FACTORY WORKERS

Workers in our suppliers’ factories play a central role in our sustainability program.

It was our concern for the well-being of workers in our factories that led us to establish our “Workplace Standards”, the supply chain code of conduct, which covers workers’ health and safety and provisions to ensure environmentally sound factory operations.

Policies and Standards

A number of topics related to the workers’ well-being are of special interest to our stakeholders. These range from fair wages, child labor and freedom of association to health and safety.

FAIR COMPENSATION

The idea of a living wage is that workers and their families are able to afford a basic, but decent, standard of living that is considered acceptable by society at its current level of economic development. Fair compensation goes deeper. It considers the fairness of the wage that a worker is paid by benchmarking whether wages: are paid regularly and on time, include the legal minimum, allow decent living standards, reflect a worker’s performance and skills, reward overtime, follow price increases paid for the products they are making, are linked to their employer’s profits and sales, reflect changes in work technology, are negotiated individually or collectively with workers, are clearly and formally communicated to workers.

WAGES, BENEFITS AND COMPENSATION: As a responsible business we do not want the workers employed in our supply chain to face hardship in their daily lives. Our aspiration, as set out in the core principles of our Workplace Standards, is that workers earn enough for their basic needs and also have income remaining to cover their discretionary spending as well as savings. We seek business partners who progressively raise employee living standards through improved wage systems, benefits, welfare programs and other services which enhance quality of life. The question of calculating and paying fair compensation within global supply chains is complex. Wages are determined by the general economic conditions and cost of living in a country, national laws, the size and availability of its workforce, a worker’s skill level, the nature of the industry or sector and the competitiveness of the employer. We do not determine what factories pay their workers but we oblige employers to pay compensation that is legally required or has been freely negotiated through a collective bargaining process. As a buyer, we influence a factory’s ability to pay its workforce their wages in two ways:

- in the prices we pay for products;
- by sourcing and buying those products responsibly.
VULNERABLE GROUPS

Although everyone’s human rights and fundamental freedoms must be respected and upheld, particular attention must be given to vulnerable groups, minorities, or those whose circumstances open them up to exploitation or the abuse of their rights. It is for this reason that we have developed specific programs and initiatives to address topics such as child labor, migrant labor, trafficking and forced labor, and women’s rights. These initiatives are summarized below.

CHILD LABOR

FORCED LABOR

MIGRANT LABOR

WOMEN IN THE SUPPLY CHAIN

FREEDOM OF ASSOCIATION AND INDUSTRIAL RELATIONS

As a responsible business we believe that worker-management communication is vital for the success of any business enterprise. Workers must have access to effective communication channels with their employers and managers, both as a means of exercising their social and economic rights and to help them resolve workplace issues and disputes.

One important channel for worker-management dialogue is through trade union representation. Our Workplace Standards are clear that our supplier partners must recognize and respect the right of their employees to join associations of their own choosing and to bargain collectively. Our business partners must also develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives.

HEALTH & SAFETY

Workers in factories face risks from fire, accidents and toxic substances. Our Workplace Standards are explicit about the need to protect workers from these risks and ensure they have a right to adequate lighting, heat and ventilation as well as access to suitable sanitary facilities. Taking a structured approach is the best way our suppliers can ensure workers’ health and safety. So we require them to establish a health and safety management system that adheres to the standards and procedures of the international standard OHSAS 18001.

Through our own monitoring we are aware that breaches of good health and safety practices have historically been responsible for approximately half of all cases of non-compliance with our Workplace Standards. We therefore remain diligent in supporting suppliers to establish health and safety management systems by producing guidelines and training modules that help to meet the requirements of our Workplace Standards. We also support an academy to increase the pool of qualified environment, health and safety managers in southern China.
MANAGING CHEMICALS

Chemicals are widely used in global textile and apparel supply chains: from the cotton fields, to the mills and dye houses that make the fabric and the garment production. It is our goal to work with our suppliers and the chemical industry to eliminate and to reduce the discharge of hazardous chemicals in our sphere of influence as far as possible. But the management of chemicals in multi-tiered supply chains is a complex challenge, requiring many actors to play a role in achieving effective and sustainable solutions.

Chemical management at adidas

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