



FAIR LABOR  
ASSOCIATION®

*Improving Workers' Lives Worldwide*



ADIDAS GROUP

---

ASSESSMENT FOR REACCREDITATION

October 2008

## TABLE OF CONTENTS

adidas Group’s Labor Compliance Program .....	3
Accreditation of adidas Group’s Labor Compliance Program.....	5
Assessment for Reaccreditation of adidas Group’s Labor Compliance Program.....	6
Conclusion.....	13

## ADIDAS GROUP'S LABOR COMPLIANCE PROGRAM

adidas-Salomon was approved by the Board of the Fair Labor Association (FLA) for affiliation as a Participating Company in 2001. In mid-2005, adidas-Solomon acquired FLA Participating Company Reebok (the acquisition was completed in January 2006) and in the fall of 2005 the Salomon subsidiary was sold. Since late 2005, the company has been known as the adidas Group (hereinafter adidas).

adidas representatives have served several terms on the FLA

Board of Directors. The Head of Social and Environmental Affairs (SEA), Region Americas, has served on the Board of Directors and on the Working Group undertaking a review of the FLA Workplace Code of Conduct. One or more adidas representatives regularly participate in meetings of the FLA Monitoring Committee.



At the center of adidas's sustainability program is the Workplace Standards – the company's Code of Conduct (January 2007) developed from adidas-Salomon's Standards of Engagement (1996, revised in 2001) and Reebok's Human Rights Production Standards (1992, subsequently revised). The adidas Workplace Standards meet the elements of the FLA Workplace Code of Conduct and cover additional areas, such as environmental requirements. Supplementing the Workplace Standards is a set of Supporting Guidelines designed to provide detailed instructions and practical examples of implementation for factories.

The SEA Department administers adidas's corporate compliance program. The SEA Department is led by a Global Director who reports to the Legal Department at headquarters in Herzogenaurach, Germany. In 2007, there were 62 individuals working in the SEA Department in three geographic regions – Asia; the Americas; and Europe, Middle East, and Africa (EMEA) – each directed by a regional head. The geographic distribution of SEA personnel in 2007 was as follows: headquarters, 7; Asia, 42; Americas, 8; and EMEA, 2. In addition to SEA staff, adidas also engaged third-party monitoring organizations to conduct internal monitoring, particularly for its licensees.

The SEA Department works closely with other departments within adidas, such as Sourcing, Quality Control, Product Development, as well as with Continuous Improvement for international production and with the Legal Department for manufacturing agreements, contracts, and other agreements with supply chain partners. adidas has ensured an integrated decision-making process in which the addition or termination of production at a factory requires SEA and Sourcing staff involvement. Both departments are also notified of factory turnover and excessive overtime at key factory partners.

Since 2006, adidas's work has focused primarily on the integration of adidas and Reebok codes, policies, procedures, audit methodologies, and tools with the objective of achieving a unified labor compliance program across the company. The integration of the two programs was achieved by utilizing the higher standard of the two programs. adidas has also focused on: (1) developing an agent and licensee accountability model necessitated by the acquisition of Reebok; (2) risk management, including a focus on supply chain monitoring and encouragement of factory self-governance; (3) engagement, including internal engagement with various adidas business units as well as externally

with local governments and other civil society actors, the socially responsible investment community and universities; and (4) development of sustainable products. In 2006, adidas started implementation of an enhanced factory rating system called Workplace Standards Key Performance Indicators (KPI) that combines six units of measurement: (1) management commitment and responsiveness to a strategic compliance plan; (2) factory management systems for Human Resources, Health, Safety and the Environment (HSE); (3) worker-management communication and industrial relations; (4) delivery and effectiveness of training for internal factory staff; (5) transparency in communication and reporting; and (6) management response to findings of noncompliance. While adidas has continued innovative work in the areas of sustainable assessments, freedom of association projects, and worker consultations, some of that work was put on hold until the corporate integration effort was completed.

