

## 1 Purpose

This Guideline sets out the approach of the adidas Group Social & Environmental Affairs (“SEA”) Department to enforcement of the adidas Group Workplace Standards (“Standards”) when a supplier fails to comply with the Standards. Section 4 of the Guideline explains the principles by which we make decisions in relation to enforcement of the Standards. Section 5, 6 and 7 introduces the positions regarding Bribery, Unauthorised Production and Denial of Access. Section 8 provides the definitions of Zero Tolerance and Threshold issues, i.e. those cases of extremely serious non-compliance which would trigger enforcement actions that may impact a supplier’s business. Section 9 of the Guideline sets out the range of enforcement actions, i.e. those ‘remedies’ available to the adidas Group where a supplier is unwilling or unable to comply with the Standards, and the process for applying such remedies. Section 10 provides definitions of the resulting designation when enforcement action has been taken against a supplier. Section 11 sets out some additional definitions and notes regarding the updating of this document. Accompanying this Guideline is the Enforcement Guideline Procedure Flowchart which maps out the process of investigation, remediation and enforcement, and the parties involved in that process.

## 2 Scope

This SOP is applicable to all suppliers for all adidas Group Sourcing entities, licensees, agents or other similar third party business entities which source suppliers to make adidas Group product. (see the detailed definition in point 2 of Section 11 Notes and Terms)

## 3 Regulations

All steps and procedures set out in this Guideline must be followed strictly with no exceptions.

## 4 Principles

The SEA Team believes in firm but fair enforcement of the adidas Group Standards. Underlying a policy of firm but fair enforcement are the principles of:

- Proportionality in the application of the Standards and in ensuring compliance with them.
- Flexibility of approach by SEA toward all suppliers and across all regions.
- Transparency in relation to how the SEA Team operates and how the Standards should be implemented, i.e. providing clear information about what suppliers may expect from us and what we in turn expect of them.
- Targeting appropriately the recipients of any sanctions or other enforcement action.

### 4.1 Proportionality

The concept of proportionality requires that any action taken to protect workers, the environment or the adidas Group brands must be balanced against the risks and costs associated with that action.

Breaches of the Standards, in particular those relating to workplace health and safety, may cause or have the potential to cause serious risk of injury to workers. Other breaches of the Standards may interfere with worker rights, or may adversely impact the environment. The SEA Team’s first priority is to prevent harm to workers or the environment from occurring and to ensure that such harm does not continue. Any action taken by the SEA Team will be proportionate to the risks posed by, and the seriousness of, the breach of the Standards.

### 4.2 Flexibility

The SEA Team aims to achieve consistency in the advice we provide to suppliers about the Standards and our responses to any non-compliance with the Standards. This requires us to adopt a similar approach in similar circumstances where the Standards have been breached in order to achieve a similar outcome – the outcome being protection of workers and the environment through compliance with the Standards.

However, the SEA Team recognises that consistency does not mean simple uniformity. We need to take into account many variables, such as the scale of the non-compliance, the attitude and actions of supplier management, and any history of previous incidents or breaches of the Standards. Any decision to take enforcement action against a supplier, for example to issue a stop work notice at a particular manufacturing site, or to recommend termination of a Manufacturing Agreement, is a matter of professional judgement, and the SEA Team will exercise its discretion in this area, in consultation with relevant internal and external sourcing units.

### 4.3 Transparency

Transparency is important in maintaining confidence in the SEA Team. Suppliers who want to comply with the Standards need to understand what is expected of them and what they may expect from the SEA Team in return. It also requires that the SEA Team provides clear reasons as to why any action to enforce the Standards is necessary, and that any actions are clearly communicated to suppliers and relevant internal and external sourcing units.

