

Global Technology Centre Scheinfeld



Environmental Statement 2004



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Introduction

Transparent reporting of achievements in matters relating to the environment

As a leader in the sporting goods industry and a socially responsible company, adidas-Salomon strives to implement sustainable business practices both within our Group and in our supply chain. Our objective is to ensure that all areas of our Group – including our suppliers – share and implement integrated values. Our mission is clear: We aim to enhance the performance of our own production sites and our supply chain in the social and environmental sector and hence to improve the lives of the people who make our products and the environment in which they are produced.

With the 2004 Environmental Statement of the adidas-Salomon Global Technology Centre in Scheinfeld/Germany, we are documenting the course we have set in the direction of environmental responsibility and sustainability at the site. The 2004 Environmental Statement contains evidence of our accomplishments in matters relating to the environment over the last three years. As well as quantitative information regarding the environmental impact of the company's activities at the site, specific programmes are cited that are directed at improving our environmental performance still further.

Role model for global business partners

Management systems are playing an increasingly important role for companies seeking to meet growing expectations with respect to social compatibility, environmental protection, safety and health, and business success. adidas Scheinfeld, the only sports footwear factory still owned directly by adidas-Salomon, was successfully validated under EMAS II in September 2004, along with the test centre, training centre and export/shipping operations also based there. This continued our successful track record and provided confirmation of our commitment to environmental protection.

In successfully establishing an environmental and quality management system at the Global Technology Centre in Scheinfeld since the mid nineties, we have realized how this can help to reduce the environmental impact of our activities and at the same time optimize operating costs and, consequently, the competitiveness of the site. This is why we encourage our global business partners, who manufacture the majority of our products, to develop similar systems and achieve certification under international standards relating to environmental protection, health and safety at work.

Supporting our suppliers with case studies and passing on any valuable experience of our own so that they can manage and organize their sites in an environmentally compatible manner constitutes an important part of our global social and environmental programme. This Environmental Statement for the Global Technology Centre in Scheinfeld is therefore an important tool in actively guiding our business partners towards the objective of making their business activities compatible with sustainability.

We at the adidas site in Scheinfeld appreciate the importance of the subjects "health and safety at work and environmental protection". Being economical in the use of natural resources, avoiding accidents anywhere or at any time, taking environmentally aware action beyond the statutory requirements – this is how the global environmental policy of adidas-Salomon is implemented in practice in Scheinfeld in order to integrate the interests of the environment, society and our company in a sustainable manner.

The Environmental Statement constitutes a promising starting point for any future tasks that may be necessary, and to the completion of which we are fully committed.

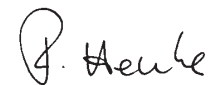
September 2004



Duncan Scott
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adidas-Salomon Company Profile



Worldwide

With a global market share of around 15%, adidas-Salomon is one of the leading companies in the sporting goods industry. The group is divided into three major brand divisions: adidas, Salomon and TaylorMade-adidas Golf. We supply wholesalers and retailers throughout the world as well as sponsor sporting organisations, teams, individual athletes and sporting events.

adidas-Salomon is synonymous with competence in all areas of sport the world over. The vision and corporate philosophy of company founder Adolf Dassler has long since become the guiding principle for the generations which followed him.

The idea was at once simple and ingenious: every athlete should have equipment ideally suited to his or her own pursuits. The company dates back to 1920 when Adi Dassler manufactured his first shoes with the few materials that were available after WWI. Today, adidas-Salomon offers a wide range of brand goods for all sports enjoyed throughout the world.

adidas is a leading brand in the sporting goods market with strong positions in footwear, apparel and hardware. The adidas brand is structured in three divisions: Sport Performance, Sport Heritage and Sport Style.

Salomon is our *Freedom Action Sports* brand. With leading positions in alpine, nordic and snowboard products, Salomon is actively expanding its presence in summer and alternative sports as well as soft goods. The Salomon family of brands comprises Salomon, Mavic-adidas Cycling, Arc'Teryx, Bonfire and Cliché. TaylorMade-adidas Golf covers a full range of golf hardware, footwear, apparel and accessories. It markets products under the brand names TaylorMade, adidas Golf and Maxfli.

The Group and its more than 100 subsidiaries are directed from our headquarters in Herzogenaurach, Germany. Also based in Herzogenaurach are the business units for running,

football and tennis as well as the major part of our research and development department. Other key corporate units are based in Portland Oregon, USA – the home of adidas America Inc, and the basketball, adventure and alternative sports business units. The golf business unit is based in Carlsbad, California, USA, and the winter and *Freedom Action Sports* business units are headquartered in Annecy, France. The Group also operates design and development departments in other locations around the world, corresponding to their business activity.

adidas-Salomon International Sourcing Ltd (aSIS), a fully-owned subsidiary with headquarters in Hong Kong, is responsible for worldwide sourcing. aSIS sourcing offices are located in Brazil, China, Indonesia, Korea, Pakistan, Taiwan, Thailand, Turkey, USA and Vietnam.

Global Technology Centre - Function and Mission within the Group

The successful development of the group into one of the world's leading sporting goods companies is closely linked with the achievements of the Scheinfeld location. Situated only a short distance from the company's head office in Herzogenaurach, the sports footwear factory has been involved in the development and implementation of product and process innovations ever since it was built. Its employees possess excellent qualifications and knowledge, an extremely valuable asset in building up and providing technical support for other production facilities around the world.

adidas Scheinfeld is not only the last adidas-owned production facility for footwear, it is also the site for the manufacture of custom-made products, the implementing of designer footwear projects and the production of special footwear for Olympic disciplines. It also boasts training and seminar facilities and hosts informational events in addition to being a training centre for footwear technicians and a test centre for research and development.



The Scheinfeld site shares its core objective with that of the company and its founder – namely to supply athletes with footwear which has been specially developed for their sport, and specially produced just for them.

The Global Technology Centre in Scheinfeld is part of the adidas-Salomon organisation. It is one of a group of footwear production factories which produce football boots and special footwear for the company.

As well as operating this production centre, the company works with other independent contractors who maintain their own production facilities around the world.

Within the global corporate organisational structure of adidas-Salomon, the Global Technology Centre is part of global footwear sourcing operations.

- 1959 Scheinfeld sports footwear factory built
- 1961 Production of lightweight trainers and football boots begun;
Heavy involvement in the development of innovative sports footwear concepts in the years that follow
- 1962 First facility commissioned for directly injecting soles made of thermoplastic polyurethane and rubber to sports shoe uppers.

Further injection technologies for polyurethane and nylon developed in collaboration with well-known manufacturers of synthetic materials and machinery.
- 1974 First polyurethane plasticized foam injection machine for the manufacture of single-colour sports shoe soles commissioned. This technology is subsequently developed further for the manufacture of two-colour soles.
- 1980 Large-scale production of sports footwear with directly injected and cemented soles
- 1987 Use of modern production technologies and a highly qualified workforce gradually transform the sports footwear factory into an innovation and technology centre. This allows high production flexibility and also enables the company to satisfy individual customer requirements with custom-made products.