The FLA Board of Directors accredited adidas-Salomon's labor compliance program in May 2005, at the end of a three-year initial implementation period. Separately, the FLA Board of Directors accredited Reebok's footwear program in 2004 and its apparel program in 2005; further, the FLA Board reaccredited Reebok's footwear labor compliance program in 2006. This assessment for reaccreditation of adidas's labor compliance program covers the period 2005-2007. It is based on information provided by adidas in its annual reports to the FLA, verified through visits to headquarters and to field offices, a review of Independent External Monitoring visits (IEMs) and Independent External Verification visits (IEVs) conducted by FLA accredited monitors at adidas's apparel and footwear facilities during 2005-2007, and adidas's participation in FLA projects and value-added programs.

## **ACCREDITATION OF ADIDAS GROUP'S LABOR COMPLIANCE PROGRAM**

In May 2005, the FLA Board of Directors voted to accredit adidas-Salomon's labor compliance program. The Board accepted FLA staff's recommendation based on an assessments at headquarters and at the field level. FLA staff interviewed adidas-Salomon's Region Americas personnel at its Portland, Oregon headquarters, reviewed materials in the "e-room", and reviewed factory records in the data storage area. FLA staff also visited the SEA Regional Office in Bangkok, interviewed a sourcing staff member, examined documents, conducted a database review, observed a suppliers' training on health and safety in Thailand, observed two internal audits in Mexico, and conducted telephone interview with an adidas-Salomon compliance staff member in Turkey. Lastly, the FLA took into consideration the 67 IEMs of adidas-Salomon factories conducted by FLA-accredited monitors during 2002-2004 and Third Party Complaints that involved the company.

By accrediting adidas-Salomon's labor compliance program, the FLA Board formally recognized that the program fulfilled the requirements set forth by the FLA and those in the Monitoring Plan that adidas-Salomon submitted upon affiliating with the FLA. The FLA staff assessment concluded that during the implementation period, adidas-Salomon had aligned its compliance program with the FLA standards, benchmarks, and protocols, and met all of the requirements of FLA participation with respect to its applicable facilities during the initial implementation period. The FLA staff assessment also stated that adidas-Salomon was working on improvements in all of the areas covered by the accreditation review. Finally, the FLA staff recommended to the Board accreditation of adidas-Salomon's compliance program. The original accreditation report can be found at <http://www.fairlabor.org/report/adidas-salomon-assessment-accreditation>.

## ASSESSMENT FOR REACCREDITATION OF ADIDAS GROUP'S LABOR COMPLIANCE PROGRAM

FLA staff has assessed adidas's labor compliance program and its operations from 2005-2007 against the Obligations of Participating Companies and the benchmarks for accreditation agreed to by the FLA Board of Directors. In particular, the assessment sought to determine whether adidas's labor compliance program continued to achieve the high performance standards demonstrated during the initial implementation period.

The assessment concluded that in 2005-2007, adidas's labor compliance program continued to meet or exceed performance standards established during the initial implementation period, recognized by the Board of Directors in May 2005 when it approved accreditation of the program.<sup>1</sup>

