

PRODUCT

1 WE VALUE WATER

Water is essential for life. It is also a key resource for our industry. In order to tackle the ever-growing issue of water scarcity and achieve water stewardship¹, we have developed an approach addressing water efficiency, quality and accessibility.

BY 2020, WE WILL ACHIEVE

- 20% water savings at our strategic suppliers²
- 50% water savings at our apparel material suppliers³
- 35% water savings per employee at our own sites⁴

Additionally, we will:

- Further expand the use of waterless technologies for our products.
 - Continue to develop programmes focused on providing access to clean water in the communities we operate in.
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2 WE INNOVATE MATERIALS & PROCESSES

We create the best for the athlete, while optimising our environmental impact. We are committed to steadily increasing the use of more sustainable materials in our production, products and stores. At the same time, we are driving towards closed-loop solutions.

BY 2020, WE WILL ACHIEVE

- 20% waste reduction at our strategic suppliers⁵
- 50% waste diversion for owned operations to minimise landfill⁶
- 75% paper reduction per employee at our own sites⁷

Additionally, we are working on:

- Replacing conventional cotton, with the aim of achieving 100% sustainable cotton by 2018.
 - Phasing out the use of virgin plastic, starting with:
 - o Eliminating plastic bags in our stores.
 - o Increasing the use of recycled polyester in our products.
 - o Creating a completely new supply chain for Ocean Plastic together with our partner Parley for the Oceans. This means that we are investing in resources to divert plastic waste from coastal communities back into the production cycle and turning it into products.
 - Increasing the use of sustainable designs and materials in our stores.
 - Rolling out a global product take-back programme to all of our key cities and markets. Building on existing take-back pilots such as the one in Brazil, we will continuously expand this programme.
 - Investing in materials, processes and innovative machinery which will allow us to upcycle materials into products and reduce waste. Ongoing examples include:
 - o Sport Infinity, a research project funded by the European Commission which focuses on sporting goods that can be fully recycled. The project aims to identify and develop innovative recyclable materials which will enable the production of easily customisable sporting goods.
 - o Futurecraft Tailored Fibre, a new sewing technique which allows new materials such as gillnets to be combined for use in footwear. Thanks to its efficiency, this process allows a significant amount of waste from the traditional shoemaking process to be eradicated.
 - Achieving 100% sustainable input chemistry by adopting the ZDHC MRSL⁸; phasing out hazardous chemicals; providing our strategic suppliers with a list of positive chemistry (the bluesign[®] bluefinder).
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3 WE CONSERVE ENERGY

Energy is the fuel of the body. The responsible use of energy is also critical for our planet to survive. In order to mitigate climate change, we are committed to reducing our absolute energy consumption and CO₂ emissions, transitioning to clean energy and looking into energy harvesting opportunities.

BY 2020, WE WILL ACHIEVE

- 20% energy savings at our strategic suppliers⁹
- 3% absolute annual reduction in Scope 1 and Scope 2 CO₂ emissions at our own sites¹⁰
- further expansion of ISO 14001 to key sites globally at own operations
- LEED certification for new corporate construction key projects, such as the new offices at the company's headquarters in Germany and new flagship stores.

Additionally, we will:

- Reduce the environmental footprint of our consumer events.

1 WE EMPOWER PEOPLE

People are at the heart of everything we do. Like a coach ensures that all of the players on the pitch are in the right position for the best results, we empower people to exercise their rights and unlock their potential.

BY 2020, WE WILL

- Empower¹¹ our supply chain workers by expanding and refining grievance systems and skill training programmes.
 - o This includes the expansion of the Workers' Hotline to the countries where our strategic suppliers are located.
- Achieve sustainable leadership at our suppliers and licensees.
 - o By 2020, all strategic suppliers and licensees will achieve self-governance (4C/4E rating).
 - o By 2020, at least 20% of our strategic suppliers and licensees will achieve Leadership level (5C/5E rating).
- Foster cross-functional and cross-cultural careers and experiences for our employees. This will enable them to gain fresh perspectives and grow professionally and personally.
 - o This includes volunteering programmes together with the adidas Fund and the Reebok BOKS programme, which also enhance soft skills such as teamwork, leadership, decision-making and communication while increasing our employees' commitment and motivation.
- Champion diversity – regardless of gender, nationality, ethnic origin, religion, world view, age, sexual orientation or gender identity.

2 WE IMPROVE HEALTH

Sport is the key to an individual's health and happiness. Our aim is to enable people around the world to participate in sports, while educating them on physical and mental health, fitness and nutrition. This will ultimately allow them to lead a healthier and more fulfilled lifestyle.

BY 2020, WE WILL

- Introduce education and upskilling measures on health and work-life balance topics for our employees.
- Develop a global Health Management strategy for our employees. This strategy is based on the strong foundation we already have at our offices in Herzogenaurach, Portland and Canton.
- Utilise sport as a tool to teach values and boost young people's academic and physical performance. In addition, this tool will add to their overall confidence and well-being.
 - o Through the BOKS programme, we will refine and perfect the collective impact model with our other partners including those from the healthcare industry to provide a solution to the physical inactivity epidemic.
 - o We also aim to increase the number of enrolled BOKS schools by 50% in our target areas.

3 WE INSPIRE ACTION

We work hard every day to inspire and enable people to harness the power of sport in their lives. Likewise, we want to keep driving change in our industry by leading by example.

WE WILL CONTINUE TO FOCUS ON

- Rewarding our employees' commitment and contributions to our company's purpose, strategy and success.
- Encouraging and supporting employee volunteering – creating agents of change in the communities we work, live and operate in.
- Engaging with creators and influencers and driving innovative collaborations.
- Inspiring consumers, key partners, brand assets and others to join us on our journey.
- Teaming up with our athletes who will act as role models for young creators, sharing experiences and showing that sport is about passion, determination, teamwork, helping others and being active.

¹¹ Water stewardship means knowing and reducing our own water use and improving our impact on water at our own operations and along the value chain through innovative solutions and partnerships.

¹² Strategic suppliers are responsible for around 80% of our global production volumes. 2014 baseline

¹³ These are specialists in printing and dyeing operations. 2015 baseline

¹⁴ 2008 baseline

¹⁵ 2014 baseline

¹⁶ Owned operations refer to offices, distribution centres, retail. 2015 baseline

¹⁷ 2008 baseline

¹⁸ [Manufacturing Restricted Substance List](#), as per the Zero Discharge of Hazardous Chemicals

¹⁹ 2014 baseline

²⁰ Scope 1: emissions that arise directly from sources that are owned or controlled by adidas Group entities, such as fuels used in our boilers; Scope 2: emissions generated by purchased electricity consumed by adidas Group entities. 2015 baseline

²¹ This means ensuring our suppliers' workforces at all levels are empowered with access to effective grievance and feedback channels, supervisory skills and other means to support fair, conducive, healthy and safe workplace conditions.