

# adidas Group Response to Concerns over Syrian Refugees in Turkey

## Policy:

- 1. Does your company have a policy specifically prohibiting discrimination & exploitative practices against Syrian refugees? (If so please provide a link to this policy or provide it as an attachment).**

Yes, all suppliers which are authorised to produce for the adidas Group are contractually bound and must comply with our Workplace Standards, which are based on international human rights and labour law conventions. The Workplace Standards and supporting Employment Guidelines set out our policy on non-discrimination and prohibit harassment and exploitation of any kind.

<http://www.adidas-group.com/en/sustainability/supply-chain/standards-and-policies/>

### **How is this policy communicated to suppliers in Turkey?**

All newly proposed suppliers receive and sign a Welcome Kit which confirms that they have read and understood adidas Group Workplace Standards and Policies and are willing to comply with them. Once a supplier has been approved for use, they enter into a legally binding Manufacturing Agreement, which requires compliance with the Workplace Standards and supporting guidance. Where we find compliance gaps we offer training, and guidance, on best practices.

At the outset of the Syrian Refugee Crisis in Turkey we reminded all of our suppliers of our strict policy of only hiring workers who hold valid legal work permits. No refugee or migrant is permitted to take up employment in an adidas Group' supplier factory, unless they have a legal right to work.

We have followed this approach to reduce the risk of exposing refugees to abuse and exploitation, through unfair labour practices.

## **Audits/risk assessment:**

- 2. How many first tier Turkish suppliers does your company have?**

Five.

- 3. How many have been audited since 1 Jan 2015? What percentage of audits have been unannounced?**

Four suppliers have been audited in 2015. The unaudited supplier is in a Self-governance programme ('Self-governance' means that the relevant supplier has appropriate HR and HSE management systems in place to identify its own gaps through the internal audits and remediate them properly – such suppliers are audited once every two years, whereas other suppliers are audited at least once every year).

We have not conducted any unannounced audits in 2015. However, all adidas Group suppliers are subject to randomised unannounced audits conducted by the Fair Labor Association.

**4. Does your company carry out audits beyond the first tier? If so what percentage of second & third tier Turkish suppliers have been audited since 1 Jan 2015 and what percentage of these audits have been unannounced?**

All facilities (either in house or external subcontracting facilities) which involved in any core production process fall into our audit coverage and are audited once a year.

All sister companies and subcontracting facilities in Turkey which fall under our audit coverage model have been audited at least once in 2015.

**5. Do the audit & monitoring teams have Arabic-speakers who have received special training tailored to the situation of Syrian refugees, and do they speak with the workers confidentially?**

We have Turkish compliance staff based in Turkey.

If we plan to conduct an audit in a facility where there is the possibility of any migrant/refugee workers, we hire a translator who knows the relevant language/s. This is our standard practice.

Confidentiality is a key requirement of our worker interviews. We use various methodologies which include one-on-one interviews, group interviews, written feedback on specific issues, individual phone calls with workers, and off-site meetings.

**6. How does your company address the possibility of undeclared subcontracting in its supply chain?**

Unauthorised subcontracting is treated as a serious breach of the Manufacturing Agreement which our suppliers sign. It can lead to the termination of the agreement.

We have a very small sourcing base in Turkey. Our Turkey based Social Compliance team and Sourcing and Quality teams are well informed about the risks of unauthorised subcontracting, which in addition to presenting compliance risks can create quality and product safety issues.

Internally we cross-check whether the orders given to a supplier meet the capacity allocated to our brand and whether the capacity given by the supplier is correct (worker numbers, time needed for each product, etc.).

**7. Has your company identified supplier factories employing Syrian refugees in 2015? If the answer is yes please state how many factories, if possible**

No. Any person who applies for a job must have a legal permit to work. This is a requirement of our Workplace Standards and is strictly applied. Work permits are not currently available to Syrian refugees (although we have petitioned the Turkish government to address this) and so refugees cannot be offered employment by our suppliers.

**8. Has your company identified supplier factories employing Syrian child refugees in 2015? If the answer is yes please state how many factories, if possible**

No. Since it is a threshold issue for us and can lead to the termination of the business relationship, none of our suppliers employ child labour. Nor can they hire any migrant/refugee who does not have a work permit. This policy is strictly applied.

## Remediation:

- 9. When Syrian refugees are identified at a supply factory, what process does your company expect the supplier to follow? In particular please state whether they remain in employment.**

All our suppliers have committed to work in compliance with Turkish law and cannot employ any migrant or refugee (Syrian or otherwise) unless they hold a work permit. If a migrant or refugee does secure the legal right to work then our policies on non-discrimination and equal pay are very clear: our suppliers need to ensure that those foreign workers are employed on an equal basis (i.e. same wages, rights and standards) as local employees.

- 10. Does your company have a remediation plan that addresses instances of discrimination/abuse against Syrian refugees in its supply chain? If yes please provide details of the plan, how it is communicated to refugees, and examples of outcomes if available.**

Any kind of discrimination or abuse, regardless whether it is directed towards a Syrian refugees or any other group of workers, is a Threshold Issue for us, which immediately triggers enforcement action, as described in our Enforcement Guideline. We provide our suppliers with guidelines to ensure compliance against such violations with specific requirements on a proper pre-employment and post-employment. The implementation phase is monitored during our audits, either by our internal team members, authorised external monitors or the FLA (Fair Labor Association) who has the right to conduct unannounced audits to our suppliers.