Transparency is essential to the conduct of the SEA Team. The adidas Group provides ongoing training to the SEA Team and continuously reviews and develops the Team's procedures to ensure that:

1. When a supplier does not comply with the Standards and remediation is required, it is clearly explained why the steps outlined in an action plan are necessary and must be carried out – a distinction being made between implementation of best practice and meeting minimum compliance requirements;
2. An opportunity is provided to the SEA Team and the supplier to discuss and clarify the requirements before any remediation steps are taken – unless urgent action is required, for example, to protect workers from serious danger or to prevent extreme environmental damage; and where urgent action to enforce the Standards is required, a clear and complete written explanation of the reasons will be provided.

### 4.4 Targeting

Targeting means making sure that any enforcement action is directed appropriately at those primarily responsible for the breach of the Standards, and is focused on those areas which present the greatest risk or are the least well-controlled. Ultimately it is suppliers who are directly responsible for the risks at their manufacturing sites and who are best positioned to control those risks.

The SEA Team has systems in place that help us to prioritise and respond to risks as we become aware of them. They include:

1. Methods for responding to complaints received directly from workers.
2. Conducting an assessment of the risks to worker health & safety and the environment posed by the manufacturing operations.

3. Reviewing the management systems which regulate human resources practices and industrial relations.
4. Acting on the independent reports of third party auditors and monitors.

In all cases, the attitude of management and the actions it takes (or fails to take) to promote compliance with the Standards are of critical importance. Repeated incidents or breaches of the Standards may be an indication of an unwillingness to comply with the Standards, to change unacceptable behaviours, or an inability to achieve sufficient control. This may require a total review of the relationship with the supplier, and in order to continue doing business, considerable investment by both the adidas Group and the supplier.

### **5 Bribery**

adidas Group's SEA field monitors and all authorised third party auditors are held to a straightforward and unconditional code of professional conduct which means they can not, directly or indirectly, seek or accept monetary "kickbacks" or any other benefit (e.g. gifts, free products, favours, promises of future work, etc) in connection with an audit or any related follow-up work.

adidas Group is opposed to all forms of bribery and corruption. The offer and/or acceptance of a bribe is a clear breach of the adidas Group's Business Code of Conduct. Where the offer or acceptance of a bribe is reported, and proven, it will likely result in a termination of our business relationship with a supplier and, for our own staff, their dismissal. Similarly, if an authorized third party auditor is accused of soliciting or accepting a bribe, they and their employer can have their SEA accreditation revoked.

### **6 Unauthorised Production**

If an approved supplier was found engaging in unauthorised subcontracting, such production will be treated as illegal, then SEA will inform the related Sourcing entity and Legal Dept to take action for issuing a breach of contract letter, which is different from SEA Warning Letters. Depending on the circumstances, this legal warning may be worded in such a way that any additional breach will lead to termination of the main supplier's Manufacturing Agreement.

### **7 Denial of Access**

This occurs when the SEA Team, third party monitors, project partners or consultants are refused entry to the manufacturing site, access to documents, or permission to interview workers. All of these activities are required for monitoring of the workplace. If management does not permit such activities to proceed, then the supplier is obstructing the work of the SEA Team. In rare cases, an emergency may genuinely preclude access, such as a strike or natural disaster, and in such instances, the supplier would not be penalised.

Denial of access is considered to be an extremely serious problem. As such, the obligation to provide free and unobstructed access to the SEA Team and third party monitors is included in the Manufacturing Agreements signed by suppliers. Therefore, denial of access will be treated as a legal issue and not necessarily a compliance issue. Where SEA Team members are denied access, this will be reported to SEA Management, who will discuss appropriate actions with the adidas Group Legal Department. In those cases where there is no signed Manufacturing Agreement, denial of access is still treated as an extremely serious issue, and appropriate action will be taken by the adidas Group.

### 8 Defining Serious Non-Compliance

In the course of monitoring the manufacturing sites of suppliers, the SEA Team regularly uncovers breaches of the Standards. In most cases, such incidences of non-compliance are not as severe in nature as to require sanction. Normal practice for the SEA Team is to issue an action plan setting out negotiated timelines for supplier management to resolve any breaches of the Standards which are not considered severe or place the business partnership at risk.

