

# adidas, step up your game on workers' rights!



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**adidas, step up your game on workers' rights and make sure PT Kizone workers get the deal they deserve.**

adidas are refusing to pay a cent to Indonesian workers who are still owed US\$ 1.8 million in severance pay a year after their factory, PT Kizone, closed down.

In January 2011, the owner of PT Kizone in Indonesia fled, resulting in the closure of the factory in April the same year, and leaving 2,800 workers without work and the severance pay they were entitled to. Sportswear brand adidas had been sourcing from PT Kizone for many years, where workers were paid as little as US\$ 0.60 an hour.



**Support workers like Tika to access the money they are owed.**

In July 2011, other buyers at the factory announced that they would contribute US\$ 1.6 million to a fund to compensate workers, roughly half of the US\$ 3.4 million that was owed to them. To date adidas has refused to contribute to the fund. Now, a year after the factory shut down, the workers are still legally owed the remaining US\$ 1.8 million in severance plus interest, which means former workers are incurring debts to survive and may be unable to keep sending their children to school.

One worker, Tika<sup>(1)</sup>, says 'I really hope I can find more money so my son can go to high school as soon as possible. If he doesn't have more school, he won't be able to earn a living. If he does finish school, he can get a job. I'll be old, I won't be able to help him soon. Once you're over 45, it's hard to find a job even if you have skills. I'm 42 years old now, so I have just three years more'.

See films of more worker stories on the Playfair website at <http://www.playfair2012.org.uk/2011/12>

### /1-8-million-owed-to-pt-kizone-workers/

adidas claim that they have no responsibility to these workers as the last adidas product was completed in November 2010, prior to the closure of the factory. Yet severance pay is accrued over the whole period of employment. Therefore the workers are entitled to receive money earned over the several years of adidas' production.

adidas also say they cannot assume responsibility for breaches of law committed by their supplier. Yet adidas do have responsibility for ensuring that all of the standards enshrined in local law, international conventions and their own codes are met. This is the principle behind corporate responsibility.

Therefore adidas need to take steps to ensure all labour rights violations, including the failure to pay monies owed to workers following illegal closure, are rectified. This means directly paying severance pay if it is not possible to get payments from the owner or the courts. So why do adidas continue to refuse to take action?

One thing is certain. It's not because they can't afford it. At the end of 2011 adidas recorded a 18% increase in company profits. They managed to pull together the £ 100 million pounds needed to become the main sponsors of this year's Olympic Games. In fact when it comes to paying individuals to wear their goods adidas has no problem finding the cash. In the run up to both the London Olympics and the European Football Championship adidas is battling it out with its competitors to snap up sponsorship of the medal hopefuls, such as the deal signed recently with British athlete Jennifer Ennis, working out at more than half a million dollars.

Yet for those at the other end of the chain money is not available. Despite years of work these men and women are now forced to borrow money, sell land or houses and use up any savings they might have built up just to survive. As the Olympics approaches we call on adidas to step up its game on workers' rights and make sure the PT Kizone workers get the deal they deserve.

(1) The name has been changed to protect the workers' identity

adidas has also been under fire this week to address extensive workers' rights violations in Olympic production sites.

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(see <http://www.playfair2012.org.uk/2012/05/fair-games-human-rights-of-workers-in-olympic-2012-supplier-factories/#more-2521>)

### **Please take action and sign this letter to adidas**

Herbert Hainer,

CEO

Igor Landau,

Chairman of the Supervisory Board

Herrn Frank Henke

Global Director Group Social & Environmental Affairs

Bill Anderson

Head of Group Social & Environmental Affairs Asia Pacific, adidas AG

Re: PT Kizone (Indonesia): Outstanding severance payments

Dear Mr Landau, Mr Hainer, Mr Henke and Mr Anderson,

I am writing to you to share my deep concerns regarding the payment of money owed to workers at your former Indonesian supplier, PT Kizone.

I understand from the Clean Clothes Campaign that PT Kizone in Indonesia closed in April 2011 after the owner fled the country. This has left 2800 workers without employment and owed US\$3.4 million in severance entitlement. They are unlikely to be able to claim this money through any legal process.

As a long standing buyer at PT Kizone adidas had responsibility for ensuring the factory was operating in a manner that was compliant with Indonesian law, international labour standards and adidas' own code of conduct. It is clear that adidas failed to do so as no funds to pay the workers' severance were available. Therefore adidas now has responsibility for rectifying these violations and ensuring workers are provided with the severance pay to which they are legally entitled. Other buyers from the factory have now paid a total of US\$ 1.6 million towards these debts, but adidas have so far refused to contribute. I am therefore calling on adidas to pay the remaining US\$ 1.8 million plus interest to former PT Kizone workers.

PT Kizone workers have spent many years producing goods for adidas and deserve to have their rights respected. As a consumer I am interested in the working conditions provided at your production sites. I therefore urge you to:

- pay the workers the outstanding US\$ 1.8 million severance payments including interest;
- to offer the unemployed former-PT Kizone workers jobs at the same contractual conditions and not to discriminate against anybody because of age, demands made to adidas or other criteria; these jobs must be close to their homes to avoid tearing families apart;
- to engage positively in this process with the union representing the majority of the workers, DPC SPSI TSK;
- to act in accordance with the principle of due diligence in the future employment of these and other workers.

Yours sincerely

Filed under: [Adidas Indonesia PT Kizone](#)

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