Should we find any migrant or refugee in any of our suppliers' factories, we would first check if they are employed legally and are being employed on an equal basis (i.e. that they are insured, and provided with the same wages and benefits). If not, we will ensure compliance to the fullest extent possible under the law. If their employment is illegal, we will consult with the relevant government authorities, to ensure that they are not the victim of trafficking or other criminal actions (forged ID documents, etc.).

- 11. Does your company work with any local NGOs or trade unions to provide remediation services to refugees?**

We have joined various meetings and dialogues on the subject of the Syrian Refugee Crisis in Turkey in the past year or so, including but not limited to meetings with the representatives of UNHCR (United Nations High Commissioner for Refugees), CCC (Clean Clothes Campaign), Bagimsiz-Sen (local textile union), Giyim-Sen (local union) and the main buyers of the country (H&M, MS, Next, Inditex, Primark, S'Oliver).

We support the recommendations outlined by the FLA-ETI Roundtable held in March 2015. Please see below link.

<http://www.fairlabor.org/sites/default/files/documents/reports/march-2015-fla-eti-roundtable-syrian-refugees.pdf>

In 2015 we also co-signed a letter from the Fair Labor Association to the relevant ministries and the Turkish Prime Minister, calling for the government to grant Syrian refugees valid work permits and social security rights.

**12. As Syrian refugees cannot receive social security benefits at this time, is your company taking steps to ameliorate the impact of this?**

As noted above, we have called on the Turkish government to address the humanitarian crisis by granting Syrian refugees with valid work permits and social security rights.

Our suppliers do not employ any worker without ensuring that all legally required benefits and rights are provided to them. This includes the registration of the employees into the social security system, prior to the day of employment. Nevertheless, if we or our suppliers identify any Syrian refugee in their supply chain who has not been registered to the social security system, due to an invalid work permit, the relevant employer will be required to provide private insurance for health and accident as an interim solution until the legal hurdles and hiring issues have been resolved.

We are also cognisant of the guidance which the FLA has developed on the topic of securing work permits for refugees. See below:

<http://www.fairlabor.org/sites/default/files/documents/reports/september-2015-update-on-status-of-syrian-refugees.pdf>

## **Capacity building**

**13. Has your company undertaken any specific training with its first tier suppliers on this issue?**

All of our suppliers have well developed Human Resource Management Systems in place to ensure that all employees are employed on a legal and fair basis. We evaluate and guide our suppliers on ways to improve their management systems and ensuring sustainability in compliance.

At the beginning of 2015 Turkey based suppliers joined a briefing in our offices to discuss the Syrian Refugee Crisis and its impact on the labour market, the prevalence of illegal workers in some parts of the textile sector, and how this can depress wages for regular employees, as well as the need for strict adherence to our policy on full legal compliance and equal treatment (i.e. requiring a work permit and full benefits). The issues and possible remediation in cases where there has been any unauthorised or illegal hiring of a refugee was also discussed, including the need to ensure equal treatment and making use of private insurances when social benefits are denied.

**14. What steps has your company taken to ensure that your policies/approach are being implemented by suppliers beyond the first tier?**

Our suppliers have been informed and are bound through their Manufacturing Agreements to ensuring compliance to the adidas Group Workplace Standards, including in any authorised subcontractor.

Both the Turkish Labour Law and the adidas Group Workplace Standards hold vendors responsible for ensuring compliance in their supply chain.

## Stakeholder engagement

**15. Does your company engage with local civil society groups and trade unions on this issue, for instance, in negotiating a policy position & carrying out risk mapping?**

Due to the limited number of suppliers we have in Turkey and our strict enforcement approach (refugees or migrants cannot be offered employment without a work permit) we have not identified any Syrian refugees in our supply chain. Nonetheless we are sensitive to the broader humanitarian issue facing the Syrian refugees and have been engaged closely with local trade unions, NGOs and government. See for example the FLA-ETI Roundtable:

<http://www.fairlabor.org/sites/default/files/documents/reports/march-2015-fla-eti-roundtable-syrian-refugees.pdf>

We have supported the FLA in petitioning the Turkish Government to legalise the employment of Syrian refugees and provide them with access to social benefits.

**16. Does your company work with trade unions on identifying health & safety risks for Syrian refugees (where communication may be difficult)?**

There are no Syrian refugees being employed by our suppliers in Turkey. We have therefore not worked with any trade unions on identifying specific health and safety risks for such workers.

**17. Does your company work with trade unions or other partners to offer training and education programmes for refugees?**

There are no Syrian refugees being employed by our suppliers in Turkey. We have therefore not worked with any trade unions or other partners to offer specifically training and education programmes for such refugees.

**18. Has your company engaged the Turkish Government regarding the legal framework for Syrian refugees?**

Yes. We have joined meetings with government, where we have expressed our concerns. We have also supported the FLA in petitioning the Turkish Government to legalise the employment of Syrian refugees and provide them with access to social benefits.

## Other information

**Please provide any further information regarding your company's activities on this issue which you think are relevant.**

The fashion industry employs hundreds of suppliers and is the mainstay of the textile sector in Turkey. This contrasts with the sporting goods industry which has a very small and niche supply chain. adidas Group, for example, has only five vertical suppliers, which we closely monitored to ensure compliance with our Workplace Standards.

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government on the topic of employment rights. We have also supported the FLA in petitioning the Turkish Government to legalise the employment of Syrian refugees and to provide them with access to social benefits.