



WFSGI COMMUNICATION ON ACTION

Reporting Template

Company Name:	adidas AG
Type of Company:	Brand
Number of Employees	56,888 (2017)
Country:	Germany
Filled in by:	
Name:	Frank Henke
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Date:	July 2018
Reporting period:	January 1 st - Dec. 31 st , 2017

After you complete this document, please send a copy to WFSGI (preferably by email) to:

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or

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Part A

Commitment to the WFSGI Code of Conduct: Statement by Senior Decision-Maker

Provide a statement from a senior decision-maker of the organization (e.g. CEO, Chair, Senior Corporate Responsibility Manager, etc.) that expresses continued support for the WFSGI Code of Conduct and ongoing commitment to its provisions. Please include the individual's name and job title at the bottom of the statement. The statement could include:

- The importance of commitment to the principles of the WFSGI Code of Conduct
- Key corporate responsibility issues for the company
- An outlook on the organization's main challenges
- An overview of CR governance at the company
- Broader trends (i.e. political or economic) that affect the company and its corporate responsibility performance, etc.

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

It is our responsibility to operate responsibly. We have integrated sustainability in most aspects of our business, from product creation and supplier management to store concept development and facilities. Through our actions, we challenge and inspire everyone to contribute to a more sustainable future.

Kasper Rorsted, adidas CEO, 2017.

Our core belief that through sport, we have the power to change lives supports us on our mission to to be the sports company in the world. Best means that we design, build and sell the best sports products in the world with the best service and experience and in a sustainable way. This helps us to create brands that our customers believe in and they commit us to playing by the rules that society expects of a responsible company. Unlike sport, society's rules are not always written down. We discover them by engaging with the people that our business touches, learning above all that companies are expected to be accountable for their actions. So we are committed to reporting publicly on the steps we take to have a more positive impact on society and the planet.

For adidas, operating responsibly means designing products that are environmentally sound, and reducing the environmental impacts of our day-to-day operations in our value chain. It is about setting workplace standards for our suppliers to meet and helping them to ensure fair, safe and healthy conditions in their factories. Importantly, it also means looking after the well-being and careers of our employees – the company's biggest assets – and making a positive contribution to the communities where we operate.

Adhering to all applicable laws, directives and guidelines is a business imperative. But that is not enough. We are continuously striving to improve our performance and our standing in society. We set ourselves targets that stretch us, regularly review our progress and set ourselves new goals. That is what the world's leading athletes do, and it is what we must do as a global leader in the sporting goods industry. Our proactive approach in managing sustainability issues is an inherent part of the company's Corporate Governance framework and risk management system.

Frank Henke, adidas Senior Vice President Social and Environmental Affairs, 2018.

Part B

Description of Actions Taken during the Reporting Year to Implement the WFSGI Code of Conduct

B.1 Programs and Actions

Provide a description of practical actions that the company has taken (or plans to undertake) to implement the WFSGI Code of Conduct. This includes programs or activities that address specific areas such as human rights, decent working conditions, community involvement, the environment, etc. For example:

- Operating programs to implement own or other Codes of Conduct
- Operating environmental programs (including waste reduction, responsible usage of water and energy resources, recycling practices, hazardous waste management policies, fuel reduction, etc.)
- Employee education and training programs
- Supplier capacity building and training programs (including human resources management, health, safety & environment)
- Community Affairs programs (including charities, sponsorships, corporate volunteering, corporate giving, etc.)

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

Environmental programmes

Managing our environmental impacts at our own sites and along the value chain is a key focus of our work. Since its launch in 2008, the Green Company programme has helped us to significantly reduce the environmental impacts at our own sites globally. We also strive to improve the environmental performance in our supply chain, for example by improving the environmental footprint of raw materials and monitoring our suppliers' environmental performance through auditing and capacity building. To reduce our suppliers' negative environmental impact at their manufacturing plants we also help them establish sound environmental management systems and have guidelines and training programmes in place. More detailed information can be found on our website: [Green Company](#) and [Supply Chain approach](#).

