

adidas Group response to questions about investment in Myanmar

Myanmar Foreign Investment Tracking Project

- 1. Does your company have investments or operations in Myanmar or is it seriously considering investing or operating there? If so, please provide information on the nature of these investments, and which geographic areas and communities they will affect.**

adidas Group has no direct investments in Myanmar.

We currently have one supplier who has recently established a footwear manufacturing plant, employing 313 workers. The factory is located in Anawyahtar Industrial Zone, Hlaing Tharyar Township in Yangon.

Other strategic business partners and licensees are exploring the possibility of establishing manufacturing operations in the country.

Once operational, new manufacturing facilities will be included in our publicly available Supplier Lists, which are updated twice yearly. See <http://www.adidas-group.com/en/sustainability/supply-chain/supply-chain-structure/>

- 2. Do you have policies and procedures in place to prevent your business activities or investment from contributing to human rights abuse and social conflict in Myanmar (including, for example, human rights due diligence measures)?**

Yes, we conducted a two year review and extensive stakeholder engagements (with the ILO, government agencies, and local NGOs) prior to allowing the sourcing of goods from the country. We also set up the necessary procedural checks to ensure that our business partners' activities will not to contribute to human rights impacts.

Our supplier pre-production assessments follow standard policies and guidelines, which cover fundamental labour and human rights concerns – forced labour, child labour, safety, etc. These guidelines are published on the adidas Group website; see <http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/>. Relevant threshold and zero tolerance issues are detailed in our Enforcement Guidelines; see http://www.adidas-group.com/media/filer_public/2013/11/25/enforcement_guideline_nov_2013_en.pdf.

For Myanmar, supplementary procedures also apply. These require our suppliers to commission an independent party to review any proposed land acquisition, and consider community impacts, including displacement and livelihood issues. All suppliers must undertake the required due diligence to show that any local business associates (joint venture partners, etc.) are not included in the US government's restricted persons (SDN) list. And independent structural engineering assessments are mandatory for all buildings, given the weak permitting system operating in the country.

We have not made public our internal checklists and supplementary guidelines on land acquisition for Myanmar, but these have been shared with the US government as a best practice approach.

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3. Who in your leadership is responsible for ensuring compliance with the policies and procedures in No.2?

Any investments or operational matter related to potential human rights impacts must be vetted by Social & Environmental Affairs, which is part of the adidas Group corporate function: Legal & Compliance.

For activities within Asia, compliance with Group policies and procedures is the responsibility of William Anderson, Vice President, Social & Environmental Affairs, Asia Pacific.

4. If you do not yet have human rights policies and procedures in place, do you have plans to develop them? If so, what efforts are you currently engaged in or plan to engage in on this regard?

We have well developed policies and procedures in place to address human rights concerns. See our earlier response.

5. How does your company try to prevent or mitigate conflicts that affect its operations or the surrounding communities (including armed conflict, inter-communal conflict and violence, etc.)? Could you please list your policies, procedures or concrete activities in this regard, including community engagement and dialogue measures and revenue sharing agreements?

This question appears to be directed to resource industries, rather than manufacturing operations.

We have very mature policies in place to guide and assess our suppliers in their development of human resource, safety and environmental management systems. This includes guidance on industrial relations, the handling of strikes, community outreach, etc.

Stakeholder engagement is critical to managing expectations and minimising conflict.

6. Who should communities or civil society groups contact if they have questions or concerns about your investment or operations in Myanmar? Please provide their contact information.

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7.	We further invite you to respond to questions specific to your industry. Does your company have policies and procedures in place to address each of the following areas? If so, please provide details:
a.	Freedom of association and collective bargaining - Yes, please see our Guidelines on Employment Standards (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/)
b.	Living wages - Yes, please see our Guidelines on Employment Standards (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/)
c.	Workplace health and safety - Yes, please see our Guidelines on Employment Standards (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/)
d.	Child labour - Yes, please see our Guidelines on Employment Standards (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/)
e.	Forced labour - Yes, please see our Guidelines on Employment Standards (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/) See also
f.	Anti-discrimination (whether based on race, gender, religion, nationality, etc.) - Yes, please see our Guidelines on Employment Standards (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/)
g.	Environment Yes, please see our Environmental Guidelines (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/)
h.	Land rights - Yes, we have tailored guidance for Myanmar. This references IFC Performance Standard No.5 on land acquisition and voluntary resettlement (http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES)
i.	Relocation - Yes, we have tailored guidance for Myanmar. This references IFC Performance Standard No.5 on land acquisition and voluntary resettlement (http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES)
j.	Safety - We note that occupational health and safety is not included in your list. Our guidance on safety is found here: (http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/)
k.	Indigenous People - Also, we have tailored guidance for Myanmar on impacts affecting indigenous people and their livelihoods. This references IFC Performance Standard No.7 (http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES)