



adidas 2024 Stakeholder Dialogue

Thursday 28th November

FIFA Headquarters, Zürich, Switzerland

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Executive Summary

adidas hosted a stakeholder dialogue under the general theme of Mandatory Human Rights & Environmental Due Diligence (HREDD) on November 28th, 2024, in Zurich. A diverse mix of participants representing intergovernmental agencies, NGOs, independent experts, customers and suppliers was invited to share their input and perspectives on this topic as we look towards the evolution of adidas' social and environmental programs over the coming years.

The day was split up into four focused interactive discussions on (1) mandatory human rights and environmental due diligence, (2) biodiversity and deforestation, (3) sports sponsorships and (4) an open session to reserve time for stakeholders to raise any other open issues, ideas or concerns that they would like to share with adidas.

In advance of the dialogue an agenda, together with preparatory reading material on adidas' Social and Environmental Sustainability policies and programs, as well as guiding questions for each of the interactive discussion sessions, was provided to confirmed participants. Please see the appendix for details.

Based on the input provided by stakeholders in attendance, the following observations, suggestions, and key take aways have been noted for adidas to consider going forward.

Human Rights and Environmental Due Diligence (HREDD)

- The adidas Human Rights policy is broadly in line with current stakeholder expectations.
- At a programmatic level, adidas was commended for its on the ground presence in key sourcing countries, and in particular the engagement of these local teams with governments, trade unions, and other civil society organizations - recognized as critical to effective due diligence.
- Given adidas' extensive experience and track record on HREDD, there is a general view among stakeholders that adidas has a role to play in leveraging its leadership position to act as a convener of other brands/ corporate actors to drive industry wide progress. At the same time, it was acknowledged that different companies will display different levels of ambition, and a willingness to maintain a common pace will not always materialize.
- There is an expectation that adidas continues focusing efforts, including cross-industry advocacy, on the upstream supply chain. i.e. beyond Tier 1 manufacturers, due to the systemic nature of human rights and environmental risks in this segment of the value chain.
- There is a clear call for adidas, among other brands, to advance measures to drive progress on *living wages* in the supply chain – in short, the expectation is that we move

from wage data collection/ reporting and towards legally binding framework agreements that enable and support collective bargaining.

Human Rights & Sport Sponsorship

- The inclusion of Human Rights and Sports Sponsorship as a salient issue in adidas' Human Rights policy was commended.
- Similarly, the recognition of athletes in adidas' position statement on Human Rights Defenders (HRD) was noted by several in attendance as unique among adidas' peers, and thus, exemplary.
- The perception among stakeholders from civil society is that sponsors hold a unique position to exert leverage over their sponsored partners – whereas such high expectations may contrast at times with the commercial reality sponsors like adidas face.
- With the awarding of the 2034 FIFA World Cup to Saudi Arabia, attention will soon turn to the position of corporate sponsors linked to the event and the steps they take to engage with the human rights concerns around it. The advice to adidas is to partner with peers and begin this engagement immediately.

Biodiversity & Deforestation

- adidas was encouraged to continue with efforts underway to map its upstream raw material supply chain as well as look more intensely into finding more sustainable alternatives, and eventually also making a commitment to so-called 'next gen materials'.
- It was further mentioned that adidas' current ambition for biodiversity can be sharpened to extend beyond an approach of 'compliance' with deforestation regulation – instead, adidas may wish to consider broader landscape restoration/ stewardship.
- In relation to the draft Deforestation Policy circulated prior to the event, it was suggested that the policy should be explicit on specific targets for each material. Indeed, adidas clarified during the dialogue that such details will be included in subsequent functional Standard Operating Procedures (SOPs), as part of the implementation of the policy.
- It was noted that there should be a stronger articulation in the policy of the linkage between deforestation and Social/ Human Rights/ Indigenous rights issues including a reference to the adidas Human Rights Policy.

Open Session

- Attendees appreciated the adidas Board's endorsement of Human Rights, with adidas' General Counsel attending the entire day, as well as the fact that ESG performance is linked to the compensation variable of the Executive Board.
- adidas was encouraged to look into ways of using advocacy work in sourcing countries going forward, to advance its approach to biodiversity.
- While participants appreciated the organization of the day, the structured agenda and size of the group that allowed them to benefit from perspectives other than adidas', it was suggested that adidas think about broadening the scope of invitees and consider other affected stakeholders, when planning future engagements.

This report captures the main areas covered in each session. The report was circulated in draft to all delegates to ensure there was the opportunity to, if needed, provide further comments and feedback in writing before finalization.

