

## Summary of Human Rights Complaints Handled by adidas in 2020

Complainant <sup>1</sup>	Factory name	Complaint	Outcome	Status (Date case opened/closed)
<b>The Coalition of Cambodian Apparel Workers Democratic Union (C-CAWDU)</b>	Quint Major Industrial Co., Ltd. (QMI - B) – T1 subcon	<p>On July 30, 2020, C-CAWDU's President sent a letter to adidas, alleging discrimination and unlawful termination of C-CAWDU union reps at QMI. Following the first letter, C-CAWDU sent several follow-up letters, alleging improper handling of the termination dispute by the Ministry of Labor and asking adidas to intervene and press QMI management to negotiate with C-CAWDU directly to resolve the dispute.</p>	<p>Upon receiving C-CAWDU's first letter, adidas immediately launched an investigation. We shared our findings with the union on August 13, 2020 and concluded that:</p> <ul style="list-style-type: none"> <li>▪ Due to a business downturn, QMI had laid off 156 employees with lawful compensation and following the proper communication procedure.</li> <li>▪ adidas found no evidence of discrimination against C-CAWDU. The pool of dismissed employees included both unionized and non-unionized workers.</li> <li>▪ We found that none of the laid-off employees were union leaders as claimed by C-CAWDU in their complaint letter. Union officials are a protected class of worker.</li> </ul> <p>Despite a lack of compelling evidence, the union decided to take the dispute to Conciliation with Ministry of Labor. adidas informed C-CAWDU that we would respect their decision and asked QMI to extend their full cooperation.</p> <p>In subsequent letters, C-CAWDU asked adidas to intervene, alleging that the Ministry of Labor had mishandled the dispute case, which had led to a ruling by the Arbitration Council (AC) to close the case.</p> <p>At this point, we have no new evidence that would overturn the AC ruling. We continue to treat this as an open/unresolved case, pending further information and engagement with C-CAWDU.</p>	Opened: 30.07.20 / Ongoing

Complainant <sup>1</sup>	Factory name	Complaint	Outcome	Status (Date case opened/closed)
<p><b>Central-Cambodia – a labour rights NGO and Worker Rights Consortium (WRC) – a US based labour advocacy group</b></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 ongoing dispute regarding the amount of severance payable to a portion (approx. 20%) of the laid-off workers.</p> <p>Although adidas had no active sourcing relationship with PCC, the NGOs asked for our support in reaching out to PCC's parent company in Taiwan, and press for a revision to the severance calculation based on 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 its 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 on December 3, 2018 that the factory's active buyers, as well as PCC's former factory management, union and concerned NGOs, had 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 pay-out.</p> <p>In mid-2019 the Ministry of Labour issued new Legal Advice on severance calculations that apply to Arbitration Council decisions. This advisory, in effect, removed the legal grounds for the union's demands.</p> <p>For more than a year we have received no further communications from the complainant or updates from the brands that were actively managing the case. We are therefore treating the case as closed.</p>	<p>Opened: 10.10.18 / Closed: 31.12.20</p>

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<b>Deri-Teks (a local trade union in Turkey and a member of IndustriALL)</b>	ETF Tekstil – Turkey - an adidas apparel supplier	DeriTeks informed adidas that ETF Textile had not paid bonuses in June 2020 and had not increased wages in July 2020 as per the CBA signed between the union (DeriTeks) and ETF. The terms and conditions of a signed CBA are counted as legal rights under the Turkish Labor Law. These can only be changed if there is consent between the union and the employer. DeriTeks also lodged an official complaint with the FLA and asked for the support of the FLA and adidas.	<p>We raised the allegation with ETF who confirmed that due to financial issues they were not able to pay the bonuses or increase worker' wages. We recommended that ETF meet again with the union and discuss available options and reach an agreement over the timing of payments. In October, ETF and DeriTeks met. The factory proposed an increase in wages in December 2020 but with further delays in the bonus payout. The union agreed with this plan, emphasizing that they wanted a clear answer about bonuses by January'21 at the latest. Though there was a temporary agreement between the union and ETF, adidas issued an official warning letter to ETF, as the June bonuses had not been paid on time and there had been no commitment to do so. The deadline for all payments was the end of January 2021. adidas is following up with the supplier and union.</p> <p>The case remains ongoing and unresolved.</p>	Opened: 16.9.20 / Ongoing.
<b>DPC SPN Tangerang - Union Federation</b>	PT Sung Dong Il Plastic - a subcontractor for adidas footwear supplier in Indonesia PT Panarub Industry (PRB)	The union submitted a complaint to adidas about the payment of the subcontracting factory's Festivity Bonus Pay. It was alleged that workers had rejected the subcontractors plans to pay the bonus in installments.	<p>It is adidas' policy to cascade due diligence requirements to our contract manufacturing partners when cases involve their subcontractors, adidas therefore asked PT Panarub to investigate the case and ensure that PT Sung Dong Il Plastic followed the requisite government regulations for the payment of the bonus.</p> <p>It was subsequently reported that the union and the subcontractor had reached an agreement over the Festivity Bonus payment scheme.</p> <p>The case was then closed.</p>	Opened:05.20.20 / Closed 06.05.20

