

INDEPENDENT MONITORING TEAM OF HONDURAS (EMIH)

Consultation with Workers in Honduran Factories which Produce for ADIDAS

**EMIH - ADIDAS
San Pedro Sula, Honduras, September 18, 2005**

Executive Summary

On September 18, 2005 a consultation was held for workers from factories that produce for adidas [in Honduras]. This activity was coordinated by the Equipo de Monitoreo Independiente de Honduras (EMIH), and two monitors from adidas' compliance program.

EMIH invited approximately 30 workers from different factories, among them workers from [Factory 1], [Factory 2], and [Factory 3]. Workers were also invited during in-factory workers' interviews conducted by adidas' auditors, and by telephone calls and home visits conducted by EMIH.

Participants

Participant	Sex	Factory
No. 1	Male	[Factory 4]
No. 2	Male	[Factory 3]
No. 3	Male	[Factory 3]
No. 4	Male	[Factory 3]
No. 5	Male	[Factory 1]
No. 6	Female	[Factory 3]
No. 7	Female	[Factory 2]

No. 8	Female	[Factory 1]
No. 9	Female	[Factory 1]
No. 10	Female	[Factory 1]
No. 11	Female	[Factory 1]
No. 12	Female	[Factory 1]
No. 13	Female	[Factory 1]

Out of all workers who were contacted, thirteen participated (8 women and 5 men) from 4 different factories producing for adidas.

The objective of the consultation:

1. To identify high risk violations in the maquila sector in Honduras as perceived by the workers.
2. To establish communication with adidas' monitors in order for workers to review adidas' procedures and tools used to assess risk in the factories.
3. To verify if the procedures to assess risk used by adidas are adequate and effective.
4. To share ideas on how to assess risk more effectively using other methods or resources.

Methodologically as a first step, the objectives of the activity were introduced [to the participants] in order for workers to know the objectives of this meeting. Facilitators later helped through a power point presentation identify the different risks workers may be exposed to through their jobs. Different working groups were then formed [within the participants] for the elaboration of risk maps, using as reference the factories where they work. These maps allowed workers explain their perceptions regarding the risks they face and their gravity.

Following the working groups, workers went on to a planning session in which they shared the information from each [group], emphasizing not only on the physical risks; the social risks appeared as a theme of interest for workers since such are an important part of the problems they face in their jobs.

In the following phase of the consultation, we discussed the "Most Common High Risk Issues in Factories Producing for adidas". This theme was introduced by adidas' monitors in order for them to share their perspective based on their [monitoring] experiences in a number of local factories. It was clarified to workers that adidas would share their perspective on high risk issues, and in accordance with the consultation's objectives it was necessary to confirm if these general assessments are part of the problems that Honduran workers currently face.

As many other spaces that also allow workers dialogue, it was established that:

During the consultation it was determined that there more important issues than others. The most important [according to the workers] are wages, overtime, lack of information on local labor laws, social security benefits.

In the consultation, ideas were given on how to better conduct a monitoring visit, and where to find non-compliances; highlighting as the most important mechanism to be worker interviews, without also highlighting the importance of the interviews with mid management. In respect, workers manifested that often they are not given equal consideration [in the monitoring process].

The suggestions and commentaries from workers to the auditors on better verification [procedures] were another important contribution to the consultation; just like their interest in receiving information on labor laws, their legal rights, and any information that can help them have a better work environment.

Trust [workers] said is gained when there are private spaces and a guarantee that they will be protected from reprimands after speaking with the monitors.

An important aspect is the coincidence between what was highlighted by the workers in regards to their socio-economic problems and their work environment, and the non-compliances indicated by ADIDAS' monitors. The suggestions given to the auditors on how to better find non-compliances, and techniques to get closer to [workers] were another important contribution.

Workers' priorities: wages, treatment, production goals were highlighted during the dialogue, without forgetting the conditions that affect them on a daily basis and relate to their personal well-being (health and safety in the workplace).

There were some additional high risk issues that were discussed by adidas' auditors, some of these include freedom of association, which was not initially identified by workers as a high risk issue; this was mostly due to the fact that workers often believe that unionization is illegal. This indicates the importance of educational processes that allow workers and management know their rights and responsibilities.

The monitors' methodology must collect information that is crosschecked with workers. Yet, capacity building processes are an important ingredient for monitors and workers to communicate in a common language.