1. **ADOPTS AND COMMUNICATES A CODE:** *Formally adopts a code that meets or exceeds FLA standards; Informs all suppliers in writing; Posts the code in a prominent place in supplier facilities in the local languages of workers and managers; Ensures that workers are informed orally and educated at regular intervals (to take account of labor turnover); Obtains written agreement of suppliers to submit to periodic inspections/audits, including by accredited external monitors, to remediate instances of noncompliances with FLA Workplace Standards that arise, and to inform employees about those standards.*
- adidas has continued to communicate the Workplace Standards to management and workers of contract factories. Up until 2007, the Workplace Standards were posted in adidas contract factories. Since then, the SEA Department has determined that Code posting does not lead to an increase in worker awareness. Instead, an open letter was issued to all suppliers in 2007 announcing the new Code and explaining to workers that the posters with the older Code would not be replaced. The letter outlined adidas's expectations of factory management to protect workers rights through internal policies and practices, including Code awareness. The open letter uses clear and simple language that is addressed to workers under the signature of the head of the SEA Department. The letter covers: (1) the integration of adidas and Reebok and their standards; (2) reasons for no longer posting the standards (with the onus on factory management to protect worker rights); (3) the commitment to continue to check factory conditions, speak privately with workers to get their feedback, and discuss improvements with management; (4) expectations of factory management to follow local laws and regulations, and to treat workers fairly and respectfully; and (5) commitment to inform management of the Workplace Standards and adidas requirements and to train them and provide guidance and support. Workers are advised to contact a SEA staff member in the case of issues that cannot be resolved with factory management. The phone number of either a SEA staff person or a contact from the local office or subsidiary as well as an email address is provided. A copy of the adidas Workplace Standards and Open Letter is on file at FLA offices and FLA staff verified seeing the Open Letter posted during factory visits in Turkey, China, and India.
- adidas continues to convey in writing to its suppliers the company's expectations about the Workplace Standards and guidelines related to HSE, employment standards, environmental best practices, worker cooperatives, enforcement, and sustainable compliance. These guidelines are also posted on the adidas website. adidas provides "Fundamental Training" on SEA policies and guidelines to factories. The expectation is that factories establish the required policies and procedures and in turn train their

---

<sup>1</sup> Reebok's footwear and apparel compliance programs were accredited by the FLA in 2004 and 2005, respectively, and Reebok footwear's program reaccruited in 2006. Reebok's compliance program has been integrated into the labor compliance program of adidas.

workforce. FLA staff reviewed copies of the training material and training timetables provided to suppliers in all regions. FLA staff observed that the training of factory management focused on Workplace Standards, health and safety, environmental guidelines, and working hours. Suppliers also receive training on regional topics such as how to manage subcontracting or child labor. adidas staff interviewed by the FLA indicated that training provided to workers by factory management is not up to the required standard; the SEA team is investigating how to improve the quality of worker training at the factory level. In 25 of 76 IEMs, noncompliances were cited for lack of Code posting and in 51 of 76 IEMs there was a noncompliance for lack of training or worker awareness. The FLA encourages adidas to work with factory management to strengthen training for workers in all factories.

2. **TRAINS INTERNAL COMPLIANCE STAFF:** *Identifies the staff or service provider responsible for implementing their compliance program; Ensures that they had training in all the areas under their responsibility, including, as appropriate, international and national labor standards, local languages, occupational and production risk factors, and techniques for monitoring, interviewing, and remediating; Updates that training at regular intervals.*
- From 2005 through 2007, much of the SEA internal training efforts were aimed at integrating former Reebok staff into adidas, developing a common understanding of newly integrated policies and procedures, and aligning approaches. Training for the SEA team consists of: (1) fundamental training, including introductory training on the Workplace Standards as well as training on the use of the Fair Factories Clearinghouse system, the new factory approval process, and SEA operating guidelines; (2) performance training, including detailed training on topics related to employment, health, safety, and environmental practices, and initial assessment monitoring methods; and (3) sustainability training, including training on the KPIs, sustainable compliance guidelines, strategic compliance planning, risk rating, and supplier self-auditing methods. Other training that is provided is skills-based, covering topics such as project and time management, supplier interactions, receiving worker feedback, interviewing skills and engaging with the internal sourcing department. In addition to formal training, new SEA staff are accompanied by regional SEA Heads and other staff for on-the-job training and to assure consistent application of the company's monitoring methodology. The FLA also confirms that some adidas staff has participated in FLA trainings held in conjunction with the Central America Project, the Soccer Project, and FLA 3.0 focused on the FLA Guidelines of Good Practice, grievance procedures and management of working hours.
  - Training programs, including fundamental training, are also available to sourcing agents and licensees in an attempt to ensure greater oversight of compliance issues in the supply chain and accountability of these business partners. To increase accountability among licensees, adidas has assigned point people to oversee licensee and agent relationships in the United States and Hong Kong and has created a licensee scorecard to measure performance of licensees along compliance and business parameters. This scorecard is a very positive initiative and is being piloted in the Americas where the majority of licensees are located.
  - adidas provides one-day training to third-party monitors. In Turkey, FLA staff observed third-party monitors offering remediation advice to factories and encouraging factories to post the Workplace Standards, thereby demonstrating a lack of knowledge about adidas policies on Code posting. The FLA recommends additional training for third-party monitors. Similarly, FLA recommends more systematic observation of third-party audits by SEA staff and the development of evaluation criteria for third-party auditors.