Scheinfeld increasingly takes over consulting and service functions to the contractors of adidas and its partners worldwide.
- 1997/1998 Scheinfeld production centre named "Global Technology Centre". As a consequence of its altered role within the company, additional future-oriented measures are implemented:

Assumption of the function of central sourcing organisation for sports footwear in Europe

Integration of production for high-quality ball materials

Expansion of existing training facilities into an international training centre for sports footwear technicians

Integration of specialist departments for the development of innovative sports footwear concepts

Establishment of a materials laboratory for testing sports footwear and ball materials and a test centre for innovative product development programmes
- 1998 Introduction of an integrated quality and environmental management system

First-time validation under the Environmental Management and Audit Scheme (EMAS)

ISO 9002 Certification
- 1999 Establishment of the international training centre for product and employee training
- 2000 As part of an agenda to meet future recruitment requirements, introduction of vocational course for shoe manufacturers, graduate engineers in shoe technology (College of Pirmasens)

Safety at Work Award 2000
- 2001 Re-certification to ISO 9001:2000; Re-Validation according to EMAS II
- 2002 Installation of new assembly lines based on new shoe production technologies
- 2003 Increased automation in shoe production and utilisation of new cementing procedure affording significant reduction in cement consumption

Engagement



Global

Standards of Engagement

adidas-Salomon strives to be the global leader in the sporting goods industry. To achieve this goal, we have made responsible conduct toward society, workplace safety and the environment a critical factor for ourselves and our supply chain. Our progress is measured against the yardstick of our corporate sustainability principles and the *Standards of Engagement*, the company's code of conduct.

To implement the *Standards of Engagement* with regard to safety, health and environmental protection, globally-recognised standards and limit values have been collated and detailed in a manual (*Guidelines on Health, Safety & Environment*). This manual contains practical, sensible and easy-to-understand instructions on how to improve working conditions in production facilities as well as recommended environmental protection measures. It forms the basis for training programmes which are carried out together with the company's business partners while at the same time serving as the basis for specific technical advisory services which adidas-Salomon provides to its business partners. Use of and adherence to these requirements are monitored and assessed at regular intervals by a specially created audit and advisory team.

The existing HSE guidelines were supplemented in 2002 with guidelines on best environmental practice. The *Guide to Best Environmental Practice* describes the systematic approach to environmental issues in production facilities, identifies important points for reducing environmental impact and highlights the associated economic benefits. These guidelines were developed to help tackle environmental problems with preventive rather than corrective ("end of pipe") measures.

Innovation and Design

The concept of sustainability poses a number of challenges for our innovation and development teams. The goal is to achieve a balance between the various demands: the products must not only be competitive, but also safe (during use and after disposal) as well as environmentally friendly.

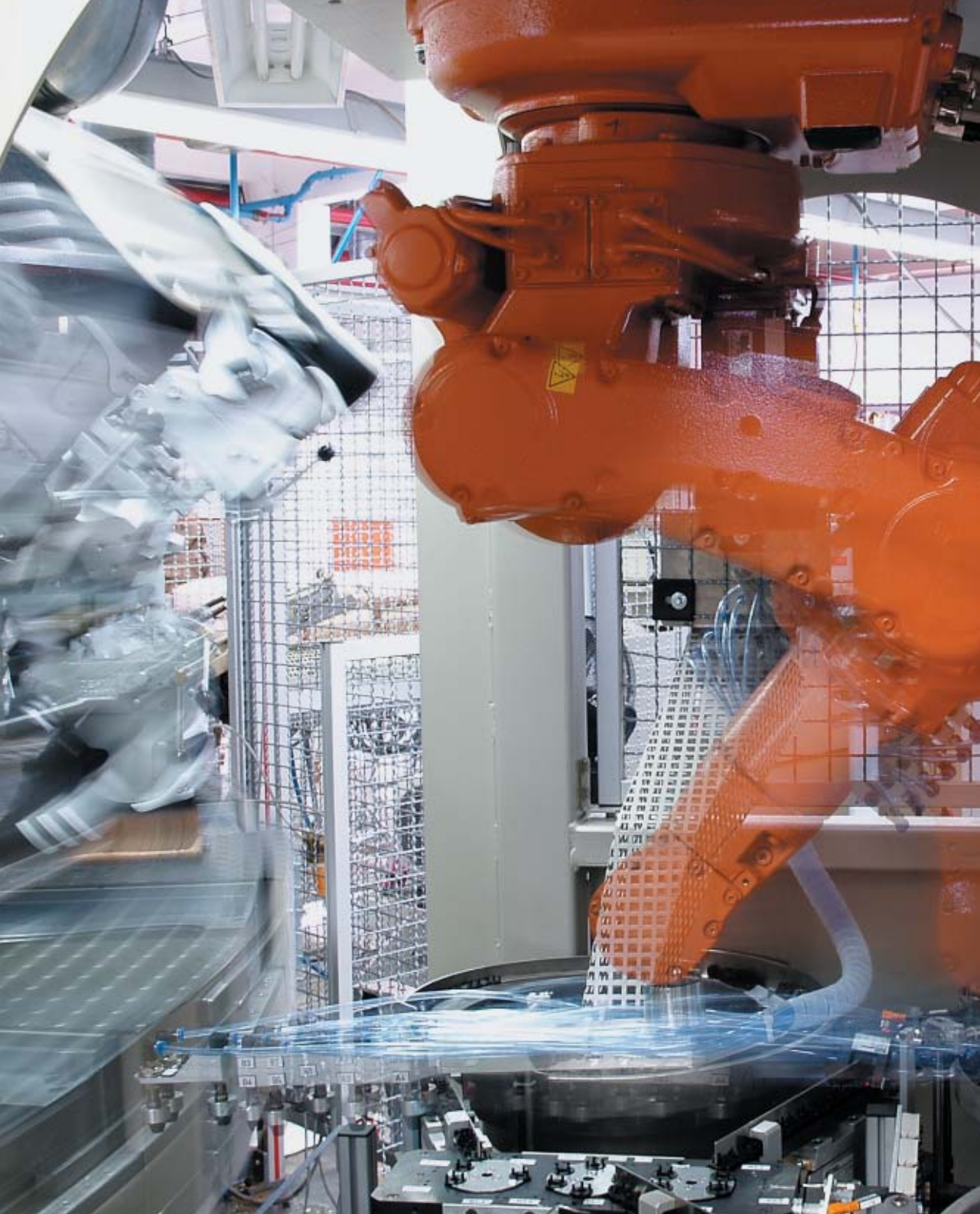
Reducing environmental impact by means of downstream measures has only few environmental benefits. Therefore we are pursuing the goal of eliminating environmental problems right at the design stage and are exploring the possibilities of increased use of recyclable materials.

Control and monitoring of hazardous substances

Hazardous substances are those that are proven or potentially harmful to humans or the environment. Our corporate policy requires a controlled and restrictive use of such substances. All our business partners in the supply chain are also obliged to follow this principle.

Our guidelines include a comprehensive list of relevant substances, testing methods, preliminary treatments and limit values to guarantee health and safety when using our products. They take both statutory regulations as well as recommendations by consumer associations and other non-governmental organisations into account. The principles include regulations on heavy metals, formaldehyde and substances harmful to the ozone layer (CFCs) as well as a wide range of other chemicals.

Suppliers must prove that their materials comply with our standards by regularly submitting test samples to independent testing bodies. This is supplemented by regular random tests and production facility inspections.



Material selection

On conservation and biodiversity grounds, we do not in principle use any raw materials or skins from threatened or endangered species. We do not use materials from species on the *International Union for Conservation of Nature and Natural Resources* (IUCN) red list.

