

Dear Business and Human Rights Resource Centre

Thank you for providing us with an opportunity to respond to the Clean Clothes Campaign's website posting, regarding the dismissal of workers from a former subcontractor: PT Panarub Dwikarya Benoa (PDB).

Here are the salient facts, and the actions we have taken.

1. The plant level union involved in this dispute did not follow the legal requirements for a strike and workers were treated as having "resigned" when they failed to return to work within the time specified by the law. That was back in July 2012.
2. adidas Group was not sourcing product from PDB at the time of the strike, nor when the factory closed a year later. Throughout this period the factory was making exclusively for another major sporting goods brand.
3. However, because of our close relations with the affiliated trade union federation, we proactively reached out to the Indonesia government's Manpower Department and asked them to mediate between the two parties at PDB. That proved unsuccessful.
4. We then assisted with the appointment of a highly reputable independent mediator, mutually agreed to by the factory management and the trade union, to help the two parties resolve their dispute. Regrettably, neither of the parties could come to an agreement.
5. We therefore recommended that the union continue to negotiate directly with Panarub, to find a settlement for the 340 workers who had not accepted the factory's termination offer, or take the matter to court as is their legal right.
6. No legal action has been taken and no settlement has been reached, despite sporadic engagements between the union and Panarub.
7. We have continued to call on both parties to return to the negotiating table and settle this case, for the sake of the 340 workers.

With respect to the provisions of the FOA Protocol which has also been mentioned in the website post, we believe the CCC is misinformed.

adidas Group was instrumental in the development of the FOA Protocol, working closely with the trade union movement in Indonesia. As a brand, our suppliers are the anchor to this initiative; adidas Group's suppliers represent 60% of all of the manufacturers who have signed on to the Protocol. However, the wording within the FOA Protocol is very clear: it does not extend to subcontractors who are working for our main suppliers and therefore does not apply in this specific case.

We trust this answers CCC's concerns.

Sincerely,



William Anderson
Vice President
Social and Environmental Affairs
Asia Pacific