Session 1: Mandatory Human Rights & Environmental Due Diligence (HREDD)

Introductory remarks from adidas

- adidas has been involved in global supply chain due diligence for over 25 years and was a party to the development of the UN Guiding Principles (UNGPs), to the OECD MNEs and other supporting industry guidance, and continues as a contributor to the OECD's Responsible Business Conduct advisory group.
- adidas has always sought to act early in the development of tools and approaches with respect to human and labor rights, as well as environmental sustainability. For example, we launched a corporate third-party grievance mechanism in 2014 and have been publicly reporting on cases received since that time.
- A decade later this is now mandated under the German Supply Chain Due Diligence Act ('Lieferkettensorgfaltspflichtengesetz'), of which adidas, as a publicly listed company in Germany, is subject to, as well as the upcoming European Union (EU) Corporate Sustainability Due Diligence Directive (CSDDD).
- The Human Rights Policy is an anchor document, outlining the issues salient to our business, confirming our commitment to due diligence, and to prevention, mitigation and remedy. Some of the participants in the dialogue provided input to the 2022 review and relaunch of the policy.
- We complete an annual Human Rights and Environmental Risk Assessment, the outcome of which is reported to the Chief Human Rights Officer (i.e. the General Counsel) and onwards to the Executive Board. This internal report details high-risk issues identified across the value chain and evaluates the effectiveness of systems and processes we operate to manage and minimize those risks.

Key points raised by participants are summarized as follows:

Policies & Systems

- Feedback from stakeholders in the room was that adidas is consistently viewed as an industry leader in this space.
- At a policy level, the adidas Human Rights Policy is broadly in line with peers, as well as current and emerging stakeholder expectations.
- The inclusion among our salient issues of human rights and sport sponsorship, as well as our policy statements on Responsible Purchasing Practices (RPP) and environmental harms was seen as "*not the norm*" and progressive compared to others.

- It was suggested that there is an opportunity to more explicitly articulate the human rights implications of environmental harm, for example how environmental damage links to health and safety, or the human rights impacts of climate change, etc. (i.e., just transition).
- Explicit and strong wording on forced labor was also appreciated. The approach to managing forced labor risks and responsible recruitment was seen as exemplary and rightfully of critical importance.
- adidas' position statement on Human Rights Defenders (HRD), including reference to the potential for athletes to be part of a broader community of HRD, was noted by several in attendance as unusual among adidas' peers, and thus, exemplary.
- One participant noted that adidas' position on HRD was one of "*leadership*" and urged us to "*not lower the guard*" and "*keep as priority!*"
- A focus on HRD is seen as critical – an example quoted was that of responsible exit from production countries located in conflict affected areas – it was acknowledged that exiting is not always helping people on the ground and can present challenges/ conflicts with other policy commitments.
- Progress towards *living wages* in the supply chain was cited as the issue where there is a clear expectation for more action from adidas, along with other brands – in the words of one participant, when it comes to wages, "*there are parts you do and parts you miss*".
- The expectation is for movement from a system of *legal compliance* to one of *sustainable wage setting systems*.
- Concretely this means a move from voluntary to binding; transitioning from wage data collection/ reporting and towards legally binding framework agreements that enable and support collective bargaining.
- In this context, grievance mechanisms designed by national stakeholders are considered critical.
- adidas was reminded that the implementation of policy commitments on the ground is key. One participant expressed a wish for more communication (potentially through the policy) of the tools deployed to address identified risks.
- adidas representatives explained that there is extensive public reporting available on adidas' human rights program, including processes to address the 40k+ grievance cases received per year through various factory level operational grievance channels.

Upstream

- adidas' local stakeholder engagement and the presence of Social and Environmental Affairs personnel on the ground in our major sourcing countries was widely recognized by various participants.
- Likewise, adidas' engagement with affiliated unions and the representation of IGBCE in the company's Supervisory Board as the highest Governance body, and the collaboration on topics such as Health & Safety through schemes such as the Accord was appreciated. *"Critical to have people in production countries." "We appreciate adidas stakeholder engagement, influencing the government at a country and regional level."*
- adidas' steps to engage and positively influence governments at a country and regional level to address labor and human rights issues was appreciated. It was noted that there are differing (and sometimes conflicting) perspectives on when corporates are best positioned to influence state actors versus other intergovernmental bodies, such as the International Labor Organisation (ILO).
- It was acknowledged that cross-sectoral engagement and advocacy is critical to addressing the systemic challenges of the upstream/ beyond Tier 1 supply chain.
- The dynamics of these upstream supply chain relationships mean that '*different rules apply*' compared to the long history of work in the direct/ Tier 1 supply chain. This means that it is important to look at working with other influential actors to build leverage e.g. for leather work with the meat industry, for instance, or for rubber with the automotive sector.
- It was emphasized that there is a continued need for joint action to solve complex, systemic issues in the industry's value chain and to avoid companies duplicating efforts by acting on their own.
- Acknowledged as an industry leader, there is a desire to see adidas embrace the opportunity to act as a convener of other brands to drive the industry forward i.e., active stewardship to help transform the industry.
- At the same time, experience has shown the challenge this presents - different buyers are at significantly varying levels of progress, motivation and expectations.
- To quote one participant, *"as a sector we are missing a way to interact on a global level. We need to bring that to the next level. These changes in mechanisms takes time, the seed is planted and growing"*.

Downstream Value Chain – Transportation, Logistics, and Warehousing

- Feedback indicated this is a sector that is actively engaged in developing due diligence systems – opportunities to collaborate with the other actors in the value chain, such as adidas, would be welcomed, with the view that the likes of adidas have a lot to offer in terms of knowledge sharing to aid due diligence in the downstream value chain.
- IndustriAll referenced the International Transport Workers Federation work on supporting due diligence in the transportation/ logistics sector. See [New Look and ITF join forces to protect transport supply chain workers via human rights due diligence | ITF Global](#).

