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Dear Mr Hainer

Re: Workers' Rights in Indonesia

I write to you regarding the labour conditions in adidas' supplier factories and to forward on more than three and a half thousand letters written by people around the world who wish to see adidas products produced under decent and humane conditions. These letters have been collected by Oxfam Australia and the Clean Clothes campaign. They call on adidas to support trade union leaders who lost their jobs at two adidas supplier factories in Indonesia and demonstrate a strong public interest in the rights and welfare of workers producing adidas' goods.

Oxfam Australia recognises that adidas has taken some important steps towards greater transparency through cooperation with trade unions and other civil society groups. We welcome, for instance, recent efforts to contribute to the development of a freedom of association protocol in Indonesia. We also note that your company has previously addressed discrimination against trade union members in specific factories. However, violations of workers' rights in adidas' Indonesian supplier factories persist.

In 2005, 33 workers (the entire leadership of one union) were unfairly dismissed after participating in a strike for better wages at adidas' Panarub supplier in Indonesia. Afterwards, adidas made a commitment to assist those workers to find employment and to request that adidas suppliers consider their applications. Yet, despite applying to adidas suppliers on multiple occasions, several former union leaders from Panarub remain unemployed.

In 2006, thousands of workers lost their jobs following the closure of adidas' PT Spotec supplier. At the time Oxfam Australia welcomed adidas' promise to prioritise PT Spotec workers for employment into the new adidas supplier called Ching Luh. One third of former PT Spotec workers have since been hired by adidas' new supplier. Oxfam Australia is concerned, however, that several former workers who have identified as union leaders have been discriminated against during the hiring process. In both the Panarub and Spotec cases, applications from former union leaders have been withheld from processing, "misplaced" and in one instance rejected for discriminatory reasons (e.g. the applicant was 'too short'). Adidas has acknowledged that applications were misplaced in the recruitment system at one adidas supplier and that one applicant who was a former union leader was discriminated against because of his height. These individuals face significant financial hardship. Having been unemployed for up to five years, their age, lack of formal education and union involvement makes it difficult for them to compete for new positions.

Although these two cases involve only a small number of former union leaders, we consider them a litmus test of adidas' commitment to freedom of association in its supplier factories across Asia. The situation of these workers sends an unacceptable message about the consequences of exercising one's basic rights to organise—particularly in a country like Indonesia, where the right to freedom of association is relatively new. We believe that it is within adidas' power to ensure that these former union leaders find positions with supplier factories.

We understand that adidas' sourcing from Indonesia is currently expanding. This gives adidas an opportunity to improve its labour rights policies and practices. As outlined in my letter to you of 2008, Oxfam Australia looks forward seeing further improvements in adidas' practices in the following areas:

- Confidential and accessible means for workers to report exploitation and abuse;
- Independent education and training for workers concerning their rights at work;
- Further transparency regarding company supply chains and efforts to improve conditions;
- Purchasing practices that allow suppliers to respect labour standards (including stable business relationships and reasonable prices and delivery times);
- Prioritising retaining unionised factories in the companies' supply chain;
- Banning, or severely restricting, the employment of workers on short-term contracts; If factories close, ensuring that workers' receive their full entitlement to severance pay and take steps to help ensure there is no discrimination against worker activists if they apply for jobs with other suppliers; and
- Not increasing your company's sourcing in countries and free trade zones where the right to freedom of association does not have legal force.

In addition, a commitment to pay a living wage would make a significant improvement to the welfare of workers and their families. We also suggest that adidas provide meaningful incentives to factories that uphold workers' rights over the longer term.

We understand that the Indonesian Footwear Manufacturers Association (Aprisindo) is establishing a training and education center for the footwear industry in Indonesia. Mr. William Anderson informed us this is designed as a public-private partnership project. We hope that adidas will encourage the integration of workers' rights trainings into the programs at this new center.

We welcome adidas' current role in the negotiation of a freedom of association protocol in Indonesia, which we know is making incremental progress. At the same time, we feel that taking concrete steps to re-dress specific labour rights violations and ensuring respect for labour rights throughout adidas' supply chain is important to ensuring a culture of respect for trade union rights in adidas' supplier factories.

We hope that you will seriously address the concerns expressed by citizens and those who purchase adidas products over the past months. Oxfam Australia remains willing to work with your company to support better practices.

Yours sincerely



Andrew Hewett
Executive Director

CC

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