Introduction

In September 2004, as part of its policy on evaluating in a participatory way the impact of different Codes of Conduct which are applied in Honduran maquiladora factories, ADIDAS sought the support of the Independent Monitoring Team of Honduras (EMIH) in order to facilitate a consultation with workers employed in different factories which receive manufacturing orders from trademarks with Codes of Conduct, among these ADIDAS.

The first consultation was effective because it facilitated a process of exchange of information among the workers, representatives of observer organizations and the auditors of ADIDAS. In this way, it was possible to have a closer idea of the level of knowledge that the workers have regarding Codes of Conduct. It also permitted a better understanding of the problems which impede, in one way or another, the effectiveness of those codes. Important suggestions were made by the workers and the representatives of the other organizations, suggestions that are recorded in the report issued after this activity. (See website: [www.adidas-Group.com/en/sustainability/stakeholders/ADIDAS-Stakeholder Dialogue](http://www.adidas-Group.com/en/sustainability/stakeholders/ADIDAS-Stakeholder%20Dialogue).)

In September 2005, EMIH was again contacted by ADIDAS to carry out a second consultation as part of the company's follow-up efforts for this kind of activity. On this occasion, the consultation focused on communication among workers employed exclusively in companies which manufacture for ADIDAS and the trademark's auditors.

2. Presentation

To create a favorable atmosphere for exchange, the activity initiated with an ice-breaking exercise so that each participant would feel comfortable and make contact with the others. One of the EMIH facilitators and a technical assistant led the activity which created the desired atmosphere and permitted each participant to learn the names of the others.

The objectives of the workshop were presented via the use of audiovisual equipment.

3. Objectives of the Consultation

1. Identify high risk violations in the maquiladora sector of Honduras, as perceived by the workers.
2. Establish communication between workers and the ADIDAS monitors in order to share knowledge on the procedures and tools used to determine the level of risk in the factory.
3. Verify if the procedure used by ADIDAS is adequate and effective.
4. Share ideas on how to make this work more effective, including other methods and resources which would permit best practices of identifying risks.

The facilitator explained each of the objectives, attempting to establish a channel of communication which would permit participation by the workers. Emphasis was placed on developing trust in the process, communicating to the workers that the process works to guarantee against any kind of reprisal. The importance of the objectives, as expressed, was centered on listening to the workers, understanding their interpretation of the occurrences and situations which arise in daily activities.



Occupational hazards

4. High-risk violations

To reach a better understanding of the topic, some criteria which allow high-risk violations to be identified were presented via Power Point. This section began with the concept of occupational hazards, seeking to identify both social as well as physical conditions. To achieve this, the facilitators raised the basic question of what the workers understand as occupational hazards, setting forth from the team's conviction that the workers' daily experiences render knowledge. Their comments included:

Occupational hazards	
<ul style="list-style-type: none">◆ Working without protection from the needles◆ Working without finger protection◆ Tools on the floor, which can provoke falls◆ Lack of a protection on the machine belt	<ul style="list-style-type: none">◆ Machinery in bad condition◆ No personal protection equipment◆ Working with liquids with protective gear◆ Oil on the floor

It was concluded that occupational hazards are "Working conditions which cause damage to the workers such as pain, lesions, illness or disability".¹

¹Factory names have been edited in order to protect workers' confidentiality.

Secondly, the workers mentioned accidents, the use of chemicals and dust as different types of hazards which they frequently identify.

They also made reference to other hazards which affect their work lives and which are related to socioeconomic conditions:

- ✓ Low salaries
- ✓ High production goals
- ✓ Punishment
- ✓ Control of restroom use
- ✓ Controls applied when getting the needles
- ✓ Health problems and care: "Many times we do not receive medical attention and we have to wait until the following day."
- ✓ Even when ill, they sometimes go to work.
- ✓ When their children are sick, the workers still feel obliged to go to the factory to seek permission for taking the child to the doctor, even when that child is very ill or the situation is an emergency.
- ✓ Problems with the time used in going to the doctor:
"Sometimes even with an approved disability, the time is deducted from our salary."

The perception of the workers was supplemented with information offered by the facilitator, establishing the damages which constitute hazards or risks for workers: cold, heat, harassment, excess of work, stress, high goals and punishments, among others. It was also established that work accidents could be the result of situations related with electrical hazards, fires, poor lighting, slippery floors, obstructions, and locked emergency doors.²

Despite the richness of the information, this was still only an initial phase, prior to the following dialogue which permitted us to connect the perceptions of the workers with the considerations of the ADIDAS auditing team regarding HIGH-RISK VIOLATIONS, which in itself involves a high level of non-compliance of national and international law.

