

Questions for garment brands re Syrian refugees in Turkey

October 2016

Company: adidas

1. Does your company have a policy specifically prohibiting discrimination & exploitative practices against Syrian refugees? How is this policy communicated to vendors in Turkey?

Yes, all suppliers which are authorised to produce for the adidas Group are contractually bound and must comply with our Workplace Standards, which are based on international human rights and labour law conventions. The Workplace Standards and supporting Employment Guidelines set out our policy on non-discrimination and prohibit harassment and exploitation of any kind. <http://www.adidas-group.com/en/sustainability/supply-chain/standards-and...>

2. How many first tier Turkish vendors does your company have?

Five only.

3. How many have been audited since in the last year? What percentage of audits have been unannounced?

All manufacturing facilities which are involved in any core production processes fall into our audit coverage and are formally audited once a year, typically on an announced basis. They are also subject to regular follow-up visits as we track the close-out of correction action plans.

Unannounced audits are normally triggered by workers complaints, or our own special investigations.

Our suppliers are also subject to random unannounced audits by the Fair Labor Association.

4. Does your company carry out audits beyond the first tier? If so what percentage of second & third tier Turkish suppliers have been audited in the last year and what percentage of these audits have been unannounced?

Yes. All Tier 2 subcontracting facilities, including embellishers, linked to main suppliers are audited on an announced basis.

Unannounced audits are normally triggered by workers complaints, or our own special investigations.

5. Do the audit & monitoring teams have Arabic-speakers who have received special training tailored to the situation of Syrian refugees, and do they speak with the workers confidentially?

We have Turkish compliance staff based in Turkey. If we plan to conduct an audit in a facility where there is the possibility of any migrant/refugee worker, we hire a translator who knows the relevant language/s. This has been our standard practice for many years.

Confidentiality is a key requirement of our worker interviews. We use various methodologies which include one-on-one interviews, group interviews, written feedback on specific issues, individual phone calls with workers, and off-site meetings to capture feedback and ensure confidentiality.

We have strict policies and will directly intervene if we see any evidence of retaliation and/or harassment.

6. How does your company address the possibility of undeclared subcontracting in its supply chain?

Unauthorised subcontracting is treated as a serious breach of the Manufacturing Agreement which our suppliers sign. It can lead to the termination of the agreement.

We have a very small sourcing base in Turkey. Our Turkey based Social Compliance team and Sourcing and Quality teams are well informed about the risks of unauthorised subcontracting, which in addition to presenting compliance risks can create quality and product safety issues.

Internally we cross-check whether the orders given to a supplier meet the capacity allocated to our brand and whether the capacity given by the supplier is correct (worker numbers, time needed for each product, etc.).

7. Has your company identified supplier factories employing Syrian refugees in the last year? If the answer is yes please state how many factories, if possible

No. Any person who applies for a job must have a legal permit to work. This is a requirement of our Workplace Standards and is strictly applied.

In January 2016 that the Turkish government issued a new regulation to make it easier for the Syrian Refugees to get a work permit; however the number of applicants are still very few. We are collaborating with several other brands to encourage our shared suppliers to

hire Syrian refugees (who have the legal work permit) as a social project to support the refugees in finding proper permanent employment.

8. Has your company identified supplier factories employing Syrian child refugees in the last year? If the answer is yes please state how many factories, if possible

No. Since it is a threshold issue for us and can lead to the termination of the business relationship, none of our suppliers employ child labour of any kind. Nor can they hire any migrant/refugee who does not have a work permit.

This policy is strictly applied, and the suppliers regularly audited to check for compliance.

9. When Syrian refugees are identified at a supply factory, what process does your company expect the supplier to follow? In particular please state whether they remain in employment.

All our suppliers have committed to work in compliance with Turkish law and cannot employ any migrant or refugee (Syrian or otherwise) unless they hold a work permit. If a migrant or refugee does secure the legal right to work then our policies on non-discrimination and equal pay are very clear: our suppliers need to ensure that those foreign workers are employed on an equal basis (i.e. same wages, rights, benefits and standards) as local employees.

