

Berlin, 24 May 2004

Statement by the

German National Contact Point for the OECD Guidelines for Multinational Enterprises on a specific instance brought by the German Clean Clothes Campaign (CCC) against adidas-Salomon

On 5 September 2002, the Clean Clothes Campaign submitted a specific instance concerning adidas-Salomon with the Austrian National Contact Point for the OECD Guidelines for Multinational Companies. This specific instance was forwarded to the competent German National Contact Point in the Federal Ministry of Economics and Labour, Berlin.

The German Clean Clothes Campaign (CCC – SÜDWIND Institut für Ökonomie und Ökumene, ver.di), alleged suppliers of adidas-Salomon in Indonesia of failing to comply with the OECD Guidelines (General Policies [Section II] and Employment and Industrial Relations [Section IV]). CCC chiefly based its allegations on statements in the OXFAM Report of March 2002 entitled “*We Are Not Machines*”. This report accused Indonesian supplier firms, including some delivering to adidas-Salomon, of failing to comply with the OECD Guidelines. In accordance with the OECD Guidelines, companies should ensure that the Guidelines are adhered to also in production sites in countries which are not themselves OECD members.

In response to the mediation by and at the invitation of the German National Contact Point (NCP), discussions were held on 28 May 2003 and on 16 February 2004 at the NCP in the Federal Ministry of Economics and Labour, Berlin, leading to a constructive dialogue and enabling both sides to present their respective view of this case. There was disagreement about the extent to which the allegations made in the OXFAM Report of March 2002 coincided with what actually happened, in some cases up to three years ago (December 1999 – 2000), and about the extent to which the relevant events actually took place at specific production sites of suppliers to adidas-Salomon. Therefore, at the request of the NCP, both adidas-Salomon and CCC presented several statements about working conditions, minimum wages and employees’ rights to form organisations at the firms supplying adidas-Salomon in Indonesia.

All parties concerned agreed that the treatment of the specific complaints towards solutions should be sought in structural approaches. In the individual cases, the parties involved were unable to reach agreement, neither on the facts of the matter gathered in subsequent research nor on the precise options for action to be derived from these facts. A major reason for this may have been that it was not possible to obtain the information needed for an unambiguous description and assessment of the facts.

The situation regarding the assessment of the general programme of global social responsibility of adidas-Salomon was different. Here, all sides took note of the fact that the company maintains a comprehensive internal programme intended to ensure that the principles contained in the in-house “Standards of Engagement” (SOE) are complied with by the supplier firms of its business partners. Key elements of this programme include obligatory recognition of core labour stan-

dards and relevant environmental standards by the management in the supplier factories, monitoring of these standards by experts, identification of specific problems, active training and advice for the factory management regarding potential for improvement and the consistent exerting of influence on the factory management to tackle any problems found. In the context of its participation in the programme of the Fair Labour Association (FLA)¹, adidas-Salomon also commits itself to independent controls of supplier factories. According to adidas-Salomon, the above-mentioned elements of the SOE programme are specifically applied in the relevant supplier factories in Indonesia and are subject to FLA controls. The CCC is unable to confirm this assertion on the basis of the information available to it.

Both parties agree that the dialogue initiated by the NCP has contributed to an intensified exchange of information and to improved transparency, even if there are differing views about the facts of the matter which proved impossible to reconcile in the complaints procedure under the OECD Guidelines. The parties agreed to remain in communication on this issue and to utilise the information obtained for further progress on the improvement of working conditions, and in particular for improvements in communications between the company management and the employees in the Indonesian supplier factories named.

The NCP in the Federal Ministry of Economics and Labour thanks the parties, and especially Mr. Frank Henke, Global Director, Social & Environmental Affairs, adidas-Salomon, and Ms. Ingeborg Wick, academic assistant at the SÜDWIND Institut für Ökonomie und Ökumene, and Mr. Uwe Woetzel, ver.di, for their constructive co-operation.

The OECD Guidelines for Multinational Enterprises, which are based on the principle of voluntary compliance, form part of the OECD Declaration on International Investment and Multinational Enterprises and provide recommendations for responsible corporate conduct in foreign investment. The governments of the OECD member states and other participating countries have committed themselves to promoting the application of this code of conduct via their respective National Contact Points (in Germany: the Federal Ministry of Economics and Labour) and in the case of allegations to contributing towards solutions involving the relevant partners via confidential mediation.

¹ The Fair Labour Association (FLA) is a non-profit-making organisation consisting of companies, non-governmental organisations and universities. It establishes labour standards and guidelines for health, safety and environmental protection at work and appoints accredited inspectors to monitor adherence to these standards by the companies participating in the programme.