

SOCIAL COMPLIANCE IN THE SUPPLY CHAIN

Our supply chain is large, multi-tiered and varied. We have an in-depth approach to managing the relationships with our suppliers and we continue to develop approaches for engaging suppliers who are part of indirect sourcing models. For years, the adidas Group has been running leadership programmes that address this topic; important steps have been:

- In **1997**, building on existing initiatives, the adidas Group developed its initial supplier code of conduct (Standards of Engagement) and established a Compliance Team. The Standards of Engagement, which are now called Workplace Standards, reflect international human rights and labour rights conventions. They are contractual obligations under the manufacturing agreements the adidas Group signs with its suppliers.
- In **1999**, the adidas Group joined the Fair Labor Association (FLA) as founding member.
- In **2000**, the adidas Group started reporting about its sustainability performance, the first company in the sportswear industry to do so.
- In **2004**, the adidas Group spearheaded the introduction of Human Resources Management systems in major footwear factories.
- In **2005**, the FLA accredited the adidas Group's SEA programme and Reebok's apparel programme.
- In **2006**, a revised code of conduct, the 'Workplace Standards' was introduced (replacing the adidas Standards of Engagement and the Reebok Human Rights Production Standards, which dated back to 1988).
- In **2006**, the adidas Group joined the Fair Factories Clearinghouse, an industry-leading compliance data-sharing platform, which Reebok had co-founded. All monitoring information is recorded in one central database.
- In **2007**, the adidas Group disclosed its global supplier factory list. The list has been regularly updated once a year since.
- In **2008**, the adidas Group developed Strategic Compliance Plans (SCP) for the licensees and business entities that source through agents. A Report Card (RC) section was added to the SCP in late 2010.
- In **2010**, as the official Sponsor, Licensee and Outfitter of the 2010 FIFA World Cup South Africa™, adidas disclosed the list of factories involved with the production of World Cup products. The first and only FIFA sponsor to do so.
- In **2010**, the adidas Group acted as the lead party in a supplier-brand caucus formed to engage with Indonesia's trade union movement. Its aim was to develop a basic

framework for the exercise of trade union rights in the workplace. An agreement was finally reached and signed in Jakarta in June 2011. The protocol is recognised as a landmark achievement in Indonesian labour rights.

- In **2010**, the adidas Group started its collaboration with ILO Better Work, an innovative partnership programme between the International Labour Organization (ILO) and the International Finance Corporation (IFC). Operational since 2009, the programme's objective is to improve both compliance with labour standards and competitiveness in global supply chains. The adidas Group then joined the programme Better Factory Cambodia; since the programme began all adidas Group garment factories in Cambodia have been monitored by BW on a regular basis.
- As official partner of the London 2012 Olympic Games, in **2011**, the adidas Group disclosed its supply chain for Olympic products, becoming the first Olympic partner to disclose its factory list for an Olympic Games.
- During **2011** and **2012**, 25 adidas Group suppliers in eight countries completed Fair Wage self-assessment questionnaires and four factories received full Fair Wage assessments. The countries were Philippines, Indonesia, Mexico, Brazil, Vietnam, China, El Salvador and Thailand.
- Constantly looking into new and innovative ways to connect directly with its suppliers' workers, in **2012**, the adidas Group started to test mobile phone communication at one of the company's main footwear suppliers in Indonesia (SMS for workers).
- In **2013**, the SMS for workers project was extended to four other factories in Indonesia and one in Vietnam.

Moreover, we continue to promote and support collaborative actions within the sportswear and apparel industry to embed best practices and new ways of thinking into business practices. This is shown through our active membership within key industry groups such as, the Fair Labour Association, the ILO Better Work, the Fair Factories Clearinghouse (FFC) and the Global Social Compliance Programme (GSCP).