- 3. PROVIDES EMPLOYEES WITH CONFIDENTIAL REPORTING CHANNELS:** *Encourages the establishment of grievance procedures at supplier facilities; Provides channels for Company employees and workers at those facilities to contact the Company directly and confidentially if warranted; Ensures the channel is secure, so workers are not punished or prejudiced for using it.*
- adidas continued to encourage contract factories to put in place grievance policies and procedures. adidas participated in the FLA 3.0 pilot in China and Thailand. adidas staff and factories in south China received grievance procedures training. In 2007, adidas provided training on grievance procedures to Human Resources and compliance staff in El Salvador and in Asia. Moreover, the development of a functional grievance procedure is a key focus in the Human Resources Management System (HRMS) project in China. The FLA recommends that adidas continue working with all factories to encourage the establishment of grievance procedures and apply the lessons from the HRMS project and FLA 3.0 throughout its supply chain.
  - During the confidential interview portion of internal audits, SEA policy is for auditors to distribute business cards to workers with the auditors' personal telephone numbers and/or a hotline number and to encourage workers to call with complaints about issues not addressed by factory management. The hotline number and email address are included in the Open Letter to workers. In the Americas, adidas monitors have ceased the practice of giving out business cards to workers because they were not receiving complaints through this method. In Central America, specifically, adidas has discussed with four factories the advantages of a hotline subscription service that can serve as a vehicle for workers to express complaints confidentially about the conditions at factories in which they work. adidas partially funded the hotline service in one of the factories. In India, Turkey, and China, FLA staff observed that business cards were not handed out in a consistent manner. In one instance, workers interviewed alone and in a focus group were given more than one card so that they could distribute them to other workers, while in the other two audits no business cards were provided and the hotline number was not mentioned. Moreover, in some factories, the Open Letter was posted in locations that were not easily accessible for workers to get the phone number and workers who were interviewed were not aware of the Open Letter or the hotline. In 43 of 76 IEMs, there was no evidence of a communication channel found by the monitor, no obvious communication of the reporting channel, or workers were not aware of it. The FLA recommends that adidas continue to assess how effective access to the various confidential reporting mechanisms can be increased and to identify the most suitable system for each country or region.
  - adidas SEA staff continues to receive and follow up on complaints. In 2007, adidas reported receiving over 1200 communications from workers seeking help or redress of problems arising in factories. adidas records the complaints in a database that collects the subject matter of the complaint, the way in which the complaint was received, the number of workers affected, and the follow up actions by the SEA team. In Vietnam FLA staff saw a log with several complaints, while in India 4 to 5 complaints were received each month. In EMEA 7 complaints had been logged at the end of September. The complaints, information about the complainant, and the source of the complaint (from a third-party or from a worker directly) are tracked globally through the SEA's e-room data platform to ensure follow-up. Through review of monitoring and remediation plans, the FLA verified that adidas is prompt in responding, investigating, and working to resolve the complaints that are received. FLA recommends that adidas maintain documentation of actions taken to address complaints and whether the complaint has been resolved.