Regulation & Reporting

- Participants acknowledged that compliance with emerging regulations such as the Corporate Sustainability Due Diligence Directive (CSDDD) takes a lot of time and resources. As a German company, adidas was asked to use its influence to support the legislative process.
- adidas agreed that meeting disclosure requirements can be resource intensive and potentially restrict and hold back from the actual work on the ground. adidas also highlighted the risk of multiple jurisdictions diverging on standards as the CSDDD is turned into national law.
- adidas was reminded that collecting data the right way is critical, and companies' system need to become more interoperable with regulatory requirements. It was stated that adidas should investigate how and where it needs to improve its infrastructure accordingly.
- For stakeholder engagement, it was suggested that adidas look into new tech tools and include stakeholders in the design. adidas shared that its '*Workers Voice*' grievance tool was created jointly with factories and captured worker feedback.

Session 2: Biodiversity and Deforestation

Introductory remarks from adidas

- adidas' global Sustainability team sets the overall direction for environmental sustainability and provides guidance to the entire organization. The actual ownership and execution of this strategy then lies within the respective functions.
- Biodiversity was identified as a material topic for the company following the company's Double Materiality assessment, and adidas has been progressing well with its approach, addressing biodiversity impacts over the last years. Yet, transparency into where biodiversity impacts occur remains challenging due to our long and complex supply chain.
- To inform its strategy, adidas has built on existing scientific frameworks like the Science-Based Targets for Nature (SBTN) and the Accountability Framework initiative (AFi).
- adidas is a member of the SBTN Corporate Engagement Program and is working towards setting SBTN in the coming years.
- Deforestation is identified as the biggest driver to biodiversity loss. As such, adidas prioritized leather as commodity to look into first. adidas will also examine other commodities such as natural rubber and timber-related commodities. In mapping its supply chain, adidas sometimes face challenges due to the high level of individual outreach required, which makes mapping tedious and time-consuming work, also because suppliers hesitate to share information considered confidential by them.
- Focusing on leather, adidas' first target is to source deforestation-and conversion-free (DCF) bovine leather by latest 2030.
- adidas also focuses on finding and evaluating innovative materials, both through its own efforts but also in collaboration with recognized external partners, such as Fashion for Good.

Key points raised by participants are summarized as follows:

Approach

- Participants agreed that mapping of adidas' (leather) supply chain is critical and should be continued: *"keep going mapping supply chain – this is critical"*.
- Attendees suggested that adidas sharpen its current approach and be clearer about its overall ambition for biodiversity. A focus on deforestation and preparing for compliance with regulation was considered not to be sufficient.

- The expectation would be to see a commitment to further reduction of reliance on virgin resources, including virgin forest fiber, which should form part of the approach. adidas explained that cotton remains a challenge as it is a major natural material used by the company but not easy to replace. adidas has maximized the use of recycled content, but quality issues continue to be a limitation.
- Participants called on adidas to make a greater commitment to advancing 'Next Gen' fibers. This was considered critical, because of their reduced usage of water, carbon, etc. adidas highlighted its work with *Canopy Planet* and *Fashion for Good* to identify alternatives to conventional viscose and potentially to cotton, and added that it sees less leverage and influence when it comes to packaging, due to decentralized sourcing of material, i.e. for online shopping.
- Another area adidas was encouraged to explore was the inclusion of responsibility/ stewardship for landscape regeneration and restoration. Participants were keen to understand whether adidas had looked into these opportunities already. adidas confirmed that it had taken preliminary steps to assess its impact by following SBTN methodology; adidas is a member of the SBTN Corporate Engagement Program and is working towards setting SBTN-targets in the coming years.
- It was acknowledged that there is a conflict between downstream demands for 'deforestation free' commodities with upstream needs for agility in landscape management. adidas pointed to the challenge that landscape change takes time, and that it is trying to find the right partners to address long-term landscape change.
- adidas was reminded that an overall reduction of the use of materials would work best, as it would result in improved biodiversity and emissions footprint overall. The focus should be to *reuse, recycle, repair*. adidas explained that reduction of materials is part of its strategy.

Frameworks, partners, institutions

- Attendees appreciated adidas' use of SBTN and AFi in informing its approach to biodiversity.
- It was recommended to scout institutions and partners to work with, such as the *Tropical Forest Alliance*, *Positive Forest Coalition*, *Primi* and *Durli*. adidas was also invited to join forces with *WWF*. adidas confirmed that it has contributed financially to the *Primi* project in 2023, has visited *Durli* and is in constant exchange with *WWF*'s experts on leather.
- There was a desire to see adidas include a commitment to local advocacy in its approach to biodiversity, and engage with stakeholders, governments, suppliers, consumers. It was highlighted that advocacy on the ground (i.e. local), as compared to global, is critical.

Certifications

- Participants welcomed the use of certification, pointing towards its use as a tool but “*not a solution*”, acknowledging there can be constraints as it depends on the region. In addition, the link to social aspects in certification programs are sometimes missing.
- Expectations remain to go one step further. “*We recommend FSC certification, but conversion is currently not covered. We need to maintain forests.*” One participant added that FSC certification requirements cover conversion, and exceptions to no-conversion rules are accepted in very rare cases.
- The overall sentiment was that EU Deforestation Regulation will lead to higher demand for certified fibers.

DCF-Policy

- The current draft of DCF-policy was seen as “*pretty standard*”, triggering the question as to what is adidas overall level of ambition.
- It was suggested to call out more specific targets for each material/ commodity. adidas explained that due to its setup, the plan was to add these details in the subsequent Standard Operating Procedures (SOPs) by the internal functions executing the strategy.
- The clear focus on deforestation was understood/ acknowledged, also in light of the EU Deforestation Regulation. Yet, conversion was found to be important and degradation to be missing in the approach, as land other than forests, such as savannas, should also be taken into account.
- Participants also suggested that adidas articulate a stronger link to Social/ Human Rights/ Indigenous rights and make a reference to its Human Rights Policy.

Land rights, indigenous people

- Participants were interested to understand whether adidas engages with indigenous people. adidas explained its work with the *Organic Cotton Accelerator* and *Better Cotton's* country level studies.

Traceability

- Participants would like to see adidas' traceability strategy as a prerequisite for better understanding actual impacts on biodiversity.

- It was mentioned that traceability is different for each type of fiber, depending on the supply chain complexity, and that this needs to be considered accordingly. In other words, there is “*no one size fits all*”.

Session 3: Human Rights and Sports Sponsorship

Introductory remarks from adidas

- We have identified human rights and sports sponsorship as a salient issue for adidas, and this has been written into our Human Rights policy.
- Furthermore, adidas' 'Human Rights Defenders' (HRD) policy has recently been updated to acknowledge individual athletes as potential rights defenders.
- Our Brand Partnerships business unit, which has global oversight of sports sponsorships, is a functional area included in our annual risk assessment. In contract terms, human rights considerations have a close interface with broader business ethics and compliance expectations of clubs and individual athletes.
- We screen sponsored partners, such as clubs and federations, across a range of business and reputational risks, with Human Rights considerations integrated into this process. For this we use an independent risk data analytics system.
- We have a track record of close engagement with our major partners to address and align with their own capacities and approaches to Human Rights. Where we supply product as part of a sponsorship agreement, we adhere to the sport organizations' Sourcing codes, and for all of our major soccer events with UEFA and FIFA we publish the related manufacturing locations.

Key points raised by participants are summarized as follows:

Boundaries of Accountability

- A broad consensus among attendees from the civil society space was that sponsors have a critical, and significant, role to play in addressing human rights issues linked to their sponsorship engagements – the sentiment was largely that sponsors can and should have a “*stronger role to play to bring (relevant) people to the table*”.
- Perceptions in general are that corporate sponsors have a unique opportunity to engage and influence sponsored parties at the highest (political) level – especially when it comes to times of major contract negotiation/ renewal.
- adidas commented that if conditionality in sponsorship is applied too strictly, it can become a competitive disadvantage, and the sponsorship might be awarded to another brand making fewer demands – there are limitations to the leverage a sponsor can apply, and that ability comes down to nature of the partnership.

- Civil society representatives in the room commented that it is generally unclear from sponsors, including adidas, where the 'red lines' are in their sponsorship arrangements, when it comes to human rights issues.
- It was suggested that this is an area where the Human Rights Policy could elaborate on the actual due diligence processes applied in the context of sports sponsorship and potentially explain if there are any *red lines*.
- It was recognized that adidas has in the past '*applied influence*' in its multi-year relationship with FIFA, in particular around the awarding of the 2022 World Cup to Qatar and subsequent engagements in the build up to the event.
- It was acknowledged that brands do not have to be outspoken all the time in their advocacy around such events and connected human rights considerations, but sometimes it is also expected.
- The example of adidas and Kanye West was cited by several attendees as a case where a marketing partner can put a brand under the spotlight, and where reputational risks can become extremely significant.
- With the dialogue taking place shortly before FIFA's award of the 2034 World Cup to Saudi Arabia, attendees called on adidas to play a significant role in engaging on the widely publicized human rights concerns around the event. The message from several of the advocacy voices in the room was that efforts to engage with Saudi Arabia should start immediately – both through FIFA, as well as locally, for example considering adidas' emerging operational footprint in the country.
- One lesson to take from the Qatar World Cup experience was that the Human Rights conversation can too often be one that is adversarial (e.g., between event hosts and global media, advocacy groups etc.) – the view of the attendees was that sponsors can approach the conversation differently, including through bringing practical expertise to host organizers and governing bodies (knowledge transfer was seen as critical, with sponsors playing a role to "spread the message").
- It was also highlighted that the landscape of sponsors is changing, shifting from predominantly European and North American consumer brands to an increasing number of non-consumer brands from other regions of the world, who may present different attitudes to human rights and/or face different pressures and regulatory obligations – all of which may present a challenge to 'traditional' sponsors.
- It was put forward that sponsors may in the future have a potential role for conducting due diligence on fellow sponsors, in addition to 'event owners' and 'event footprints' (Saudi Aramco being one cited example, in addition to broadcasters, governments, investors).

