



## 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 stewardship<sup>1</sup>, we have developed an approach addressing water efficiency, quality and accessibility.

#### 2020 TARGETS

- 20% water savings at our strategic suppliers<sup>2</sup>
- 35% water savings at our apparel material suppliers<sup>3</sup>
- 35% water savings per employee at our own sites<sup>4</sup>
- Further expand the use of waterless technologies for our products

### 2 WE INNOVATE MATERIALS & PROCESSES

We create the best for the athlete, while optimizing 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.

#### 2020 TARGETS

- 20% waste reduction at our strategic suppliers<sup>5</sup>
- 50% waste diversion for owned operations to minimize landfill<sup>6</sup>
- 75% paper reduction per employee at our own sites<sup>7</sup>
- Replacing conventional cotton, with the aim of achieving 100% sustainable cotton by 2018
- Reducing the use of virgin plastic, starting with:
  - Eliminating plastic bags in our stores
  - Increasing the use of recycled polyester in our products
  - Extending the supply chain for Parley Ocean Plastic together with our partner Parley for the Oceans
- Increasing the use of sustainable designs and materials in our stores
- Rolling out a global product take-back program to all our key cities and markets
- Investing in materials, processes and innovative machinery which will allow us to upcycle materials into products and reduce waste. Ongoing examples include Sport Infinity and Futurecraft Tailored Fibre
- Achieving 100% sustainable input chemistry by adopting the ZDHC MRSL<sup>8</sup>; phasing out hazardous chemicals; providing our strategic suppliers with a list of positive chemistry (the bluesign<sup>®</sup> bluefinder)

### 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 CO<sub>2</sub> emissions, transitioning to clean energy and looking into energy harvesting opportunities.

#### 2020 TARGETS

- 20% energy savings at our strategic suppliers<sup>9</sup>
- 3% absolute annual reduction in Scope 1 and Scope 2 CO<sub>2</sub> emissions at our own sites<sup>10</sup>
- Further expansion of IMS 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.
- Reduce the environmental footprint of our consumer events

1 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. | 2 Strategic suppliers are responsible for around 80% of our global production volumes. 2014 baseline | 3 Apparel material suppliers are specialists in printing and dyeing operations. 2015 baseline | 4 2008 baseline | 5 2014 baseline | 6 Owned operations include offices, distribution centers, retail. 2015 baseline | 7 2008 baseline | 8 Manufacturing Restricted Substances List, as per the Zero Discharge of Hazardous Chemicals Program (ZDHP) | 9 2014 baseline | 10 Scope 1: emissions that arise directly from sources that are owned or controlled by adidas entities, such as fuels used in our boilers; Scope 2: emissions generated by purchased electricity consumed by adidas entities. 2015 baseline | 11 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, healthy and safe workplace conditions. | 12 Self-governance means that licensees operate mechanisms to monitor their own supply chain aligned with adidas standards, and support their suppliers to continuously improve workplace condition. Sustainability leadership means that licensees operate sustainability management systems, monitor their supply chain effectively, reduce social and environmental footprints, and transparently report on performance.



## PEOPLE

### 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.

### 2020 TARGETS

- Empower<sup>11</sup> our supply chain workers by expanding and refining grievance systems and skill training programs. This includes the full expansion of the Workers' Hotline to 100% of our strategic Tier 1 suppliers.
- Achieve sustainable leadership at our suppliers and licensees:
  - At least 80% of strategic Tier 1 suppliers will reach a social compliance rating of 4C (out of 5) and at least 10% of strategic Tier 1 suppliers will reach 5C rating.
  - At least 80% of strategic licensees manage their own supply chain in self-governance mode. In addition, 10% of strategic licensees achieve sustainability leadership<sup>12</sup>.
- 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.
  - This includes volunteering programs together with the adidas Fund and the Reebok BOKS program, 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.

### 2020 TARGETS

- 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 Boston.
- Utilize 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. Through the BOKS program, 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. 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.

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