4. **CONDUCTS INTERNAL MONITORING:** *Internally monitors an appropriate sampling of suppliers to assess compliance, which includes worker interviews, records review, occupational safety and health review, practices of suppliers in relation to the FLA Workplace Standards; Collects, verifies, and quantifies compliance with workplace standards; Analyzes the monitoring results and implemented remediation plans to address non-compliance issues; Tracks the progress of remediation.*
- adidas relied on factory performance ratings tracked through KPIs and risk assessments (including region and country risk) to set priorities for internal monitoring, initial factory assessments, and remediation plan follow-ups. Factory visits conducted in 2007 consisted of strategic monitoring audits, initial factory assessments, and remediation plan follow-ups. In that year, the SEA team conducted 728 audits in more than 350 factories. In addition, SEA team members logged more than 270 visits to meet with factory management to discuss specific issues, follow up project work, or conduct training. Worker interviews were an integral part of the audits and were conducted on-site or off-site, depending on the circumstances and as a means to identify issues and verify remediation. Fewer than 5% of the audits were unannounced. FLA reviewed examples of adidas audits and confirms that an appropriate sample of audits has taken place.
  - adidas conducts pre-sourcing audits prior to allowing production in factories. The company has increased the rigor of the factory approval process to pay special attention to factories' financial health and ability to pay social security benefits in full and on time. FLA reviewed audit reports in which factories were rejected for not having paid proper and timely social security benefits in EMEA.
  - adidas has made efforts to audit further down the supply chain including embroidery facilities and mills. adidas has also required key suppliers to conduct audits of their own supply chains. FLA observed adidas internal audits in Turkey, China and India and found adidas staff to be proficient in handling complex discussions with factory management in a constructive manner. In China and Turkey, in particular, adidas auditors were quite skilled in conducting worker interviews.
  - adidas relies on external monitors to audit the factories that are sourced through agents and licensees. SEA staff interviewed by FLA finds that the audit quality of external monitors varies, which makes it difficult to use information from third-parties in factory rating systems. adidas is considering a more rigorous qualification and accreditation process for third-party monitors or partnering with a single global monitoring firm.
5. **SUBMITS TO INDEPENDENT EXTERNAL MONITORING (IEM):** *Provides the FLA with an accurate, up-to-date factory list, factory profile, access letters to factories, etc.; Ensures that the suppliers selected for IEMs cooperate with the FLA monitors; Cooperates with FLA requests for information, clarification, and follow-up in the IEM process.*
- adidas continued to meet this requirement and has promptly provided the FLA with additional information as appropriate.
6. **COLLECTS AND MANAGES COMPLIANCE INFORMATION:** *Maintains a database; Generates up-to-date lists of its suppliers when required; Analyzes compliance findings; Reports to the FLA on those activities.*
- adidas has supplier and compliance databases on regionally-managed Exel and Access platforms that are globally archived in the SEA e-room. In 2007, data from the e-room was migrated to the Fair Factories Clearinghouse, the designated corporate compliance platform. Migration of the data to the Fair Factories Clearinghouse and cleaning the system to incorporate adidas's information took longer than originally anticipated but was completed in 2008.

- SEA field staff, regional management, and global management have access to the database and periodically review compliance findings, remediation development, and monitoring processes. adidas has made a substantial investment to maintain the database and keep it up-to-date. The company also uses the e-room to share policies, procedures, worker complaints, country labor law updates, and other stakeholder engagement. The FLA reviewed the database system as well as the e-room during visits to adidas regional offices and can confirm that the system functions effectively and that staff are highly knowledgeable about the database. Examples of the analysis conducted by SEA are on file at FLA headquarters.

**7. REMEDIATES IN A TIMELY MANNER:** *Upon receiving the internal and independent external monitoring reports, contact the supplier concerned (within a reasonable timeframe) to agree to a remediation plan that addresses all compliance issues identified by the monitor; Implement a remediation plan regarding the noncompliances and the actions taken to prevent the recurrence of such noncompliances; Within sixty (60) days, supply the FLA with the remediation plan citing all progress made and a timeline for outstanding items; Confirm the completion of remediation; Condition future business with contractors and suppliers upon compliance standards.*