Athlete Sponsorship

- At a policy level, the inclusion of athletes in adidas' HRD policy was seen as a very positive step (*"Thanks for the leadership"*).
- One opportunity for improvement of adidas' Human Rights Policy would be to include explicit reference of the role of responsible / human rights consistent marketing practices.
- It was highlighted that brands like adidas have a duty of care to support the athletes they collaborate with when they are exposed to online abuse, discrimination, and hate speech, or LGBTQ+ and other gender issues. This is a significant risk for athletes who choose to speak up as human rights defenders, who can then find themselves isolated when attacked online, and ultimately feeling forced to withdraw their online presence.
- As an active sponsor of women's football, adidas was urged to make more merchandise available for the upcoming UEFA European Women's Championship.
- Attendees representing the athlete community welcomed any opportunities for direct engagement with adidas' brand partnerships / marketing teams to *"bring the voice of the athlete to life"* in the context of human rights and human rights defenders.

Session 4: Open Session

- There was some reflection on the possibility of extending/ amplifying the list of participants and including additional affected stakeholders (“*forests can talk*”) for future conversations. adidas expressed general interest in broadening the range of stakeholders and hearing from more “*voices*” and especially affected communities. The general takeaway was that there are always opportunities for more engagement and communication (internal and external).
- It was reiterated that government advocacy for biodiversity can be a helpful tool in advancing adidas’ program and achieving its targets. So far, in line with its priorities, adidas’ advocacy work focused on decarbonization in sourcing countries. In future, similar engagement can most probably extend to other topics as well.
- Multiple words of appreciation were directed at the General Counsel, Mr. Jan Heinemann, who attended the entire stakeholder day. Executive Board endorsement for human rights topics marks out ‘true leaders’, and ‘makes a difference’.
- One participant asked if there is a team at adidas looking into the impact of plastic. Microplastic was mentioned as a major problem and reference was made to the global UN Plastics Treaty currently being negotiated. adidas explained that a large portion of sports apparel and footwear is made with synthetic materials for durability and performance reasons.
- adidas mentioned that almost all polyester used by adidas is recycled, however, there is full awareness of the yet unsolved end-of-life of products and microfiber shedding of textiles. adidas further explained that the infrastructure for separate collection, sorting and recycling of apparel and footwear does not yet exist, but promising innovation for recycling is evolving. Also, currently there is no actionable guidance existing to reduce microfiber shedding.
- Concerns were expressed that the discussion about avoiding plastic and replacing it with paper, for packaging, neglects the fact that the problem is only shifted, as the sourcing of paper also requires careful attention.
- In light of circularity, participants suggested that adidas share more of its knowledge about product requirements, so expert organizations and certifiers can help move the conversation forward and set standards/ certification e.g. for rubber. adidas recognized that there are opportunities for label/ certification systems to evolve and become more holistic, using its industry leverage.

- It was positively welcomed that adidas' ESG performance is linked to a compensation variable for the Executive Board, but it was asked whether this had changed with the arrival of the current CEO. adidas explained that there has been no change in the system, only in the way it is reported.
- Concerns were expressed that companies could return to the bare minimum, given the regulatory (CSDDD) backsliding which is being reported. adidas confirmed and agreed that currently, ESG reporting is an increasing burden for business. It absorbs more staff time, time that could otherwise be used to work on reducing actual impacts. We have messaged this to the OECD, and to policy makers in Germany. adidas stated that it does not take a minimalist approach and has always looked "*beyond compliance*".
- Attendees expressed their appreciation for the opportunity to participate in the Stakeholder Dialogue, and hear not only from adidas, but from a wide range of views from other stakeholders.

Appendix

Agenda

TIME	TOPIC / SESSION	NOTES	LEAD
08:30 – 09:00	Arrival & Coffee		
09:00 – 09:30	Welcome, introductions, and opening remarks		Jan Heinemann & William Anderson
09:30 – 11:00	Session 1: adidas & Mandatory Human Rights and Environmental Due Diligence (HREDD)	A short presentation on adidas' approach to HREDD, followed by discussion.	William Anderson
11:00 – 11:15	Break		
11:15 – 12:45	Session 2: Biodiversity and Deforestation		Gudrun Messias
12:45 – 13:45	Lunch		
13:45 – 14:45	Session 3: Human Rights and Sports Sponsorship		William Anderson
14:45 – 15:00	Break		
15:00 – 15:30	Open Discussion	Allocated for other topics raised by stakeholders and/or parked during the earlier sessions.	William Anderson
15:30 – 16:00	Wrap-up & Farewell		Jan Heinemann & William Anderson

Participants

Name	Organization	Title
Ruud Van der Wel	A.P. Moller - Maersk	Head of Global Employee & Labour Relations
Natalie Swan	Business & Human Rights Resource Centre	Labour Rights Programme Manager
Michelle Cliffe	Canopy	Senior Corporate Campaigner
William Rook	Centre for Sport & Human Rights	Deputy Chief Executive
Alison Biscoe	Centre for Sport & Human Rights	Head of Programme Development and Capacity Building
Richa Mittal	Fair Labor Association	Executive Vice President and Chief Innovation Officer
Federico Addiechi	FIFA	Head of Sustainability
Andreas Graf	FIFA	Head of Human Rights & Anti-Discrimination
Anand Punja	Forest Stewardship Council International	Chief Engagement and Partnerships Officer
Christina Hajagos-Clausen	IndustriALL Global	Textile and Garment Director
Sara Park	ILO Better Work	Head of Partnerships, Advocacy, and Communication
Mauricio Lazala	OHCHR	Chief, Business and Human Rights Section
Sylvia Schenk	Transparency International Deutschland e.V.	Chair of Working Group Sport
Karolina Brazyte	WFSGI	ESG & Pledge Manager
Ginous Alford	World Players Association, UNI Global Union	Director of Sport and Human Rights
Damian Oettli	WWF Switzerland	Head of Markets
Lucas Meyer-Freund	Zalando	Head of Strategic Project and Analytics - Sustainability and D&I