Avoidance of PVC

PVC is primarily used as a synthetic material for shoes and sports footwear, but is also used in functional sports equipment such as ski boots. Further to consulting with stakeholders and studies on the environmental impact of PVC, we decided in 2000 to avoid using PVC to the greatest extent possible. This company-wide directive has been implemented in full at Scheinfeld.

Packaging materials

Global sales and procurement require well-packaged products which can be transported over great distances and must withstand high relative humidity and extreme fluctuations in temperature. The volume and dimensions of our product packaging undergo regular checks and optimisation, and we always strive to use environmentally-friendly packaging materials such as recycled paper.

Environmental activities in Scheinfeld

Improving protective environmental practices in our operations is an ongoing effort and we consider it important to include our employees in this process and to keep them informed.

Input materials

Collaborating with adhesive suppliers and machine manufacturers, we are working continuously to replace adhesives that contain solvents. While no satisfactory solutions have yet been found for some process steps, for others, for example cementing insoles, hot-melt adhesive procedures have recently been successfully implemented. We are currently exploring new technologies such as emulsion adhesives, which would further reduce the emissions of solvents substantially when used in mass production.

If the use of solvents cannot be avoided, we always attempt to find less volatile substitutes. This reduces the impact on the environment and at the same time improves working conditions for our employees.

Noise emissions

We always consider the possible noise impact when new systems and machines are installed. In addition, a form of individually adjustable and controllable ear protection, known as variphone otoplastic, is provided to employees in noisy work areas. These otoplastics can be individually adjusted in accordance with noise levels.

As defined in the local authorities' land development plan, the site is situated in a mixed residential and commercial area. Statutory limits for noise emissions are adhered to; there are no complaints from the surrounding neighbourhood.

Waste management

We always strive to separate and recycle unavoidable waste. With the exception of special circumstances, for example when waste from exhibitions is disposed of at our site, we try to maintain our current level and introduce improvements to our waste management system wherever possible.

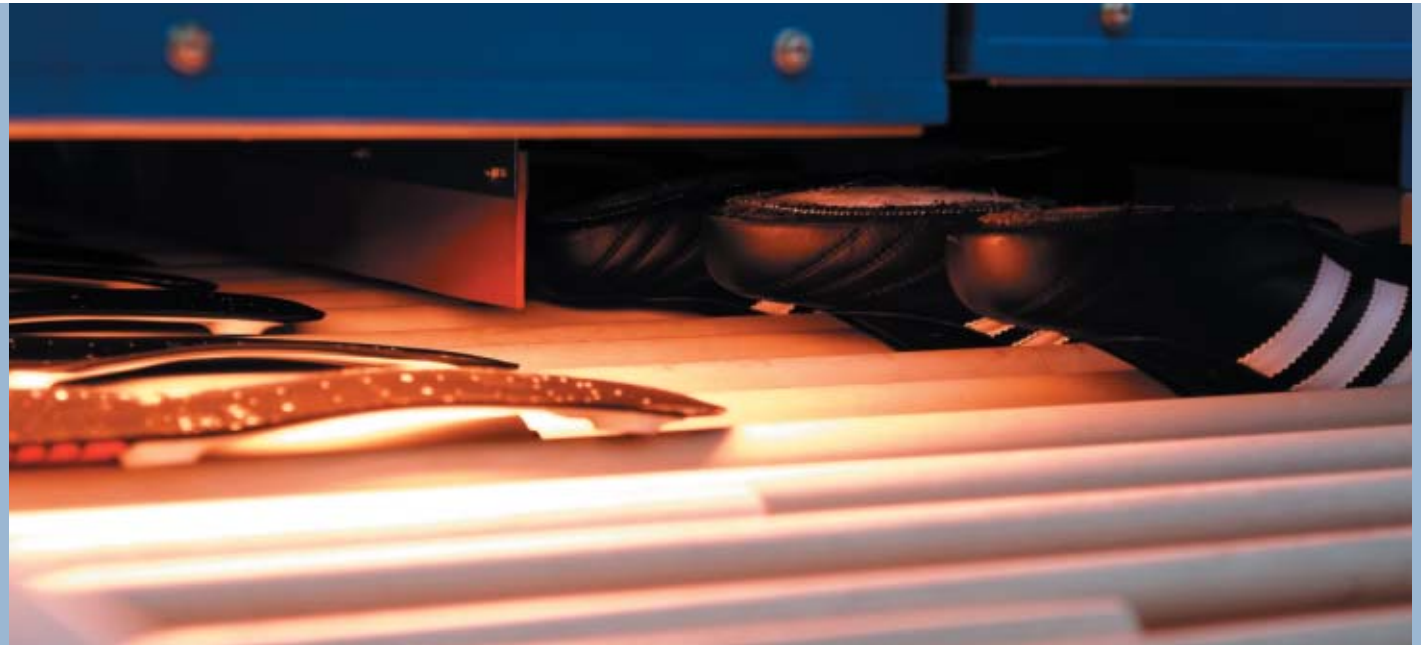
Energy concept

A wide variety of measures have been implemented based on a comprehensive energy concept with integrated consideration of the various areas in which energy in various forms is used. By creating an integrated heating system, we have been able to minimise delivery losses especially at transition times. During this period, only the very minimum of gas heating is required to provide heat to the entire site.

Ball production

The launch of the new innovative ball technology that was actively developed with an Asian supplier and used for the first time at the 2004 European Football Championships in Portugal signals the end of ball production at Scheinfeld.

The completely new product design afforded by this technology enables a series of specially developed production machines to be used, allowing high-end footballs to be produced in a quality never before achieved while almost completely eliminating the various traditional manual production steps.





Test centre

Established in 1997 as the company's own testing institute, the test centre comprises three areas:

- the materials laboratory
- the ball and accessories laboratory
- the biomechanics laboratory

The primary responsibility of the materials laboratory is quality assurance in sports footwear, balls and accessories. The materials laboratory in Scheinfeld uses both physical as well as chemical methods to test materials. Testing is carried out in accordance with the German DIN standards in addition to other international standards such as the American ASTM standard. The laboratory is technically equipped so as to permit examination of materials based on human and environmental parameters among others.

The materials laboratory moreover performs analyses on product materials which are to be used as alternatives to PVC. General avoidance of PVC materials in products is an important aspect of the company's materials strategy. The ball and accessories laboratory is essentially responsible for developing and researching materials for all types of balls as well as protective and performance accessories such as shin guards and goalkeepers' gloves. The biomechanics laboratory, known as the Biolab for short, is part of the "adidas innovation team" (a.i.t): the department which works on medium- and long-term product and technological innovations in footwear, apparel and hardware.

Training centre

The Global Training Centre is part of the "Personnel and Management/Emerging Employees" team under the auspices of Human Resources (HR). It is a training, conference and exhibition

centre with approximately 2000 m² of floor space offering rooms, facilities and equipment for training, education and conferences of all kinds. Virtually all the sessions in the adidas-Salomon seminar programme are held here.

The HR Global Training Centre also supports participants in the BISS programme (berufsintegrierte Studiengang, "Schuhtechnik" – Vocational footwear technology course). Seminars and training sessions on the subjects "Global Environment Protection" and "Environmental and Social Responsibility Within the Supply Chain" form a fixed element of the syllabus for the trainees. These subjects are taught to trainees in the form of lectures and practical workshops.