Employee education and training

At adidas, we believe that our people are the key to the company's success. We therefore focus on attraction and retention of great talent by offering individual career opportunities and fostering cross-cultural and cross-functional careers and learning experiences for our employees. More detailed information can be found [on our website](#).

Supply chain management

We have a systematic approach to managing the relationships with our suppliers and established our Supply Chain Code of Conduct ('Workplace Standards'), a contractual obligation for our suppliers (see B.2 for details). To enforce compliance with these standards, our internal expert team as well as external auditors regularly conduct announced and unannounced social compliance and environmental audits. The results of these audits enable us to take corresponding action ranging from determining training needs to further build capacity and working closely with factory management to improve their performance, to sending formal warning letters and terminating relationships with suppliers in case of severe or repeated non-compliances found and a lack of commitment from factory management. As part of our continuous efforts to achieve more effective and sustainable practices within the supply chain, we have initiated a system of multi-level and cross-functional training sessions with our global supplier network. A comprehensive description is provided [on our website](#).

Community affairs

We aim to maximise our positive impact by targeting those countries and regions where we have major sourcing operations. We regularly partner with local organisations as they best understand the needs and cultural sensitivities in their communities, and we engage with them for needs assessments to most effectively calibrate projects. More detailed information can be found [on our website](#).

B.2 Policies

Briefly describe any company policies that are relevant to the WFSGI Code of Conduct. For example:

- Non-discrimination policy
- Environmental policy
- Child labor policy, etc.

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

adidas has numerous policies that are relevant to the WFSGI Code of Conduct. An overview of all these standards and policies applicable for our own employees and our supply chain can be found [on our website](#).

Labour Rights Charter: The Labour Rights Charter demonstrates the company's commitment to the UN Universal Declaration of Human Rights and is the guiding framework for several corporate-level policies that put our commitment into day-to-day practice. These policies are related to issues such as employee recruitment, development, equal opportunities and compensation benefits.

Employee Code of Conduct 'Fair Play': Applicable globally and for all business areas, the adidas Code of Conduct 'Fair Play' stipulates guidelines for behaviour in everyday work and is the cornerstone in our compliance management programme.

Supply Chain Code of Conduct 'Workplace Standards': Covering factory workers' health and safety and provisions to ensure environmentally sound factory operations, the adidas Supply Chain Code of Conduct 'Workplace Standards' are a contractual obligation for the company's suppliers. The standards draw from international law and the ILO and UN conventions relating to human rights and employment practices and follow the model code of conduct of the WFSGI. The standards were last revised in 2016 in consultation with labour rights groups.

Integrated Management System: Guides our business entities worldwide in managing their business responsibly and specifies principles that steer us in assessing our own progress in the environmental area and in driving continuous improvement by embedding environmentally best practice in our day-to-day activities.

B.3 Collaborations & Memberships

List any relevant collaborations and memberships of corporate responsibility initiatives and programs. For example:

- *Business Social Compliance Initiative (BSCI)*
- *Ethical Trading Initiative (ETI)*
- *Fair Labor Association (FLA)*
- *Fair Wear Foundation (FWF)*
- *Social Accountability International (SAI), etc.*

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

adidas maintains key collaborations in the sustainability area, including, for example, active participation as a founding member in the World Federation of the Sporting Goods Industry (WFSGI) since 1985, the Fair Labor Association (FLA) since 1999, the Fair Factories Clearinghouse (FFC) since 2006 and the Sustainable Apparel Coalition (SAC) since 2010.