- SEA team members work with factory management to determine the parameters of a meaningful remediation plan and timeline. The severity of the noncompliance guides the timelines, frequency of follow-up visits, and expectations for factory reporting. As appropriate, adidas also involves government regulatory agencies and other stakeholders in implementation of the remediation plan, training, and verification.
- adidas uses a progressive warning system for factories that are not meeting performance expectations. The warnings can lead to termination if the noncompliance issues are not corrected. A factory can receive three warning letters, after which it is possible that the business relationship will be terminated, although most factories correct issues before getting to this stage. FLA reviewed warning letters issued to factories. adidas has created a company-wide termination policy that gives factories 6 months advance notice in the case of apparel and one-year advance notice in the case of footwear in order to give the supplier enough time to secure orders from other buyers and limit the need for worker retrenchment. In instances where retrenchment or closure results, adidas promotes a termination policy with strategies that includes working with the factory on retrenchment practices that are in accord with domestic law, paying workers' salaries and other benefits due them, and promoting dialogue between workers and management. The FLA recommends that adidas consider the introduction of an internal retrenchment policy for suppliers at an earlier stage of a factory relationship (perhaps if adidas business is above a particular percentage) given that leverage to implement a retrenchment policy after the business has ended may prove challenging. FLA recommends that adidas encourage the establishment of a supplier internal retrenchment policy as part of the supplier's overall Human Resources practices.
- The adidas team is proactive in the submission of timely remediation plans both after the IEM has taken place as well as through regular updates on the progress of remediation for past IEMs. FLA confirms that adidas develops remediation plans that seek to be sustainable and preventative in nature.
- Integrating compliance with business practices and conditioning business on compliance are a focus for adidas. Regional SEA Heads as well as the Production Head must approve new factories before they are authorized as adidas suppliers. adidas staff hold regular meetings to discuss factory performance with factory ratings, KPIs and critical compliance issues considered as significant elements of performance. adidas SEA KPIs cover six elements including compliance performance, industrial relations and transparency, among others. The KPIs are integrated into the overall sourcing KPIs which also evaluate factories along other parameters such as quality, cost, and delivery. adidas has been effectively using a balanced scorecard to both reward factory partners and divest when necessary. The FLA encourages adidas's efforts to integrate compliance into business practices through the balanced scorecard.

**8. TAKES ALL STEPS NECESSARY TO PREVENT PERSISTENT FORMS OF NONCOMPLIANCE:**

*Analyze compliance information to identify persistent and/or serious forms of noncompliance; Establish and implement programs designed to prevent the major forms of such noncompliance; Take steps to prevent recurrence in other applicable facilities where such noncompliance may occur.*

- Based on analysis of compliance findings, remediation development, and monitoring processes, adidas staff identifies persistent noncompliance issues and develops strategies to prevent recurrence throughout its supply chain. In 2007, adidas focused on two complex standards that are very challenging to remediate – the right of freedom of association and of collective bargaining – and engaged experts to help senior management think through potential workplace practices, models of representation, and options for factory follow-up and remediation. Building on this effort, adidas plans to experiment with an enhanced SEA KPI for industrial relations and worker management communication channels. A copy of the adidas model and sample SEA KPIs are on file at FLA headquarters.
- adidas has participated or developed programs to address persistent or serious forms of noncompliance as part of an innovative sustainability focus. The SEA team introduced a HRMS system at selected factories in China. This project involves the development of policies and procedures to help factories internalize preventive and sustainable compliance systems for Human Resource management. In the same geographic region, adidas implemented a new hours of work policy requiring factories to receive permission if they needed to work above 60 hours. adidas made larger investments in training factory staff on HSE policies and procedures and energy conservation, and is also requiring factory staff to receive official registration or certification in HSE. adidas has focused on collaborative projects with the International Labour Organization and a civil society organization in an effort to find sustainable solutions to serious noncompliances such as discrimination against workers with HIV-AIDs, the treatment of migrant workers, and negative environmental impacts of cotton cultivation. adidas also participated in FLA projects to address persistent and serious forms of noncompliance such as the Central America Project, which addressed blacklisting in the region, and other sustainable compliance initiatives such as FLA 3.0 and the Soccer Project. FLA staff observed a safety officer training and can confirm adidas's regional sustainable compliance activities. The FLA encourages adidas's innovative approach and continuous improvement model. The FLA further recommends that the successful project initiatives developed in one region be shared and applied in other regions and the lessons from projects and initiatives be applied to other factories.
- adidas has required key suppliers to develop their own three-year strategic compliance plans, which are reviewed annually by SEA staff. The plans that the factories develop are linked to KPIs to allow the factory and adidas to measure progress over time and ensure the sustainability of the progress made. adidas works closely with key factories to maintain high sustainability standards. If the factories experience 5% turnover or increased overtime in a month, they are expected to proactively report this to SEA and the data will be reflected in the balanced scorecard. During a visit in Turkey it was noted that, while plans were being reviewed, sustainability assessments had not yet been conducted at the factory to verify that plans are being implemented.