Safety at work

A high standard of health and safety in the workplace has continued in our footwear production since our modern work safety management was awarded first prize by the *Textil- und Bekleidungsberufsgenossenschaft* (Textile and Clothing Trade Association) in 2000. In 2003, for example, only two minor occupational accidents were reported among a workforce of 121. Since the year 2000, further precautionary measures have been developed and implemented by means of regularly checking for potential dangers to health and safety in production-related working areas.

Private vehicle traffic

As in previous years, we provide company minibuses for our employees in order to reduce private commutes and to avoid accidents on the way to work. The continuation of this service saves over 500,000 kilometres on the road annually, as well as avoiding the emissions and environmental impact which would have resulted.

Environmental policy of the Global Technology Centre

Principles of sustainability

The adidas-Salomon principles of sustainability which apply to all operations worldwide serve as a yardstick for assessing our own progress in the areas of social and environmental responsibility. They have been adopted as the governing environmental policy at the Scheinfeld site.

Statutory requirements

We comply with social and environmental laws, directives and guidelines while continually improving upon our own contribution to a sustainable society.

Management

We aim to:

- analyse and assess the social and environmental impact of our products, technologies and procedures already at the design and development stages,
- establish clear objectives, formulate a plan of action and monitor our progress,
- publish the relevant results.

Relationships with suppliers and customers

We expect the activities of our suppliers to be compatible with our *Standards of Engagement*. We work in partnership with them to improve their own workplace conditions. We encourage our business partners to take a proactive stance on the social and environmental impact of their own activities.

Support

We support social and environmental projects and develop partnerships with businesses and organisations whose direct and indirect output contributes to a sustainable society.

Dialogue with our stakeholders*

We place great value on communicating with all stakeholders in an atmosphere of mutual trust and respect. We provide them with appropriate information relating to the social and environmental performance of our group on a regular basis.

* Interest groups e.g. employees, neighbours, suppliers, organisations, customers, banks, insurance companies, shareholders



The Environmental Management System

Production and other activities at the Scheinfeld site have been continually adapted to the demands of contemporary environmental protection since 1998.

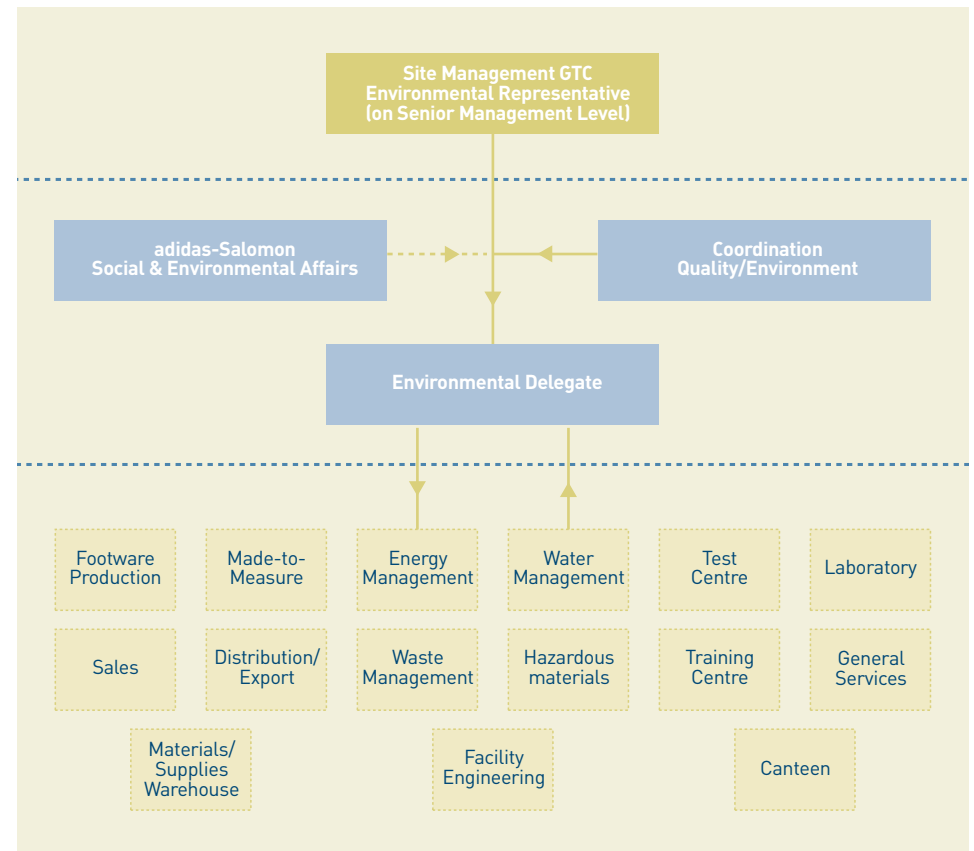
An efficient integrated Environmental and Quality Management System facilitates systematic development of industrial environmental protection, since the operational activities at the Scheinfeld site naturally also have an impact on the environment. Measures are organised, co-ordinated and monitored based on the Environmental Management System to ensure that they reduce the direct environmental impact.

A well-structured environmental management system ensures adherence to continually changing (and increasing) statutory requirements.

With the support of adidas-Salomon Social and Environmental Affairs, industrial environmental protection at the site is implemented by the senior management representative, the Environmental Delegate and the environmental representatives from all the relevant sectors. Environmental objectives and programmes are established by the site manager in cooperation with the Environmental Delegate and the members of the Eco Audit Team, and their implementation is tracked on an ongoing basis.

The manner in which the Environmental Management System is organised has clearly proven itself in the six years of its existence. Regular training sessions and open discussions have had the effect of anchoring environmental awareness at all levels of the workforce.

Regular in-house environmental operational checks firstly ensure that the effectiveness of the management system is permanently monitored and, secondly, documents the functionality of the environmental programmes defined. Adherence to statutory requirements is checked regularly and validated through the ongoing support provided by the external INTECHNICA adviser.



Environmental impact

A selected model of football shoes was used to collect a great deal of data and information to initially establish the cumulative environmental impact "from cradle to grave". In addition to production in Scheinfeld, this includes the manufacture of materials and semi-finished products as well as transport along the supplies chain and sales logistics.

Apart from the purely product/production-related factors, observing the life cycle shows that development and design also have a significant influence on a product's environmental impact. The selection of materials or bonding technologies to use also determines the subsequent direct and indirect environmental impact.

Products

The continuous development of industrial environmental protection leads to a heightened awareness of the life cycle of our products. The critical aspect for continuous improvement is not just noting the direct environmental impact at the production site, which we can influence, but the inclusion of processes up- and downstream within the product life cycle.