² See Annex No.1

5. RISK MAPS

In order to identify in practical way the risks which workers perceive at the working site, the facilitators instructed the workers in the development of risk maps, grouping the workers by factory. The purpose of the small group method was to facilitate an exchange of opinions among the workers themselves. Following the small group work, a plenary session was held, during which information was shared with the rest of the workers and the ADIDAS auditors.

5.1. Group No. 1

This group was composed of workers from the [Factory 1] factory.

In its risk map, the following were established as the principal risks:

- a. Loose electrical cords, unmarked electrical areas
- b. Ergonomic problems such as inadequate chairs, machinery motors, tables which are too high
- c. Obstructions
- d. Areas which are not well-defined
- e. High pressure environments
- f. Electrical hazards such as loose electrical cords, unmarked electrical areas (particularly in the ironing area and the workshop and the machinery areas.)
- g. Conditions which are damaging by reason of noise, high temperature, stress, harassment, etc. (most danger in machinery area and ironing.)
- h. Chemical hazards in the cleaning area, located at the end of each work team, and spread into the other areas.

5.2. Group No. 2

Workers from [Factory 2] noted the following risks:

- a. Ergonomic problems (inadequate chairs, machine motors very near the body, very high tables) in all the work areas, cutting area, workshop, packing, and most highly concentrated in the machinery section.
- b. Electrical hazards such as loose and unprotected electrical cords: in the cutting area and in the area machinery area

- c. Noise, high temperatures, stress, harassment, etc.: observed more where there is machinery and in the warehouse
- d. Chemical dangers in the cleaning area, but strangely there are also indications of chemicals in the warehouse and packing areas³

5.3. Group No. 3

The workers of [Factory 3] indicated the following:

- a. Electrical problems such as loose and unprotected electrical cords seen in the working lines
- b. Ergonomic problems (inadequate chairs, maintaining a single position, lifting heavy objects): in the work lines and in the areas where there is machinery.
- c. Chemical dangers, observed in all the cleaning areas and work lines.
- d. Hazardous conditions (noise, cold or heat, discrimination, harassment, excessive work load, stress, high goals, punishments), seen in all the work modules.

Plenary session

During this phase of the workshop, in addition to sharing the risk maps, the work groups contributed a rapid evaluation of the factory with particular attention to what we call social risks. This evaluation took place during the group discussion, using a chart to record what the workers perceive as good and bad aspects of the workplace. These comments were brought forth later in the discussion in a more complete way, but it is important to include the initial perceptions:

³It is strange that there are indications of chemicals in the warehouses and packing areas, though these are areas where the finished product is stored, unless the reference refers to the chemical warehouse or places where chemicals are stored, a situation which would present more risks.

THE GOOD AND THE BAD

Group No. 3- [Factory 3]		Group No. 2- [Factory 2]		Group No. 1- [Factory 1]	
The Good	The Bad	The Good	The Bad	The Good	The Bad
<ul style="list-style-type: none"> ✓ Good treatment ✓ Help with permissions ✓ Good supervisors 	<ul style="list-style-type: none"> ✓ Many goals ✓ Low salaries ✓ There is no bonus in the Quality Department ✓ The food is always the same 	No comments	<ul style="list-style-type: none"> ✓ One doctor for 2 plants ✓ Unreasonable punishments, such as for going to the Social Security Hospital ✓ Poor communication with middle-level management ✓ Salary does not correspond to the production ✓ Pressure in production ✓ Admonitions ✓ When permission for leave is granted, they always deduct a day ✓ The cutting area is hot. ✓ They are very late in carrying out evaluations, which makes getting a raise difficult 	No comments	<ul style="list-style-type: none"> ✓ High goals ✓ Overtime ✓ Changes in styles ✓ Lunch time is taken away when one asks for permission ✓ The doctor does not provide good attention

6. Participation by ADIDAS

The ADIDAS auditors participated actively in the phase on risk maps, consulting with the workers in order to achieve greater clarity regarding the items identified as risks. Once this stage was finished, the EMIH facilitator introduced the theme which the auditors would present: **“The most common high-risk violations in factories which produce for ADIDAS, based on the experience and perspective of the auditors.”**

6.1. Frequently identified labor problems in different countries

A. Discrimination

- Against people with tattoos
- Against persons who have participated in the trade union movement (anything outside that which has to do with production).⁴

- Due to maternity
 - a. Blood tests
 - b. Tests related to other kinds of illness
 - c. Questions: does the worker have children

B. Forced labor

- Obligatory overtime ([Factory 1]'s contract takes this into consideration.) No more than 44 hours.

