



17 January, 2022

(By Email)

Attn: Business Human Rights Resource Centre

Dear BHRRC,

Disputed Minimum Wage Payment in Karnataka

Thank you for your recent email and invitation to comment on the ongoing legal dispute over minimum wages in Karnataka State, India.

Compliance with the legal minimum wage is a basic expectation and a requirement under adidas' Workplace Standards. When the Karnataka Government's postponement of the Dearness Allowance (DA) ended in April 2021, we issued a memo to our suppliers requiring them to immediately pay the arrears owed to the workers and thereafter to make the correct payment of minimum wages, including the adjusted DA. The suppliers responded by disputing the legal basis for that request, citing the ongoing court proceedings. Given our very small sourcing footprint in Karnataka (< 5% of the volume, in two factories) we reached out to and engaged with our suppliers' main buyers, to address the suppliers' failure to act.

We have continued that engagement and together with other major brands we have met with the Karnataka State Labor Commissioner to raise our concerns over the lack of clarity and direction given to the suppliers concerning payment of the revised DA and application of the High Court's preliminary ruling.

In parallel with these engagements, we have also initiated enforcement action against our suppliers for failure to meet our Standards over the payment of the minimum wage.

With all the hardship and disruption caused by Covid-19 in recent years, securing a proper and timely payment of a worker's basic wages is an imperative and we continue to press the State authorities and our suppliers for the earliest possible resolution of this case.

Sincerely,

William Anderson
Vice President, Global
Social & Environmental Affairs