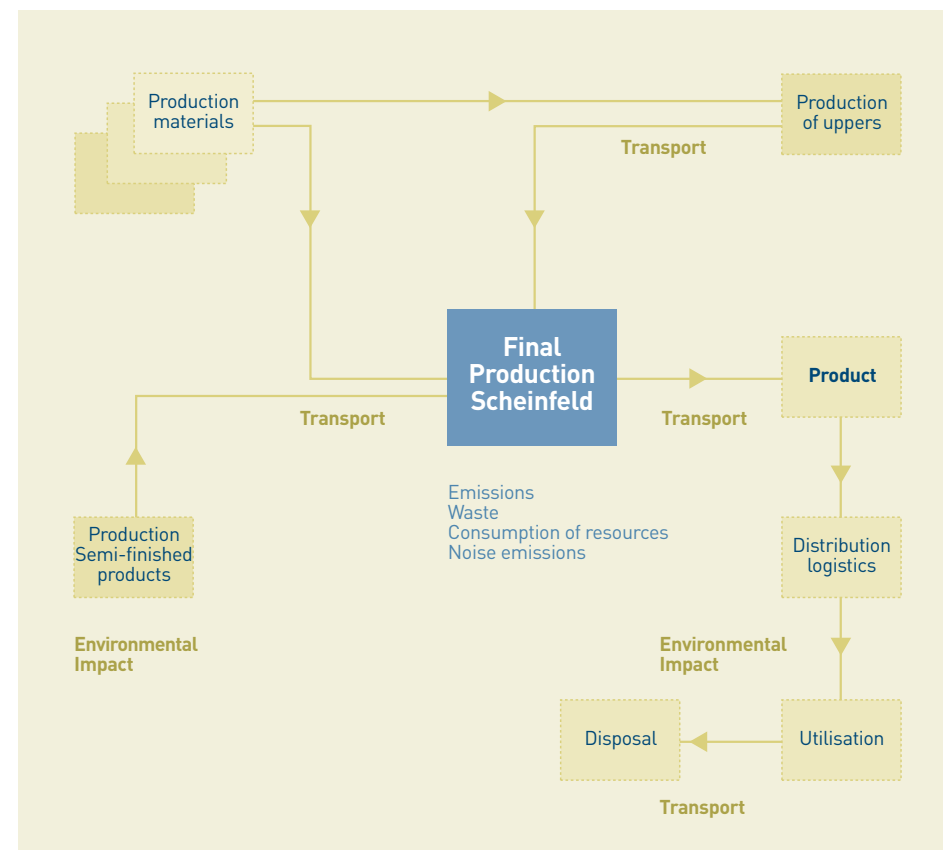
The Integrated Product Policy (IPP) approach is regarded as an aid to assessing the environmental impact of the product as a whole. In addition to scrutinising the life cycle, the IPP method follows fundamental principles such as marketability, involvement of public interest groups as well as continuous improvement.

At the Scheinfeld site, the company has been heavily involved during the past few years with an approach geared to the life cycle as part of a pilot project on IPP subsidised by the Bavarian Ministry for the Environment, Health and Consumer Protection.

The initiative, conducted in conjunction with INTECHNICA environmental advisers, covers all phases of the product life cycle from the promoting of natural materials to recycling and/or disposal.

The project aims are:

- developing methods, instruments and systems to record and disseminate key figures which can be used to assess the environmental impact of products
- setting up information systems to improve communication between the supply and sales chains
- developing and selling a product that is not only as environmentally friendly as possible but is also competitive in terms of functionality, quality and price.



Eco audit of life cycle

All the production processes, sales logistics and disposal as regards input and output of resources and energy had to be established over the full product life before drafting a product audit and establishing the cumulative environmental impact.

This called for the support of all the materials and components suppliers. A detailed questionnaire was used to record all the essential process steps within defined audit limits, representing 94.5% by weight of the footwear model at issue.

Appropriate auditing software was used to calculate the environmental “baggage” of the product in question. The module library supplied in the software, which can calculate the cumulative environmental impact of standardised processes, made it easier to draw up a product audit.

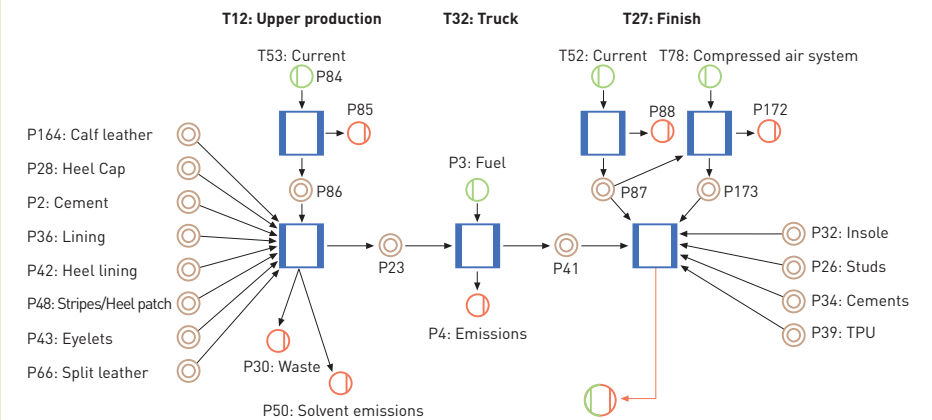
The audit looked at, for example, the components contributing heavily to the cumulative environmental impact: uppers with synthetic leather upper material and other components, the bottom of the sole plus other components and the two production steps involved in manufacturing uppers and in finishing.

The audit tool can thus be used in many ways to establish potential improvements. It can, and in the future will be used as an additional decision-making aid in the case of questions such as:

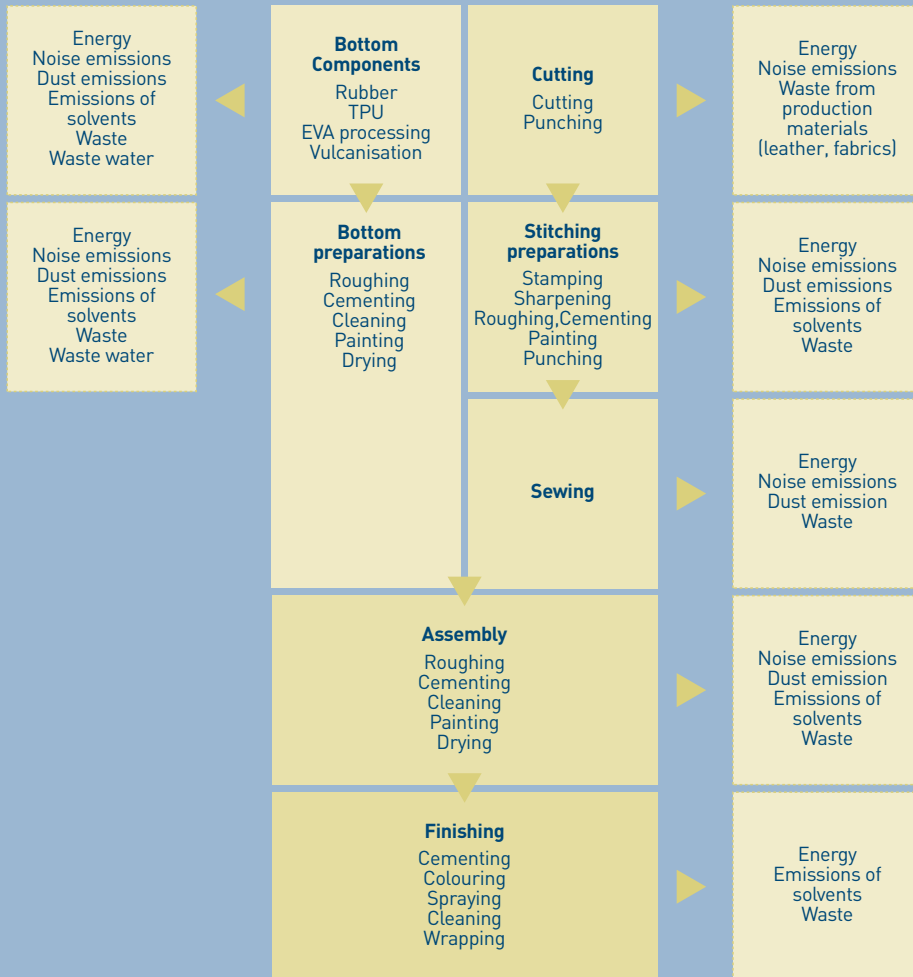
- use of more environmentally-friendly (e.g. biodegradable) materials;
- use of more resource-saving (e.g. recyclable) materials together with the appropriate concepts.

