

**Herzogenaurach, March 2016**

## **Introduction**

The adidas Group policies and management systems provide direction and structure for the company's economic, social and environmental performance. In turn, these policies guide our business decisions as we work to meet or exceed regulatory requirements and stakeholder needs and expectations.

Our Stakeholder Relations Guideline reflects our values and beliefs. It specifies the importance of meeting the changing expectations of our stakeholders and encourages the kind of open, honest communication that fosters trust and cooperation.

Through information sharing, consultation and collaboration, the adidas Group aims to develop long-term relationships with stakeholders that enable us to supply the products our customers' demand, while contributing to a strong economy, healthy environment and social well-being.

By understanding stakeholder issues and striving for solutions, the adidas Group is able to maintain its social license to operate and gain support for its growth plans, which in turn help generate shareholder value.

At the adidas Group, we believe good stakeholder relations can also:

**Enable Sound Decision-making:** The best business decisions are made when we inform stakeholders about our business plans, identify issues they may have and respond appropriately to those concerns.

**Resolve Issues:** When we consult with stakeholders in a constructive manner we are better able to develop timely, cost effective and mutually beneficial solutions.

**Build Strong Communities:** By working collaboratively with stakeholders, we build trust between the adidas Group and its communities and are better able to work together to create safe and healthy environments in the places where operate.

**Strengthen Customer Loyalty:** By listening and responding to the needs of our customers we are better able to deliver the performance and quality of our products the market demands.

**Support Shared Learning:** By sharing perspectives, information and knowledge, adidas Group employees and stakeholders learn from one another.

## **Who are our stakeholders?**

Our stakeholders are those people or organizations who affect, or are affected by, our operations and activities. We recognize that companies do not operate in isolation from

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society and our stakeholders have a legitimate interest in the way we do business. They are a diverse group and include the following:

- Employees of the adidas Group
- Shareholders and investors
- Authorizers - governments, trade associations, shareholders, Board of Directors
- Business partners - unions, suppliers, service providers
- Workers in our suppliers' factories
- Opinion-formers - journalists, community members, special interest groups
- Customers - professional sports people, distributors, retailers, consumers

Due to the large number of stakeholders, we prioritize them based on criteria such as action radius, relevance, risk, willingness and capacity to engage. We also consider appropriate representation of different stakeholder groups. The prioritization may change depending on the issue.

## **Which key principles guide our stakeholder relations?**

Our principles for guiding the development of stakeholder relations are:

- Those affected by the adidas Group business have a right to be informed about our activities, participate in a transparent stakeholder engagement process and be involved in issues and opportunities that affect them.
- Stakeholders will be provided with timely and accurate information about our business and we will take into account the needs and concerns of stakeholders when making decisions on the company's behalf.
- We will actively seek stakeholder input and feedback on its business decisions and will respond to what we learn.
- We will encourage stakeholders to define the manner in which they wish to be consulted, and will strive to remain flexible and responsive to stakeholder preferences.
- We identify, assess and address potential risks on stakeholders' and adidas Group's side to ensure a high quality process and outcome of the engagement.
- Those acting on behalf of the adidas Group must be willing to be influenced by stakeholders and where appropriate, act on the input even if it means making changes to the company's business plans.

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- We respect the values and culture of each stakeholder. When disagreement with stakeholders occurs and cannot be resolved, our employees will always demonstrate respect for the diversity of views presented.

## **What are the forms of engagement?**

The adidas Group recognizes that there are numerous options for engaging with stakeholders. These range from basic communications through to consultation and dialogue to more innovative processes such as advisory panels or multi-stakeholder forums.

We seek to ensure we use techniques of engagement that are appropriate for a given issue, reflect adidas Group objectives and are sensitive to a range of stakeholder needs.

At a minimum the adidas Group will seek to ensure techniques that:

- address stakeholders' material expectations,
- ensure stakeholders' concerns, perceptions and viewpoints can be expressed and recorded fully and accurately,
- enable the adidas Group to provide a coherent response to stakeholder' expectations and concerns.

The most frequent forms of stakeholder engagements we practice include:

- Formal stakeholder consultation meetings (called 'stakeholder dialogues') with workers, union representatives, NGOs and suppliers. These are independently facilitated, to ensure impartiality. Reports of our stakeholder dialogues are posted on our corporate website.
- Meetings with investors and Socially Responsible Investment (SRI) analysts
- Employee engagement through surveys, internal information, reporting and induction programmes but also through grievance channels to the Executive Management and works council
- Responding to enquiries from consumers and the media
- Collaborating with other brands and other companies in joint initiatives
- Participating in multi-stakeholder initiatives
- Outreach to graduates and the academic community.

We have always worked closely with our business stakeholders - including customers, suppliers, shareholders and staff - in order to build trusting commercial relationships. Increasingly, we are working in partnerships with NGOs and participate in multi-

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stakeholder initiatives so that together we can address their concerns about the way that we conduct our business. Noteworthy partnerships including the subject of our engagement are listed on our [corporate website](#).

### **How do we ensure an inclusive stakeholder engagement process?**

We are aware that not all stakeholders may have the necessary resources to engage with us. We take reasonable steps to facilitate a balanced and inclusive process. For example, we consider restrictions that may be caused by language, time and cultural barriers, or access to information, and we strive to respond flexibly to stakeholder preferences.

### **How are we reporting following stakeholder engagements?**

The adidas Group recognizes reporting as an integral and vital part of any stakeholder engagement in term of providing feedback to those directly involved in the engagement process and as a way to inform those that were not involved.

We are committed to reporting standards that comply with international best practice, such as the Global Reporting Initiative (GRI) and as with engagement standards and procedures these will be reviewed regularly.

The adidas Group recognizes that as an organization it may not on all occasions agree with or be in the position to comply with the whole range of stakeholder concerns and interests.

Regardless of this we are committed to report coherently and consistently on any engagement process. There are numerous ways to report back to stakeholders, but as a minimum and adequate response will include:

- Acknowledgment of the key concerns
- A prioritization of issues (including how this was determined)
- Action implemented since engagement began
- Next steps within a fixed timeframe

### **How are complaints from stakeholders processed?**

As a company, we are committed to dealing responsibly, openly and professionally with genuine concerns employees, workers and stakeholders may have about malpractice or

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unacceptable conduct in the workplace. This commitment is underpinned by existing policies and procedures such the adidas Group employee code of conduct and the Workplace Standards, our supplier code.

Listening and responding to complaints, if raised by our employees or external parties or individuals, is an integral element of our stakeholder engagement. Appropriate channels ensure utmost confidentiality.

Internal complaints can be addressed through the 'Fair Play hotline' and email service – an external toll-free service.

In the event of complaints about conditions in our suppliers' factories, these can be raised through the contact section of our website and through confidential worker hotlines which are in place in number key sourcing countries.

We understand if stakeholders do not wish to complain directly to us about one of our suppliers. In such cases, there is an independent process available to them through the Fair Labor Association, of which we are a member.

## **What are the key communication tools?**

To enable us to foster stronger relationships the following communication tools support the Stakeholder Relations function:

- Email addresses are posted on the adidas Group website where inquiries can be directed to. Requests of an urgent nature will be handled as expediently as possible.
- The adidas Group maintains various sections on its [corporate website](#) related to its operations and projects of interest for external stakeholders. Email subscriptions and communications are managed on an ongoing basis.

Worker hotline numbers and other contact information is posted in every factory making for the adidas Group, to provide workers with a channel if they are unable to resolve issues through the normal channels available to them in the workplace or through government agencies.