ADIDAS CLIMATE TRANSITION ACTION PLAN

AUGUST 2025

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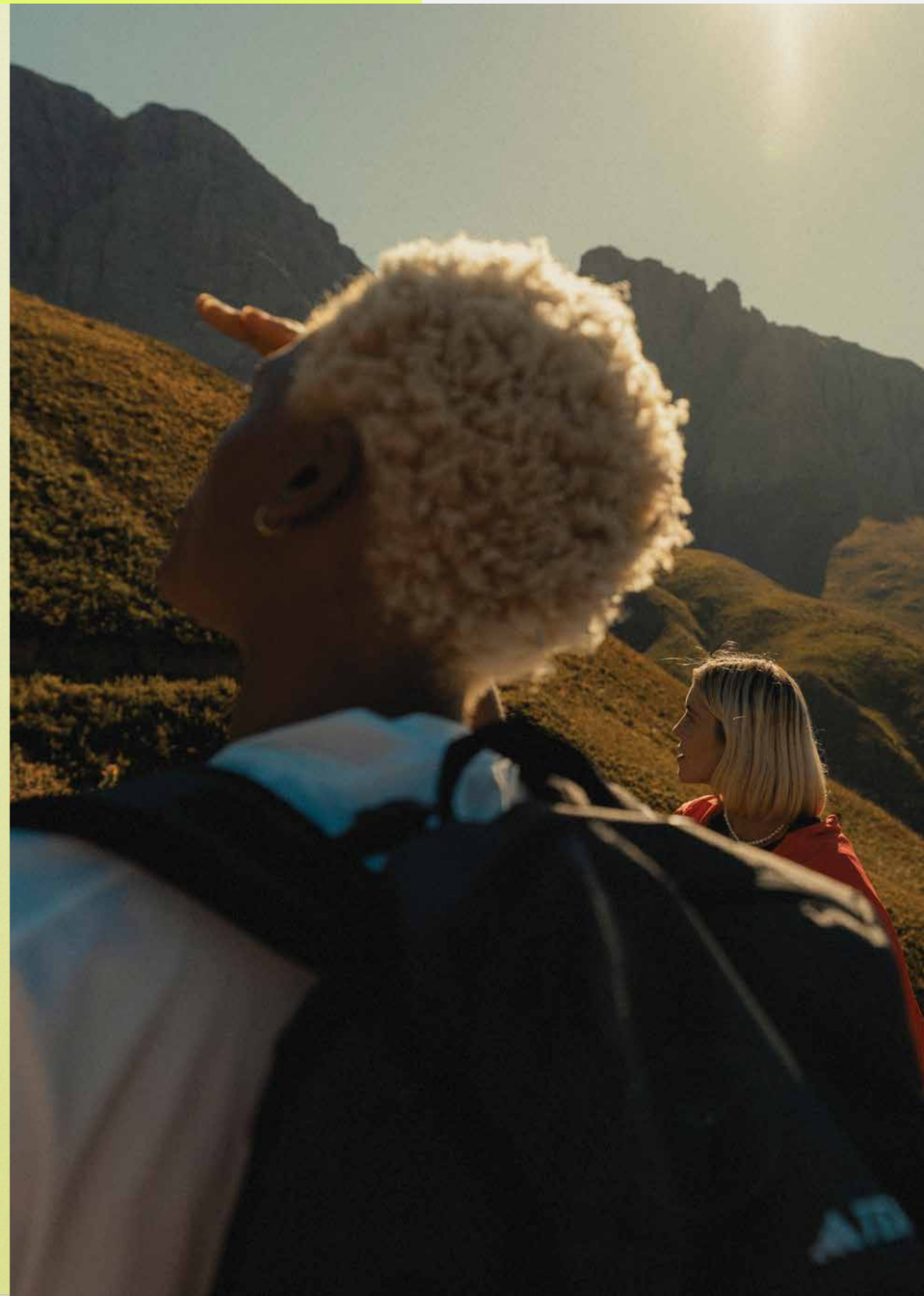


Section 1:

OUR PURPOSE

MOVING FORWARD WITH PURPOSE

What's always motivated me most in my role at adidas is that our commitment to sustainability is deeply rooted in our purpose:

'Through sport, we have the power to change lives.'