C. Incorrect payment of overtime

- Lack of procedures – the supervisor forgets or loses records

D. Freedom of Association

- To form a labor union
- Other types of organization

The auditors made known other examples related to labor problems:

E. Lack of communication between management and the workers:

- Mixed messages: for example, human resources says one thing and the supervisor another.
- Many complaints can bring reprisals or admonitions

⁴The ADIDAS standard indicates that the decision to hire a person is based on that person's ability to perform the job.

F. Health and Hygiene

- Lack of systems - There is no one responsible for overseeing or providing follow-through on health and security or in training the workers.
- Use of prohibited chemicals – Used without equipment, masks are not provided or are not the proper masks, no training on storage, etc.⁵ There are many places in which chemicals are used, principally in the dye area. There a lack of attention or practices that would create regularity in the review of product information that accompanies the chemicals.
- Obstructions which would provoke accidents when there is an emergency.
- Lack of recycling - The factories produce considerable waste. It is important to try not to waste electricity, water and other resources.

In this stage of the consultation the clarification was made to the workers that ADIDAS shares the general observations regarding the most common risk violations in the factories which produce for ADIDAS. Accordingly to the objectives of the activity and as a next step, it was necessary to go into more depth and confirm if these general observations form part of the situation of Honduran workers. The most outstanding aspects of occupational health and hygiene were discussed but it was clear that it is important to learn more about the other risks.

At this point the workers shared some testimonies regarding their contact with risks; cases of violations of rights were outstanding, among others:

- The obligation to work overtime
- Continuous schedules with overwhelming shifts, entering at 7:00 a.m. on one day and working through 5:00 a.m. on the following day with the obligation to return to work that same day at 8:00 a.m.
- Poor use of payroll: overtime is not always paid
- Payment in cash for covering work completed in extraordinary shifts
- Preferences granted to supervisors
- Fear on the part of workers regarding promises made by the trademarks to bring more production, since many times after a factory visit, this does not occur. The owners feed this fear.
- There has been discrimination against persons with tattoos by [Factory 1]. Workers consider that no opportunity is given to demonstrate that these persons are not criminals. Some workers stated that on occasions they have informed the company of death threats, resulting in refusal by the company to hire them.

⁵ Benzene, Toluene and others which are prohibited by ADIDAS

During the conversation, the question of SALARY was raised and the workers shared some ideas and interpretations:

- The presence of many instructors could be a factor in the low wages. Workers believed that the instructors function with little supervision; their salaries should be inverted into the operators salaries.
- Experiences with other companies that did not have instructors and improved the goal and the quality and, as a result, the salaries.
- Need to investigate how it is that overtime becomes part of the regular shift.

When the question was raised of whom should be consulted or monitored, the following responses were made:

- Management will not give us answers.
- In order to investigate the production goal it is necessary to speak with:
 - ✓ Production manager
 - ✓ Head of personnel
 - ✓ The supervisors

Comments were made regarding problems related to Social Security. Nevertheless, the importance to note that the factory made the proper payments to Social Security was recognized. On the other hand, the difficulties are related to the lack of access to healthcare services, which can be verified through the permission slip records.

In Conclusion

1. Some of the issues addressed in the conference were considered more important than others. The most outstanding issues on this occasion were:

- Salaries
- Problems with overtime
- Need to be informed about laws
- Social Security

2. The consultation, as well as in other opportunities which permit dialogue with the workers, substantiated the best way to make a monitoring visit and where to investigate the problems. In a very sure way, the workers indicated that the best mechanism is "to speak with the workers". But regarding this there were comments that "at times they do not relieve us because we are operators – however, they should know that the supervisors cover up information". Thus, it is important that there be greater consultation with workers.

