

## RISKS IN THE APPAREL INDUSTRY

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The apparel industry has incredibly extensive and complex supply chains spanning multiple countries around the world. This makes it difficult for companies to monitor labour standards across their many outlets. Companies are exposed to the risk of being linked with suppliers that recruit workers through deception and debt bondage amounting to forms of modern slavery. This underscores the need for leading apparel companies to better understand the modern slavery risks within their supply chain and how to address and mitigate these risks.



## ABOUT ADIDAS

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Adidas is a leading footwear and apparel company with more than 60,000 employees operating in over 160 countries across the world. The company produces more than 840 million product units every year and in 2016 generated sales of €19 billion.

## BEST PRACTICES

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The Mekong Club wishes to commend adidas for its outstanding leadership in combating modern slavery. The company has been a standard-setter for the apparel industry in the following ways:

### 1. Implementation of Modern Slavery Outreach Programme

adidas launched its Modern Slavery Outreach Programme in 2016, seeking to add further depth to its existing two decades long Labour Monitoring Programme by focusing on **Tier 2 (Processing) and Tier 3 (Natural Materials)** of its supply chain. By drawing on country-level risk analyses, adidas has identified medium- and high-risk countries as potential hot spots for Modern Slavery.

Having identified these hot spots, adidas has responded with a three-fold strategy including:

- Tailored training & awareness building for Tier 2 suppliers. In 2016, adidas partnered with the International Labour Organization to train key Tier 2 China and Taiwan-based suppliers on ethical employment practices, providing them with the guidance to identify and remediate forced labour practices. In 2017, adidas further refined the course content and the training is now being rolled out for Tier 2s across Asia.

- Stakeholder engagements in hot spot countries to scope sustainability initiatives associated with leather and natural rubber sourcing and the identification of potential partner organisations, including NGOs.
- For conventional cotton, adidas identified Turkey as a high-risk location and has since partnered with the government, the United Nations High Commissioner for Refugees and others, to design protection strategies for seasonal labourers and children in cotton growing areas. By 2018 adidas is committed to source 100% of its cotton from the Better Cotton Initiative, which offers assurance on working conditions at a farm level.

### 2. Worker hotlines and pilot reporting app

adidas is continually refining its worker communication and grievance mechanisms. Since 2013, adidas has implemented an SMS based technology system offering 300,000 factory workers in China, Indonesia, Vietnam and Cambodia the opportunity to anonymously ask questions, make suggestions or express concerns about factory conditions. Following this, the company has gone further by running a pilot project in China with smart phone applications for workers to anonymously report issues which can then be collected and analysed. In the long term this will create a grievance system that can be implemented through all of adidas' key strategic suppliers. And in time it will be cascading down to second-tier suppliers.

## SOURCES AND FURTHER READING:

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- [Modern Slavery Outreach: Perfect is the Enemy of Good](#)
- [Marking a new milestone in the management of our supply chain – the SMS worker hotline project](#)
- [Interview – Adidas' slavery buster hopes apps can help give workers a voice'](#)