

## Summary of Human Rights Complaints Handled by adidas in 2017

Complainant*	Factory name	Complaint	Outcome	Status
<p><b>C.CAWDU – an independent Cambodian trade union</b></p>	<p>Cheng Yueh Enterprise Co. Ltd, Cambodia. (A subcontractor to Meng Da, a footwear factory producing for adidas)</p>	<p>C.CAWDU wrote to adidas on 10<sup>th</sup> February 2017 highlighting alleged violations of worker rights at Cheng Yueh (CY). They called on adidas to address the union’s concerns related to discrimination against C. CAWDU members. Specifically, they alleged that the factory management had: refused to meet and hold discussions with the union; unfairly transferred and demoted workers based on their union membership; and placed union members under surveillance during working hours.</p> <p>Based on the above allegations, CCAWDU submitted to the CY management team five demands: (1) To keep the same job position, wage and other benefits for the 5 Union leaders and stop all discrimination against C. CAWDU; (2) Not to deduct wages and other benefits where union leaders are carrying out their official union duties, such as negotiation or handling cases as per their previous agreement with management; (3) Accordingly, to payback USD 20 of production target to the Union President, which was previously deducted; (4) To keep the three-shifts working arrangement unchanged; and (5) Make no deduction to wages and bonuses for any meeting that workers must attend during normal working hour.</p>	<p>Upon receiving the letter, adidas met with CY management to corroborate the allegations and review all evidence. Based on our investigations, we concluded that indeed there were violations against Cambodia Labour Law (article 279) with respect to the demotion of union officials.</p> <p>Accordingly, we asked CY to take steps to address the demands from C. CAWDU, which they agreed to do.</p> <p>We verified their actions, as follows:</p> <ul style="list-style-type: none"> <li>- Demands 1: CY agreed to reinstated 3 of the union leaders into their previous positions and pay back all deducted wages and benefits. For the other 2 union leaders, there was no evidence that CY had demoted them.</li> <li>- Demands 2, 3 and 5: CY agreed to meet, in full, the trade union’s demands.</li> <li>- Demand 4: With respect to shift hours, CY argued that there had to have some flexibility, as work times depended on customer orders. The factory management did however commit to consult with C.CAWDU prior to any changes to the shift work arrangements.</li> </ul>	<p>Closed</p>

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<p><b>C.CAWDU – an independent Cambodian trade union</b></p>	<p>Cheng Yueh Enterprise Co. Ltd, a subcontractor to Meng Da; a footwear factory producing for adidas.</p>	<p>On December 30, 2017 C.CAWDU (one of 2 registered unions at Cheng Yueh) wrote to adidas to raise its concern that Cheng Yueh (CY) had failed to formally notify the Ministry of Labour and Vocational Training of its planned closure or pay workers their due severance according to the law.</p> <p>C.CAWDU called on adidas to intervene and specifically asked Meng Da to pay compensation to the CY union leaders laid-off as part of the closure and to also offer direct employment to the CY's union leaders, together with back-pay.</p>	<p>Based on interviews and a review of available records we confirmed that CY and Meng Da were two distinct legal entities, with different owners. CY had acted as a subcontractor to Meng Da, but not on an exclusive basis. We also found that CY had met its legal obligations and paid all workers their due severance, except for the union leaders who had declined to accept their compensation package.</p> <p>We advised that as a separate business entity Meng Da was not obliged to pay severance or other compensation to CY's former workers, nor does it hold a duty to offer jobs or back-pay to the laid-off union officials. We recommended that the 9 former union leaders approach CY's management directly to verify and obtain their due severance payment and if they have concerns over the calculated amount they must raise this with CY directly.</p> <p>As of December 31, 2017 we were still pending a response from C.CAWDU.</p>	<p>Ongoing</p>
<p><b>Clean Clothes Campaign – European Labour Rights NGO</b></p>	<p>Unnamed adidas suppliers located in Eastern Europe</p>	<p>In November 2017 Business &amp; Human Rights Resource Centre (BHRRC) invited adidas to respond to allegations of human rights abuses and chronic wage issues described in a report on 'Made in Europe' published by the Clean Clothes Campaign(CCC). The details of the allegations can be found here: <a href="https://cleanclothes.org/livingwage/europe/intro">https://cleanclothes.org/livingwage/europe/intro</a></p>	<p>adidas provided a formal written response, which can be found on the BHRRC site here: <a href="https://business-humanrights.org/my/node/166262">https://business-humanrights.org/my/node/166262</a></p> <p>The response explains how adidas has sought to address and improve supplier wages in Eastern Europe through wage assessments and in-country collaborations. This has resulted in significantly higher wages for workers making adidas product in factories in Ukraine and Georgia</p>	<p>Closed</p>
<p><b>Deriteks - a Turkish local trade union</b></p>	<p>Ceseka Tekstil, Turkey (sister company of Milteks)</p>	<p>In October, 2017 the union reached out to adidas to complain that one of their members had been dismissed at Ceseka due to his a union member. Ceseka is a subcontractor to Milteks an authorized supplier to adidas.</p>	<p>adidas called on its vendor (Milteks) to investigate. It was found that Ceseka had decided to close a section of the facility and lay off workers, including the union member. Work in another department was offered to the affected employees, but the union member had been on leave at the time of the notification. The worker confirmed that he was willing to accept a transfer and the management agreed to rehire him. The union was duly informed and the case closed.</p>	<p>Closed</p>
<p><b>Deritesk - a Turkish local trade union</b></p>	<p>ETF, Turkey</p>	<p>In August, 2017 Deritesk raised concerns about financial issues at ETF (an adidas supplier) that was impacting workers.</p>	<p>adidas and the union met with the factory management team. It was revealed that one of ETF's main buyers had terminated its business and this had impacted cash flow. The union asked adidas to increase its orders, to make up for the shortfall. From a sourcing perspective adidas was not in able to do so, but our compliance team committed to continue to</p>	<p>Closed</p>

