forgot to clock in/out and committed to stopping the practice and paying backpay. Additionally, the factory representatives agreed that camera installed outside the union's office being removed. In terms of the issue related to the HSE manager, she resigned from the factory shortly after the complaint was reported to adidas. adidas has reviewed the steps taken with the complainant, who confirmed satisfaction with remediation. Accordingly, the case has been closed.	Closed
SITRAPINEHURST- a Factory Union	Pinehurst Manufacturing GMBH an adidas T1 supplier in Honduras	In September 2019 SITRAPINEHURST's President contacted adidas, following a sudden and significant reduction in adidas production, which resulted in substantial retrenchment of the factory workforce. The Union communicated concern that adidas was transferring production from Pinehurst to another supplier in the country.	adidas confirmed Pinehurst's strategic standing in the region and provided additional insight on reasons behind the reduction in orders. Additionally, adidas provided information on steps that were being taken to mitigate impact, including the release of future orders to provide additional work to the factory during this dip in production. At the time, the complainant communicated their appreciation to adidas for their response.	Closed
The Federation of Independent Associations and Unions of El Salvador	Varsity Pro Ltda de C.V an adidas T1 supplier in El Salvador	In October 2019 FEASIES contacted adidas to report the recent termination of a worker protected by post maternity immunity (workers under this legal protection cannot be terminated without the prior authorization of the Ministry of	adidas contacted the factory's senior leadership and HR Department to report the violation and require reinstatement. Allegedly, the factory was not aware that post maternity protection had been extended in mid-2018 and terminated the	Closed



(FEASIES)-National Trade Union Federation		Labor. In this case, the factory terminated the worker without this authorization.	worker as part of a retrenchment process. The factory management acknowledged the mistake and immediately reinstated the worker. The complainant communicated their satisfaction and agreement with the remediation of this case.	
Undisclosed	Undisclosed	In 2019 a businessman sought assistance from adidas in mediating with a supplier, to secure compensation for losses they had incurred due to a failed financial investment in Vietnam. They submitted a complaint through the third-party complaint mechanism.	The complainant was informed that given their concerns were specifically related to a financial dispute, and not to a breach of human rights norms or the adidas' Workplace Standards. The complaint did not fall within the scope of the complaint mechanism and it was declined.	Declined

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>