

Response to adidas

1. Confidential and accessible means for workers to report exploitation and abuse

We welcome adidas's work to strengthen confidential reporting channels for workers and hope that the concerns of workers will be listened to and acted on by the company in a manner that helps to resolve the problems. We expect that successful, confidential reporting channels will be replicated throughout adidas's entire supply chain.

2. Independent education and training for workers concerning their rights at work

We support the current training in workers' rights that adidas is providing in Cambodia. The other trainings that adidas mentioned in its response are all for *suppliers* and do not appear to be for workers. This potentially means that despite training suppliers, workers may not be aware of their rights at work. We expect that independent education and training for *workers* will be supported by adidas in all their supplier factories in all countries in which adidas manufactures.

3. Further transparency regarding company supply chains and efforts to improve conditions

The posting of adidas's suppliers in 2007 was a positive step forward in transparency. We look forward to further improvements in adidas's transparency, including its licensees.

4. Purchasing practices which allow suppliers to respect labour standards (including stable business relationships and reasonable prices and delivery times)

The key performance indicators that adidas refers to in this response do not give any clue as to how respecting labour standards is actually *measured* or rewarded in adidas's factories.

adidas says that it has "open", no fixed term contracts with its suppliers. This open form of contract does not support a stable business relationship with suppliers as the suppliers cannot know exactly how long they will keep receiving orders. Not knowing from season to season if the factory has orders from adidas can add to unstable industrial relations in the factory and the abuse of workers' rights.

We would like to see evidence from adidas about how controlling the volume of orders to a supplier factory, referred to as "level loading", is supporting workers' rights.

adidas does not mention any considerations it may have given to whether or not the prices paid to suppliers to produce its goods is fair. Nor does it mention price disclosure to workers' representatives as a necessary part of transparent pricing and purchasing practices.

5. A framework agreement between the International Textile, Garment and Leather Workers Federation (ITGLWF) and the World Federation of Sporting Goods Industries (WFSGI) to facilitate freedom of association and collective bargaining

adidas has rejected this recommendation. The recommendation for a framework agreement is one of the major recommendations from The Play Fair Alliance — a network of organisations including the Clean Clothes Campaign, global unions (ITGLWF, ITUC) and 11 Oxfams — which proposed in 2004 that the World Federation of Sporting Goods Industries and sports companies cooperate in a "Programme of Work" to improve respect for labour rights in the industry. We believe adidas's concerns could be addressed through negotiations with the ITGLWF and encourage adidas to progress negotiations in good faith. We note that global framework agreements already successfully exist, and that many of the concerns raised by adidas have already been tackled by other companies.

6. Prioritising retaining unionised factories in the company's supply chain

adidas's current practice of "intervening to support workers rights" where adidas finds breaches of

Freedom of Association (FOA) is welcomed and certainly better than no action. However, breaches of labour rights in its supplier factories will not cease until adidas is willing to provide incentives to unionised factories. adidas should also make it clear to all suppliers that it will prioritise retaining unionised factories in its supply chain.

On the occasions that adidas has addressed the harassment and unfair dismissal of union leaders, the company has not done enough to ensure that this harassment has stopped and that the workers involved haven't continued to be disadvantaged. In one example, at the adidas Panarub supplier, 33 union leaders were *illegally* dismissed. Most of these union leaders are still without work and adidas has done very little to help these illegally dismissed leaders to find work with other adidas suppliers.

7. Banning, or severely restricting, the employment of workers on short-term contracts

We acknowledge adidas's active encouragement to minimise the use of temporary workers, however, a ban on, or policy severely limiting, short-term contracts, would be the most effective way to support workers' rights to secure, decent employment in adidas's supplier factories. The prevalence of short-term labour undermines a factory's ability to comply with international standards on FOA, as well as inevitably undercutting all employee rights and benefits. A ban or severe limitation on short-term contracts could be built into adidas's contractual arrangements with supplier factories.

8. If factories close, ensuring that workers receive their full entitlements to severance pay and taking steps to help ensure there is no discrimination against worker activists if they apply for jobs with other suppliers

There have been several major factory closures in the past 18 months after adidas withdrew its orders from supplier factories. In the case of three adidas supplier factories, tens of thousands of workers lost their jobs after adidas pulled its orders out. We remain concerned that the buying practices of adidas are likely to be one of the main reasons the factories had to close.

There was little that was open, fair or transparent about these lay-offs and closures. Many of the workers from Spotec and Dong Joe are still looking for work. We understand from adidas that so far only a very small percentage of workers have found jobs in other adidas supplier factories. In a March 2008 letter to adidas, we outlined the importance of adidas ensuring fair and transparent employment practices that prioritise the employment of ex-Spotec workers into adidas's new supplier factory at the former Spotec site.

9. Not increasing your company's sourcing in countries and free trade zones where the right to freedom of association does not have legal force. Any new production should be in countries and zones where this right has legal effect

adidas will continue to source in countries and free trade zones where the right to freedom of association does not have legal force. We believe that allowing workers to form independent trade unions and bargain collectively is the most effective way to give them greater influence over their working lives and provide a platform for them to obtain their labour rights.