On other occasions, the breaches are more severe and may threaten the lives or well-being of workers, suppress fundamental human rights, or result in irreparable damage to the environment. Part 8.1 below provides an explanation of those items we treat as Zero Tolerance issues. Part 8.2 lists Threshold issues, i.e. those types of breaches or workplace issues which are considered to be extremely serious in nature, requiring enforcement action to be taken against existing suppliers.

#### 8.1 Zero Tolerance

Zero Tolerance issues are those items with no opportunity for remediation. This means that identification of any Zero Tolerance at an existing supplier will automatically trigger the termination process. In some cases, this may result in termination of a specific manufacturing site only. In others, it may result in termination of the supplier, including all its facilities.

There are six Zero Tolerance categories:

1. Prison Labor  
Includes any form of manufacturing, whether 'illegal' or 'unauthorized' or part of a legitimate work programme, conducted within the confines of a prison, or by prisoners who have been sent to the manufacturing site, regardless of whether the prisoners are paid for their work.
2. Slavery and Trafficking, including Forced Labour  
Referring to the recruitment, transportation, harbouring, or receipt of people for the purposes of slavery, prostitution, forced labour (including bonded labour or debt bondage), and servitude.
3. Child Labour  
Business partners must not employ children who are less than 15 years old, or less than the age for completing compulsory education in the country of manufacture where such age is higher than 15. For example: any finding of child labour in a newly nominated factory; and any finding of the presence of child labour in a current and approved supplier, where there is evidence that the issue is so embedded or prevalent that it cannot be remedied to secure the long term future and education of the child labourer.
4. Critical, Life-Threatening HSE Conditions  
A factory building that is structurally unsound and may collapse (either partially or completely) causing serious injury or death. An immediate and serious fire hazard is present, such as a large quantity of flammable chemicals or materials placed on site without any proper control system in place. Any other set of circumstances which may cause danger or life threat to visitors/auditors.
5. Repetitive and Systematic Abuse  
The abuse may be sexual, physical or mental in nature, and must form part of the management style of the supplier, i.e. must be part of the day-to-day management of the factory. For example, physical punishment is used to discipline workers; workers are regularly locked inside the factory and unable to leave; there is widespread sexual harassment of workers. Systematic abuse would not include isolated

actions, criminal acts, or one person who abuses power; all such cases can be remediated by management.

6. Business Registration

The company does not hold a valid business registration or license document to legally operate the business.

### 8.2 Threshold Issues

Threshold issues have a higher priority than other items listed in a corrective action report. If an existing supplier is unable to resolve items on this list on a priority basis, then it will be subject to enforcement actions. Those items identified as 'Threshold' are:

#### 1) Deliberate Harassment of Unions and Workers Representatives

The harassment may be physical or mental in nature, but usually consists of persistent discrimination against the officers or members of a union. It may occur during the recruitment process or form part of the management style of the supplier in its day-to-day running of the factory. For example:

- a) Supervisors are either allowed, or instructed, to harass union members or officers through use of abusive language, allocating 'dirty' jobs, rotating between departments, or passing over for promotion or other rewards.
- b) Interfering with union activities or preventing access to members and workers by the union.
- c) Punishing workers or union members for joining a strike.

#### 2) Excessive Overtime

This means the following:

- a) More than 60 hours per week as a general practice. This applies to any individual production line worker. This excludes drivers and security guards, in which case 72 hours is the allowable weekly maximum.
- b) Missing rest days, such as consecutive Sundays worked without compensatory time off at least half of the previous 12 months.

#### 3) Non-Payment of Wages - TIMING

Non-payment, for the purposes of defining Threshold Issues, means failure to pay workers:

- a) Within 30 days of the end of the pay period; or
- b) Within the amount of time specified by local law if less than 30 days and a frequency of more than one time during the previous 12 months.

