

**Q&A about Chemical Use at the adidas Group
December 2014**

What is a chemical? Short answer: everything is a chemical. Any liquid, solid and gas. There is too much in the field of chemistry to be explained in a single document. This is why we want to use this opportunity to clarify some of the most important questions in the field of chemicals in the textile industry.

PRODUCT SAFETY

1. What is RSL?

In our sector, the acronym “RSL” stands for Restricted Substances List, the purpose of which is to eliminate or reduce the use of hazardous substances in the footwear, textile and apparel supply chain. In **1998**, we adopted a comprehensive and detailed [Restricted Substances Policy](#) for product materials, prohibiting the use of chemicals considered as harmful or toxic.

2. What is a restricted substance?

Restricted substances are chemicals or substances which brands have banned or restricted through the imposition of bans or limitations. In general, a restricted substance has to be absent from the finished product or present only in limited concentrations.

There are different types of restrictions:

- A certain substance is banned from use during the manufacturing process.
- A certain substance is banned from the finished product.
- A certain substance can be present in the product only below a certain threshold.

3. Why are certain substances restricted?

In general, substances are restricted because of the impact they can have on the environment or because of health and safety concerns for workers and consumers.

4. Can you give an example of a substance that has been banned?

For example, in our products we have never used SF₆ gases for air cushioning, which are amongst the most severe ozone-depleting substances. Or again, in **1989**, we banned the use of CFCs (chlorofluorocarbons), another ozone-depleting substance, in our supply chain, for all our products.

5. Is the RSL globally applicable?

Yes, our RSL is applicable to all the product categories we market.

6. How do you make sure your suppliers are complying with the RSL?

To ensure product quality and consumer-safe products, all materials and product samples have to pass a rigid compliance process and are tested in accordance with standardised material and product testing specifications and procedures. Dedicated

teams monitor the quality of our products on all levels of the supply chain through rigorous testing prior to production, close cooperation with suppliers throughout the manufacturing process, random testing after retail delivery, open communication about defective products and quick settlement of product liability claims when necessary.

7. How is a product tested?

Products are sent to specific independent laboratories.

8. How do you keep the RSL updated?

We review and update our standards and policies on restricted substances on an annual basis, to make sure that they are following state-of-the-art scientific findings and the strictest legal regulations, and we are consistently executing them to the highest standard.

We also continuously adjust our policies and internal guidelines in keeping with developing requirements such as the US Consumer Product Safety Improvement Act (CPSIA), the EU system for Registration, Evaluation and Authorisation and Restriction of Chemicals (REACH), the Korean KC mark and other country-specific requirements. We issue new information, amendments and guidance material, and all adidas Group entities and product divisions implement this on a continuous basis.

9. Does the RSL apply to packaging as well?

Yes. Packaging materials also have to comply with our RSL.

10. Do you have any specific regulation in place for children's clothing?

Young children need special attention during their activities, and the clothes they wear must provide an extremely high level of safety. General garment properties such as flammability are important parameters for safe and sophisticated products. The adidas Group's "Global Apparel Safety Manual for Children's Clothing" combines the strictest laws and regulations from major regions such as the EU and the US.

11. What is the "substitution principle"?

As explained in question 8, we continuously adjust our policies and internal guidelines to align with developing legislative requirements and recommendations from international testing organisations as well as consumer organisations. Furthermore, we also regularly inform our material suppliers about new scientific findings and developments. This means that if a new technically and commercially feasible solution which does not contain a certain substance is identified, then we ask our suppliers to proceed to the substitution. As an example, we have been phasing out long-chain perfluorochemicals widely used in water-repellency treatments and are replacing them [with shorter-chained PFCs](#).

12. Does this mean that now all adidas Group products are safe?

Yes. Product safety at the adidas Group is imperative. Restricted substances become dangerous for the consumer only if present in quantities that go beyond those specified by the law.

CHEMICAL INPUT

1. What do you mean by “chemical input”?

Chemical input refers to the chemicals which are used by suppliers at the beginning of the process, for example when dyeing yarns or fabrics.

2. How do you ensure that suppliers use “good chemicals” in this process?

In order to guide our suppliers with the input chemical chemistry selection, we are [partnering up with bluesign®](#) and we are working with our suppliers to roll out bluesign chemical management system, the bluefinder. With bluefinder, our suppliers can access existing more sustainable textile preparations, so that they can produce materials using chemicals that are included in the list. Chemical management on site is also monitored through environmental audits. In 2013, we conducted 149 environmental audits at our suppliers' factories.

3. What is the difference between the bluefinder and the RSL?

These are two separate things. The bluefinder is a database of approved chemical products which helps suppliers identify more environmentally friendly recipes for their textile formulas. The RSL is a list, the purpose of which is to eliminate or reduce the use of hazardous substances in the footwear, textile and apparel supply chain. The two documents are complementary.

4. How do you ensure suppliers understand what the bluefinder is?

We will train suppliers so that they become familiar with the bluefinder system and are capable of using it.

ENVIRONMENTAL AUDIT PROGRAMME

1. What about the environment?

The adidas Group works with its suppliers to eliminate and reduce the discharge of hazardous chemicals in the environment. Comprehensive and detailed standards for suppliers on handling, storage and disposal of chemicals are part of the adidas Group's [Environmental Guidelines](#). These Guidelines specify standards for waste water treatment and effluents. They are the basis for factory inspections and assessments conducted by our Social & Environmental Affairs team and external auditors.

2. What is an environmental assessment?

We audit suppliers to ensure they comply with our Guidelines. While we do not cover 100% of the supply chain, we focus our efforts on those suppliers that operate high

environmental impact processes and those that represent a significant production volume for the Group. In 2013, we conducted 149 environmental audits at our suppliers.

See also the Right to Know section.

RIGHT TO KNOW

1. Do you know what your suppliers discharge in the environment?

In recent years, the adidas Group has been increasingly focused on promoting public reporting and transparency within the supply chain. To ensure more transparency and disclosure about the environmental impacts caused by industry operations, the adidas Group has developed a guidance document for its suppliers covering the issue of Information Disclosure, with particular focus on pollutant release on the NGO-managed IPE platform.

We have developed a step-wise disclosure process to cover our core wet processing factories and have communicated with the remainder of our supply chain to align on disclosure expectations around water effluent quality and air emissions quality data into the NGO-managed IPE platform in China.

2. Are you helping your suppliers in this disclosure exercise?

Yes. In recent years the adidas Group has been increasingly focused on promoting public reporting and transparency within its supply chain and making use of reputable public platforms such as IPE's China Water Pollution Map and China Air Pollution Map to track and support legal compliance within the supply chain.

To support our suppliers in doing so, we have a Standard Operating Procedure ("SOP"), outlining step-by-step procedures and explaining how to report and upload information about the suppliers' effluent test results on the various metrics that are listed on the NGO-managed IPE platform in China.

3. How many China-based entities are already disclosing this information?

As of the end of 2014, eight (8) material (fabric and dyehouse) suppliers which represent 99% of our fabric volume in China have already completed the disclosure process and a further 86 finished goods suppliers have also voluntarily completed the disclosure process. We are continuing to work with our global material supply chain to complete disclosure into the IPE website in the coming years.