Yet, today, climate change is one of the biggest threats to that purpose, making urgent action more critical than ever. From floods and wildfires to heatwaves and declining air quality, the impacts of the climate crisis are reshaping the world around us, threatening the sports we love and the places where we do sports. This is affecting not only athletes and fans but also the future of our planet.

In 2001, we published our first sustainability report. In 2018, we became a founding signatory of the UN's Fashion Industry Charter for Climate Action, to push collective action in the industry. In 2021, our emission reduction targets were validated by the Science Based Targets initiative (SBTi) for the first time. Then, in 2023, we developed a cutting-edge tool that helps us measure the carbon footprint of our products more accurately. More recently, in 2024, we took a big step by embedding climate targets into the Executive Board compensation scheme.

All these milestones reflect our dedication to improvement and accountability as we continue to reduce our emissions. Now, we're taking this a step further by publicly outlining our first Climate Transition Action Plan, setting our sights on our ambitious near-term and long-term greenhouse gas emissions (GHG) reduction targets.

This plan underscores our commitment to reduce our GHG emissions across every aspect of our business, providing a detailed roadmap to 2030 and laying a solid foundation towards our 2050 ambition. While we recognize the scale of the challenge and the uncertainties ahead, we remain committed to transparency and continuous refinement along the way. By sharing our plan, we hope to inspire others and help drive broader progress toward a more decarbonized industry.

Sigrid Buehrle
Head of Sustainability and ESG

Section 2:

OUR EMISSIONS TARGETS

OUR EMISSIONS

2024 absolute GHG emissions (in $MtCO_2e$):
5.4 METRIC TONS

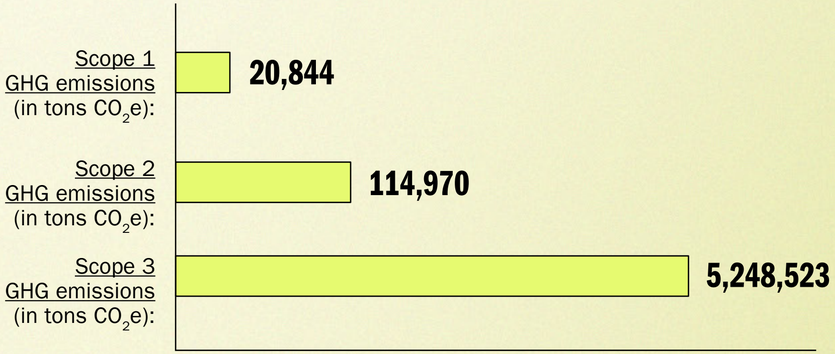
The fashion sector is responsible for between 8% and 10% of global greenhouse gas (GHG) emissions. As part of this industry, we see it as our responsibility to reduce our impact. That's why we're on a mission to reduce our GHG emissions as efficiently as we can.

We generate GHG emissions in the following ways:

Scope 1 & 2 emissions
These GHG emissions include those we produce directly from our own operations, like the energy used in our own factories, offices, or company vehicles ('Scope 1' emissions). They also include emissions that we don't produce ourselves but come from the energy we buy, like electricity or heating, which powers our operations ('Scope 2' emissions).

Scope 3 emissions
These GHG emissions are beyond our direct control and occur from activities that happen outside of our own operations, such as the carbon footprint from the raw materials we source, the manufacturing of our products and even their end-of-life ('Scope 3' emissions).

