

Survey on fashion brands and retailers' approach to human rights due diligence in Myanmar

Business & Human Rights Resource Centre (BHRRC) is collecting information on fashion brands and retailers' approaches to heightened due diligence in Myanmar as a sourcing country.

This survey provides you with the opportunity to detail your approach to human rights due diligence beyond any responses you have made to BHRRC's Myanmar Allegation [Tracker](#). Your answers will be analysed for our upcoming report on how brands have adapted operational strategies in Myanmar after the military takeover as well as their impacts on garment workers.

Please feel free to provide any supporting information on your practices in any of the questions below (including tick box questions).

The survey will take 15 minutes and will be open for 3 weeks, from the 6th April to the 27th April 2023.

We thank you for your time and cooperation!

Part I: General information

1. Company name: **adidas**
2. Your name: **Sung In Marshall**
3. Your role: **Senior Manager, Human Rights**
4. Your department: **Social & Environmental Affairs (SEA), Global Legal**

Part II: Operation history in Myanmar

5. When did your company start sourcing from Myanmar? **2015**
6. Do you still source from Myanmar, as of the 6th April 2023?

Yes

Yes, but we have announced that we plan to stop sourcing from Myanmar

No, we have now left and no longer have any ongoing production in Myanmar

Part III: Heightened human rights due diligence approach in Myanmar

This section will explore your approach and practices to human rights due diligence in the high-risk context of Myanmar.

7. Which of the below mechanisms do you currently utilise in the context of Myanmar?*

	Yes	No	Not sure
Human rights due diligence guideline in conflict-affected contexts like Myanmar	X		
Public disclosure of an up-to-date list of direct and indirect suppliers in Myanmar	X		

	Yes	No	Not sure
Requirement for suppliers' to undertake a human rights self-assessment questionnaire (SAQ)	X		
Supplier code of conduct that includes human rights	X		
Your company has its own field office in Myanmar		X	
Regular field visits/inspection to your suppliers in Myanmar	X		
Requirement that third-party audit to be undertaken across your Myanmar suppliers	X		
Involvement of the Factories and General Labour Laws Inspection Department	X		
Institution of remediation and grievance mechanisms at each supplier site	X		
Training for suppliers on human rights	X		

**Please feel free to add any further comments*

8. How often do you undertake field visits/inspection to your suppliers in Myanmar? Please tick as many as apply.

- Annually
- Regularly (more than once per year)
- In case of reported allegations
- Never
- Not sure

Please feel free to provide any further information on how you undertake field visits/inspection to your suppliers in Myanmar:

All suppliers in Myanmar must complete the regular adidas annual social compliance audit, covering labor and health and safety issues. In addition to this routine practice, we have a dedicated in-country third party auditor who monitors our suppliers in Myanmar to ensure human rights risks and impacts are being regularly identified and assessed to prioritize appropriate action. These monitoring measures include:

- On a quarterly basis, conducting both **on-site and off-site interviews with workers, trade union representatives** and, if required, mid-level management to identify key issues for follow-up action
- Every 2 months, complete a **factory visit to monitor and verify progress** on resolving worker grievances and/or any issues identified by external stakeholders
- On a quarterly basis, deploy an enhanced **worker survey** via the worker voice app used by adidas suppliers to validate identified risk issues and monitor progress on remediation

9. How often do you have a third-party factory audit in Myanmar? Please tick as many as apply.

- Annually

- Regularly (more than once per year)
- In case of reported allegations
- Never
- Not sure

Please feel free to provide any further information on third-party auditing in Myanmar:

See response to Q.8 explaining our monitoring practices.

10. Which stakeholders do you engage in your due diligence process? Please tick as many as apply.

- Workers
- Trade unions in Myanmar
- Workplace Coordinating Committee (WCC)
- Global union federations (eg IndustriALL Global Union)
- Multi-stakeholder initiatives (MSIs)
- Civil society organisations
- SMART Myanmar
- MADE in Myanmar
- Other. Please specify:.....