The data and knowledge acquired provide a further basis for making decisions, revealing potential product-related as well as site-related improvements and deriving environmental objectives therefrom. General integration into existing innovation and development platforms is currently being tested.

Production of Copa Mundial

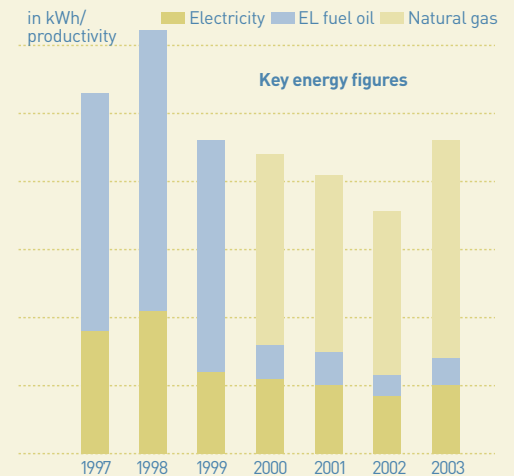
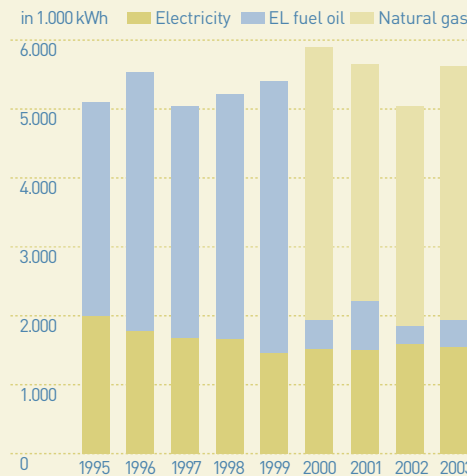
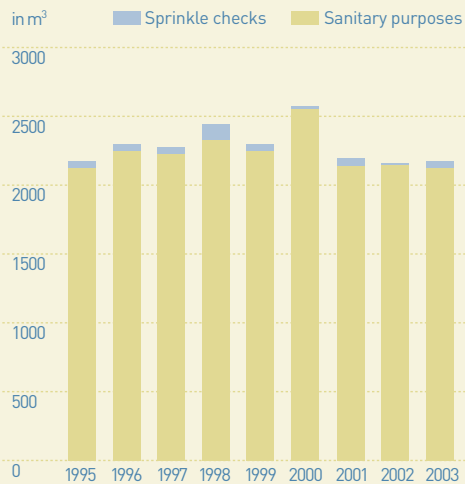


Production of sports footwear and relevant environmental impact



Site data and facts	2000	2001	2002	2003
Materials used in footwear production				
Raw materials, shoe production				
Leather and textile materials	209.722 m ²	208.673 m ²	217.383 m ²	215.426 m ²
Granulated PU	66,0 t	78,0 t	88,0 t	75,6 t
Leather dyes	448,0 kg	445,0 kg	463,5 kg	459,0 kg
Semi-finished products	120,2 t	119,5 t	124,5 t	123,3 t
Miscellaneous small items	13,7 t	13,2 t	13,7 t	13,5 t
Shoebboxes and outcartons	128,7 t	128,0 t	133,3 t	132,0 t
Labels & adhesive tape	1,6 t	1,6 t	1,66 t	1,64 t
Ancillary materials and supplies				
Adhesives, thinners & solvents	53,0 t	38,5 t	31,7 t	30,8 t
Shoes produced in pairs	547.635	545.217	576.970	562.349
Materials used in ball production				
Raw materials, ball production				
Sheet materials	142.326 m ²	145.030 m ²	170.787 m ²	142.600 m ²
Latex adhesives	26,7 t	10,5 t	2,8 t	2,3 t
Screen printing dyes	150,0 kg	152,8 kg	180,0 kg	151,0 kg
Packaging materials	27,9 t	28,4 t	33,5 t	27,9 t
Ancillary materials and supplies				
Solvents	32,3 t	33,0 t	39,0 t	32,5 t
Balls produced in units	132.993	135.556	159.626	133.194
Drinking water consumption				
Sanitation purposes	2.591 m ³	2.157 m ³	2.185 m ³	2.125 m ³
Sprinkler checks	19 m ³	42 m ³	10 m ³	41 m ³
Total consumption	2.610 m³	2.199 m³	2.195 m³	2.125 m³
Energy consumption				
Electricity	1.564.528 kWh	1.527.897 kWh	1.605.022 kWh	1.574.118 kWh
Natural gas	4.079.256 kWh	3.483.960 kWh	3.224.480 kWh	3.720.923 kWh
Fuel oil	448.115 kWh	739.587 kWh	282.550 kWh	405.484 kWh
Total consumption	6.091.899 kWh	5.751.444 kWh	5.112.052 kWh	5.700.525 kWh
Waste				
For recycling				
Paper & cardboard packaging	115,6 t	131,3 t	121,7 t	127,6 t
Films	6,7 t	5,6 t	7,18 t	-
Wood	8,6 t	2,1 t	3,5 t	5,5 t
Green waste	7 m ³	7 m ³	7 m ³	7 m ³
Fluorescent lamps, in units*	710 Stck.	300 Stck.	621 Stck.	-
Used solvents, adhesive residue*	-	0,42 t	1,58 t	1,58 t
Waste for thermal recovery	82,0 t	30,42 t	73,90 t	64,6 t
For disposal				
Industrial waste	29,2 t	23,9 t	5,0 t	4,8 t
Biowaste, food leftovers	16,0 t	18,0 t	16,0 t	15,2 t
Grease separator contents	2,0 t	2,0 t	2,0 t	2,0 t
Used solvents, adhesive residue*	1,78 t	1,56 t	0,82 t	-
Obsolete varnishes and paints*	0,11 t	1,51 t	0,12 t	-
Supplies containing solvents, solid*	3,31 t	1,84 t	2,89 t	3,13 t

* Waste requiring special monitoring



Waste/waste water

Our low in-house water consumption fell by 18.6% to 2,125m³ compared to the year 2000. Since no water is used in production, this relates solely to consumption for sanitation purposes. We aim to maintain this figure and to continue to motivate our employees to save water.

Energy

Overall energy consumption during the 2000 – 2003 period under consideration fell by 6.4%. Whereas energy consumption for heating purposes was reduced by 8.6%, electricity consumption rose by 0.6%. This increase is due to the expanded production area in parts of the building previously used purely for storage, as well as the increase in automation. There are various reasons for this: more machines are being used in ball production for quality purposes while the consumption of compressed air has increased substantially. The change from single shift to dual shift operation has increased the basic load (lighting, ventilation, machine runtime).