adidas Hosts and Facilitators

Name	Title
Jan Heinemann	General Counsel & Chief Human Rights Officer
William Anderson	Vice President Global Social & Environmental Affairs
Christopher Buckley	Director Social & Environmental Affairs
Gudrun Messias	Director Sustainability Direction
Gabriele Pilger	Senior Manager Sustainability Direction
Anja Gfall	Director Stakeholder Engagement

Pre-Reads

Session Pre-Reads

Introduction

Thank you for confirming your participation in our 2024 Stakeholder Dialogue. We welcome the opportunity to engage in an open and constructive exchange with our stakeholders, and value your insights and perspectives on adidas' current and future strategies to address human rights and environmental risks associated with our business activities.

Our objectives for this dialogue include:

- Validating our existing approach to Human Rights & Environmental Due Diligence (HREDD).
- Testing assumptions on trends in stakeholder expectations over the next 5-10 years.
- Gaining insights that help to inform the evolution of our HREDD approach, and related reporting, as we enter our next 2025-2030 strategy cycle.
- Securing stakeholder feedback on specific emerging areas of interest, namely, biodiversity and deforestation, as well as the role of sports sponsorship and human rights.

What will we do with the results of the dialogue?

After the event, we will prepare a short report summarizing the discussions, key takeaways, and where appropriate, any actions we plan to initiate. This report will be circulated among the dialogue participants, and further distributed to relevant parties internally within adidas to help inform strategic planning.

The report will detail only the information received, without disclosing the identity or the affiliation of the party/parties providing the input. Selected content may also feature in future public disclosures, such as adidas' annual report and the adidas corporate website. However, apart from naming the organizations that participated in the dialogue, we will not attribute views to any specific party, unless we seek your direct permission.

Session Overview & Discussion Topics

Session 1: Mandatory Human Rights and Environmental Due Diligence (HREDD)

Moderated by: William Anderson

Our commitment to respect human rights, and our approach to HREDD, is outlined in our [Human Rights Policy](#), launched in its current form in 2022 and updated in early 2024. In this policy we have sought to outline those human rights and environmental issues identified as most salient to our business, as well as the key systems and measures deployed to support our due diligence efforts. These include those related to [Responsible Sourcing & Purchasing Practices](#), respect for [Human Rights Defenders](#), and the application of our various [grievance mechanisms](#). This includes a *Complaint Procedure for Human Rights and Environmental Impacts*, which was first launched in 2012, and later updated to meet the requirements of the German Supply Chain Due Diligence Act (LkSG).

We regularly report on our HREDD efforts via our [corporate website](#), our [annual reports](#), and, for the first time in 2024, through our mandatory reporting under the LkSG ([German language only](#)). As we look ahead towards an evolving regulatory environment, with the Corporate Sustainability Due Diligence Directive (CSDDD) among other national-level regulations, we value your insights on the following questions:

1. Does adidas' human rights policy commitment remain consistent and aligned with evolving regulatory and stakeholder expectations?
2. Are the salient human rights and environmental issues identified in our Human Rights Policy comprehensive, or are there other emerging and/or evolving issues adidas should consider?
3. What targets and measures, or approaches, would enable adidas to report on the effectiveness of our due diligence efforts?
4. As we look towards the expansion of our due diligence efforts to the downstream value chain (i.e., distribution, transport and logistics, and storage), how well prepared is the sector to respond to these needs? What are the main challenges?
5. How can adidas address the advocacy communities' call for a just transition, particularly managing the potential impacts on workers in our supply chain as aspects of our business may transition to "greener" and climate-neutral operations?

We engage with workers in our supply chain through worker engagement mechanisms at our Tier 1 strategic suppliers, including: regular, annual 'Worker Pulse' surveys and the 'Workers Voice' (WOVO) app, a digital operational grievance mechanism which allows workers to raise complaints and concerns. Our in-country

field teams also regularly visit our suppliers' factories and engage directly with worker representatives and local trade union leaders, and we also engage with trade union federations nationally and internationally.

1. Are these mechanisms adequate and sufficient to engage with workers to track our performance against targets, and in identifying lessons or improvements as a result of our business performance against stated targets?
2. What other approaches or mechanism exist to better engage workers – and their legitimate representatives or credible proxies – across our entire program, from target setting to tracking performance?

We believe that there is a critical need for collective action in the textile industry, to address the most pressing upstream supply chain issues, be this in the manufacture of fabrics and components or the sourcing of agricultural commodities and other raw materials. We have many active partners with us on this journey – including UN agencies such as IOM and the ILO, industry associations, and leading industry bodies such as the Fair Labor Association – and we have reported on our current steps and outlined our future direction for managing such risks in our annual [Modern Slavery Progress](#) reports.