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<p><b>FSPIP: Konfederasi KASBI (Kongres Aliansi Serikat Buruh Indoneisa) - Union Federation</b></p>	<p>PT Lucky Textile Semarang unit 1 (LTS1); PT Lucky Textile Semarang unit 2 (LTS2) and PT Lucky Textile Semarang – Demak (LTD) ].</p> <p>These 3 factories are under Tuntex group – a long time apparel supplier for adidas</p> <p>PT Kahatex Rancakek - T2 yarn - supplier owned by adidas apparel supplier.</p>	<p>FSPIP wrote to adidas with two sets of complaints related to freedom of association and unlawful dismissal, at four factories, as follows:</p> <ul style="list-style-type: none"> <li>▪ Unlawful termination of union officers (union busting) at LTS1, LTS2 and PT Kahatex, and</li> <li>▪ No commitment from management to support the union dues deduction from worker’s salary at LTS 1 and LTS 2.</li> </ul> <p>The above allegations were also shared publicly, through a post on the union’s website.</p>	<p>On receiving the trade union’s complaints, adidas immediately launched investigations, asking each factory to submit relevant records for our review. Our investigations revealed that the termination of the union officers at LTS2, LTD and PT Kahatex, were not supported by appropriate grounds, due to weak HR processes. However, we did not find solid evidence that pointed to union busting.</p> <p>Having completed our fact-finding, we then arranged for a series of meetings/phone calls with the management teams of the 4 factories to discuss the findings and propose remedial action. A summary of status of each allegation is detailed below:</p> <ol style="list-style-type: none"> <li>i. Issue on union dues collection at PT LTS 1: our review revealed that factory had begun collecting union dues since July 2020. As remedial action, the factory has now transferred the contribution fee to the respective plant level union.</li> <li>ii. For LTS 2, a worker was terminated on the grounds of misconduct, which is a major violation of company’s rules. Currently the case is being heard by the Industrial Relations Court.</li> <li>iii. adidas asked PT LTD to reinstate a terminated worker, whose case had been included in the complaint. Separately however, the union and the factory had reached an agreement (facilitated by Manpower Department) which included a settlement of the termination dispute. As part of that settlement, the <u>union agreed to withdraw the allegation of union busting</u> in the 3_Tuntex group_factories: LTD, LTS1, LTS2.</li> </ol>	<p>Opened:12.12.20 / Ongoing</p>

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			<p>iv. PT Kahatex agreed to reinstate the workers who had been dismissed and settle the retroactive payment for wages by January 11, 2021</p> <p>The case remains open until the back payment of wages at PT Kahatex has been verified.</p>	
<b>Garment Labour Union India</b>	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.	<p>In accordance with FLA protocols, adidas undertook an unannounced audit and submitted our initial findings to the FLA for its review.</p> <p>Separately, adidas nominated a third-party auditor to carry out an 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.</p> <p>Evidence of the completed remediation was shared with the FLA in July 2019. On 20 November 2020, the FLA informed adidas that the case was closed based on their discussion with union, the financial settlement provided by the factory, as well as evidence of completed remediation steps.</p>	Opened: 04.11.18 / Closed: 20.11.20