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			work closely with the supplier and the union to track the financial performance of the factory.	
<b>Garment Labor Union (GLU)</b>	Triangle Apparels, Unit VI, Bengaluru, India.	<p>The Fair Labor Association (FLA) received a Third-Party Complaint from GLU, alleging violations of national law and of the FLA Workplace Code of Conduct at the factory.</p> <p>The allegations included: (1) failure to pay workers the proper settlement (e.g., Provident Fund, bonus, leave balance) when they leave the factory; (2) pressure on workers to meet high production targets that restricts them taking breaks to drink water and go to the bathroom; (3) abusive language and mistreatment of workers by managers when targets are not met; (4) failure on the part of management to make accommodations for women workers who request changes from strenuous jobs; (5) poor treatment of children in the factory's crèche; (6) lack of consultation with workers regarding an anticipated change in working hours that would extend the workday and make it difficult for women workers to access transport to be able to reach their homes; (7) threats by management against workers who express an interest in joining the union; and (8) management not open to engage in discussion with the union over workplace issues.</p>	<p>adidas conducted a joint investigation, with Puma (who were also named in the FLA complaint).</p> <p>The un-announced factory visit found no solid evidence to substantiate the allegations made by the union, or any proof of a deliberate intention by the factory to breach local regulations. Despite this, adidas asked the factory management to make improvements, strengthen their industrial relations and meet with the union to clarify their position. The factory responded positively and took the following steps:</p> <ul style="list-style-type: none"> <li>- It engaged the local government agency to expedite the settlement of the gratuity and provident fund payments due to resigning workers.</li> <li>- Even though there is no evidence of systematic abuse or harassment to workers, the factory retained a third-party NGO to provide supervisors and production staff with training on the fair treatment of workers.</li> <li>- Changed the working hours pattern to enable female workers to return home earlier.</li> <li>- Even though no evidence found related to obstructing workers from joining the union, the factory has run refresher training on its FOA policy</li> </ul> <p>adidas provided FLA with a full report. We are pending a response from FLA to close-out the 3<sup>rd</sup> party complaint.</p>	Ongoing
<b>Oziplik Sen - a Turkish local trade union</b>	Marsan Tekstil, Turkey (a fabric supplier partly owned by Milteks; an adidas supplier)	In May, 2017 Oziplik Sen wrote to adidas (and two other brands) informing us that Marsan - a fabric supplier to Milteks, had dismissed one of their members, shortly after him joining the union. Oziplik called for Marsan to rehire the dismissed union member, with immediate effect.	adidas - in collaboration with the other brands - called on its vendor (Milteks) to investigate. It was revealed that Marsan had earlier announced that they were to close part of their facility, resulting in the layoff of over 100 workers. The union member was one of the affected workers and he had been offered work elsewhere in the factory, but had declined the offer. Marsan supplied all relevant documentation. It was concluded that the layoff was lawful and the union was informed of this. There was no further response or action by the union and the case was closed.	Closed
<b>Sindicato de Trabajadoras, Trabajadores,</b>	Textiles Opico SA de CV (TexOps),	On February 10, 2017, a third-party complaint (3PC) was filed by the Sindicato de Trabajadoras, Trabajadores, Sastres,	In October, 2017 the FLA published its investigation report which indicated that although the FLA did not find evidence that TexOps' termination decisions targeted union members,	Ongoing