We value your insights on the following questions in relation to our upstream supply chain:

1. If we were to prioritize our upstream due diligence, where should we apply the greatest effort – in cotton, leather, natural rubber or other nature-derived materials, or recycled polyester and recycled materials? And why?
2. Our upstream due diligence is heavily reliant on industry multi-stakeholder initiatives and certification processes, to assess both environmental impacts, human rights impacts and labor conditions. Examples include Better Cotton, Leather Working Group and certifications such as the Global Recycling Standards (GRS). What do you see as the strengths and weaknesses of such approaches, from a human rights perspective?

Session 2: Biodiversity and Deforestation

Moderated by: Gudrun Messias

OUR APPROACH TO BIODIVERSITY:

Biodiversity is a material impact area for the apparel and footwear industry. Our corporate Double Materiality Assessment has confirmed this. At the same time, the understanding of biodiversity impacts and dependencies in our industry is only recently emerging and relevant frameworks, metrics, tools and certifications are still in development.

In 2024, we have joined the [SBTN Corporate Engagement Program](#) to support the evolution of biodiversity and nature frameworks for our industry. At the same time, we are evaluating the possibility of setting SBTN land use and freshwater targets for our next target cycle.

As a signatory of the [Fashion Pact](#), we have committed to set specific targets and action plans to decrease our impact on biodiversity, and we are annually reporting our progress in the Biodiversity space in the [Annual Report](#) and in CDP (Climate, Water and Forest).

We distinguish our biodiversity impacts in three areas: 1) Upstream value chain, 2) own facilities and supplier facilities, 3) Downstream.

Upstream: Based on the nature of our industry, the largest biodiversity impacts lie in the **upstream** value chains, specifically in the production of raw materials used in our products and packaging. Following guidance from *Science Based Targets Network (SBTN)* and the *Accountability Framework Initiative (AFI)*, we identified first concrete actions to be taken, such as mapping our supply chain for high-risk commodities and setting time-bound commitments.

With this in mind, we started in 2023 a detailed assessment of our raw materials portfolio. While we have good transparency into our T1, T2 and part of our T3 supply chain, information about raw material origin (T4+) is not available in a systematic and verified manner.

As deforestation is the biggest driver of biodiversity loss, we focus on deforestation-free supply chains as a priority. This focus is also anticipating the upcoming *EUDR*.

At the same time, we continuously evaluate new materials (i.e. next gen fibers, waste feedstock, etc.) that can lower our pressure on nature. This is done in our internal innovation team and also through our partnership with [Fashion for Good](#), an innovation platform dedicated to sustainable innovation in the fashion industry.

Own and supplier facilities: In 2024, we assessed our own and strategic suppliers' facility locations against proximity to biodiversity-sensitive and water risk areas, using internationally recognized tools, such as the Integrated Biodiversity Assessment Tool (IBAT), Species Threat Abatement and Restoration (STAR), and Aqueduct (data platform run by the World Resources Institute using open-source, peer reviewed data to map water risks such as floods, droughts and stress). Once results are fully analyzed, we will establish a procedure for follow up actions. We aim to repeat this exercise annually.

Downstream: When it comes to downstream impacts, there is currently little guidance available on how to address this. We see our circularity strategy as an important lever to reduce pressures downstream, e.g. by using textile waste as a feedstock (target: in 2030 we aim to use 10% textile-waste recycled polyester) and by continuously improving waste management practices and increasing recycling in the supply chain. Here we engage in multi-stakeholder projects in key sourcing countries (i.e. GIZ and Global Fashion Agenda Recycling Textile Waste initiatives in Cambodia and Indonesia).

Questions:

1. *Is our approach to biodiversity consistent and aligned with stakeholder expectations?*
2. *Are we missing stakeholders or frameworks that could make our approach more robust?*
3. *How does our biodiversity approach align with our partners and stakeholder's approaches, i.e. when it comes to the choice of event locations?*

4. *How can we jointly raise public awareness about the topic?*
5. *Human Rights and biodiversity loss are intricately linked (i.e. invasion of indigenous land, human rights violations in agriculture related to land rights, etc.). Lack of transparency makes it very difficult for our brand to understand our exposure to these human rights risks. Are there examples of best practice how to address this?*
6. *To have a positive effect on biodiversity, we need to engage in landscape approaches with multiple stakeholders. What are credible examples of such landscape projects?*

DEFORESTATION

We follow [WRI's Global Forest Review](#) in defining high-risk-of-deforestation commodities and focus on the materials that are relevant to our products and packaging: leather, natural rubber and timber-derived materials. The other 4 commodities (soy, palm oil, coffee and cocoa) are not significant in our materials portfolio.

The materials in scope of our deforestation-free focus have different levels of supply chain transparency and industry standards and tools, like certifications and chain of custody, are only partly developed.

Leather

In 2023, we committed to sourcing all bovine leather from deforestation- and conversion-free (DCF) supply chains by 2030 or earlier. This commitment is based on the '[Deforestation-Free Call to Action for Leather](#)' by Textile Exchange and the Leather Working Group ('LWG').

