

## **An Open letter to Adidas and Yue Yuen Dongguan, China**

### **Globalization Monitor**

On April 5, 2014, several thousand workers, out of 60,000 from Yue Yuen Dongguan, the world's largest maker of athletic shoes, took to the streets and gathered at the highway to protest against the violations of Yue Yuen Industrial Holdings Ltd. Yue Yuen, is a Taiwanese giant shoe manufacturer that operates in south China, producing shoes for global brands including Nike, Adidas, Reebok, ASICS, New Balance, Puma, Converse, Salomon and Timberland. According to a news report, Yue Yuen is the largest supplier for Adidas' production in China, and Adidas has an unescapable responsibility to ensure that Yue Yuen follows the ChinaLaws.

The dispute started when some of the workers suddenly found out about some malpractices of the company that obviously violated the law. Firstly, for years, the company's contributions to workers' personal social security accounts were far less than they should have been. Secondly, workers who have been working for the company for 20 years found that their labour contract is not a legally effective document.

#### **\*Case 1: Yue Yuen employee Mr. Yang\***

He entered Yue Yuen at age 17 and has now already been working for the company for 20 years. He signed a non-fixed labor contract with the factory and his monthly income is now more than 3,000 yuan a month, but when he checked his social security account, he found that the factory only based their social security payments on a 1810 yuan monthly wage.

#### **\*Case 2: Yue Yuen employee Mr. Li\***

He has already been working for the company for more than 10 years. Recently, he took along his labour contract for his child's school enrollment, but he found that the contract did not have legal utility and this made him very shocked. He is not the only case and many of his colleagues are having the same problems--their contract is not legally effective.

#### **\*Case 3: Yue Yuen employee Mr. Xu \***

"I have worked 20 years for the company. The company started to buy social insurance for me in 2000. According to the standard social insurance contribution for an employee in Dongguan, the worker should contribute 8 percent, while the factory contributes 20%. The factory announced that it only paid 12%. However, when I made an inquiry about my own social security account, I found that the factory only contributed around 1500 yuan in 14 years, which means less than 1.5% of the total amount of contribution."

Yue Yuen also did other violations. For example, it does not officially allow overtime work and caps the total working hours at 60 hours a week. Despite this, however, in order to meet the lead time and deliver the goods on time, many cadres (skilled workers) have to work overtime without pay." The crude exploitation of workers'

social insurance payment is a serious act and puts workers' health and pension benefits in danger.

A Yue Yuen spokesman told the reporters that "The misunderstanding has to be clarified by the government". However we believe this is a deliberate act from the employer's side in order to save costs and the workers are the victims of such a shameful practice, as the law states clearly that companies have to contribute 6 kinds of social insurance for every worker each month.

We do not accept Yue Yuen's excuse when it says that it is a "misunderstanding over social security benefits and different terms for local and migrant workers", as Yue Yuen should follow the social security law and pay the amount they should contribute. We also want to ask Adidas why it has never found these violations in all these years through its audits at Yue Yuen.

News reports say a number of workers were arrested and detained during the protest. Without the violations of Yue Yuen and Adidas, the workers will not end up being detained. Adidas and Yue Yuen should make sure workers are released and will not be prosecuted.

**We demand Adidas and Yue Yuen:**

1. Do the right thing and follow the laws in China;
2. Pay back full social security benefits to all workers;
3. Make sure Yue Yuen issues legally effective contracts and stops fake contracts;
4. Help release the detained workers since April 5 protest action.

April 15th, 2014