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<p><b>Sastres, Costureras y Similares (SITRASACOSI)</b></p>	<p>El Salvador, Dick's Sporting Goods Supplier</p>	<p>Costureras y Similares (SITRASACOSI) to the Fair Labor Association (FLA). The 3PC alleged that factory management breached the retrenchment procedures it had previously agreed with the factory union, denied workers union representation at the time of their termination, and unilaterally made changes to the factory's production bonus that resulted in higher production quotas for workers. The report can be found here: <a href="http://www.fairlabor.org/report/textiles-opico-el-salvador">http://www.fairlabor.org/report/textiles-opico-el-salvador</a></p>	<p>the factory management did not follow a number of internal factory procedures, including failing to provide prior communication of termination decisions to the union; the report also revealed that the factory made changes to the factory's production bonus without communicating the change to workers after it had already been implemented.</p> <p>A 7-point remediation plan was put into place including the back-pay of production bonuses, FOA related training to the workforce, etc. Several of the remediation recommendations have been completed, but those related to the back-pay of workers' production bonuses continue to be under negotiation by the factory management and its union with support from the Ombudsperson.</p>	
<p><b>SBTGS - an Indonesian trade union, supported by Clean Clothe Campaign</b></p>	<p>PT Panarub Dwikarya Benoa (PDB), Indonesia (Former sub-contractor of adidas footwear supplier PT Panarub Industry).</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</p> <p>The union requested that adidas intervene and ensure that workers are reinstated, compensated for losses and paid out redundancy, given the PT Panarub Dwikarya Benoa ('PDB') factory had subsequently 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.</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>adidas provided a written response to BHRRC, addressing CCC's allegation. Please see <a href="https://www.adidas-group.com/media/filter_public/69/1d/691d6520-d1f9-4549-8a94-44dc49ab6ca/adidas_response_to_clean-clothes_campaign_open_letter_on_panarub_dwikarya.pdf">https://www.adidas-group.com/media/filter_public/69/1d/691d6520-d1f9-4549-8a94-44dc49ab6ca/adidas_response_to_clean-clothes_campaign_open_letter_on_panarub_dwikarya.pdf</a></p> <p>Although adidas had no active or ongoing relationship with PDB we engaged with the two parties to try to help them resolve their dispute immediately after the strike, including the commissioning of independent mediation. However, neither Panarub, nor the union, could find common ground.</p> <p>In 2017 the ILO Freedom of Association Committee recommended that the Indonesian government conduct an independent inquiry to determinate the lawfulness of the strike and the compensation for the workers. And between July – December 2017, adidas met with the Indonesian Ministry of Manpower on three separate occasions to formally request that the government act decisively, to address this long outstanding case.</p>	<p>Unresolved</p>