Please detail how you engage with the above stakeholders:

We continue to monitor on-the-ground conditions to identify further human rights risks and impacts through close engagement with key external stakeholders and are actively consulting with international and multilateral agencies, business associations, labor advocates, trade unions and civil society.

For example, adidas has joined bi-weekly discussions with the EuroCham Myanmar Garment Advocacy Group, which aims to represent the interests of European garment and textile businesses in Myanmar. Although not all of adidas suppliers and licensees in Myanmar are producing apparel, engaging in this industry discussion provides us with up-to-date information on the current developments related to operational risks and impacts and the relevant legal framework that affects the business environment.

We recognize that regular and ongoing engagement with stakeholders is a critical component in ensuring we are monitoring changes to the context in real-time and in developing fit-for-purpose mitigation approaches to address risks as they emerge and evolve in this context.

11. Do you have a grievance mechanism that workers in Myanmar can access? Please tick as many as apply.

- Yes, through our company's grievance mechanism
- Yes, through Myanmar's Dispute Resolution system
- Yes, through multi-stakeholder grievance mechanisms
- No
- Not sure
- Other. Please specify:...using apps based platform called WOVO

Please provide further details on how the grievance mechanism (if any) is communicated with workers:

We place worker voice at the core of our due diligence approach. We have several means by which workers can report grievances and concerns: an operational grievance mechanism via an app-based digital worker voice system (WOVO), direct hotline numbers which connect workers to our SEA team, and a third-party complaints mechanism.

We regularly solicit feedback from workers employed by our strategic suppliers – including the four primary suppliers in Myanmar – via an app-based digital worker voice solution (WOVO). We deploy surveys via the WOVO app to collect direct insights from workers regarding their workplace conditions. The app also provides workers with a function to report grievances, and we are monitoring the incoming grievances from the app to identify emerging risks in the workplace.

Workers are informed about the app and its grievance mechanism feature through in-factory trainings provided by adidas and/or factory management. Posters and information regarding the app are made available to workers in common areas in the factory. Worker awareness of the grievance mechanism is evidenced by the volume of complaints/grievances received by the app each year – during the period of 1 January 2021 through 31 January 2022, **574** grievances were received via the app from workers in Myanmar. We have advised our suppliers in the development of corrective actions to address and remediate these issues, with 95% of all grievances resolved and 69% of workers reporting satisfaction with issue resolution.¹

12. How are you made aware of human rights concerns in your supply chain? Please tick as many as apply.

- Through factory owners
- Through existing grievance mechanism
- Through civil society organisations
- Through trade unions
- Through Workplace Coordinating Committee (WCC)

¹ This is on par with our global data, in 2021 worker satisfaction rate with grievance resolution was 71% globally, and in 2020 the rate was 58%. The increase in satisfaction is partly related to a significant improvement in the response time that it took the factory management to address workers' grievances. See: [Supply Chain - adidas Annual Report 2021 \(adidas-group.com\)](https://www.adidas-group.com)

Other. Please specify:.....

13. When an allegation is raised, what is your standard procedure to address the issue?

In 2014, adidas established a third-party complaints mechanism. The complaints procedure allows us to identify potential human rights and environmental risks both from our own business activities, and along our supply chain, at an early stage and, where appropriate, to remedy or support the remediation of actual impacts where these have occurred. The procedure is made available on [our corporate website](#) and details our approach to addressing any allegations raised.

We have committed to communicate on an annual basis [via our corporate website](#) how many third-party complaints we have received related to labor or human rights violations and the status of those complaints (i.e. being investigated, successfully resolved, etc.).

14. Please feel free to provide any further information on how you undertake human rights due diligence that you would like us to know.