HOW THIS BREAKS DOWN:

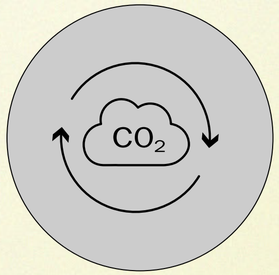


WHERE OUR EMISSIONS COME FROM

Calculating our absolute emissions

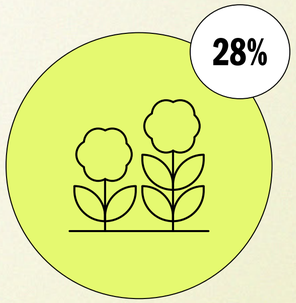
Understanding the GHG emissions we and our suppliers cause, while transparently disclosing our efforts, is a crucial part of our journey towards reducing our emissions. To improve decision-making and drive impact, we follow established methodologies to account for GHG emissions, using the GHG Protocol as the foundation.

Wherever possible, we incorporate primary data – such as annual material consumption, sales volumes, energy usage of key suppliers and own operations, as well as shipping data – to enhance accuracy. However, like all organizations, accurately measuring GHG emissions across complex global supply chains can be extremely challenging. This means we must sometimes rely on industry averages, extrapolations, or modeled data from life cycle assessments (LCAs).



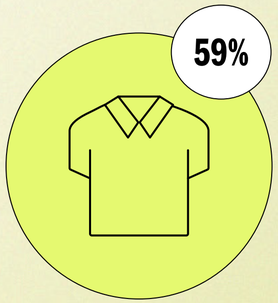
USE-PHASE EMISSIONS

When customers use our products, energy and water are required for washing, drying, and maintaining them. This creates indirect GHG emissions, which vary according to the energy mix and water use in different regions. We keep track of these emissions based on secondary data on a yearly basis and publish them in our annual report. In line with the GHG protocol and Science Based Targets initiative (SBTi) guidelines, these emissions are not part of our carbon reduction targets, as they are not in our direct control.



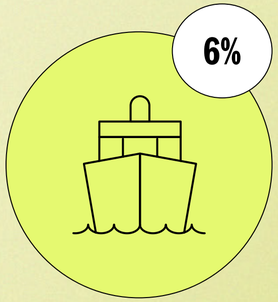
RAW MATERIALS

We rely on key raw materials like cotton, leather and synthetic fibers to produce high-quality sportswear. However, sourcing these materials contributes to GHG emissions through processes like agriculture, livestock farming, and chemical production.



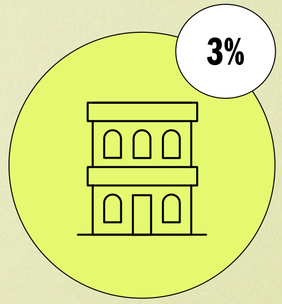
MANUFACTURING

Our products are made in factories that use energy to transform raw materials into finished goods. The process involves steps like yarn spinning, fabric making, dyeing, cutting, sewing, and assembling, all of which require electricity, heat and other resources. These activities contribute to GHG emissions.



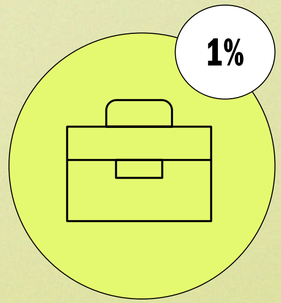
LOGISTICS

Once manufactured, our products need to be transported to markets worldwide. This involves shipping by sea, air and road, all of which consume fuel and generate GHG emissions. The logistics chain plays a crucial role in connecting our global production network with consumers, but also contributes to our carbon footprint.



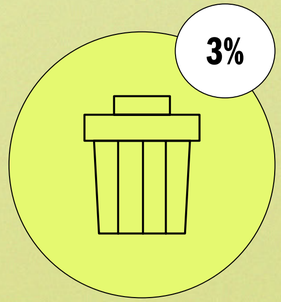
OWN OPERATIONS

Our offices, own stores, own factories and distribution centers around the world use energy for lighting, heating, cooling and operations. While essential for running our business, these activities contribute to our GHG emissions.



