

## adidas Group Policy on Forced Labour and Human Trafficking

### What is adidas Group's position on Forced Labour and Human Trafficking?

adidas Group strictly prohibits the use of forced labour and human trafficking in all company operations and in our global supply chain.

### What is Forced Labour?

The ILO defines forced labour as work or service exacted from a person under threat or penalty, which includes penal sanctions and the loss of rights and privileges, where the person has not offered him or herself voluntarily. It includes slavery and abduction, misuse of public and prison works, forced recruitment, debt bondage and domestic workers under forced labour situations, and internal or international trafficking.

Forced or compulsory labour is now almost universally banned, and two ILO Conventions - the Forced Labour Convention, 1930 (No. 29) and Abolition of Forced Labour Convention, 1957 (No. 105) - are the most widely ratified of all international labour Conventions. Specific prohibitions of forced labour have also been incorporated in the labour codes or general employment legislation of many countries.

### What is Human Trafficking?

Global efforts to control human trafficking has led to a number of new international anti-trafficking instruments, the most noteworthy of which is the *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children*, (the "Palermo Protocol"), which supplemented the *United Nations Convention against Transnational Organized Crime* (2000), and the *Council of Europe Convention on Action Against Trafficking in Human Beings* (2005).

The Palermo Protocol contains the following definition of trafficking, which is now almost universally accepted:

"Trafficking in persons" shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs."

We say "no" to exploitative labour practices and to any associated criminal conduct.

### How do we enforce this prohibition in our supply chain?

Since 1999 adidas Group has had in place a code of conduct, our Workplace Standards, which is modelled on international human rights law and international labour rights conventions. Our Workplace Standards prohibits our Business Partners from making our products "using forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views." The complete list of Workplace Standards can be downloaded at: [http://www.adidas-group.com/en/sustainability/suppliers\\_and\\_workers/code\\_of\\_conduct/default.aspx](http://www.adidas-group.com/en/sustainability/suppliers_and_workers/code_of_conduct/default.aspx)

All suppliers to the adidas Group are required to sign a Manufacturing or Supplier Agreement which confirms their commitment to compliance with the adidas Workplace standards, including the prohibition of any type of forced labour. These legal agreements must be signed by an officer of the supply company. Signed agreements must be in place before any production orders are placed with a supplier.

We have a global inspection team (Social and Environmental Affairs) which monitors our suppliers' workplace conditions. We audit those workplaces for unfair employment practices and any potential situation of exploitation, including forced labour. When there are non-compliant activities, we work with the factory to develop and execute corrective action. There are more than 1000 audits and monitoring visits by the adidas Group's SEA team annually, and they include both announced and unannounced visits.

adidas Group is a founding member of Fair Labor Association, a US-based not-for-profit labour advocacy group. As an FLA participating company, the adidas Group's compliance programme and supply chain is the subject of independent checks and validation by the FLA. The FLA evaluates the adidas Group's programmatic activities for compliance with forced labour code elements and selectively audits our supply chain to ensure that compliance as well as compliance with all other adidas and FLA standards. When necessary, the FLA helps us address any forced labour issues in the supply chain. The verification audits by the Fair Labor Association are all unannounced.

Our programmatic activities for auditing, monitoring, training, and rating our supply chain as well as the verification work by the Fair Labor Association are described in our annual Sustainability Reports. Copies of these reports from 2000 forward can be found on our corporate website at: <http://www.adidas-group.com/en/sustainability/reporting/default.aspx>

### **What about training, guidance, and accountability?**

To support our Workplace Standards, adidas Group has developed and trained our suppliers on a set of Guidelines on Employment Standards. Section 4.2 of our Employment Guidelines describes the steps suppliers should take to avoid situations of forced labour within their own manufacturing operations and with their subcontractors or suppliers. Suppliers who consistently or deliberately fail to meet compliance standard for slavery and trafficking breach the terms of the Manufacturing or Supplier Agreement and the commercial relationship could be terminated. To download our Guidelines on Employment Standards, please go to: [www.adidas-group.com/en/sustainability/suppliers\\_and\\_workers/supporting\\_guidelines/default.aspx](http://www.adidas-group.com/en/sustainability/suppliers_and_workers/supporting_guidelines/default.aspx)

The adidas Group's staff and management in social and environmental affairs, purchasing, sourcing, product creation, legal services, licensing, and other adidas Group departments are regularly briefed on the Workplace Standards and trained to manage compliance risks throughout the supply chain. The Workplace Standards state that "using forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views." All Group departments work closely with suppliers to correct any breaches of employment, health, safety and environmental precedent and practices, and specifically for any type of forced labour. If employees of the adidas Group who are responsible for the Workplace Standards fail to fulfil their duties, they may be subject to discipline.



Annually, we continue our intensive efforts to provide training for our suppliers, licensees and employees from the adidas Group's operational departments. We have three main types of training: Fundamental training, Performance training, and Sustainability training.

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### **Do we support advocacy groups?**

We have worked closely with the ILO and other local non-government organisations in safeguarding the rights of migrant workers who have found employment within our supply chain. This has included the development of guidance and industry best practice to eliminate the exploitative actions of middle men and unscrupulous employment agencies and ensuring freedom movement and employment of transnational migrant workers. See section 5.1.4 of our Guidelines on Employment Standards, which are downloadable at: [http://www.adidas-group.com/en/sustainability/suppliers\\_and\\_workers/supporting\\_guidelines/default.aspx](http://www.adidas-group.com/en/sustainability/suppliers_and_workers/supporting_guidelines/default.aspx)

### **Where can I find out more about adidas Group's approach to human rights?**

Please see Frequently Asked Questions on Human Rights and Responsible Business Practices on the adidas Group website at: [www.adidas-group.com/en/sustainability/assets/governance/Human\\_Rights\\_Responsible\\_Business\\_Practices\\_Q&A\\_July\\_2011.pdf](http://www.adidas-group.com/en/sustainability/assets/governance/Human_Rights_Responsible_Business_Practices_Q&A_July_2011.pdf)