

adidas Group's comments on the Shunda Union Election

We read with interest the posting on China Labor News Translations (CLNT) dated 19 March 2008.

Based on our own assessment and interviews conducted with workers and local trade union officials, we do not share the views of the writers, who claim that the recent trade union elections at Shunda were "rigged". Nor do we agree with the observation that the workplace conditions at Shunda have deteriorated, as a result of adidas Group's acquisition of Reebok. In fact the Shunda factory is today being held to a higher standard of performance, based on the merger of the former Reebok and adidas Group compliance programmes.

For further information on the Reebok integration with the adidas Group's social and environmental affairs programme, please see: http://www.adidas-group.com/en/sustainability/downloads/social_and_environmental_reports/Questions_and_Answers_booklet_2006_English.pdf

On the question of the elections, adidas inspected all available records and interviewed workers, former union committee members, current (non-supervisor grade) committee members and the officials from the parent union who monitored the election. Based on this information we are aware of the concerns expressed by several former Union Committee members over the number of supervisors who secured places on the Committee, but can find no evidence of irregularities, or the undue influence of the factory management, in the election process itself.

The election, which took place over a period of three months from August 1st 2007, was recorded on video. The video coverage includes the campaign speeches for the 9 electoral zones, the voting, vote counting, Congress Meeting, and election of the Shunda Union Chair. There appears to be no irregularities in the process. Interviews with a random selection of ten line workers in the factory also confirmed that they believed the election process to be fair. They felt that the campaign speeches by the candidates were good and they firmly believe that they had the right to choose anybody they wished to, including individuals who were not on the candidates list.

Worker's who had participated in the previous trade union election, stated that they saw no significant difference between the 2002 and 2007 elections.

However not everyone shared this view. adidas compliance staff interviewed five former Union Committee members who had failed to secure re-election. Three felt that the election was unfair because too many supervisors had won, which they felt was because of the undue influence of the factory management. One of those interviewed was ambivalent and had no view on the fairness of the election and a 5th interviewee was also not happy with the number of supervisors who had been elected, but stated that they felt the election process itself was in compliance with the Union Law.

Five newly elected Union Committee members, all grass root workers, were also interviewed by adidas. All of them expressed their happiness at being given an opportunity to run for the Union Committee. They attributed their success to their campaign speeches.

None of these workers felt that the election had been “rigged” or management controlled. One was sharply critical of the former union committee members.

The Chair and Vice-Chair of Jin An District Union, which is the parent union of Shunda, were also interviewed. The parent union had observed and monitored the campaign speeches, the Congress Meeting and the Shunda Union Chair election. They stated that the parent union had been informed of each step in the Shunda factory election. Moreover they stated that each step had been approved and was lawful. Regarding concerns that the post of the Union Chair at Shunda having not been freely contested, the parent union officials stated that this was a decision taken by the District Union and was in full accordance with the Chinese trade union law. The ACFTU election regulations allow for a Union Chair at an enterprise level to be “either elected by Union members, or recommended by the upper level Union”.

The adidas Group has been proactive in the development of worker-management communications and grievance systems within our suppliers’ factories in China and over the past decade has worked closely with local and international NGOs to enhance such systems and strengthen the role of internal worker-management committees. Specifically, the supplier management team responsible for Shunda and other factories in the Fuzhou area has participated in both Fair Labor Association (FLA) monitoring and training in the area of human resources practice, and the collaborative HRMS (human resources management systems) project run by the adidas Group, Nike, Puma and TUV Rheinland. Both the FLA and the HRMS initiatives focus on management-worker communications, industrial relations and worker grievance processes.

The adidas Group’s social compliance programme has a role to play in protecting the rights of workers where they choose to freely associate and form an enterprise union. This requires us to investigate claims where the workers’ rights are alleged to be infringed, for example through the interference or involvement of the factory management. Based on our own investigations, we conclude that the Shunda elections – elections that were sanctioned and monitored by the parent union - were not “rigged”, as stated in the online article.