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<b>Garment Labour Union India</b>	Jeans Knit Private Limited (Flat Knits Sweater Unit) (FFI), India – an apparel supplier	In January 2020, the Garment Labour Union along with CITU Union submitted a third-party complaint to the Fair Labor Association (FLA) raising several alleged labor right violations such as no salary increments, working on rest days, unlawful dismissal and Freedom of Association violation	<p>In accordance with the FLA's 3<sup>rd</sup> Party Complaint protocols adidas immediately launched an unannounced investigation and shared the summary of our initial findings with the FLA. Unfortunately, workers who were associated with the trade union's complaint could not be contacted, as they have left the factory.</p> <p>In October 2020 adidas ended its business relationship with Jean Knits. Despite this, adidas continues to collaborate with the factory's other buyers - VF and G-star who are currently leading FLA complaint process.</p> <p>A third-party auditor was nominated by FLA to carry out an in-depth independent investigation, to verify the allegations. Once the auditor's report has been finalized, it will be shared with the relevant stakeholders, including the complainants.</p> <p>The findings from the investigation will determine the required remedial action. The case is ongoing and is being overseen by the FLA.</p>	Opened: 02.01.20 / Ongoing
<b>Geram Banten - a local NGO</b>	PT Parkland World Indonesia 2 – a subcontractor factory for adidas footwear supplier in Indonesia: PT Parkland World Indonesia (PWI)	Geram Banten submitted a complaint to adidas alleging the illicit use of hiring fees.	<p>adidas engaged with the factory management to investigate the allegation. As a result, the factory found one supervisor had received money as a recruitment fee from new joiners. This breached the company's hiring policies, and the employee was dismissed. The individual, however, challenged their termination and brought the case to the Labour Court. In the end, the two parties reached an out-of-court settlement.</p> <p>As part of a broader remedial effort, adidas asked the factory to develop a preventive action plan, centered around a more transparent and robust recruitment procedure, to avoid similar cases in the future.</p> <p>The case has now been closed.</p>	Opened:03.10.20 / Closed: 11.30.20

Complainant <sup>1</sup>	Factory name	Complaint	Outcome	Status (Date case opened/closed)
<b>Independent Federation of Workers of Honduras (“FITH”)</b>	Bay Island Sportswear – a Reebok supplier via a licensee	<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. 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 were published on July 24, 2019.</p> <p>In 2020, the Reebok licensee that was working with Bay Island, made the decision to stop working with the factory. FLA and other relevant parties were informed of the deactivation.</p> <p>More than a year had elapsed since the FLA findings and recommendations were published. No further complaints have been received since the Licensee ended its business relationship with the factory.</p> <p>The case is considered closed.</p>	Opened: 12.06.18 / Closed: 24.07.20

Complainant <sup>1</sup>	Factory name	Complaint	Outcome	Status (Date case opened/closed)
<p><b>La Federación Independiente de Trabajadores de Honduras (FITH) and Maquila Solidarity Network (MSN)</b></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 in production. Immediately after the terminations, workers organized a protest outside of the factory’s processing zone. adidas was also contacted by FITH union, who 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, which has 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 termination 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, Gildan 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 follow 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 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 in formation 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.</p>	<p>Opened: 09.20.18 / Closed: 30.04.20</p>

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			<p>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. However, there has been no further tracking of the remediation plan, as this factory was deactivated by the supplier for production-related reasons. adidas communicated to MSN about the deactivation. There have been no subsequent queries or requests from the NGO/stakeholders and the case is considered closed.</p>	
<p><b>LSM Pelopor Indonesia – a local NGO</b></p>	<p>PT Korean Fine Chemical – a subcontractor factory for adidas footwear supplier in Indonesia: PT Parkland World Indonesia (PWI)</p>	<p>This local NGO sent a letter to adidas, raising their concerns about the unlawful dismissal and inadequate severance pay for 3 employees in the factory.</p>	<p>It is adidas' policy to cascade due diligence requirements to our contract manufacturing partners, when cases involve their subcontractors. adidas therefore asked PWI to investigate the allegation and share with us their findings for review, and for PWI to also support the subcontractor in handling the dispute.</p> <p>After several meetings, both parties reached an amicable agreement about the worker terminations. Korean Fina Chemical agreed to pay in full the lawful compensation owed to the workers. With this financial settlement the case was considered closed.</p>	<p>Opened:10.14.20 / Closed: 11.08,.20</p>