BUSINESS TRAVEL

Our employees travel for meetings, events and factory visits. These trips help us connect with partners, suppliers and teams globally, but they also generate GHG emissions, primarily from fuel consumption in air travel.



END OF LIFE

When our products reach the end of their life, they can release GHG emissions during decomposition, particularly if they contain organic materials like cotton, wool, or leather. Synthetic materials like polyester do not biodegrade easily, but they can contribute to microplastic pollution and may release emissions if incinerated.

MEASURING OUR PRODUCTS' EMISSIONS

Calculating our product emissions

In 2023, we developed a state-of-the-art, in-house tool – our Environmental Product Impact Calculator (EPIC) – to measure some of our footwear and apparel products' environmental footprint, focused on GHG emissions.

The tool calculates the carbon footprint of some selected products for every stage of its life cycle, from raw material extraction to end-of-life disposal. EPIC is seamlessly integrated into our existing creation systems, connecting and leveraging available primary data as well as Life Cycle Analysis (LCA) data. This ultimately speeds up the calculation process and offers valuable insights to help steer design-phase decisions.

This tool is aligned with international standards (ISO 14067:2018), ensuring accuracy and consistency. We also do not consider any carbon offsetting in our product footprint data, which means that the emissions shown reflect the full environmental impact of making, delivering, using and disposing the product – without applying any emission reductions from external climate compensation measures. The tool – as well as our other carbon footprint data flows – has been validated by external third parties to ensure robustness. As carbon accounting standards evolve, we're continually refining our approach to reflect the latest scientific insights and best practices.

Using our EPIC tool, we also help our partners like sports clubs and key accounts to accurately measure the GHG emissions associated with our products so they, too, can gain valuable insights into their environmental impact. This collaborative approach benefits our operations and fosters a shared commitment to sustainability across our entire business, creating a transparent, data-driven environment where partners can understand their carbon footprint and take actionable steps to reduce it.

SAMBA SHOES: FROM DATA TO ACTION

Using our Environmental Product Impact Calculator (EPIC), we were able to quantify the total GHG emissions for a single pair of this iconic shoe during its entire life cycle, while identifying potential key areas for GHG reductions. See our methodology here.

Section 3:

OUR DECARBONIZATION PLAN

VALIDATING OUR TARGETS

To ensure transparency and accountability, adidas has set ambitious climate targets validated by the Science Based Targets initiative (SBTi) (last validation obtained in 2024). The SBTi supports companies in setting reduction targets that are scientifically grounded, helping businesses contribute effectively to global climate action.

Our near-term GHG emission reduction targets for 2030 were first validated by the SBTi in 2021. In light of recent shifts in our operational baseline data (including the sale of Reebok in 2021, more data from our suppliers and improvements we've made to our carbon footprint calculation methodology), we've re-evaluated our targets to ensure they remain relevant and consistent. While our targets have changed, our long-term ambition and efforts haven't.

SCIENCE BASED TARGETS

OUR ROADMAP TO 2030

Until 2030, we have a well-defined strategy where we aim to achieve our science-based targets by focusing on key levers across our entire business. This includes reducing emissions in our own operations, scaling raw materials with lower GHG emissions, increasing the use of renewable energy in our suppliers' factories, driving manufacturing efficiencies, optimizing logistics and implementing circularity measures. Through these actions, we are confident in delivering significant GHG reductions.

To account for varying business and production growth, we recognize the need to address potential additional emissions. The following section outlines how we'll manage these emissions from now to 2030, ensuring we keep aiming towards our near-term targets.