#### 4) Non-Payment of Wages – AMOUNT

Supplier must pay wages in full. Partial payment of wages will be considered as nonpayment of wages. For the purposes of this Threshold Issue, Wages includes the following standard items of a worker's wage package, i.e.:

- a) The monthly minimum or basic wage (basic wage may be higher than the local legal minimum wage);
- b) All overtime payment due to the worker for the pay period;
- c) All *fixed* amounts, for example technical allowance, seniority allowance, meal allowance, night shift allowance, hardship or position allowance;

- d) Any *non-fixed* amounts which are calculated based on the productivity or output for that pay period, for example a monthly efficiency or productivity bonus which is provided based on the performance/output of the worker's unit or the individual worker.

For the purposes of this threshold issue, "wages" do not include any discretionary bonuses which management may provide workers from time to time, e.g. those payments based on the financial performance of the factory or local custom.

**5) Fraud & Exploitation** – Double book-keeping or other fraudulent practices in evidence.

Such practice may have evolved because it satisfies other customers' requirements. However, after gaining an understanding of the adidas programme, such action would not be tolerated. If production records or other documentation, investigation of the workplace, or interviews with workers or other factory staff reveal falsified records, management must acknowledge and correct the documentation systems. Management cooperation will also be judged on the level of transparency provided to workers. For example, workers must be allowed to see their complete hours and pay records.

**6) Management Attitude and Systems**

- a) The attitude of the factory management is so poor that the monitor believes there will be nil or minimal cooperation on the part of the supplier in any remediation process. It must form part of the management style of the supplier, i.e. it is not a problem of just one or two uncooperative members of the management team. For example, the owner or general manager tells the monitor that the factory refuses/will refuse to comply with the Standards, or members of the management team consistently lie to the monitor throughout factory visits or in general communications.
- b) The systems are so poor as to be beyond remedy. There is a complete lack of commitment from management, and no sense that any further improvements will be made in good faith. For example, management may indicate that it has absolutely no capacity or willingness to implement systems that will help manage the workforce and supplier compliance.

**7) Other Serious Labour Problems** – Including:

- a) No time recording system, or one that is not verifiable (e.g. worker signatures are accepted as means of verification);
- b) No accident insurance, health insurance, or any other legally required benefit;
- c) No payment records, pay system, or undocumented practices, such as workers being paid off-the-books;
- d) Failure to implement minimum wage and proper overtime or holiday rates;
- e) No proof of employment in personnel files or worker records system;
- f) Withholding original worker documentation without worker access;
- g) No proper age documentation on personnel files;
- h) Child labour was found in current and approved suppliers and the supplier has not undertaken the appropriate remediation to minimize and remove the further risk of recruiting workers under the legal age of employment and/or secure the long term future and education of the child labourer as per the guidance given in our Employment Guidelines.
- i) Juvenile and pregnant workers are placed in hazardous positions;
- j) Use of apprentices or trainees with pay below minimum wage;
- k) Fines or monetary penalties used as a form of discipline;
- l) Deliberate discrimination based on protected class;
- m) Retaliation against workers who report problems.

**8) Extremely Poor HSE Conditions:**

This applies to the following:

- a) Valid permits and / or licenses should be held by the factory for their premises. A supplier with multiple factory locations shall have a set of valid permits and / or licenses specific to each factory location. Reference should be made to the relevant Country Profile and associated Standard Permit Requirement Form for legal licensing and permitting requirements.
- b) Poor fire safety: no evacuation drills within last 6 months; no, or minimal, functioning basic fire safety equipment, such as an alarm system and fire extinguishers; no, or minimal, or extremely poorly designed, emergency lighting, very poor housekeeping practices or electrical installation which creates a fire hazard.
- c) Use of banned chemicals.
- d) No, or very minimal, protection (such as personal protective equipment, ventilation or extraction systems) provided for workers who are exposed to hazardous substances, such as VOC or toxic dust.
- e) Use of high risk machinery, with the potential to cause major injury or result in fatality, which is insufficiently safeguarded or lacking in safety devices, e.g. sensors or emergency stop buttons.
- f) Lack of safety controls or other precautionary systems in high risk working areas, such as the boiler and power plants.
- g) Dormitories are in the same building as warehousing and/or production facilities.
- h) Operations have significant detrimental consequences for the environment.
- i) Hygiene presents a health risk in non production areas including kitchens, canteens, dormitories and toilets.