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<p><b>Teksif - a Turkish trade union</b></p>	<p>Fersan Tekstil, Turkey</p>	<p>On the 10th of November 2016, adidas was approached by Teksif, alleging that the management of Fersan Tekstil had threatened and subsequently dismissed workers who wanted to join their trade union. Fersan Tekstil supplies fabric to two local adidas manufacturing partners.</p>	<p>adidas, together with another buyer, met with the suppliers sourcing fabrics from Fersan. We asked them to investigate the union's claims. A subsequent audit found the allegations to be true.</p> <p>adidas asked its main partners to engage with Fersan, to stop further acts of trade union discrimination, harassment and to end restrictions on the workers' right to organize. In 2017 Fersan's employees received training on their FOA rights, with the support and acceptance of the factory union. Since then, there has been no further FOA issues raised about this facility.</p>	<p>Closed</p>
<p><b>Teksif - a Turkish trade union</b></p>	<p>Imteks, Turkey (LO Istanbul)</p>	<p>Throughout 2017 adidas was in regular contact with Teksif and workers, regarding complaints about the late payment of wages at Imteks an adidas apparel supplier. In April 2017 the supplier was given notice that it would be terminated for a repetitive breach of its manufacturing agreement, due to unauthorized subcontracting. The union reached out to adidas, calling for adidas to delay the termination.</p>	<p>adidas openly shared with the supplier and the union the planned termination of adidas orders, allowing ample time for Imteks to look for alternative buyers and to permit an orderly exit from the plant. The union was informed that no further extension would be permitted and the business termination would follow the legal notification already given to Imteks. The union accepted adidas position and the case was closed</p>	<p>Closed</p>
<p><b>Worker Rights Consortium (WRC) – a US labour advocacy group</b></p>	<p>Sawbwa VT Ltd in Myanmar (belonging to VT Group)</p>	<p>In August 2016, WRC raised a concern that VT Group, an adidas supplier based in Thailand, had engaged in serious violations of workers' associational right at its plant in Myanmar which, it was claimed, exported its product via the Thai facility that supplies adidas. WRC urged adidas to use its influence with the VT Group and press them to fully remedy the reported violations.</p>	<p>adidas investigated and found no link between the adidas production in the VT Group facility in Thailand (which is exported to Japan with fabrics supplied to the Thai plant) and the factory owned in Myanmar.</p> <p>We also checked with Fairwear Foundation staff, who had been involved directly in the Sawbwa case. In none of their visits or engagements had they seen or heard of any adidas products being made in the facility in Myanmar.</p> <p>Although we had no direct leverage with VT Group regarding the Myanmar factory, adidas committed to speak with the Thai owner about the importance of upholding worker rights, including freedom of association in their sister factory in Myanmar.</p> <p>In September, 2017 WRC wrote to adidas acknowledging that our intervention had helped achieve a positive outcome. WRC confirmed that the Myanmar factory would reinstate workers and a written agreement would be signed between the union and the factory management to prevent any future disputes.</p>	<p>Closed</p>

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			Since October, 2017 there has been no further communication with WRC and the case is considered closed.	
<b>Worker Rights Consortium (WRC) – a US labour advocacy group</b>	Avery Dennison factory in Bangalore, India	In April, 2017 WRC informed adidas that it had received reports of serious violations of freedom of association at the Avery Dennison (AD) plant, which manufactures product labels and tags for major international garment brands and retailers, including adidas.	<p>adidas reached out to several prominent brands who are also major customers for AD to jointly follow up the allegation.</p> <p>adidas, with other brands, then met with AD representatives in India to discuss and go through the allegations from WRC. We encourage AD to proactively engage directly with WRC and the local trade union.</p> <p>AD duly met with the local trade union and WRC, but rejected the allegations of FOA violations. WRC informed AD that they will conduct further investigations and send a report to AD management for their further action.</p>	Ongoing
<b>Worker Rights Consortium (WRC) – a US labour advocacy group</b>	Textiles Opico SA de CV (TexOps), El Salvador, Dick's Sporting Goods Supplier	<p>In 2017 the WRC conducted a special investigation at Textiles Opico S.A. de C.V. (TexOps) in El Salvador. The initial WRC report indicated that in January 2017 approximately 70 workers were terminated by the factory, and that during this retrenchment process, management disproportionately targeted union members.</p> <p>The report also alleged that the factory failed to properly communicate and consult with the union on the terminations (as per an existing formal agreement between the factory management and union); and that factory management did not allow workers to contact and to be represented by their union representatives during the termination (as per their legal rights).</p> <p>The WRC's final report was published on October 17, and DSG was reported to have been engaged, communicative and influential in the case.</p>	<p>TexOps management agreed that they did not follow their agreed procedures in the retrenchment but denied targeting union members.</p> <p>As part of the remediation, the factory agreed to engage an ombudsperson to help the two parties agree on a remediation and next steps. The majority of the terminated maintenance department union workers were provided additional compensatory settlements given that their department had been eliminated (which resulted in their retrenchment). Additionally, the factory conducted additional FOA trainings for their management staff, revamped their communication channels between the factory and the union to address issues more swiftly, and continues to engage with Ombudsperson to help with the efforts to strengthen their relationship with the Union.</p>	Closed

Note\* Complainants named here are organization whose cases have been considered under the adidas' Third Party Complaint Mechanism in relation to alleged labour and human rights breaches. It does not include adidas employee' complaints. These are handled through another internal complaint mechanisms, in accordance with our Fair Play code of conduct. For third party complaints managed by the Fair Labor Association, please go to: <http://www.fairlabor.org/transparency/safeguards>