



Adidas terminates deals with 13 suppliers in Asia over non-compliance

posted by Marino Donati
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Adidas terminated agreements with 13 suppliers last year for non-compliance, according to the sportswear company's 2014 sustainability report.

All the cancelled agreements were with suppliers in Asia. The number is slightly up on last year, *when the company ended agreements with nine suppliers.*

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In the report, the company said it worked closely with suppliers to help them improve their performance. But in situations of severe or repeated non-compliance, it had ended its business relationships.

The company's global sourcing team, which works to pre-screen potential new suppliers, assessed 226 factories last year, rejecting 104. Some are rejected on a first visit, others, that have serious but correctable non-compliance issues, got three months to fix problems before being re-audited. The final rejection rate in 2014 was 10 per cent, the company, said.

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The report said: "The remediation of factory issues is beneficial for workers; it raises the bar in terms of better and more timely pay, improved benefits, reduced hours and the legal protection of formal employment

contracts, as well as significant improvements in basic health and safety within the workplace.”

Adidas also issued 65 warning letters to suppliers in 13 countries about ongoing serious non-compliance issues. Most were in Asia, where 60 per cent of its supplier factories are situated.

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The warnings were for issues including poor management commitment, excessive working hours, the non-payment of wages and benefits, poor electrical, fire or chemical safety, poor communication and transparency problems.

In the wake of *the Rana Plaza factory collapse in Bangladesh*, trade unions, NGOs, the International Labour Organization and international buyers worked together to create *the Bangladesh Accord on Fire and Building Safety*. By September last year, all Adidas Group supplier factories disclosed to the Accord had been assessed for electrical, fire and building safety. The company has stressed that it never had business relationships with any suppliers operating at the Rana Plaza.

The report also outlined some of the firm's achievements last year, along with its targets for 2015. It said it had fulfilled its goal of improving the lowest performing suppliers and had also already achieved its 2015 aims of having 60 per cent of all direct suppliers, and 80 per cent of strategic suppliers achieving a “good” score or better in audit ratings.

Adidas said it had also enhanced workers' grievance system by expanding its SMS worker hotline system to nine more factories in Indonesia and 10 more factories in Vietnam.

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