**9 Enforcement Actions**

This section sets out a variety of 'remedies' which the SEA Team may rely on, as illustrated in Enforcement Guideline Procedure Flowchart. In all cases, the impact of such action(s) on the workforce should be considered, and balanced against the need to introduce sanctions or take other enforcement action. The remedies are to be applied on a case by case basis, and are not mutually exclusive. For example, a supplier who has received several warnings may face other sanctions, such as a reduction in orders or, ultimately, termination of the manufacturing engagement.

In all cases, other than issuing of stop work notices (see directly below), no action will be taken against a supplier unless there has been extensive consultation with relevant sourcing unit. This is to ensure that all parties fully understand why SEA is recommending enforcement action, and to determine whether the staff from the sourcing unit can influence and/or support supplier management to make the necessary changes.

**9.1 Stop Work Notices**

Where it is warranted in the circumstances, a temporary stop work notice may be issued, requiring suspension of operations at a manufacturing facility until certain requirements are met. A stop work notice may be issued where:

1. Incidents or breaches of workplace health and safety are life threatening or likely to lead to injury of workers, or which have the potential for such consequences; or
2. Manufacturing operations have significant negative consequences for the environment, or which have the potential for such consequences.

Effectively, this is an instruction to the supplier to shut down (or 'power-down') the relevant production line(s) or production areas until the danger to workers, or other significant harm, is

removed. Such action will only be taken by the SEA Team in extremely dangerous or serious circumstances, with a proper regard

for balancing the production schedule against the risk associated with not issuing the notice.

The SEA Team has designated staff, qualified and expert in the area of health and safety, who will have the authority to issue a stop work notice if they are on site. All other team members or third party monitors are required to contact and consult with the health & safety experts to determine whether a stop work notice should be issued. In all cases, the SEA Team will first consult with supplier management and relevant sourcing unit, if any, on site before stopping production. For practical reasons, and due to the nature of the extreme conditions that would require a stop work notice to be issued, notice will be given to management verbally in the first instance. However, a written record of the case will then be made by the SEA Team member issuing the notice and provided to all relevant parties.

### 9.2 Third Party Investigations

A third party investigation may be recommended where there are persistent or repeated breaches of the Standards or SEA requirements at the same manufacturing site or group of factories, and it has become a matter of public interest. In such cases, where the adidas Group has been unable to influence supplier management over an extended period, prior to termination being recommended, an independent, third party monitor may be invited to:

- Investigate the causes of non-compliance;
- Evaluate the impact of such non-compliance on the workforce; and
- Recommend a plan of remediation.

In most cases, the third party monitor will choose to publish its findings and recommendations. The adidas Group also will be required to make public disclosure in relation to the supplier's response and development of action plans and other steps to remedy poor compliance with the Standards.

### 9.3 Review of Orders

In cases of proven non-compliance, or where a stop work notice or warning to a supplier has already been issued, the SEA Team may recommend a review of orders. The relevant sourcing unit may then choose to reduce or relocate current orders, or temporarily suspend any new orders being placed with the supplier. Such action would be appropriate in the following cases:

- Where the non-compliance relates to excessive working hours;
- Where workers have complained of unreasonable production targets or excessive pressure being exerted by supervisors; or
- Where it is determined that the supplier has misrepresented its capacity to complete and deliver the product on time, regardless of whether the adidas Group is the sole 'buyer'.