3. Another important contribution was the information from workers to the auditors for greater verification, including:

Evaluation/Suggestions/Other comments made by workers

SUGGESTION/COMMENT
<ul style="list-style-type: none"> ✓ That monitoring be carried out more regularly: more visits to the factory ✓ That the situation of overtime be resolved ✓ That Social Security payment be resolved ✓ Investigate more on permissions which are solicited and the reason for taking away the lunch period of a worker
<ul style="list-style-type: none"> ✓ Meet with the operators and not advise the company of the day they will arrive ✓ Speak with the supervisors
<ul style="list-style-type: none"> ✓ Meet with the employees who are being hurt by the current situation. As a suggestion, middle-level management should not be advised on the day that monitors will arrive or the time ✓ You must check the final inventories from each line; those that go in boxes along with the production. What appears in those inventories allow one to contrast the production that entered and left each line vs. the salary earned by each worker. That is how you will understand the problems related to the salaries.
<ul style="list-style-type: none"> ✓ This meeting was good since everything which was discussed regarding the factory was useful because one does not know what are his/her rights. Hope that there will be another invitation to meet with you.
<ul style="list-style-type: none"> ✓ From my viewpoint, I suggest that wages and the mistreatment on the part of the engineer toward the workers be improved. There is indifference. Be more discrete in visiting the factories so that you will understand what is happening.
<ul style="list-style-type: none"> ✓ I suggest that there be surprise investigations in our factories and at the same time that you continue your work in the way you are working as it is beneficial for us. We should always have meetings such as that of today, September 19, 2005. I would like assistance in my quality control department. ✓ Speak with other people outside the office.
<ul style="list-style-type: none"> ✓ Do not advise in advance regarding when you will come. Review the graph of goals, payroll lists, maternity benefits documents and benefits/severance pay documents.
<ul style="list-style-type: none"> ✓ The meeting was good and we agree that you visit the factory. ✓ Carry out activities such as today's consultation
<ul style="list-style-type: none"> ✓ The meeting was very good and the issues which were raised are very important. I would like to be invited to another meeting like this. I think that the ADIDAS inspectors should visit the maquiladora factories more often.
<ul style="list-style-type: none"> ✓ I suggest more frequent monitoring, better salaries and improving situation of overtime.
<ul style="list-style-type: none"> ✓ We want better pay for the employees and more factory visits in order to investigate more on the problems of the workers.
<ul style="list-style-type: none"> ✓ For me it is best to meet with the workers as you did today and to advise the factory of the day that you will visit. ✓ Monitor the charts of goals and the payroll with the purpose of COMPARING the information.

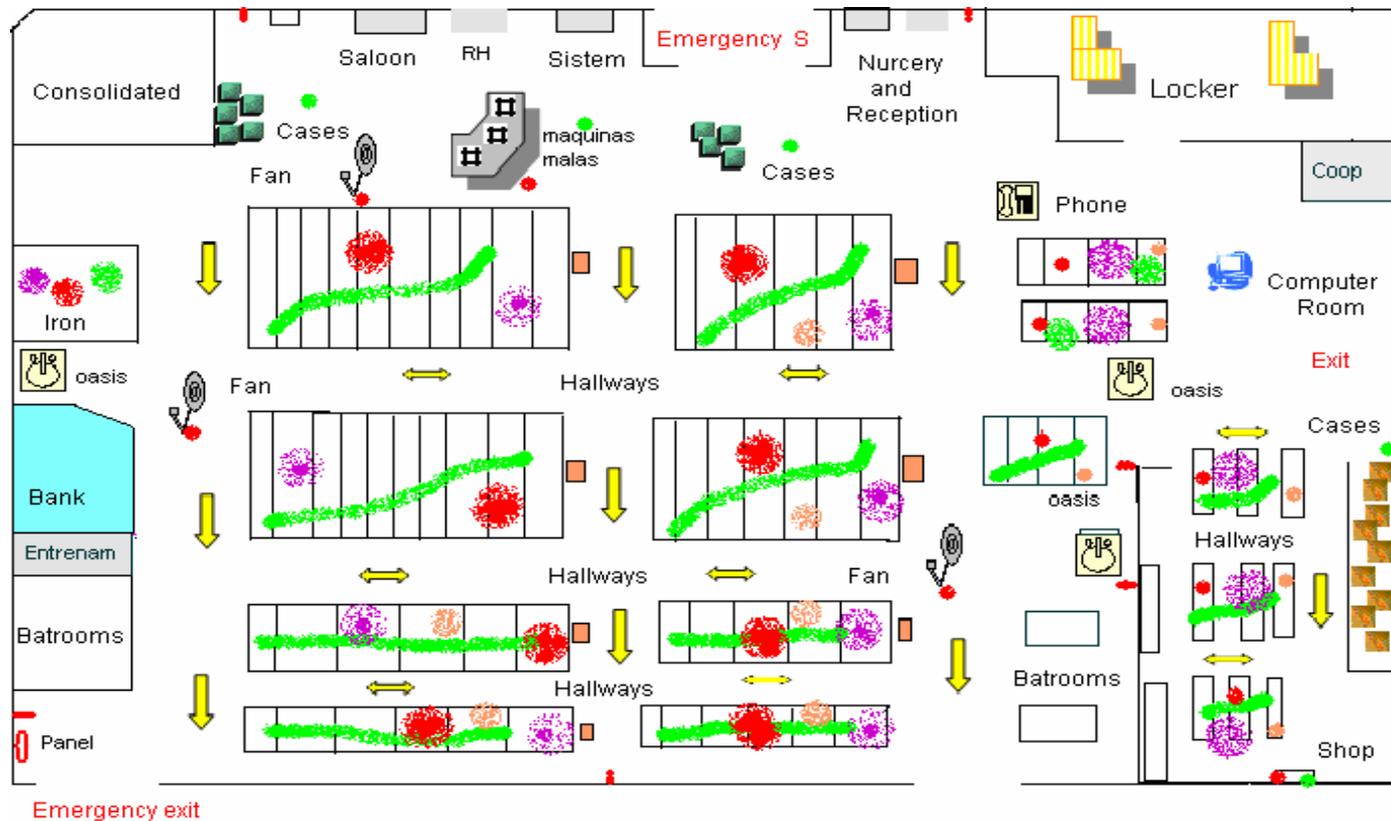
One of the observers made suggestions, including:

✓ There should be follow-up to the issue of work-related illnesses. At times, the workers go home because they suffer harassment made with the intention of getting them to resign from their job. Some illnesses have a cure and other go home to die. The responsibility of the company in regard to these illnesses should be reviewed.

✓ It is necessary to verify what is happening with people who were dismissed, identifying the real motives behind these dismissals.

4. Another important aspect of the consultation was the marked interest by the workers in obtaining information on the laws, their rights and those subjects which could lead to having a better work atmosphere.
5. It is important to achieve these two aspects in the consultations: 1) trust placed by the workers in the auditors when there is a private space and 2) guarantees of protection against reprisals.
6. The workers have a good deal of information on their work site. This information could be used effectively by promoting educational processes which allow workers to become monitors of their work climate.
7. It is important to indicate that the risks identified by the adidas auditors coincide a great deal with the risks identified by the workers; not only in the socioeconomic level, but also those related to the workplace climate. Perhaps the most important part of the workers' contribution were the suggestions on how to more rapidly find the truth behind the workplace issues, and techniques and recommendations on how to get closer to the workers.
8. Regarding the priorities of the workers, it was clear that salary, personal treatment, and production goals were the most important issues. Nevertheless, it was also mentioned that those conditions that affect the workers' daily lives and that are related to their personal well-being (with security and hygiene in the workplace) directly affect them. There were other suggestions indicated by the adidas auditors such as freedom of association, that were not considered an immediate problem even though misinformation persists between some workers, who continue to believe that unionization is prohibited in factories. It is important that by informing and educating both workers and management, their rights and obligations will be clear.