REDUCING OUR SCOPE 1 & 2 EMISSIONS

How we are reducing GHG emissions that come from our own operations and the energy we buy to power them

OUR TARGET:

BY 2030, WE AIM TO REDUCE OUR SCOPE 1 AND 2 ABSOLUTE GHG EMISSIONS BY 70% AGAINST A 2022 BASELINE

At adidas, we are reducing our greenhouse gas (GHG) emissions across all aspects of our operations, including our administrative offices, distribution centers and own retail stores. This part of the strategy tackles the areas that are in our direct control, tracked under Scope 1 and Scope 2 emissions. adidas does not consider the use of offsets to achieve this target. Reducing emissions from our own operations by 70% in 2030 translates to a reduction of 2% of our total corporate emission in the same timeframe.

Our approach
We're committed to reducing GHG emissions in our own operations through continual investment in energy efficiency initiatives and a steady transition to renewable energy. We're following a clear roadmap to achieve our reduction targets, focusing on steadily increasing energy performance data coverage and measures such as improving energy efficiency, implementing on-site renewable energy production and sourcing renewable electricity.

BASED ON OUR CURRENT PLAN, WE ARE ESTIMATING THE FOLLOWING EMISSION REDUCTIONS:

- **Transitioning to renewable electricity (65% reduction):** We prioritize self-generated electricity where possible, such as rooftop solar panels. When this is not possible, we prioritize long-term contracts such as power purchase agreements (PPAs). Only if all the options mentioned above are not available in a certain location, we will use unbundled Energy Attribute Certificates (EACs) and green tariffs.
- **Improving our buildings (5% reduction):** We are enhancing the energy efficiency of our operations by investing in low-energy building equipment, such as LED lighting and upgraded heating, ventilation, and cooling systems. We regularly assess and certify our facilities under the ISO 50001 standard for energy management. Some of our buildings and retail stores have achieved LEED or BREEAM certifications, which further support energy-efficient operations.

OFFSET/CARBON OFFSETTING

According to the Intergovernmental Panel on Climate Change (IPCC) a carbon offset is a reduction of GHG in order to balance out an emission made elsewhere. Essentially, offsetting refers to buying carbon credits which are tradable units of reduced GHG emissions from projects outside an organization's operations (IPCC). However, it's important to note that buying these credits doesn't actually reduce the emissions created by the original activity - it's just compensating for them by funding projects that cut emissions elsewhere. In other words, carbon offsetting doesn't directly lower the emissions from the activity you're trying to offset. Therefore, our primary focus in the short- and medium-term is to maximize our GHG emissions reduction through efficient and sustainable long-term solutions, as opposed to relying on simply offsetting our GHG emissions as a substitute for real internal change. This is in line with the guidance set out by the Science Based Targets initiative (SBTi).

OUR HEADQUARTERS IN HERZOGENAURACH

At our global headquarters in Herzogenaurach, Germany, which accommodates around 5800 employees (as of December 2024), we have installed hundreds of e-charging points for company and employee vehicles. The campus features wildflower meadows, nesting sites, and orchards that provide a habitat for over a thousand wildlife species. We aim to power the entire campus with 100% renewable electricity and carbon neutral heating by the end of 2025. Additionally, the newest buildings on the campus are LEED Gold-certified.

WE REDUCED THE EMISSIONS COMING FROM OUR OWN OPERATIONS BY 17% IN 2024, COMPARED TO OUR 2022 BASELINE. THESE WERE SOME OF OUR INITIATIVES:

- In 2024, we implemented on-site solar projects at the Distribution Center in Manchester, UK, and our Factory Outlet in Herzogenaurach, Germany.
- After securing a virtual power purchase agreement (VPPA) contract for many European countries in 2023, we also entered into a contract for USA and Canada.

REDUCING OUR SCOPE 3 EMISSIONS

How we are reducing GHG emissions that are beyond our direct control

OUR TARGET:

BY 2030, WE AIM TO REDUCE OUR SCOPE 3 ABSOLUTE GHG EMISSIONS BY 42% AGAINST A 2022 BASELINE

In addition to our direct operations, we are reducing greenhouse gas (GHG) emissions in our Scope 3 emissions. Recognizing that a significant portion of these emissions is linked to our suppliers, we understand that meaningful change depends on strong partnerships and collaboration with them. Through our Supplier Environmental Program, we provide the resources and guidance they need to reduce their environmental impact, which also impacts adidas' carbon footprint. We do not consider the use of offsets to achieve this target.

