



Troon Manufacturing, Nicaragua Summary Report Third Party Complaint

On November 27, 2014, a worker at the factory Troon Manufacturing (also known as Pinehurst Nicaragua or Augusta Manufacturing), Nicaragua, filed a Third Party Complaint with the FLA alleging that he and three other workers had been dismissed from their jobs for trying to establish a union called Sindicato Carlos Fonseca Amador de la Empresa Troon Manufacturing. The dismissals occurred in October and November of 2014. FLA Participating Company Adidas sources from the factory.

The FLA accepted the Third Party Complaint at Step 2 of the process and requested that Adidas carry out an assessment of the allegations and conduct remediation if appropriate. The FLA Compliance Benchmark most directly relevant to the allegations was Freedom of Association FOA.5, Anti-Union Discrimination/Dismissal, Other Loss of Rights, and Blacklisting.

Adidas' Assessment

Adidas worked closely with Troon Manufacturing's Corporate Social Responsibility staff to conduct an assessment of the allegations. The main finding of the assessment was that the termination of the complainant and the three other workers referenced in the complaint was related to their efforts to form a new union, Sindicato Carlos Fonseca Amador de la Empresa Troon Manufacturing. Local management justified its actions on delays on the part of the Ministry of Labor in granting legal recognition to the new union, but ultimately, management breached the workers' right of free association.

Remediation Plan

Adidas and the factory developed a remediation plan to address the issues raised in the Third Party Complaint that includes the following elements:

1. Reinstatement of all four workers, including payment of lost wages and benefits, recognition of their original seniority, payment of social security contributions (employer's and workers' contributions) for the time span when the workers were subject to the dismissal action.
2. Disciplinary actions aimed at company personnel responsible for violating workers' freedom of association.
3. Clear instruction to all managers that threats or intimidation against workers who seek to form a union will not be tolerated.
4. Strengthening training on policies and procedures related to non-discrimination, freedom of association and collective bargaining. The training program should include a baseline assessment and evaluation of training impact. Training modules should be tailor-made for workers and management and should be provided by a "credible" third party.
5. Reinforcement of internal grievance mechanisms.

Conclusion

The assessment conducted by Adidas confirmed allegations by the complainant of violations of the FLA Workplace Code of Conduct in the form of anti-union discrimination and dismissal of workers seeking to form a union. The FLA has reviewed documentation provided by Adidas confirming that the four workers whose associational rights were breached were reinstated in their jobs, with payment of lost wages and benefits and restoration of seniority, and that training on freedom of association, collective bargaining and non-discrimination has been conducted by the well-respected independent organization COVERCO. The FLA calls on Adidas to monitor implementation of all elements of the remediation plan to avoid new instances of anti-union discrimination at Troon Manufacturing.