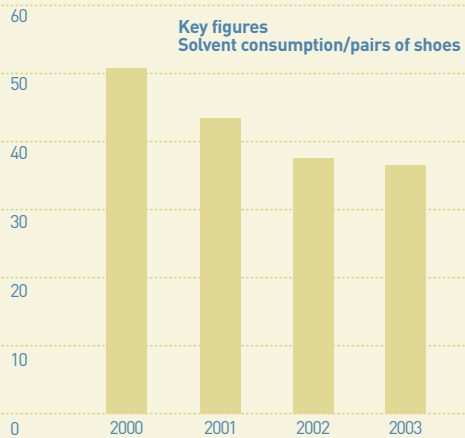
If electricity, fuel oil and gas consumption are normalised to the quantities of shoes and balls produced, it becomes evident that specific electricity consumption on the site in the period under consideration has declined by more than 2.1% and the specific overall energy consumption has dropped by 8.8%. The objective from 2001, to reduce electricity consumption by 5%, has therefore not been achieved in either absolute terms or specific terms. The effective reduction of electricity consumption by 2.1% when the basic load has increased does, however, demonstrate considerable success in the attempts to reduce energy consumption. Further energy-saving objectives in heating and electricity consumption will continue to be pursued consistently.

Emissions

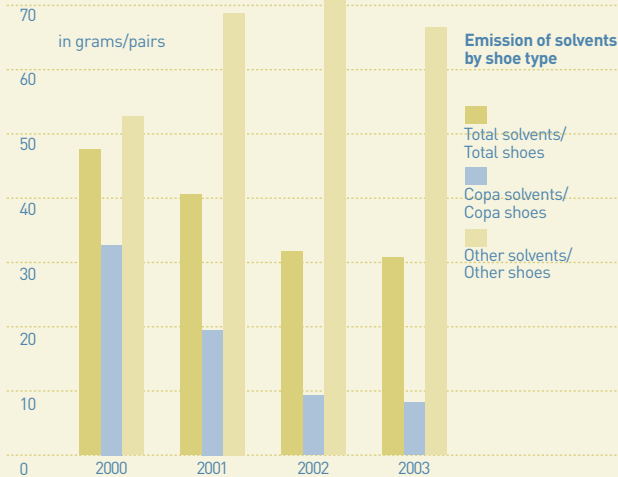
The use of fossil fuels for heating purposes results in emissions of other air pollutants in addition to CO₂. Calculations based on consumption figures reveal the following emissions. The trend here consistently follows the increase in the consumption of fossil fuels and has already been explained in the previous section.

	1996	1997	1998	1999	2000	2001	2002	2003
SO ₂ kg	1803	1626	1692	1890	251	382	165	227
CO ₂ t	997	899	936	1045	932	889	718	849
NO _x kg	498	449	468	522	792	723	617	722
CO kg	959	865	900	1005	1009	951	780	920
Staub kg	7,7	6,9	7,2	8,0	1,3	1,8	0,9	1,2
NMVOC kg	153	138	144	160	58	64	43	53

in grams



in grams/pairs



Emissions of organic solvents

Solvent-based adhesives and pure solvents are used in shoe production. The volatile matter is released into the environment through extraction. Total emissions of organic solvents for the year 2003 amounted to 17,362 kg.

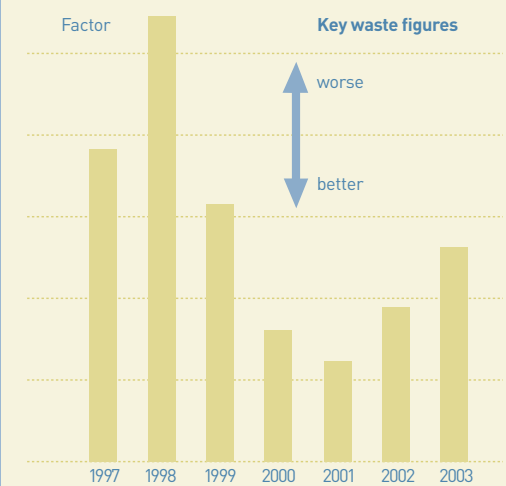
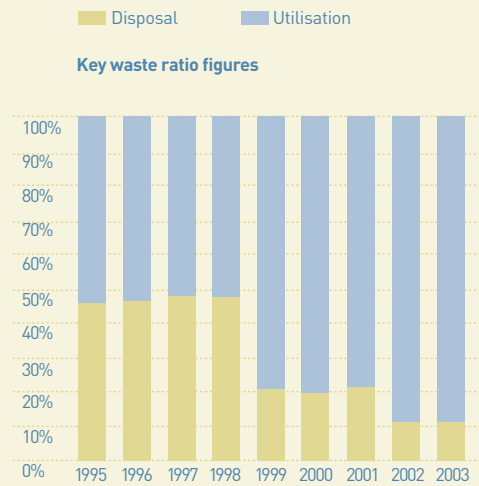
The limit value of the VOC Guideline and the 31st provision of the Federal Immission Control Act to be reached by the year 2007 is 25 g per pair of shoes. We did not meet our target of reducing diffuse solvent emissions to 25 g/pair of shoes by the year 2003, the current value for that year being just under 31 g/pair of shoes. The specific solvent consumption was therefore significantly reduced compared to 2000.

Yet if we look more closely at the consumption of solvents containing ancillary materials and supplies in shoe production, we can see why our many efforts in the mass production of the "Copa Mundial" football boot model are only slowly beginning to have an effect. The production of custom-made models and very low-volume runs makes it difficult to switch over to water-soluble adhesives or the hot-melt procedure. Furthermore, the sole structure of custom-made models in particular can be very complex, requiring multiple cementing compared to the "Copa Mundial" football boot. The changeover to alternative adhesives has already been implemented at many stages in the production of this product and further attempts in this direction will continue to be made. A product-related breakdown (excluding solvents containing waste and those used for cleaning) returns the following solvent emissions for 2003:

Copa Mundial:	8.2 g solvent/pair of shoes
Other models:	66.5 g solvent/pair of shoes
Average:	30.8 g solvent/pair of shoes

The global adidas objective of 20 g solvent per pair of shoes has also been adopted as a new objective for the Scheinfeld site.





Waste

The measures from the 2001 environmental programme have been implemented. The total quantity of waste fell by 11.7% compared to 2000.

The impact of the waste management concept with improved separation of waste materials, avoiding waste in the first place and recycling, e.g. of cardboard packaging for transport purposes, is having a clear effect. The objective of reducing the amount of waste to be disposed of by 10% has been comfortably exceeded. The recycling ratio, i.e. the amount of waste that is recycled expressed as a proportion of total waste, rose by 11.7% between 2000 and 2003 to 88%. This is particularly impressive because waste from other sites/activities (e.g. exhibitions) is also disposed of at the site. However, since these production-related quantities cannot be recorded individually, a more detailed assessment is not possible. In principle, we aim to at least maintain the current level and are therefore continuing to pursue measures to improve waste management at the site.

The majority of the waste generated which requires special monitoring consists of solvent-contaminated rags which are disposed of properly. If we look at the figures for solvent-contaminated supplies compared to the adhesives and solvents used, we can see that there has again been an upward trend over the past two years as the above graph illustrates. Our objective is to return to the 2001 level.

Environmental Programme – Objectives and Measures 2004

A number of past measures have contributed to the continuous improvements in industrial environmental protection at Scheinfeld. Additional activities are planned for the coming years. These are oriented toward our environmental policy, the global objectives of adidas-Salomon as well as Scheinfeld-specific factors. The responsibilities and resources which become necessary in this regard are determined internally.