As we are aiming for this target, we are focusing on the following key initiatives:

Renewable energy (RE) and energy efficiency (EE) (18% reduction)
We collaborate with our key suppliers to reduce energy consumption by driving energy efficiency and maximize generation and/or use of renewable energy. During 2024, suppliers participating in our Supplier Environmental Program sourced 24% of their electricity from renewable sources. This was achieved through on-site electricity generation, procurement via Power Purchase Agreements (PPAs), or high-quality Energy Attribute Certificates (EACs).

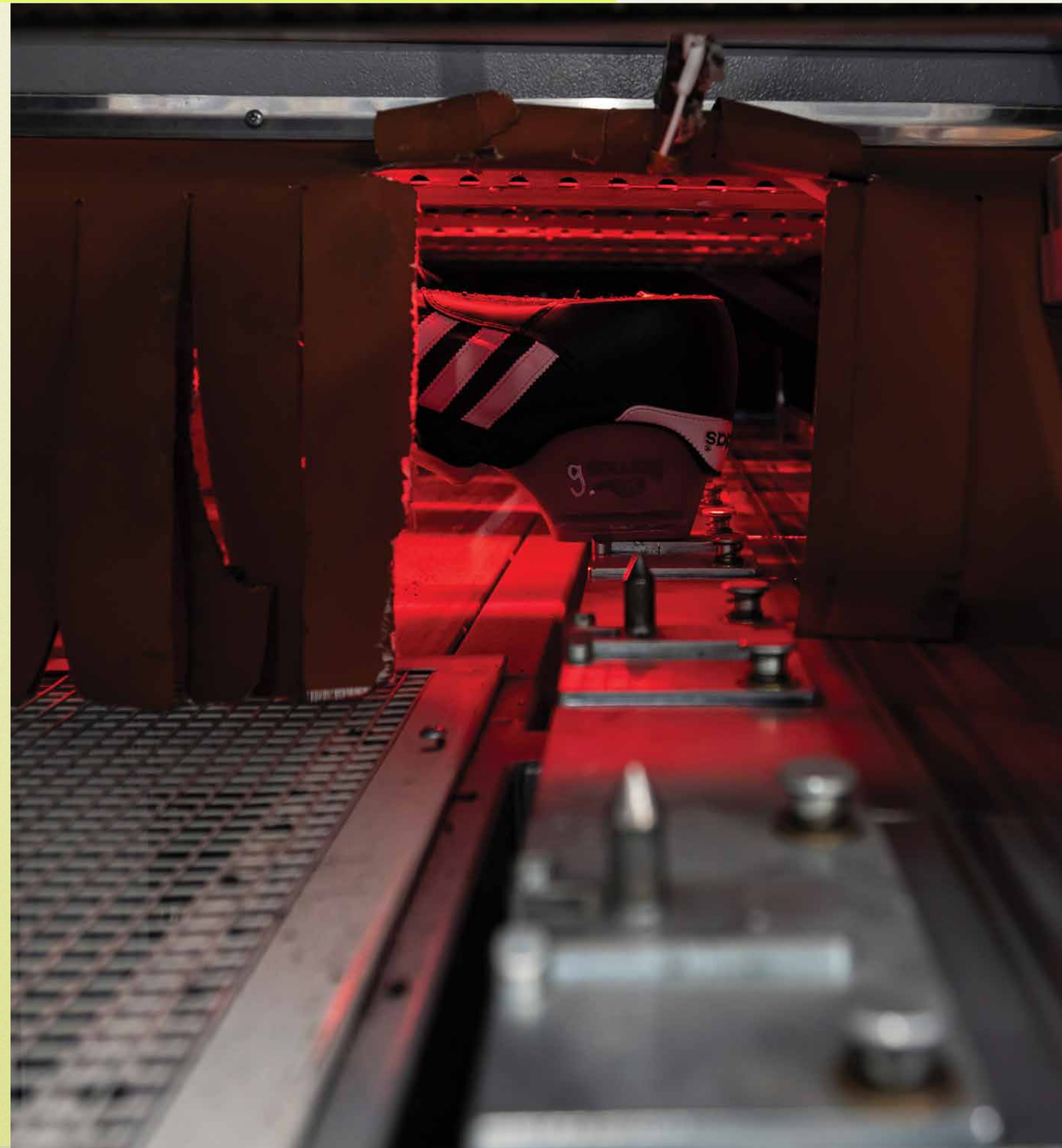
In particular, EACs were purchased where sourcing or scaling up of electricity from rooftop solar and/or RE PPA-Agreements was not possible/limited.