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<p><b>Paham Indonesia – a local NGO</b></p>	<p>PT Jaya Abadi - a subcontractor factory for adidas footwear supplier in Indonesia: PT Parkland World Indonesia (PWI)</p>	<p>Paham Indonesia submitted a complaint to adidas about the need to improve facilities at PT Jaya Abadi, such as the provision of first aid room, prayer room and dining area.</p>	<p>It is adidas' policy to cascade due diligence requirements to our contract manufacturing partners, when cases involve their subcontractors. adidas therefore asked PWI to investigate the allegation and share with us their findings for review and support PT Jaya Abadi to develop an appropriate remedial action. PWI sent a report to adidas that its subcontractor factory had taken the required remedial steps, such as providing first aid room, registered workers to health insurance, reconstruction of praying room and providing a small dining area.</p> <p>With the completion of these actions there were no further concerns raised by the local NGO and the case was considered closed.</p>	<p>Opened: 03.03.20 / Closed: 05.30.20</p>
<p><b>Nazma Akter, President of Sommlito Garments Sramik Federation-SGSF (a Bangladesh based union) and an FLA CSO Caucus Board member</b></p>	<p>Classic Fashion Apparel Industry Ltd. Co. - Unit 02 (Jordan) – an adidas apparel supplier</p>	<p>adidas was contacted, together with several other brands, about migrant worker protests that took place in Classic Fashion in November and December 2020. SGSF alleged that there was: wage discrimination between local workers and migrant workers; unfair deductions from the wages of migrant workers; harassment and abuse towards migrant workers; threatening workers with visa cancellations and other retributions for joining the unrest and/or being involved in raising concerns; no freedom of association and no grievance system for migrant workers.</p>	<p>Many of the claims raised by SGSF were aligned with adidas' own audit findings, workers' feedback and feedback received from ILO-Better Work Jordan (BWJ) and other brands. It was agreed that BWJ and the brands sourcing from Classic Fashion would collaborate in scheduling a follow-up investigation and jointly call on the CF management team to ensure that immediate action was taken to address the allegations in a fair and compliant way. Classic Fashion responded by increasing wages and by holding meetings with representatives of different nationalities to clarify the needs and take the necessary action.</p> <p>BWJ plans to conduct an audit in all CF facilities during the second week of January 2021. On receipt of that report adidas will create a joint CAP (Corrective Action Plan). Meanwhile discussions have continued about setting up an effective grievance system and improving the capacity of the union's representation skills. The local union has already agreed to hire people from each nationality that has workers in CF, so that they can understand the culture and talk directly with those workers.</p>	<p>Opened: 10.12.20 / Ongoing</p>

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			adidas joined other buyers in sending SGSF a joint response and briefed them about collaborative efforts and the status of the raised allegations.	
<b>SBTGS - an Indonesian trade union</b>	PT Panarub Dwikarya Bena (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 having resigned, as per the law.</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. On 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.</p> <p>PRB has registered both agreements with the Labour Court and the Court certified that the industrial dispute has been legally settled. Despite the legal settlement, the union 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> <p>No agreement was reached on the request for supplementary payments and since March 15, 2018 there have been no further representations or communications received from SBTGS.</p>	Opened: 07.19.12 / Unresolved.

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		Their compensation level was determined by resignation, not redundancy.		
<b>SITRASACOSI</b> <b>((Sindicato de Trabajadoras y Trabajadores Sastres, Costureras y Similares)</b> - local trade union federation; <b>Worker Rights Consortium (WRC)</b> - a US labour advocacy group	Servicios San Julian, S.A de C.V; El Salvador	Local trade union federation reported the following allegations to adidas: i. Unfair dismissal of various affiliates of a sectional union in formation in August 2019; ii. Unfair dismissal of one worker after speaking to a union leader in Jan 2020; iii. Continuous anti-union activities and harassment by factory management against a union board member. adidas became active in this factory in late 2019.	adidas commissioned an external specialist to investigate this case and review all allegations. The special investigators are in the process of finalizing an investigation report. Based on the investigation's result, adidas will create a remediation plan to address all findings identified by this investigation, in consultation with complainants and factory management.  The case is ongoing.	Opened: 10.10.20 / Ongoing