10. Does your company have a remediation plan that addresses instances of discrimination/abuse against Syrian refugees in its supply chain? If yes please provide details of the plan, how it is communicated to refugees, and examples of outcomes if available.

Any kind of discrimination or abuse, regardless whether it is directed towards a Syrian refugee or any other group of worker, is a Threshold Issue which immediately triggers enforcement action, as described in our Enforcement Guideline. We provide our suppliers with guidelines to ensure compliance against such violations with specific requirements on a proper pre-employment and post-employment. The implementation phase is monitored during our audits, either by our internal team members, authorised external monitors or the FLA (Fair Labor Association) who has the right to conduct unannounced audits to our suppliers.

Should we find any migrant or refugee in any of our suppliers' factories, we would first check if they are employed legally and are being employed on an equal basis (i.e. that they are insured, and provided with the same wages and benefits). If not, we will ensure compliance to the fullest extent possible under the law. If their employment is illegal, we will consult with the relevant government authorities, to ensure that they are not the victim of trafficking or other criminal actions (forged ID documents, etc.).

Protect of the rights of the worker, whether they have been employed through legal or illegal means, is our first priority.

11. Does your company work with any local NGOs or trade unions to provide remediation services to refugees?

We have joined various meetings and dialogues on the subject of the Syrian Refugee Crisis in Turkey in the past two years, including but not limited to meetings with the representatives of UNHCR (United Nations High Commissioner for Refugees), IMPR (International Middle East Peace Research Center), FLA, TEKSIF (local textile union), Giyim-

Sen (local union) and the main buyers of the country (H&M, MS, Next, Inditex, Primark, S'Oliver).

We support the recommendations outlined by the FLA-ETI Roundtable held in March 2015. Please see below

link. <http://www.fairlabor.org/sites/default/files/documents/reports/march-201...>

In 2015 we co-signed a letter from the Fair Labor Association to the relevant ministries and the Turkish Prime Minister, calling for the government to grant Syrian refugees valid work permits and social security rights. In January 2016, The Turkish Ministry of Labor announced the new regulation which granted easier access to work permit for Syrian refugees.

12. As Syrian refugees cannot receive social security benefits at this time, is your company taking steps to ameliorate the impact of this?

As noted above, we have called on the Turkish government to address the humanitarian crisis by granting Syrian refugees valid work permits and social security rights.

Our suppliers do not employ any worker without ensuring that all legally-required benefits and rights are provided to them. This includes the registration of the employees into the social security system, prior to their first day of employment. Nevertheless, if we or our suppliers identify any Syrian refugee in their supply chain who has not been registered to the social security system, due to an invalid work permit, the relevant employer will be required to provide private insurance for health and accident as an interim solution until the legal hurdles and hiring issues have been resolved.

We are also cognisant of the guidance which the FLA has developed on the topic of securing work permits for refugees. Please see below link:

<http://www.fairlabor.org/sites/default/files/documents/reports/september...>

13. Has your company undertaken any specific training with its first tier suppliers on this issue?

All of our suppliers have well developed Human Resource Management Systems in place to ensure that all employees are employed on a legal and fair basis. We evaluate and guide our suppliers on ways to improve their management systems and ensuring sustainability and social compliance.

At the beginning of 2015 Turkey based suppliers joined a briefing in our offices to discuss the Syrian Refugee Crisis and its impact on the labour market, the prevalence of illegal workers in some parts of the textile sector, and how this can depress wages for regular employees, as well as the need for strict adherence to our policy on full legal compliance and equal treatment (i.e. requiring a work permit and full benefits). The issues and possible remediation in cases where there has been any unauthorised or illegal hiring of a refugee was also discussed, including the need to ensure equal treatment and making use of private insurances when social benefits are denied.

Since then we have held two more meetings with our first tier suppliers in Turkey and extended our audit coverage to lower tiers of the supply chain to manage the potential risk of exploitation of Syrian refugees We have focused on ensuring that all Tier 2 subcontractors employ worker on a fair and legal basis, irrespective of the nationality or origin of their workforce.

14. What steps has your company taken to ensure that your policies/approach are being implemented by suppliers beyond the first tier?

