

The issue raised by the India Committee of the Netherlands (ICN) whether Adidas behaves in conformity with the OECD Guidelines for Multinationals has been finalised by the Netherlands National Contact Point (NCP). The NCP is the government body that promotes the effectiveness of the Guidelines, i.e. a set of recommendations by governments to multinational enterprises to operate in a socially responsible manner. NCP's role to contribute to the resolution of this issue has been successful. ICN and Adidas both pursue the internationally accepted labour standards and communication between them has been established. NCP will step back from hereon, but may be asked to step back in by either ICN or Adidas in the event that communication between them breaks down. A joint statement regarding this specific instance follows below.

THIS IS A JOINT STATEMENT BY THE NCP, ADIDAS AND ICN:

“Agreement between ICN and Adidas in NCP procedure”

The Netherlands National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises (the Guidelines), Adidas and the India Committee of the Netherlands (ICN) have reached an agreement on the question raised by ICN whether Adidas's behaviour as an outsourcer and seller of footballs produced in India is in conformity with the Guidelines.

According to ICN, Adidas failed to encourage its supplier to produce in accordance with the OECD Guidelines. ICN based its question on its report “The Dark Side of Football – Child and adult labour in India's football industry and the role of FIFA (June 2000)” and subsequent fieldwork to which Adidas had never reacted. ICN stated that this report contained enough evidence to strongly suspect that Adidas footballs were produced by workers at lower than minimum wages and without access to trade unions or adequate health and safety standards. In addition, child labour could be involved. ICN therefore asked the Dutch National Contact Point for the Guidelines to contact Adidas on this issue and to study whether Adidas's behaviour was in accordance with the Guidelines.

The National Contact Point first invited both parties individually to clarify their points of view and subsequently organised a tripartite meeting for an open dialogue. This meeting showed that ICN and Adidas agreed on the following:

- Standards to pursue (both ICN and Adidas generally focus on the same internationally recognised labour standards), with some points of discussion remaining, for example on ‘living wages’;
- The need for continuing transparency by Adidas on how it implements these standards;
- The need for continuing external monitoring, disclosure and verification;
- The need for strengthening communication between stakeholders, as Adidas individually but also within the framework of FIFA, and the World Federation of the Sporting Goods Industry;
- The need for ICN to continue taking into account independent, reliable and substantial information provided by the sports industry and other parties.

Even though the issues that were brought to NCP’s attention by ICN possibly still exist in the Indian sports goods industry at large, the NCP concluded on the basis of the information provided by Adidas that Adidas encourages its suppliers to operate in a socially responsible manner. It does this through its corporate code of conduct, which covers the issues mentioned by ICN. No evidence has been found of child labour used for the production of Adidas footballs.

The implementation of Adidas’s corporate code of conduct is monitored in the following ways:

1. The external monitoring agency SGS monitors on child labour and several health & safety measures;
2. Adidas monitors its suppliers internally on compliance with its SOE;

The Fair Labour Association (FLA) as an external auditor checks Adidas’s internal monitoring system. It is noted that with respect to Adidas’s supplier in India, there has not

yet been external monitoring, verification and disclosure by FLA that corroborates Adidas' own monitoring. This is however envisaged in the future.

The two parties agreed that communication in the future should be improved, as an important finding during the NCP procedure was this has been lacking in the past. According to ICN, an important contribution to improved communication will be the disclosure of future reporting by FLA on the implementation of the SOE at country and product level. It was noted that if two-way communication would improve, the discussion between Industry and NGO's could reach a higher level of information exchange. Both parties therefore welcomed the opportunity that the NCP had given for a constructive discussion.

The relevant document on the procedure relating to Adidas and ICN can be found on the website of the Dutch NCP: www.oesorichtlijnen.nl