For a full overview of all collaborations and memberships of sustainability initiatives please [see our website](#) ("Collaborations and Memberships")

B.4 Certifications & Awards

List any relevant corporate responsibility certifications or awards that your company has received. For example:

- *OHSAS 18000 certification*
- *ISO 26000 certification*
- *SA 8000 certification*
- *ISO 14000 certification, etc.*

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

The sustainability programme of adidas has earned highest recognition by analysts and investors over the years. Socially responsible investment agencies such as the 'Dow Jones Sustainability Index', the Financial Times Index 'FTSE4Good' and ETHIBEL have rated adidas as a leader in terms of environmental and social responsibility. Furthermore, as of the end of 2017, 18 of the company's sites globally were ISO 140001 certified, 8 sites were certified with OHSAS 18001.

For more information about awards received, please [see our website](#). The latest information about certifications received for our own operations as well as for our supply chain can be found in our Annual Report 2017 (pp. 89), available on our website at https://www.adidas-group.com/media/filer_public/6a/69/6a690baa-8430-42c5-841d-d9222a150aff/annual_report_gb-2017_en_secured.pdf.

Part C

Progress against Previously Set Targets

Provide information about the company's progress against relevant targets or performance, or other qualitative and/or quantitative measurements of results. For example:

- Reduction in the number of accidents at the workplace
- Progress against energy saving targets, water saving targets, emission reduction targets
- Use of more environmentally-sound materials
- Phase-out of critical chemicals, etc.

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

adidas reports annually about its set targets in its Annual Reports, Green Company Reports as well as on its corporate website. For a full overview of our progress in 2017 against our 2020 targets please see

-our Annual Report 2017 (particularly on pp. 88 – 100): https://www.adidas-group.com/media/filer_public/6a/69/6a690baa-8430-42c5-841d-d9222a150aff/annual_report_gb-2017_en_secured.pdf

-our Green Company Report 2017: <https://www.adidas-group.com/en/sustainability/reporting/green-company/>

Part D

Goals & Targets

List your long-term goals and priority targets for the next reporting period, and highlight priority areas the company intends to focus on in the next planning cycle. This section should illustrate the continuous improvement that the company is striving to achieve.

The statement can include links to the relevant section of the member's corporate website where more detailed information is available.

In 2015, adidas developed a new Sustainability Roadmap with targets for 2020. It builds on the company's previous success and identifies six strategic priorities within the two dimensions 'product' and 'people' to address the issues and challenges of the spaces where sport is made (all places where products are created, designed, manufactured and shipped), sold (own retail, wholesale, e-commerce) and played (from the indoor court to the outdoor pitch all over the world). Following the entire lifecycle of sport, the holistic approach supports adidas to further improve its sustainability performance with tangible and measurable long-term goals. The six strategic priorities for 2020:

PRODUCT: 1 We value water - 2 We innovate materials & processes - 3 We conserve energy

PEOPLE: 1 We empower people - 2 We improve health - 3 We inspire action



For more detailed information about our Sustainability Roadmap for 2020 with all 2020 Goals and Ambitions please [see our website](#).



Submission Deadlines for the Communication on Action (COA)

All member organizations are asked to submit their first COA to the WFSGI by December 31, 2016. This establishes a 'line in the sand' for the SGI. This first submission should cover one year's actions and progress and should align with your standard reporting year. In future, any company wishing to become a member will have to submit a COA along with their membership application.

Thereafter, member companies will be asked to report at least every two years. Companies can choose to report annually – this may be easier for those with annual reporting cycles. Each COA will have to cover actions and progress over the previous one or two years and the submission deadline is six months after the end of the company's reporting period. For example, if you are reporting for the period from April 1, 2016 to March 31, 2018, the COA is due on or before September 30, 2018.

In the event of an anticipated delay in submitting the COA, the organization may request an extension of the deadline by three months, providing a reasonable explanation for the delay and stating the date when the COA will be available. In the event that the member organization is not able to provide the COA, it should explain the reason to the WFSGI (the so-called "Comply or Explain" principle).

For further information on the COA, please contact Mr. Marc Magnus at mmagnus@wfsgi.org or Ms. Karolina Brazzite at kbrazzite@wfsgi.org.