The adidas Group
ENVIRONMENTAL STRATEGY
2015
The environment is sport’s ultimate playground. At the adidas Group we are committed to environmental leadership and setting the standard for our industry.
The adidas Group Environmental Strategy 2015 is our five-year plan to re-engineer our approach and embed performance improvements across our whole value chain.
Building on existing programmes and leveraging the passion of our people, the Strategy will deliver efficiencies at every stage of the value chain in order to maximise the performance of the whole system.
It is an industry-leading strategy based on rigour, integration and substance.
**RIGOUR**

Holistic: We have analysed our impacts across the value chain and developed the business case for a whole-system approach.

Process-driven: Our focus on improving processes results in ongoing and enduring benefits across our operations.

**INTEGRATION**

Strong governance, clear responsibilities: Dedicated working groups from across the adidas Group are responsible for implementing the strategy.

Communication and engagement: Environmental leadership training for managers and internal communication to all employees will drive behaviour change.

**SUBSTANCE**

Fact-based: Building on impacts, risks and opportunities, we will drive measurable environmental improvements.

Clear rationale: Implementing this strategy helps us to meet stakeholder concerns, maintain our leadership position and secure competitive advantage.
Our holistic approach means that we are essentially re-engineering the whole system, building in environmental performance to make everything work in a leaner and more efficient way.

So in the five years between now and 2015 we are laying the foundations for long-term sustainable environmental performance.

These improvements are scalable and sustainable.
The Strategy directly supports our business performance and helps us build strong connections with our stakeholders.

- Our customers and consumers value our products for their performance, quality and environmental credentials.
- Our shareholders invest in our company because they recognise we manage our business profitably and responsibly.
- Our employees are proud to work for the adidas Group because we operate honestly and empower them to think and act green.
- We actively shape the industry by sharing best practice and partnering with others to tackle industry-wide environmental issues.
“Implementing environmental performance across our value chain is an important step to deliver sustainable operations over the long term.”

Herbert Hainer, adidas Group CEO
Look behind the Strategy
There are a range of environmental impacts across our value chain.

**SUSTAINABLE RESOURCE USE:**
1. Energy efficiency and climate change
2. Water conservation
3. Materials

**EMISSIONS:**
4. Water discharge
5. Waste
6. Air emissions

**HAZARDS AND RISKS:**
7. Chemicals
8. Soil and groundwater contamination
We have been gathering data on all of these impacts.

- We have data in place for many areas of the value chain.

- There are a few areas that we are still working on, and gathering the data for these will be a key focus during 2011.

- As we get better and better data, we will refine our analysis and targets to ensure we are continuously improving.
We have identified the best ways to improve environmental performance.

Our approach is to deliver process improvement across the whole value chain, based around three focal areas.

1 MANAGEMENT
Best practice process management, measurement and coordination across the whole adidas Group.

2 BUSINESS OPERATIONS
Process excellence across the entire value chain from product design, to sourcing, to manufacturing, to retail.

3 SUPPORT FUNCTIONS
Embedding environmental thinking into our day-to-day working practices through effective training, communication and IT systems.
Key 2015 targets across the three areas

1 MANAGEMENT
- Best practice guidance, tools and key performance indicators established in all core business processes.
- Data management system in place to enable ongoing analysis and to track progress.

2 BUSINESS OPERATIONS
- 30% relative carbon reduction at adidas Group owned sites.
- Environmental assessments for key suppliers as well as environmental savings.
- Environmental considerations integrated in all innovation projects.
- Sourcing of sustainable materials, e.g. 100% Better Cotton (by 2018).
- 100% of footwear to have sustainable content by 2012 (adidas Sport Performance).
- 50% reduction in colours used in product design (adidas Sport Performance).

3 SUPPORT FUNCTIONS
- Training of top and middle managers to become environmental ambassadors.
- 20% reduction in IT footprint.
Better products from adidas Better Place

adidas Better Place: An adidas brand initiative launched in 2007 to create more sustainable, high-performance products based on the latest research on environmentally preferred materials and best practice manufacturing processes.

Guidelines for designers: These encourage simpler designs, greater efficiency, less waste and the use of more environmentally friendly materials. They are updated regularly.

Sustainable materials: Products are made with materials such as Better Cotton, recycled polyester and bio-based plastics (e.g. Torsion bar from 100% castor oil).

Supernova Glide 3, SS11: The upper textile is more than 50% recycled polyester, the laces are 100% recycled polyester and the sole is a combination of bio-based plastic, recycled rubber and EVA.

adilibria graphic tee, FW11: Made with 95% environmentally preferred materials – 65% Tencel, a fibre made from wood pulp, and 30% recycled polyester. The remaining 5% is elastane to improve fit and performance and for which there is no environmentally preferred alternative.

The supernova glide 3 is made from more than 50% recycled materials.

The adilibria graphic tee-shirt is made with 95% sustainable materials.
Six international sites, one efficient system

**A shared system:** During 2010, Group HQ in Germany and five of our North American sites worked together to create a shared environmental management system, certified to ISO 14001.

**In just one year:** Thanks to cooperation, passion and dedication.

**Positive impact:** Already delivering system-wide efficiencies and reducing environmental footprint, with more to come.

**Global and local:** Allows global target-setting and management at HQ as well as standardised approach to day-to-day environmental management at site level.

**Multiple brands and functions:** The sites were Canton (Reebok), Spartanburg (distribution centre), Carlsbad (TaylorMade-adidas Golf), Montreal (CCM Hockey), Portland (adidas).
Sourcing 100% Better Cotton by 2018

**Only Better Cotton**: By 2018 we will use only 100% Better Cotton in all our apparel in all our brands.

**Broader criteria than organic**: Better Cotton is about sustainable cotton production going mainstream. Not only does Better Cotton aim to reduce the usage of pesticides - in addition, it promotes efficient water use, crop rotation and sound working conditions.

**Creating a market**: The first Better Cotton harvest was only in October 2010. Through our commitment, we aim to help create a market for sustainable Better Cotton.

**Deeper into the supply chain**: We are now working with ginners and spinners directly, as well as material suppliers, to realise our commitment.

**Centralised sourcing**: Our Sourcing team is tasked with meeting this target. An efficient way to ensure all our product teams have access to Better Cotton.

**Founding member**: The adidas Group is a founding member of the Better Cotton Initiative (BCI), which promotes the mainstream growing of sustainable cotton.

* Short+mid-term, organic cotton will continue to play an important role for the adidas Group.
Roadmap: Delivering the Strategy in 3 phases

1 BUILDING ON THE FOUNDATIONS
- Guidelines, training, tools, KPIs, data and databases
- Communication and collaboration

2 OPERATIONAL ENVIRONMENTAL EFFICIENCY 2011 – 2015
- Consolidation, measurable improvements
- Alignment throughout the value chain
- Data reporting

3 DEVELOP AND EXPAND 2013-2015
- Drive and improve results
- Benchmarking
We have clear action plans in place and our employees, suppliers and partners will be central to delivering these.

- People from every function and brand are involved in working groups to implement detailed action plans.

- Environmental Strategy team develops policies and guidance and ensures consistent execution.

- Delivery of overall Strategy managed by Social and Environmental Affairs, reporting directly to the CEO.
The adidas Group Environmental Strategy 2015

- Building on our strong track record in environmental management and the passion and dedication of our people.
- Re-engineering our approach and embedding environmental performance across our business.
- Creating a sustainable platform for future performance improvements and innovations.
THE END