**9. CONSULTS WITH CIVIL SOCIETY:** *Maintain links to organizations of civil society involved in labor rights and utilize, where companies deem necessary, such local institutions to facilitate communication with company employees and employees of contractors and suppliers in the reporting of noncompliance with the workplace standards; Consult knowledgeable local sources as part of its monitoring activities; Consult periodically with the legally constituted unions representing employees at the worksite regarding the monitoring process and utilize the input of such unions where appropriate; Assure the implementation of monitoring is consistent with applicable collective bargaining agreements.*

- adidas has continued to engage with civil society organizations across the globe on a range of topics

ranging from workplace issues to conditions for migrant workers, discrimination against workers that are HIV-positive, and working and environmental conditions related to cotton cultivation. adidas has collaborated with International Labour Organization initiatives to promote decent work in factories in Cambodia, India, and Vietnam and has engaged with various other stakeholder initiatives. In addition to civil society organizations, adidas has placed priority on further engagement with local governments in selected countries on the enforcement of labor laws.

- adidas maintains a country profile for each of the manufacturing source countries and they are maintained by local SEA staff and updated regularly. Country profiles also contain information on stakeholder contacts and this information is maintained in the e-room. Sample copies of the country updates are on file at FLA headquarters.
- adidas has engaged with regional and local organizations seeking to promote dialogue and facilitate communications with workers. For example, in Asia, adidas organized and chaired a multi-brand meeting with soccer ball suppliers and non-governmental organizations to discuss labor practices in a specific region. In the Americas, adidas spearheaded efforts to assist workers adversely affected by the closure of a factory in one country through engagement with the local government and civil society organizations as well as with an ombudsman. adidas representatives were deeply involved in a debate in the United States regarding a program to reshape sourcing in the university licensing market. In EMEA, adidas participated in a pilot project in Turkey. adidas publishes reports of its stakeholder engagement meetings and case studies on its website. Stakeholder engagements in 2007 focused on supplier feedback in Hong Kong, feedback from Indonesian workers, and stakeholder outreach in the United States and El Salvador.
- A number of civil society organizations on a global and local level have commented that adidas is responsive and engaged when issues have been raised to their attention. FLA staff discussions with stakeholders in Vietnam confirm that adidas has engaged and maintained communication with various organizations. Civil society outreach is not equally developed in all countries. In Turkey and India, for example, civil society outreach is planned although few interactions have taken place. The FLA recommends further engagement with civil society organizations at the local level, particularly in regions or countries where it has been weak.
- adidas engages a number stakeholders annually to comment on the adidas program and inform the content of the annual corporate social responsibility report. These stakeholders may include members of civil society, the socially responsible investment community, and other brands.

**10. PAYS DUES AND MEETS OTHER PROCEDURAL REQUIREMENTS:** *Pay annual dues; Pay IEM administrative and monitoring fees; Sign and honor required FLA contracts; Submit factory lists, a standardized annual report, and other information in complete form and on time.*

- All adidas dues and administrative and monitoring fees have been paid on time. All contracts have been signed and honored. Factory lists and annual report have been submitted in complete form and on time.

## CONCLUSION

Reaccreditation of adidas's compliance program should not be interpreted as a guarantee against issues and risks in the supply chain. Rather, reaccreditation indicates that the company has the systems in place to proactively identify and remediate those risks. Reaccreditation is not granted automatically, and is only renewed following a satisfactory FLA evaluation of labor compliance systems and activities during the timeframe. FLA will continue to conduct standard due diligence activities on adidas. To check an affiliate's accreditation status, visit <http://www.fairlabor.org/accreditation>.