Beginning of 2024, we concluded out a comprehensive mapping of our entire leather supply ecosystem down to the slaughterhouse and, where possible, to the farm level. This assessment was carried out with the support of an external party and provided a snapshot of our risk exposure to deforestation in the leather supply chain. As a consequence, we have accelerated our engagement with industry organizations, peers and suppliers to identify traceability solutions that can be applied on an industry level to ensure deforestation-free leather. We are actively engaged in the enhancement of the LWG certification to include deforestation due diligence and chain of custody to the slaughterhouse. In addition, we piloted a traceability blueprint for leather footwear using blockchain technology with the [UN Economic Commission for Europe](#). We also sponsored the first phase of the [COTI](#) initiative (Certification of Origin and Traceability Implementation Initiative), which aims to enable traceability for social and environmental compliance from farming to slaughterhouse, including indirect farming systems in the state of Pará, Brazil.

Natural Rubber

In 2023, we carried out a supply chain assessment to gain transparency into the origin of rubber and got some initial learnings. To derive more actionable information, we will repeat this exercise in 2025/2026.

Timber-Derived Materials

To address our supply chain related to timber-derived materials, adidas has joined [Canopy Planet's](#) initiatives CanopyStyle (man-made cellulosic fibers) and Pack4Good (timber-derived packaging materials).

Man-made cellulosic fibers: In 2024, we have assessed our supply chain for man-made cellulosic fibers (MMCF) and identified data gaps and potential risks. The next step is to work on closing those gaps. We do this in collaboration with the respective suppliers with a view to improving practices instead of stepping away from issues.

Timber-derived packaging: We have mapped packaging applications throughout the company to understand scope and relevance. Data quality and availability are still a challenge, as this information is not consistently reported to the granularity needed to set actual targets. (i.e. weight, type of material, recycled content, certification). In 2025 we aim to create a baseline and roadmap to reach deforestation-free packaging.

DEFORESTATION-FREE POLICY

In order to anchor our commitment to deforestation-free supply chains throughout the organization, we have drafted a Deforestation and Conversion-free (DCF) Policy. Focus of this policy are the above-mentioned high-risk commodities (leather, natural rubber and timber-derived materials).

The policy was created in alignment with the principles of Accountability Framework (AFI) and has been discussed with industry peers as part of the Deforestation-free Call to Action for Leather. Input has also been given by WWF, Textile Exchange and LWG during previous engagements.

Please keep in mind that the attached DCF policy is a DRAFT version of our policy and still a work in progress.

Questions:

1. *Does our Deforestation- and Conversion-free Policy draft align with stakeholder expectations?*
2. *Are we missing any key framework or reference?*
3. *Conversion: There is not yet a comprehensive definition of “conversion” in place, nor tools to measure it. How can we address this?*
4. *What are the right forums to discuss cross-industry progress for deforestation-free supply chains, and how do we best communicate the results and strengthen the dialogue among different stakeholders i.e. connections to the food industry?*

Session 3: Human Rights and Sports Sponsorship

Moderated by: William Anderson

As a sponsor of high-profile athletes, clubs, and federations, we have a long history of engaging with these partners on human rights issues. We were an early advocate for strengthening human rights due diligence processes around the hosting of mega sporting events, first in China in 2008 and then for the 2012 London Olympic Games, and together with other international sponsors we signed up to the [2018 Sporting Chance Principles](#), and joined the annual Sporting Chance Forum, which lay the foundations for the creation of the [Centre for Sport and Human Rights](#). We have been especially active in addressing human rights issues in

the world of football (soccer), from our early days of dealing with child rights in the making of handstitched footballs, to compliance with today's Sourcing Codes for the supply of balls, volunteer uniforms and referee kits for European Championships and the Men's and Women's World Cup events.

In hosting our annual Dialogue at FIFA's headquarters, we have a unique opportunity to hear, first-hand, from stakeholders and partner organizations on the expectation placed on sponsors, operating at the intersection of sports and human rights. We would welcome your insights on the following questions:

- adidas plays no part in the day-to-day operations of the sports bodies we sponsor, nor in the award of hosting rights for specific events. But we know such awards can be cloaked in controversy. Our strategy has been to engage with partners, with advocacy groups and affected communities and to flag shared concerns over human rights issues or seek to be influential in the strengthening of our partners due diligence mechanisms and related remedies. Is there more we should do? Where do we set the boundaries for accountability and oversight, when we are acting as a financial contributor, or supporting through the supply of our product?
- In 2024 we updated our [Human Rights Defenders](#) policy to include athletes as potential human rights defenders. We certainly know that sponsored athletes, and sports teams, can be outspoken, if they feel their own rights, or those of others, are being harmed. Individual athletes can also be adversely targeted for their views. We have supported specific initiatives to strengthen women's rights and to increase their participation in sports and we have run grassroots programs to address discrimination and racism in sports. Is there more we should do for specific rights-holders, when viewed through a human rights lens?
- Are there other immediate and pressing concerns that you would wish to share with us, over upcoming major sporting events, such as the Men's World Cup 2026 and beyond?

Open Session

At the end of our Dialogue, we will reserve time for stakeholders to raise any other open issues, ideas or concerns that they would like to share with us.

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