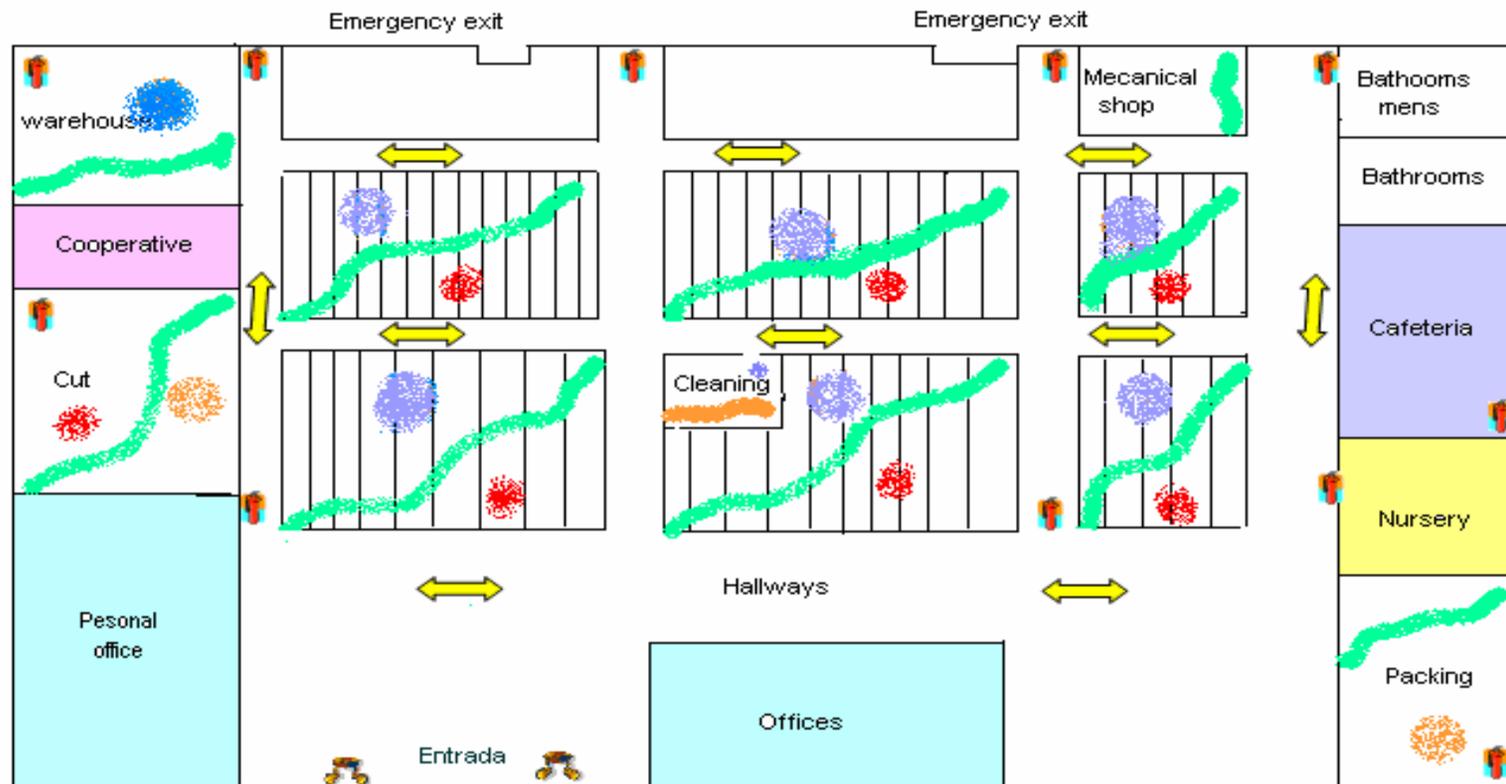
ANNEX
Annex No. 1
RISK MAPS DEVELOPED BY THE WORK GROUPS
GROUP No 1 [FACTORY 1]



