



## Modern Slavery Act Transparency Statement

The following statement has been prepared under the UK Modern Slavery Act 2015.

The reporting entity covered by this Modern Slavery Act Transparency Statement is **adidas (UK) Limited** and constitutes our slavery and human trafficking statement for the financial year ending **31 December 2022**.

### Background

adidas has been supportive of the enactment of the UK Modern Slavery Act 2015, specifically its provisions for driving greater transparency and disclosure of the actions taken by companies to identify and address forced labour and human trafficking in global supply chains.

adidas is proud of the steps we have taken to combat modern slavery and human trafficking described in this statement and supporting documents. We are committed to improving our practices to ensure that our preventative and remedial efforts continue to be relevant, timely and effective.

### Supply Chain Structure

adidas (UK) Limited is a wholly owned subsidiary of adidas AG ("adidas"), which is a publicly listed company on the German stock exchange.

adidas' products, which are distributed and sold to consumers in the United Kingdom, are manufactured in a variety of countries from around the world.

At the end of 2022, adidas worked with 424 independent supplier facilities that manufacture products for our company in 44 countries. The core adidas supply chain has remained stable in line with our strategy to form long-term partnerships with our manufacturing partners: 72% of our independent manufacturing partners have worked with adidas for at least ten years, and 37% have a tenure of more than 20 years. The length of our supplier relationship is determined by specific performance criteria which is regularly measured and reviewed.

For more information on our supply chain structure and to view our global supplier lists, see:

<https://www.adidas-group.com/en/sustainability/transparency/supplier-lists/>

### Policies

Our approach to managing and eradicating forced labour from our business and business partners' activities is outlined in our [Modern Slavery Policy Framework and Strategy Implementation](#), first published in 2010, and updated in 2022. This document outlines our commitment to preventing forced labour in our business operations and supply chain, and our approach for a tailored, risk based due-diligence process, regular monitoring activities and performance measurements as well as designing and delivering targeted training and capacity building.

For more information on our forced labour and human trafficking policy and approach, see:

<https://www.adidas-group.com/en/sustainability/social-impacts/human-rights/#/modern-slavery/>



Our highest level of policy commitment to preventing forced labour and human trafficking is expressed in our [Human Rights Policy](#), which demonstrates our commitment to respecting human rights in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs). We have also included clear and well-defined policies on the prohibition of human trafficking and modern slavery in our [Policy on Responsible Recruitment](#) and [Responsible Sourcing and Purchasing Policy](#).

Our commitment to ensuring fair labour practices and safe working conditions in our manufacturing facilities throughout our global supply chain is fundamental to our human rights approach. Our active efforts are guided by the adidas [Workplace Standards](#), which is our supply chain code of conduct. Irrespective of country, or location, we expect our supplier partners to uphold our Workplace Standards, which explicitly prohibit all forms of forced labour, including prison labour. To explain how we expect our suppliers to live up to our Workplace Standards – including our expectations on forced labour and child labour – we have produced a number of [supporting guidelines](#) that detail our expectations for fair, healthy, safe workplace conditions and environmentally sound factory operations.

All policies mentioned are available on our corporate website [here](#).

## **Due Diligence, Risk Assessment and Training**

### *Risk Assessment*

In 2016, we launched our *modern slavery outreach programme* to increase the depth and breadth of our work on potential modern slavery risks in our upstream supply chain, focusing on those tiers that fall outside the existing mainstream social compliance and labour rights programme, including our Tier 2 processing facilities and Tier 3 and raw material sources.

In launching the programme in 2016, we conducted an initial risk assessment, following the methodology as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs) to identify salient risks and priorities. We continue to review and update the risk assessment process and findings on a regular basis, based on findings from third-party assessments, regular engagement with suppliers, internal and external stakeholders.

In 2022, we reviewed and updated our Modern Slavery Risk Assessment to ensure we accurately assess the potential risks of modern slavery in our operations and extended supply chain to set priorities for further action and engagement. Our 2022 risk assessment reflects several key inputs, including: (1) internal and external stakeholder engagement; (2) our direct experience of having worked on these topics within our supply chain; and (3) emerging legislative and regulatory requirements.

As a result of this risk assessment, we have established several key goals and objectives for the modern slavery program for 2023 to 2025, including:

- **Value chain expansion:** Ensuring due diligence is conducted across the value chain to identify, prevent and mitigate forced labour and child labour, with a focus on transportation and logistics and packaging as these have been excluded from our previous risk assessments.
- **Raw material risk monitoring:** Continuous monitoring of high-risk segments of the raw materials supply chain to support a robust due diligence program and identifying any significant changes in inherent risk exposure for key raw materials including cotton and leather.



- **Compliance with evolving expectations:** Achieve programmatic excellence in meeting evolving external stakeholder demands and compliance with new and emerging regulatory requirements. Where needed, we will form collaborative partnerships across the industry to deliver systemic change.

### *Due Diligence*

To ensure our manufacturing partners uphold these commitments and provide fair, healthy, and environmentally sound workplace conditions, due diligence is conducted through announced and unannounced audits by our own team and by accredited external auditors. Information on the social compliance performance rating of our key strategic suppliers in 2022 can be found in our annual report here: <https://report.adidas-group.com/2022/en/>. Suppliers are also expected to apply appropriate due diligence measures to their subordinate subcontracting relationships to prevent and mitigate human and labour rights issues, including forced labour.