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<b>United Workers' Committee (Movimiento Colectivo de Obrero's y Obreros de Honduras-MCOOH)-Local labour advocacy group</b>	Pinehurst Manufacturing GMBH, Honduras	<p>A local labour stakeholder group contacted adidas in June 2020 to report several allegations against this supplier, including:</p> <p>Poor implementation of Covid-19 biosecurity measures, nonpayment of wages, and the possible suspension of operations affecting workers' employment stability.</p>	<p>adidas conducted an investigation undertaking interviews with the factory's management team, the plant level trade union and the complainant. It was concluded that many of the allegations raised by the complainant were unfounded. However, a remediation plan was put in place in consultation with factory management and the factory's trade union to prevent risks included in the allegations. adidas subsequently confirmed case closure with complainant, as well as the Pinehurst's trade union.</p>	Opened: 06.25.20 / Closed: 09.09.20
<b>WIND Institute (SÜDWIND) - Sedane Labour Resource Centre (LIPS) and Stichting Schone Kleren Kampagne/ Clean Clothes Campaign - labour advocacy groups</b>	PT Panarub Dwikarya Bena (PDB), Indonesia - a former sub-contractor of one of the adidas' contract footwear supplier, PT Panarub Industry (PRB)	<p>On 14 March 2018 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>After reaching out to both parties for further input on the submission, the German NCP concluded its Initial Assessment on 27 July 2018, accepting the complaint.</p> <p>The NCP offered mediation to help address some, but not all, of the complainants' requests. The NCP accepted claims related to wage, freedom of association, and due diligence that dated prior to May 2012 when adidas stopped sourcing from the factory (PDB). The NCP rejected all claims based in events after May 2012, namely the actual dismissal of workers in July 2012.</p> <p>Over the course of the proceedings, adidas provided the NCP with its formal response to the complaint and participated in a mediation process, meeting with the complainants in 2019. On the 24 April 2020, the NCP issued a final statement concluding the case.</p>	Opened: 14.03.18 / Ongoing

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		<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>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>Full details of the complaint are available <a href="#">here</a>.</p>	<p>See <a href="#">here</a>. The statement included a recommendation that adidas apply preventive measures and improve grievance channels and communication with trade unions in its suppliers' factories. adidas provided a status update to the NCP in December 2020 describing the operational grievance mechanism that had been developed in its partner factories since 2017. The grievance mechanism reaches 450,000 workers, including all direct manufacturing partners in Indonesia.</p> <p>A final update on progress against the German NCP's recommendation will be given in April 2021.</p>	
<p><b>Worker Rights Consortium (WRC) – a US labour advocacy group</b></p>	<p>Gokaldas Exports, India – ECC2 factory - This factory does not produce for adidas.</p>	<p>On July 8, 2020, WRC submitted a complaint to adidas about an allegation of union busting and unlawful closure of ECC 2 during pandemic period. This factory does not produce for adidas. adidas sources from other manufacturing units owned by Gokaldas.</p>	<p>Despite having no business relationship with ECC2 factory, adidas reached out to the parent company – Gokaldas to understand the details of the lay off and factory closure. adidas then collaborated with H&amp;M and other brands such as Best Seller, Columbia, Gap and M&amp;S to discuss the latest situation and align on next steps and recommendation. In parallel, adidas keep emphasizing to Gokaldas to keep open dialogue with ECC2 factory Union to find amicable resolutions for all parties.</p>	<p>Opened: 11.06.20 / Ongoing</p>

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			<p>On 9<sup>th</sup> February 2021, adidas received confirmation from WRC about the positive outcome where Gokaldas Exports had reached agreement with union. Consequently, this case will be reported as closed in the next reporting period, i.e., for 2021.</p>	
<p><b>Worker Rights Consortium (WRC) – a US labour advocacy group. Representing UNITE, a Lesotho trade union</b></p>	<p>High Life – Lesotho Precious Garments (Pty) Ltd. A licensee’ apparel supplier.</p>	<p>The WRC contacted adidas on 22 October 2020 to share their preliminary findings on alleged freedom of association violations at Lesotho Precious Garments. It was alleged that the factory management had retaliated against two workers at the facility who are shop stewards representing the union, United Textile Employees (“UNITE”) because other members of their union had informed adidas’ auditors of other labor rights violations by this supplier.</p> <p>The retaliation was alleged to have taken the form of demotions for the two affected workers, from their positions with the HR department, to their previous roles on the shopfloor. It was alleged that the justification given my management for these demotions was the worker’s lack of necessary computer skills to continue performing their role.</p>	<p>The Licensee followed up on the allegations raised by the WRC and the supplier agreed to:</p> <ul style="list-style-type: none"> <li>i. Reinstate the workers to their original HR positions; Compensate them for any lost benefits;</li> <li>ii. Provide the reinstated workers with training opportunities; Revise the job requirements for the role, to reflect the transition to computer-based HR systems;</li> <li>iii. Agree a timeline for the workers to acquire the necessary computer skills, and should they be unable to meet this job requirement, the terms under which they would transfer to another role that matches their skillset.</li> </ul> <p>The supplier also agreed to avoid any future repeat of such cases or instances of a similar nature, including the strengthening of the documentation process around the reassignment of workers to other roles/departments differing from those under their contractual terms; and communication channels with the unions onsite and of grievance mechanisms that ensure such cases can be better managed internally.</p> <p>A follow-up will be conducted in February 2021 to determine progress with these actions.</p>	<p>Opened: 22.10.20 / Ongoing</p>