Material innovation (10% reduction)
We are scaling the use of lower-carbon materials, such as recycled, renewable, and organic options.

Phasing out coal (6% reduction)
We provide guidance to assist our Tier 1 (assembly of products) and Tier 2 (material processes and manufacturing of product parts) suppliers in phasing out coal by 2025, wherever possible, transitioning to lower-carbon alternatives such as biomass and natural gas.

Driving process improvement and innovation (5% reduction)
We actively support the development and scaling of lower-carbon solutions in material processing, manufacturing and product assembly that help us reduce GHG emissions. This includes innovations such as process electrification and lower-temperature assembly.

Other decarbonization levers (3% reduction)
These include, amongst others, increasing the use of lower-carbon fuels for transportation, packaging optimization, and using recycled and certified packaging materials.



COLLABORATING WITH OUR SUPPLIERS

We set and communicate clear ambitions and tangible goals for suppliers through our supplier evaluation framework, supporting them with expertise and training.

We assess our suppliers' environmental progress annually through independent third-party audits, grouping them based on their GHG emissions impact and performance against our targets.

To understand and direct the supply base, suppliers contributing to majority of our production are enrolled in the Supplier Environmental Program. The majority of the suppliers participating in this program are required to implement our environmental and reporting standards. This includes sourcing renewable electricity, phasing out coal and adopting science-based targets or equivalent pathways to reduce their GHG emissions. We reward our suppliers for their progress in achieving annual targets.

Ensuring the reliability of primary data from our suppliers

We work closely with suppliers to collect primary data on their energy and fuel consumption, electricity sources, water, waste, and chemicals. To ensure data integrity, we:

- Provide suppliers with clear reporting guidance and training.
- Hold them accountable for timely and accurate data submission.
- Engage third-party assessors to verify the accuracy and documentation of reported data.

While we have reliable primary data for our T1 and T2 suppliers, we're currently using industry averages for most of our raw materials. This also means that we can only indirectly influence and account for any improvements during the raw material production process. We're working to improve this by carrying out pilot schemes with raw material suppliers to implement trackable emission reduction measures.

PHASING-IN RENEWABLE ENERGY

Energy use is arguably the most important factor when it comes to GHG emissions across our entire business. While our suppliers are already implementing changes to reduce emissions, there are a number of external factors we can't directly influence. These include changes in the grid mix and access to renewable electricity, as many of our key supplier regions are striving to incorporate more renewable sources.

Out: Coal-fired boilers

Coal-fired boilers are commonly used in the manufacturing of apparel and footwear due to their ability to generate the high levels of heat needed for production processes such as dyeing, drying, curing, and shaping materials like textiles, rubber and plastics. While effective, the reliance on coal as a fuel source contributes significantly to climate change, as the combustion of coal releases high levels of carbon dioxide and other GHG into the atmosphere.

We recognize the need to transition away from coal-fired boilers and implement cleaner energy alternatives. That's why, in 2021, we committed to phasing out coal-fired boilers for the suppliers enrolled in our Environmental Program by the end of 2025, replacing them with alternatives, such as gas or biomass-fired boilers. This will help reduce our carbon footprint and promote cleaner energy use in our manufacturing processes.

