



FOLLOW-UP STATEMENT

**of the German National Contact Point for the
OECD Guidelines for Multinational Enterprises
at the Federal Ministry for Economic Affairs and Energy**

in response to a complaint submitted by

- SÜDWIND Institut, Federal Republic of Germany,
- Sedane Labour Resource Centre (Lembaga Informasi Perburuhan Sedane), Republic of Indonesia,
and
- Clean Clothes Campaign (Stichting Schone Kleren), Kingdom of the Netherlands

(hereinafter collectively referred to as “the Complainants”)

against

- Adidas AG, Federal Republic of Germany

(hereinafter referred to as “the Respondent”)

Hereinafter, the Complainants and the Respondent will be collectively referred to as “the Parties”.

Table of Contents

A. SUMMARY 3

B. RECOMMENDATIONS IN THE FINAL STATEMENT 4

C. FOLLOW-UP PROCEDURE 5

 I. Submissions of the Parties 5

 1. Submission of the Complainants..... 5

 2. Submission of the Respondent..... 5

 II. Observations by the NCP 6

A. SUMMARY

1. The German National Contact Point for the OECD Guidelines for Multinational Enterprises (NCP) issued its final statement in this complaint on 24 April 2020. In the final statement it recommended that the Respondent reviews with regard to freedom of association its reporting and complaint channels and discusses certain questions with relevant stakeholders, and that the Complainants provide a contribution to the Respondent's review.
2. In the follow-up procedure the Complainants provided three proposals as to how the Respondent could enhance its reporting and complaint channels. The Respondent replied to these proposals in an interim and a final report and – although it did not report on a review or discussion apart from these proposals – developed activities in response to two proposals, one resulting in a modification of its reporting channels.

B. RECOMMENDATIONS IN THE FINAL STATEMENT

3. The NCP issued its final statement in this complaint on 24 April 2020¹. In that statement it concluded that the wage issue was resolved during the mediation, but not the freedom of association issue, in regard to which it made the following recommendations:
 4. To the Respondent the NCP recommended that it review its reporting and complaint channels and discuss with relevant stakeholders (trade union representatives, workers, business partners)
 - which impediments might exist that might make potential informants refrain from using these reporting and complaint channels and
 - how the effectiveness of these reporting and complaint channels could possibly be improved.
 5. To the Complainants the NCP recommended that they provide a contribution to the Respondent's review of its due diligence procedures in writing to the NCP to be forwarded to the Respondent, e.g. by making concrete proposals as to how, in their view, the Respondent could enhance its reporting and complaint channels.
6. The NCP requested the Complainants to report to the NCP within six months after receiving the final statement on activities developed in response to the above recommendation and the Respondent to report to the NCP within one year after receiving the final statement, detailing the activities developed in response to the above recommendation, including on the consideration of the recommended contribution by the Complainants.

¹ Final Statement in the complaint SÜDWIND Institut, Sedane Labour Resource Centre (Lembaga Informasi Perburuhan Sedane), Clean Clothes Campaign (Stichting Schone Kleren) and Adidas AG, 24 April 2020, https://www.bmwi.de/Redaktion/EN/Beschwerdefaeelle-NKS/Abschliessende-Erklaerung/suedwind-institut-against-adidas-ag.pdf?__blob=publicationFile&v=4.

C. FOLLOW-UP PROCEDURE

7. Following the final statement, the Complainants provided a report on activities developed in response to the recommendation in November 2020 and the Respondent provided an interim report in November 2020 and a final report in April 2021.
8. This follow-up statement was issued based on the submissions of the Parties by the Interministerial Committee on the OECD Guidelines, which consists of the NCP at the Federal Ministry for Economic Affairs and Energy and seven other federal ministries².
9. The Parties were given the opportunity to comment on the draft follow-up statement within 10 days.

I. Submissions of the Parties

1. Submission of the Complainants

10. The Complainants provided in November 2020 the following three proposals as to how, in their view, the Respondent could enhance its reporting and complaint channels:
 - integration of all sub-contractors of the Respondent in the Indonesian Protocol on Freedom of Association (FOA Protocol),
 - any layoff of a leading member of a union has to be notified to the Respondent immediately – whether it concerns suppliers or subcontractors – in order to ensure a flow of information when trade unionists are dismissed, and
 - participation of Respondent in the Textile Partnership Initiative on complaints mechanisms.

2. Submission of the Respondent

11. The Respondent provided in November 2020 an interim report and in April 2021 a final report addressing the three proposals of the Complainants, but not other

² Federal Ministry of Finance, Federal Foreign Office, Federal Ministry of Justice and Consumer Protection, Federal Ministry of Labour and Social Affairs, Federal Ministry of Food and Agriculture, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety and Federal Ministry for Economic Cooperation and Development.

activities developed in response to the recommended review of its reporting and complaint channels and discussion with relevant stakeholders.

12. Regarding the first proposal the Respondent stated that the FOA Protocol does not stipulate a mechanism whereby it can unilaterally enrol its sub-contractors into the scope of the Protocol's implementation. Such a mechanism, it stated, requires a formal amendment of the Protocol. In its interim report, the Respondent committed to propose such an amendment, but it reported in its final report that its proposal was rejected at the April 2021 pre-meeting of the FOA Protocol Committee, attended by participating buyers and manufacturers.
13. Regarding the second proposal the Respondent stated in its interim report that its guidelines for sub-contractors require them to inform the Respondent in advance of their redundancy plans, so that it can review the plan, including those targeted for layoffs. In its final report it reported in addition that following the Complainants proposal and to further protect FOA rights, it modified its reporting mechanism so that sub-contractors are now required to disclose the status of employees named in any layoff plan, including whether they hold a post as a trade union leader.
14. Regarding the third proposal the Respondent stated that it has a well-established and multi-layered grievance system, including a workers' hotline, an apps-based grievance channel, a third-party complaint mechanism and an independent third-party complaint mechanism. It therefore sees no value in adding an additional layer of complaint mechanisms in the shape of the one developed by the Textile Partnership Initiative.

II. Observations by the NCP

15. The NCP welcomes the fact that both Parties have responded to its request to report on their activities developed in response to the recommendations in the final statement.
16. The NCP acknowledges the activities developed by the Parties with regard to the recommendations. It welcomes the fact that the Complainants provided three proposals as to how the Respondent could enhance its reporting and complaint channels and that the Respondent – although it did not report on a review or discussion apart from these proposals – developed activities with regard to two of these proposals, one resulting in a modification of its reporting channels.

Berlin, 28. June 2021

To be signed by Anne-Kathrin Röthemeyer

For the National Contact Point

Anne-Kathrin Röthemeyer

Federal Ministry for Economic Affairs and Energy