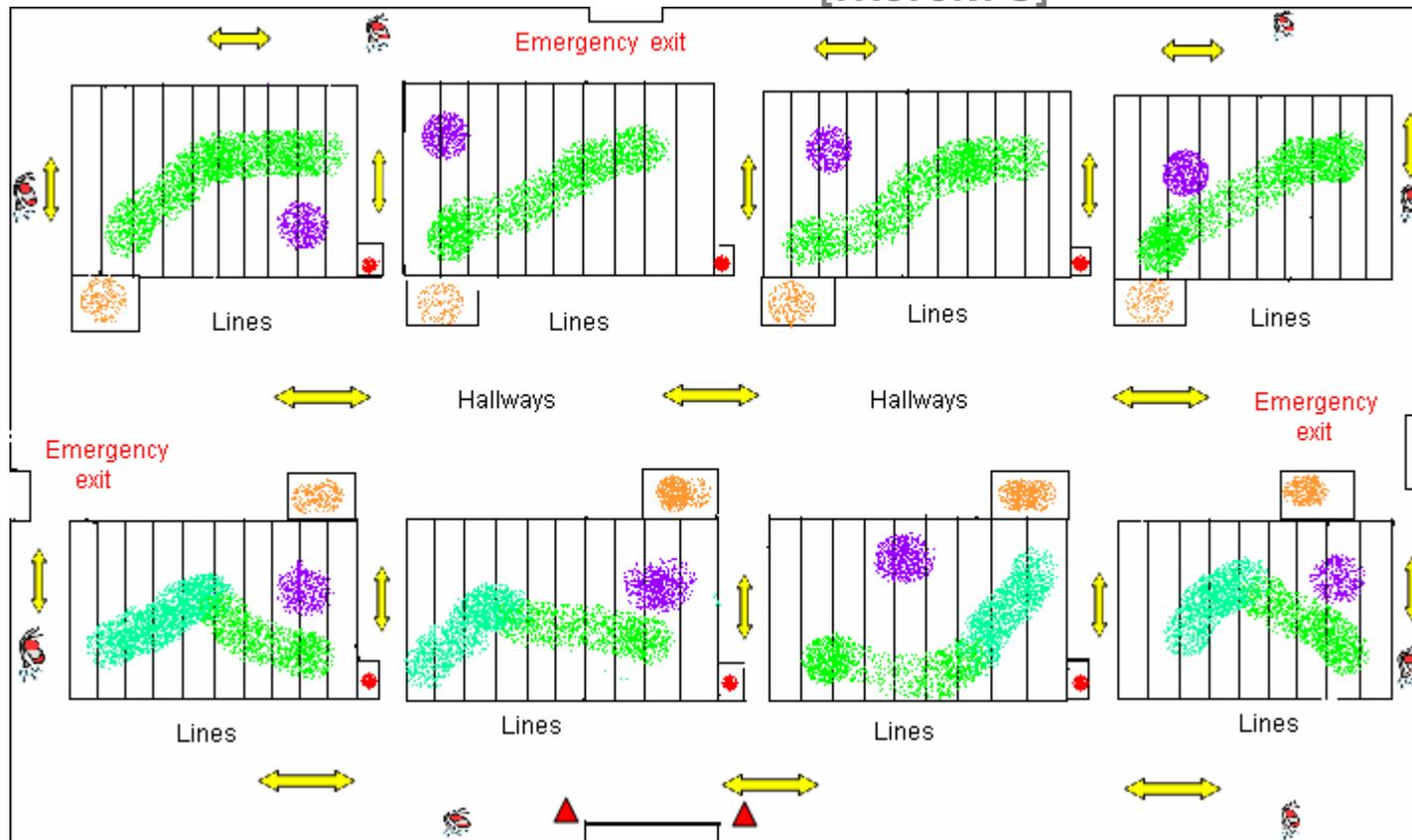
Indicadores

- | | | | |
|--------------------|---------------------------------------|--------------------|---------------------------------------|
| Electrical hazards | ■ | Ergonomic hazards | ■ |
| Chemical hazards | ■ | Harmful conditions | ■ |

Group No. 2 [FACTORY 2]



Group No. 3
[FACTORY 3]



Annex No. 2

During one of the plenary sessions, there were some comments which could provide insights to some of the problems or difficulties which the workers perceive:

<p><i>"Once I had an accident with part of my hands and they only gave me acetaminophen. It is always this way, even when if the pain is different."</i></p> <p><i>"Recently I worked two hours overtime and they were not included in my pay – for that reason I don't like to stay late."</i></p> <p><i>"When one is asked to stay to work overtime, they say that they will pay for transportation and one signs. But in the end they don't pay and it has to come out of one's own pocket."</i></p> <p><i>"Sometimes we work 9 overtime hours. Three months ago, I worked 10 overtime hours, arriving at my house at 8 or 9 p.m."</i></p> <p><i>"Overtime hours depend on the style and if you don't want to do that, they send you to the production room or change the module you work in."</i></p> <p><i>"If you do overtime, it is difficult to get any kind of permission."</i></p> <p><i>"One can resign; the policy is to advise with 4 months of anticipation."</i></p>	<p><i>"I know that no company has the right to hire pregnant workers."</i></p> <p><i>"If I go now and they do a pregnancy test, I won't be allowed to work."</i></p> <p><i>"When I started working, there were rumors that they were doing pregnancy tests."</i></p> <p><i>"Why is a person dismissed for joining a union? They always tell us that if this happens, the trademark will leave."</i></p> <p><i>"There are persons who do not wish to continue working and so they join the union so that they will be fired."</i></p> <p><i>"Right now they are not accepting resignations. They said that they will only accept 5 per month and now they say that they will accept resignations in 2007."</i></p>
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