Our suppliers have been informed and are bound through their Manufacturing Agreements to ensuring compliance to the adidas Group Workplace Standards, including in any authorised subcontractor.

Both the Turkish Labour Law and the adidas Group Workplace Standards hold vendors responsible for ensuring compliance in their supply chain.

15. Does your company engage with local civil society groups and trade unions on this issue, for instance, in negotiating a policy position & carrying out risk mapping?

Due to the limited number of suppliers we have in Turkey and our strict enforcement approach (refugees or migrants cannot be offered employment without a work permit) we have not identified any Syrian refugees in our supply chain. Nonetheless we are sensitive to the broader humanitarian issue facing the Syrian refugees and have been engaged closely with local trade unions, NGOs and government. See for example the FLA-ETI Roundtable:

<http://www.fairlabor.org/sites/default/files/documents/reports/march-201...>

We have supported the FLA in petitioning the Turkish Government to legalise the employment of Syrian refugees and provide them with access to social benefits. These rights were secured through new regulations passed in January 2016.

16. Does your company work with trade unions on identifying health & safety risks for Syrian refugees (where communication may be difficult)?

There are no Syrian refugees being employed by our suppliers in Turkey. We have therefore not worked with any trade unions on identifying specific health and safety risks for such workers.

17. Does your company work with trade unions or other partners to offer training and education programmes for refugees?

There are no Syrian refugees being employed by our suppliers in Turkey. We have therefore not worked with any trade unions or other partners to offer specifically training and education programmes for such refugees.

18. Has your company engaged the Turkish Government regarding the legal framework for Syrian refugees?

Yes. We have joined meetings with government, where we have expressed our concerns. We have also supported the FLA in petitioning the Turkish Government to legalise the employment of Syrian refugees and provide them with access to social benefits.

19. Please provide any further information regarding your company's activities on this issue which you think are relevant.

The fashion industry employs hundreds of suppliers and is the mainstay of the textile sector in Turkey. This contrasts with the sporting goods industry which has a very small and niche supply chain. adidas Group, for example, has only five vertical suppliers, which we closely monitored to ensure compliance with our Workplace Standards.

Due to the limited number of suppliers and our strict enforcement approach (refugees or migrants cannot be offered employment without a work permit) we have not identified

any Syrian refugee in our contract manufacturing operations in Turkey. Nonetheless we are sensitive to the broader humanitarian issue facing the Syrian refugees and to the potential risks of exploitation in the lower tiers of the supply chain. We are therefore engaged closely with local trade unions, NGOs and the government to identify ways to safeguard this vulnerable group. For example, we have:

- **Funded Arabic Booklets (Basic labor rights):** We have collaborated with the Turkish Ministry of Labour, FLA, ETI and several other brands to prepare and publish an Arabic and Turkish Booklet about the basic employment rights of all workers including but not limited to the Syrian Refugees. adidas Group has worked with the Ministry of Labour and FLA to prepare the content of the booklet and together with several other brands, FLA and ETI, we have funded its publication. Thousands of booklets have been distributed to Syrian Refugees by the Ministry of Labour, to inform them of their basic legal employment rights.
- **Built Brands Collaboration:** We have founded, together with NB, Nike, Puma, PVH, S'Oliver and Marks & Spencer a joint brand initiative called BEST (Building Effective Solutions Together). The main target of this collaboration is to address issues related to the employment of Syrian Refugees in the region. Currently we are creating a third party communication channel for use by Syrian Refugees who find employment in our supply chain. We have also called on our suppliers to positively discriminate and employ an agreed percentage of Syrian refugees, in line with the local laws.

- **Developed Arabic Poster/Booklet (child labor):** With the inflow of refugees to Turkey there has been a reported increase in the employment of Syrian children in various industries; mainly agriculture and textiles. We are collaborating with the FLA and Turkish Ministry of Labour to create and publish an Arabic and Turkish language poster (and/or booklet) for the prevention of child labour. The aim is to increase awareness on the issue and also inform the relevant community groups and refugees about what they can do to safely report incidents of child exploitation.