Objectives	Measures	Date	Objectives	Measures	Date
Energy management	Establish active, controlled use of the waste heat from the compressors by changing Hall 3 usage accordingly	As required	Input materials	Continue tests and studies on the use of more environmentally-friendly substances in the production process (e.g. water-soluble adhesives, hot-melt adhesives)	Ongoing
Reduce electricity consumption by 5%	Give preference to more environmentally-friendly alternatives when installing new room heating systems, e.g. direct heating	As required	Use environmentally-friendly raw materials	Use emulsion adhesives	1st Quarter 2005
Reduce use of fossil fuels	Concept and feasibility calculation on installing two separate compressed air networks	1st Quarter 2005	Waste management	Improve waste separation in the test centre through information and training and by providing new containers	1st Quarter 2005
	Analyse existing machines/systems with a view to possible early or interim decommissioning	4th Quarter 2004	Stabilisation at the 2004 level	Commission a new box-folding machine with lower rejection rate	4th Quarter 2004
	Commission a new, more efficient box-folding machine	4th Quarter 2004	Reduce solvent-contaminated waste to the 2001 level	Further integration of the external cleaning company into site requirements	Ongoing
	Intensive training and information for relevant employees through regular instruction	Ongoing		Train and motivate employees with regard to the use of cleaning agents	Ongoing
				Optimise the use of cleaning agents	2nd Quarter 2005
Emissions	Create an annual statement on solvent quantities	1st Quarter following year	Environmental Management System	Add to and update the management manual	Ongoing
Reduce diffuse solvent emissions to 20 g solvent/pair of shoes	Increase use of hot-melt technology	Ongoing		Display environmentally-relevant information on notice boards	Ongoing
	Commission a new box-folding machine with lower adhesive consumption	4th Quarter 2004		Provide regular training on relevant environmental factors as part of routine staff training	Ongoing

Objectives achieved 2001 – 2003

Objectives	Measures	Implementation
Energy management	Implement the lighting concept in the export warehouse	100%
Reduce electricity consumption by 5%	Take low electricity and compressed air consumption into consideration when planning operational resources	Ongoing
	Perform regular checks for leakages in the supply of compressed air	Ongoing
Reduce use of fossil fuels	Change laminating process in ball production so that the drying process is no longer required	100%
	Use new injection moulding machine for PU sole production	100%
	Recover heat from the compressor	¹⁾
Product	Analyse the "Copa Mundial" product, applying the Integrated Product Policy (IPP) strategy	100%
Minimisation of a football boot's environmental impact through all life cycle stages		
Emissions	Improve data gathering related to solvent consumption involved in mass shoe production	²⁾
Reduce diffuse solvent emissions by 50% to 25 g/pair of shoes	Utilise enclosed dispenser systems for adhesives and solvent	Ongoing
	Acquire a hot-melt machine for solvent-free cementing of components	100%
	Create an annual statement on solvent quantities; Increase use of hot-melt technology	100%
Input materials	Continue tests and studies on the use of more environmentally-friendly substances in the production process (e.g. water-soluble adhesives, hot-melt adhesives)	Ongoing
Use environmentally-friendly raw materials		
Reduce latex consumption in ball production by 20%	Use PVC-free materials	100%
	Change ball production processes	100%

Objectives	Measures	Implementation
Originator-based collection of environmental data	Expand data on materials purchased to include environmentally-relevant aspects	Ongoing
Waste management	Purchase pre-fabricated fabric and upper materials for ball production	100%
Reduce the amount of waste requiring disposal by 10%	Further segregate different waste categories	100%
Environmental Management System	Add to and update the management manual	Ongoing
	Display environmentally-relevant information on notice boards	Ongoing
	Purchase new, easy-to-read information boards	100%
	Provide regular training on relevant environmental factors as part of routine staff training	Ongoing
Communication	Hold seminars for international trainees on environmentally-relevant subjects	Annual
Pass on environmentally-relevant information to international suppliers	Workshops with raw materials suppliers	As required
Scheinfeld site	Plant greenery in front of the "Aditeria"	100%
Reduce paved areas	Create lawns in front of test centre area	³⁾
	Plant trees along property lines	³⁾

¹⁾ Upon completion of an appropriate study, it was found that heat recovery from the compressors is not economically viable. In agreement with the environmental verifier, this objective is no longer being pursued.

²⁾ The merging of custom-made and mass shoe production negates workplace-related and product-related logging of solvent consumption.

³⁾ Based on the increasing use of the site for parking and shunting, it would be judicious to leave the area in its current state. We are still working on a tree-planting agenda.

Validation

Environmental Verifier's Organisation
Gerling Cert

Michael Sperling
Gerling Cert Umweltgutachter GmbH
D-V-0101
Spiesergasse 20
D-50597 Cologne

VALIDATION
of the
ENVIRONMENTAL STATEMENT

At its site in Scheinfeld, **adidas-Salomon AG, Global Technology Center** established an environmental policy, operated an environmental management system and an environmental program, implemented an environmental review, determined what environmental audit measures are to be taken, and prepared an environmental statement.

For the accredited environmental verifier organisation Mr. Michael Sperling has found that


- the environmental policy, environmental management system, environmental program, environmental audit methodology and the environmental statement conform with the standards and requirements of "Regulation (EC) No 761/2001 of the European Parliament and of the council of 19th March 2001 allowing voluntary participation by organisations in a Community eco-management and audit scheme (EMAS)*".
- the information in the environmental statement 2004 are reliable and the environmental statement adequately takes into account all environmental issues of importance to the Scheinfeld site.

This statement is based on investigations of relevant documents, site installations and interviews of personnel.


The environmental statement for the year 2004 is herewith declared valid.

Cologne, 01. September 2004


For the environmental verifier organisation:


Michael Sperling
Verifier

Gerling Cert Umweltgutachter GmbH
50597 Köln
D-V-0101
V1161/0904



Certificate of Registration



adidas-Salomon AG
sports products

Adi-Dassler-Straße 24-26
91443 Scheinfeld


Registration-Number: D-158-00048

Date of first registration:
21st September 1998

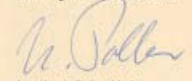
This certificate is valid until
31st August 2007

This organisation has established an environmental management system according to EU-Regulation 761/2001 to promote the continual improvement of environmental performance, publishes an environmental statement, has the environmental management system verified and the environmental statement validated by a verifier, is registered under EMAS and therefore is entitled to use the EMAS-Logo.

The environmental management system of this organisation also fulfills the requirements of ISO 14001:1996, section 4.

 Industrie- und Handelskammer
Nürnberg für Mittelfranken

Nürnberg, 7th September 2004


Ass. Ursula Poller, M. A.
Deputy General Manager

Contact Partner on Environmental Issues

If you have any questions or need further information,
please contact us at the following address:

adidas-Salomon AG

World of Sports
Social and Environmental Affairs
Adi-Dassler-Str. 1
D-91074 Herzogenaurach
Tel.: 00 49 (91 32) 84 – 0
E-Mail: sustainability@adidas.de

Presentation of the next Environmental Statement

The next Environmental Statement will be released in August 2007.
The Scheinfeld site will produce updated environmental statements
for 2005 and 2006.

This Environmental Statement was prepared in collaboration with

Photo&Designstudio, Ralf Munker, Nuremberg
www.designstudio-munker.de

INTECHNICA, environmental and management consultants, Nuremberg
www.intechnica.de

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Members of the adidas-Salomon Group