Complainant <sup>1</sup>	Factory name	Complaint	Outcome	Status (Date case opened/closed)
<b>Worker Rights Consortium (WRC)</b> – a US labour advocacy group	PT Eagle Glove, Indonesia - an adidas licensee supplier producing for Saranac.	adidas was contacted by WRC in December 2020 regarding the dismissal of 100 workers in May 2020 and alleging unpaid severance.	<p>adidas met with PT Eagle’s management who confirmed that 28 workers were terminated from an original planned layoff of 100 workers.</p> <p>Our investigation found that the factory did not provide the severance pay in accordance with local law and requested the factory to pay the remaining severance amount to those who had been terminated. The factory confirmed in early February 2021 that it had completed the required back payment (except for 3 workers whose banking account had changed).</p> <p>adidas continues to closely monitor and follow-up with the factory to ensure all terminated workers receive their entitled severance in full. The complainant has been regularly updated.</p>	Opened: 18.12.20 / Ongoing
<b>Worker Rights Consortium (WRC)</b> – a US labour advocacy group	Hulu Garment Co. Ltd., Phnom Penh, Cambodia - an adidas licensee supplier producing for LT Apparel.	WRC contacted adidas in December 2020 about its investigation on what was claimed to be a factory closure affecting 1,106 workers at Hulu Garment.	<p>adidas has been closely monitoring the situation at Hulu factory since March 2020. Based on our understanding of latest status, we have informed WRC of the following:</p> <ul style="list-style-type: none"> <li>i. While the WRC’s letter of December 18,2020 was referencing a “closure”, in fact Hulu did not close permanently; the factory partially suspended its operations from March 11 until late April 2020;</li> <li>ii. The temporary closure was undertaken in agreement with factory’s union, including the wage payment during the suspension period, as per local law;</li> <li>iii. Due to the reduced wages, 149 workers resigned from their positions with the factory in March 2020, with an additional 458 workers resigning in April 2020;</li> <li>iv. In May 2020, 224 of those who resigned sought compensation from the local Arbitration Council;</li> </ul>	Opened: 18.12.20 / Ongoing

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			<p>v. In June 2020, the Arbitration Council ruled against the workers' request for additional compensation from the factory;</p> <p>vi. The licensee did not cancel their orders with the factory and paid for their orders in full before their business relationship ended with Hulu Garment Co. in August 2020.</p> <p>We are still pending a response from the complainant to close the case.</p>	
<b>Worker Rights Consortium (WRC) – a US labour advocacy group</b>	Varsity Pro Ltda de C.V.; El Salvador	From May-October 2020 the WRC directly engaged with the factory management regarding the termination of executive board members of a union allegedly in formation, during the Factory's March and April 2020 retrenchment processes. Additionally, and due to the ambiguity of the legal mandates during the pandemic, the WRC also communicated other grievances, which eventually were recalled by the WRC.	Following investigations, adidas, in collaboration with the factory's other buyer, recommended immediate reinstatement of all executive board members. The factory eventually accepted and completed reinstatement with back pay on September 29, 2020. Additionally, adidas recommended that the factory improve the management team's understanding and recognition of workers' rights to association and support the development of industrial relations with the trade unions currently active in the factory. These recommendations included comprehensive training for factory management and the engagement of an Ombudsperson to support management and unions develop their working relationship.  The factory continues to act on those recommendations. In October 2020, the WRC communicated its closure of the case, however, adidas continues engaged in overseeing and supporting the workplan in place.	Opened: 05.19.20 / Closed: 10.27.20

<sup>1</sup>Note<sup>1</sup> 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>