Where a supplier has been issued a second warning letter (see section 6.5 below), *new* orders are not authorised until a) all requirements set out in the warning letter have been met; and b) the SEA Team has verified that all items of non-compliance have been remediated satisfactorily, and has designated the manufacturing site in question "SEA Accepted". *Existing* orders may be completed.

### 9.4 Financial Contributions and Project Work

In addition to its auditing and monitoring work, the SEA Team is engaged in a number of projects aimed at making compliance more sustainable. The projects are diverse and cover a range of issues, from the development of a mechanism to establish fair wage levels, to occupational health education

and training, to the implementation of human resources management systems, and best environmental practices in the manufacturing sites of suppliers who are more sophisticated in their management of environmental impacts. The SEA Team funds these projects internally from the budget allocated to consultancies and project work on an annual basis.

Where poor Standards performance in a specific area results in the need to establish a plan of remediation involving project work, third party consultants or monitors or local NGOs, the supplier will be expected to fund the remediation work and contribute to the costs of any external consultant. Examples of such work are provided below:

- Where there is no adequate grievance process or system of appeal against unreasonable or unfair disciplinary action – an independent body may be established with a local project partner to act as a centre for receiving worker complaints and to assist management in building the proper grievance systems within the Human Resources or personnel departments.
- Where there is no effective management-worker communication or the industrial relations in the manufacturing site are very poor – the development and delivery of appropriate training modules for management and union officers (or other worker representatives) by local arbitration institutions, the ILO, or other experts in the industrial relations area.
- Where the health of workers is particularly poor or there is an unusually high incidence of chronic disease (e.g. tuberculosis, anaemia, 'grey lung') – immediate health checks and medical assessment of all employees by local medical professionals, and a thorough review of the capacity of the clinic on site, its procedure and treatment provision.
- Where there is severe contamination or pollution of the local environment due to improper or uncontrolled manufacturing processes – an immediate environmental impact assessment and, where appropriate, clean-up operations.

### 9.5 Warning Letters

A warning letter is a written notification that, in the opinion of the SEA Team, a breach of the Standards has been committed (or is continuing) and that inadequate action has been taken by management to remedy the non-compliance. A record of warning letters issued by the SEA Team will be maintained and such letters will be referred to in any subsequent recommendation to terminate the manufacturing engagement. On any given issue, failure to remedy non-compliance after the issuing of two warning letters will usually result in immediate recommendation to terminate.

The SEA Team will consider the following factors in deciding whether or not to issue a warning letter:

- The effect of the non-compliance on the workforce.
- The circumstances leading to the non-compliance.
- The intent of the supplier (either at the individual manufacturing site level or at a group/corporate level).
- The history of Standards performance of the supplier.
- The attitude of the supplier in discussions with the SEA Team regarding Standards requirements.
- Any remedial steps taken to address the non-compliance.

These factors are not exhaustive, and those which are relied on to issue the warning will vary from case to case. It is not simply a matter of weighing the number of factors for and against the supplier, in respect of its Standards performance. The SEA Team will decide how important each factor is, given the specific circumstances, and will make an overall assessment before reaching a final decision. In select cases, prior to a Warning Letter being issued, Sourcing and SEA will send a written memorandum to the supplier's management.

A warning letter will only be issued when the SEA Team has fully consulted with relevant sourcing unit, and believes that all other avenues of dialogue with the supplier have been explored and have not yielded any result. A formal letter will also be issued to the parent company whenever it is applicable. For details, please refer to the Warning Letter SOP regarding the details of the issuance of the warning letter.

## 9.6 Termination of Manufacturing Engagements

The SEA Team recognises that recommending termination is a serious matter that should only be done after full consideration of all the consequences, especially any impact on the workforce. A decision to terminate must be discussed and agreed with senior management level from the relevant sourcing unit.

Either in the case of identification of a Zero Tolerance matter, or as a matter of last resort, where all other options have been exhausted and a supplier is still unwilling or unable to comply with the Standards, we will recommend termination of the Manufacturing Agreement or Manufacturing Engagement.

