

adidas Group shows leadership in supply chain management, launches sustainability progress report

The adidas Group marks a new milestone in the management of its supply chain as it explores new ways of direct communication between factory management and workers.

Herzogenaurach, May 6th, 2013 – Today, the adidas Group published its 2012 Sustainability Progress Report, reiterating its commitment to transparency in sustainability performance reporting. As part of the report, the adidas Group announced the first results of an industry-leading project to improve communication between factory management and workers in its supply chain.

Constantly looking into new and innovative ways to connect directly with its suppliers' workers, the adidas Group launched a mobile phone communication pilot project at one of the company's main footwear suppliers in Indonesia during the second half of 2012. The project, inspired by an ILO Better Work initiative, takes advantage of the fact that the vast majority of factory workers in the country have mobile phones and are active users; through this system, workers can simply send an SMS text message and raise the alarm if they are concerned that their rights are being compromised.

The pilot project has shown encouraging results and has been positively received by both workers and factory management. As the system allows for direct, personal, and easy communication, issues can be detected early and addressed quickly before they become a major concern for workers. In its first months of operation, workers shared grievances on Human Resources-related issues, such as staff reductions, working hours and insurance, and also asked questions and made suggestions to their management.

"Protecting the interests of global workers involved in manufacturing our products is an on-going priority for the adidas Group as we constantly strive to improve workers' conditions in our suppliers' factories," said Glenn Bennett, adidas Group Board member responsible for Global Operations. "By empowering workers to reach out to the factory management directly, we are taking communication between factory management and workers to the next level."

The success of the pilot project has led to its extension to four other factories in Indonesia and one in Vietnam in 2013. Additional information on the initiative is available on the [adidas Group Corporate Blog](#), as well as in the [2012 Sustainability Progress Report](#).

The adidas Group initiated reporting about its sustainability performance back in 2000, and was the first company in the sporting goods industry to do so. "The report's title 'Never Stop' explains the adidas Group's approach to sustainability," stated Frank Henke, adidas Group Global Director for Social and Environmental Affairs. "Some years ago, we established 2015 targets for the adidas Group, and we constantly review our performance against them. The 2012 Report takes a close look at the milestones set for 2012 and what the Group has done to achieve them – because performance counts."

Some highlights of the 2012 Sustainability Progress Report are:

- adidas launched the DryDye collection, becoming the first in the market to apply the revolutionary DryDye technology, which uses no water in the dyeing process.
- The target of using 5% Better Cotton by 2012 was achieved; this is a key step towards the goal of using 40% Better Cotton by 2015, while by 2018 the adidas Group has committed to using 100% 'sustainable cotton' across all product categories in all its brands.
- The collection for the London 2012 Olympic Games was the most sustainable adidas collection ever produced.
- The rating of the factories with which the adidas Group works substantially increased – 86% of the company's strategic suppliers now have a 3C-rating or better, and 37% have a 4C-rating or better.
- Overall, more than 26,000 volunteer hours were donated by the adidas Group's employees to community projects in 22 countries.

Looking ahead, the adidas Group's next set of targets for 2013 includes:

- Disclosing the list of factories manufacturing 2014 FIFA World Cup Brazil™ products. The same was done for the 2010 FIFA World Cup South Africa™ as well as for the London 2012 Olympic Games, when the adidas Group became the first Olympic partner to disclose its supply chain for the Olympic Games. The adidas Group global supplier factory list was first disclosed in 2007 and is publicly available on the corporate website.
- Increasing the usage of DryDye materials across ranges and product categories – with major water savings in the dyeing process.
- Increasing the sourcing of leather volumes from Gold-rated suppliers.
- Having additional sites owned to be ISO 14001 certified, as part of the Green Company Initiative.
- Continuing to collaborate with key partners to embed new thinking and ways of working within the industry. This includes, as an example, the company's active participation in the Sustainable Apparel Coalition, the Roadmap to Zero Discharge of Hazardous Chemicals by 2020, the ILO Better Work Program, the Leather Working Group and the Fair Labor Association.

This year's report is available online at <http://www.adidas-group.com/SER2012/>.

About the adidas Group's approach to Sustainability

The adidas Group's sustainability strategy is rooted in the Group's values – performance, passion, integrity and diversity. It is built on the achievements and learnings from previous years, while taking into account the societal landscape and future global trends. The five areas of the adidas Group's strategy are:

- Achieving environmental sustainability and managing scarce resources;
- Respecting human rights and driving social compliance in the supply chain;
- Engaging stakeholders;
- Developing employees and
- Supporting people in the local communities in which the adidas Group operates.

For more information about the adidas Group's continuing efforts, visit www.adidas-group.com/en/sustainability/welcome.aspx.

About the adidas Group

The adidas Group is a global leader in the sporting goods industry, offering a broad portfolio of footwear, apparel and hardware for sport and lifestyle around the core brands adidas, Reebok, TaylorMade, Rockport and Reebok-CCM Hockey. Headquartered in Herzogenaurach, Germany, the Group employs more than 46,000 people across the globe and generated sales of € 14.9 billion in 2012.

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