We apply an ongoing Human Rights and Environmental Due Diligence (HREDD) strategy and process to identify, address, evaluate, and communicate the risks of involvement with adverse human rights and environmental impacts through our own operations, products, or services, or via our business relationships. The details of our human rights due diligence approach is available on [our corporate website](#). Where appropriate, in high risk locations, we apply enhanced HREDD including input from human rights experts and other stakeholders. Enhanced HREDD has been applied to Myanmar.

Part IV: Business decision in Myanmar

15. We understand that the decision as to whether to remain or to discontinue sourcing from Myanmar is complex. Please provide any information on how your company has reached its current business decision in Myanmar.

We recognize and acknowledge the potential human rights and labor rights risks in the garment and footwear sector, which have been highlighted by the independent assessment commissioned by the Ethical Trading Initiative (ETI), published in September 2022. The assessment identified freedom of association, forced labor and precarious employment conditions as the most severe risks, compounded by a lack of access to grievance mechanisms and remedy for workers. The assessment also identified several “latent risks” including insufficient wage levels to meet basic needs, among other risk issues in the wider context including child labor and gender-based violence.

Despite the human rights and labor rights risks which have been identified, we believe that through enhanced human rights due diligence measures, we can continue to do business in Myanmar in a responsible manner and in alignment with core ILO conventions, the UN Guiding Principles, and the OECD Guidelines. Additional factors which support such a position include (1) the contribution toward sustained livelihoods of workers amidst rising costs of living in the country; and (2) the lack of evidence of any connection to the military or military-linked businesses and no indication that the military regime profits from the garment and footwear sector in the country. We will continue to engage with international and local stakeholders and collaborate with industry peers and associations to monitor the evolving operating environment and local context. This also includes monitoring the status of international sanctions and trade agreements.

At this time, the U.S. State Department and European Union (EU) have committed to a narrow set of targeted sanctions against the military and military-linked businesses. Despite calls from global trade unions and advocacy groups for the EU to withdraw from the Everything But Arms (EBA) trade scheme, there are not currently any plans to impose comprehensive economic sanctions or trade

restrictions, given the impact that such measures would have on the livelihood of the general population. This position is consistent with guidance from the United Nations, which has called on governments to carefully weigh the efficacy of coercive economic and financial sanctions, against their potential impacts on the poorest and most vulnerable in a society.

If there is a change in the status of international sanctions and/or trade agreements, we will evaluate our business activities in Myanmar to achieve full compliance with international legal obligations.

Part V: Responsible exit from Myanmar

*We are asking brands to answer this section if you have either already stopped sourcing from Myanmar, or have announced that you will stop sourcing from Myanmar in the future. **If you plan to continue to sourcing from Myanmar, please skip this section.***

- 16. Final order placement and final shipment dates (Anticipated if you are planning your exit)
- 17. Total number of workers being laid off in all suppliers (Anticipated if you are planning your exit)
- 18. How long in advance have you let your suppliers know about the exit before stopping your orders?
- 19. Which stakeholders do you engage in your decision and preparation of the exit? Please tick as many as apply.

- Workers
- Trade unions in Myanmar
- Workplace Coordinating Committee (WCC)
- Global union federations (eg IndustriALL Global Union)
- Multi-stakeholder initiatives (MSIs)
- Civil society organisations
- SMART Myanmar
- MADE in Myanmar
- Other. Please specify:.....

20. How do/did you mitigate the impacts of the exit on workers? Please tick as many as apply.

- Maintain open lines of communication with relevant supply chain partners
- Require suppliers to report their plans for terminations in advance to review these in line with your Codes of Conduct
- Seek evidence of payment of workers at the end of the exit plans, including all severance and benefits payable for those affected
- Other. Please specify:.....

Thank you for your continued engagement with BHRRC on our work in Myanmar!

Please contact Hanh Nguyen - Senior Labour Rights Researcher at nguyen@business-humanrights.org and Natalie Swan - Head of Labour Rights Programme at swan@business-humanrights.org if you have any questions following this survey.