### *Access to Remedy*

We continue to ensure access to effective grievance mechanisms within our business and supply chain. We are committed to providing for, or cooperating in, the remediation of adverse human rights impacts which we have caused or contributed to, and we will seek to promote or cooperate in the mitigation and remediation of adverse impacts where we are linked to these through our business relationships. To complement our due diligence processes, we have put in place a range of grievance channels to ensure we provide adequate access to remedy for affected parties.

Our third-party complaints mechanism, established in 2014, offers a channel for the reporting of any potential, or actual, human rights or environmental harm linked to adidas's operations, products or services, and is open to any individual or organization directly affected by an issue, or any organization which represents individuals or communities directly affected. A summary of our complaints mechanism is available on our website here: [https://www.adidas-group.com/media/filer\\_public/7c/b2/7cb2daca-195f-4114-81a6-57bfb146a488/adidas\\_summary\\_complaint\\_procedure\\_human\\_rights\\_and\\_environmental\\_impacts.pdf](https://www.adidas-group.com/media/filer_public/7c/b2/7cb2daca-195f-4114-81a6-57bfb146a488/adidas_summary_complaint_procedure_human_rights_and_environmental_impacts.pdf)

Supply chain workers also have access to an operational grievance channel at a factory level, a mobile application-based 'Workers Voice' platform. We have progressively improved and expanded the use of this grievance platform and in 2022 more than 440,000 workers employed in 134 manufacturing facilities across 17 countries had access, reflecting 100% coverage of our strategic manufacturing partners.

Responses received through the 'Workers Voice' platform are carefully tracked by adidas, using KPIs and dashboard reviews, case satisfaction ratings and on-site worker interviews. This allows us to evaluate the efficacy of the grievance channels, see major cases in real time and undertake timely interventions, where necessary. It also helps us understand the main challenges and labour rights issues in a factory and track how the factory management and their HR teams resolve cases and communicate their findings.

There continued to be a positive trend in improvement regarding how our supplier partners and workers utilized the operational grievance mechanism in 2022 as compared to the same period in 2021. In 2022, close to 48,000 human and labour rights complaints were filed through the platform, with 99% of these complaints being closed by the end of 2022. Of the complaints received, none were identified to have been linked to forced labour or child labour.



In addition to our digital operational grievance system, workers may also raise complaints or grievances through hotlines managed by adidas' Social and Environmental Affairs (SEA) department, or the third-party complaints mechanism. Further, workers can also access an independent third-party complaint mechanism operated by the Fair Labor Association (FLA). See here:

<https://www.fairlabor.org/transparency/safeguards>

### *Training*

We strive to embed modern slavery awareness within our business and among our suppliers to ensure effective remediation and sustainable capacity building. We will continue to seek ways to maintain the modern slavery knowledge among our Sourcing and Procurement employees to ensure internal knowledge and capacity remains updated and aligned with evolving risks and issues related to modern slavery.

### **Partnerships and Stakeholder Engagement**

Engaging openly with stakeholders and establishing leadership approaches for transparency and disclosure is a fundamental part of our approach to sustainability. Throughout 2022, we continued to engage with external stakeholders from the investor community, international organisations and civil society, including by:

- Providing regular briefings for the ESG and investor community who have shown a strong interest in due diligence processes and transparency efforts, to satisfy forced labour provisions within current and emerging regulations in North America and Europe.
- Supporting the launch of the International Organization for Migration (IOM) [Migrant Worker Guidelines for Employers](#) in May 2022 by speaking at the virtual launch event to over 140 participants from private sector, government and civil society and sharing our company's perspective and experience in best practices to prevent unethical recruitment and employment of migrant workers from occurring in supply chains.
- Participation at the United Nations Responsible Business and Human Rights Forum Asia-Pacific in September 2022 in Bangkok as a speaker in the panel discussion on *Business, Human Rights and Displaced Persons: Enhancing access to durable solutions* where we shared our experience in improving the protection of migrant workers across the supply chain during recruitment and employment.
- Continuing to support the Yarn Ethically and Sustainably Sourced (YESS) initiative, which aims to eliminate forced labour involved in cotton production by training and assessing fabric and yarn manufacturers to implement due diligence and address the risk of cotton produced with forced labour within their own supply chains.

To learn more about our partnerships approach see: <https://www.adidas-group.com/en/sustainability/focus-sustainability/engagement-stakeholders/>

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If any consumer, stakeholder or affected party has a concern or question related to adidas' approach to tackling human trafficking and slavery, please write to us at: [modernslavery@adidas.com](mailto:modernslavery@adidas.com)

This statement is made pursuant to s54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2022.



This statement was approved by the Board of **adidas (UK) Limited**.

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*Kathryn Swarbrick*  
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Kathryn Swarbrick  
Senior Vice President & General  
Manager

**adidas (UK) Limited**

Date: September 2023

DocuSigned by:  
*Matthew Creighton*  
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Matthew Creighton  
Vice President Finance North

**adidas (UK) Limited**

Date: September 2023