**(Note:** In case a supplier which has a ‘Compliance Override’ designation fails to remedy the relevant non-compliances within the agreed time frame, SEA will issue a Notification of Termination letter).

Once a supplier has been terminated, it is permanently disqualified from production for the adidas Group.

## 10 Designations and Order Authorisations

When enforcement action is taken against a supplier, the SEA Team will update the designation for the relevant manufacturing site in the Fair Factories Clearinghouse (“FFC”) as follows:

Designation	Definition	Order Authorisation
SEA Accepted – Risk Of Enforcement	Applies to existing suppliers where Threshold Issues have been discovered in a previous Performance Audit, which requires the factory to remediate the Threshold Issues prior to their next audit or risk facing enforcement action (ex. Warning Letter 1). Follow-up audit must take place within 3-6 months of the factory being designated “SEA Accepted—Risk of Enforcement”.	Orders are authorised.
On Probation – WL1 Issued	The supplier has been issued Warning Letter 1.	Orders are authorised.
On Probation – WL2 Issued	The supplier has been issued Warning Letter 2.	Existing orders can be completed. New orders are not authorised until the manufacturing site has been designated SEA Accepted, unless there is specific

Designation	Definition	Order Authorisation
		agreement between SEA, the relevant sourcing unit and the supplier, taking into account the nature of the non-compliance and any impact on the workforce.
Pending Termination	The supplier has been issued with a notification of termination. SEA is awaiting confirmation from a) adidas Group Legal Department that the Manufacturing Agreement has been terminated*, and b) Sourcing unit that production is complete.	Orders are not authorised.
SEA Terminated	SEA has received confirmation that the Manufacturing Agreement/ Engagement with the supplier has been terminated and there is no production in process.	The supplier may not be re-instated as an active supplier by the adidas Group or any other business entity doing business with or on behalf of the adidas Group.

\***Note:** This only applies to those cases where there is a signed Manufacturing Agreement in place. Otherwise, confirmation from sourcing unit is sufficient.

## 11 Notes and Terms

1. This Guideline will be updated from time to time. The SEA Team will advise adidas Group colleagues, suppliers and other relevant business entities of any significant changes in the approach of the SEA Team to enforcement and termination procedures.
2. Supplier in this document refers to the factory (including subcontractors), i.e. manufacturing site for any type of production regardless of what kind of product for adidas Group. It also covers a broader term to reflect any sourcing and/or legal relationship including manufacturer, parent company or individual manufacturer, or other organisation from whom the adidas Group sources product directly (including, and in particular, those suppliers with whom the adidas Group has signed a Manufacturing Agreement) or indirectly through a third party business entity such as a licensee or agent.

## 12 Supporting Documents

Document Name	Document Type	Description	Owner
Compliance Override Document	Form	Document used to document any override of SEA's recommendation to not enter, or to terminate, the business relationship with a supplier.	SEA
Country Profile and	Guideline	List out the country risk associated with	SEA

Document Name	Document Type	Description	Owner
Standard Permit Requirement		social and environmental areas, and the required valid permits and licenses in any manufacturing site.	
FFC SOP	Procedure	Document outlining the roles and responsibilities for FFC data entry and maintenance.	SEA
FFC Manuals	Guideline	Document which provides guidance on FFC functionality. Manuals are available for Sourcing, agents, SEA and external monitor roles in the system.	SEA
Supplier Approval Process and Local Sourcing Policy	Process	Process to record and control the start-up, termination, relocation and expansion of a new supplier, for all divisions under the management of adidas Sourcing Limited and local subsidiaries	GOPS

### 13 Related Documents

- Enforcement Guideline Procedure Flowchart (version 03), as attached in this document
- Warning Letter SOP (version 04)
- Warning Letter 1 Template
- Warning Letter 2 Template
- Warning Letter 1/2 Attachment
- Notification of Termination Template
- Notification of Termination – ZT Identified Template
- Notification of Termination Attachment