- **IN 2024, SUPPLIERS ON OUR ENVIRONMENTAL PROGRAM SOURCED ON AVERAGE 24% OF THEIR ELECTRICITY FROM RENEWABLE SOURCES**
- **IN 2024, 8% OF ELECTRICITY USED BY OUR SUPPLIERS WAS SOURCED FROM ROOFTOP SOLAR PV SYSTEMS**

- **BY THE END OF 2024, MORE THAN HALF OF THE SUPPLIERS IN OUR ENVIRONMENTAL PROGRAM HAD UPGRADED THEIR EQUIPMENT AND DO NOT USE COAL IN THEIR BOILERS ANYMORE**

In: Energy efficiency and renewable electricity

Electricity plays a crucial role in manufacturing, powering essential processes such as machinery operation, material processing and product assembly. While vital for efficiency and productivity, the electricity consumption associated with these processes can significantly contribute to climate change, especially when sourced from fossil fuels.

To combat this, we collaborate with our key suppliers to adopt energy efficient equipment and processes, encouraging them to conduct regular energy audits to identify and implement energy reduction initiatives. Our priority is to minimize the amount of energy that our suppliers use. For the remaining electricity, we encourage our suppliers to scale up use of renewable electricity wherever possible by the end of 2030. Our goal is to maximize the capacity of onsite renewable electricity by installing solar photovoltaic (PV) systems on our suppliers' rooftops, and then proceed for off-site sources such as Power Purchase Agreement (PPA). Where these options are constrained due to policy restrictions, EACs are considered as the last resort.

In addition, we're working with industry associations and NGOs to support governments in driving policies to accelerate energy transition. This includes engagement on policies related to power purchase agreements and rooftop solar projects.

SCALING ROOFTOP SOLAR IN SOURCING REGIONS

Rooftop Solar (RTS) projects have been identified as a key lever to reduce our emissions associated with electricity use at our suppliers' factories. To help our suppliers evaluate and adopt these projects, we developed a comprehensive program that included upskilling, guidelines, technical support and incentivization.

Under this program, we have developed a Solar Photovoltaic Rooftop Feasibility Study and Installation Guideline, enabling our suppliers to implement their own RTS projects. We supported feasibility studies for our suppliers' facilities in our key sourcing geographies such as China, Indonesia, Vietnam, Cambodia and Myanmar.

We've worked with our industry peers and governments to accelerate the adoption of RTS and the removal of regulatory constraints, making it simpler for our suppliers to keep expanding their RTS capacity in 2025 and beyond.

MANUFACTURING CHANGE

The manufacturing, finishing, and assembly of our products at our suppliers contributes 65% to our overall GHG emissions

So it's vital that we strive to make changes to these processes to reduce our impact. We've already begun to implement more energy-efficient technologies and practices, optimizing machinery operations, and improving insulation to significantly reduce energy consumption.

We are transitioning to electric alternatives for processes such as heating and machinery operation, enabling suppliers to make use of electricity alternatives. Additionally, we're adopting innovative, lower-carbon technologies such as digital printing and dyeing methods that use less water and energy. This is helping us to significantly minimize the environmental footprint of our production.

SUPPORTING SUPPLIER DECARBONIZATION IN CHINA AND VIETNAM

Our suppliers have a key role to play in achieving our decarbonization goals. Since 2022, we've encouraged our suppliers to adopt Science-based targets (SBT) and their progress is assessed under our supplier performance framework.

Over the years, we expanded the list of suppliers covered under this requirement. To support them, especially suppliers with limited resources, we launched a supplier upskilling program for SBT in 2024. The program was designed by adidas in line with SBT requirements and delivered by an external consultant in Vietnamese and Chinese languages.

41 factories from 35 supplier groups in China, and 32 factories from 29 supplier groups in Vietnam benefited from this program.

MAKING OUR MATERIALS COUNT

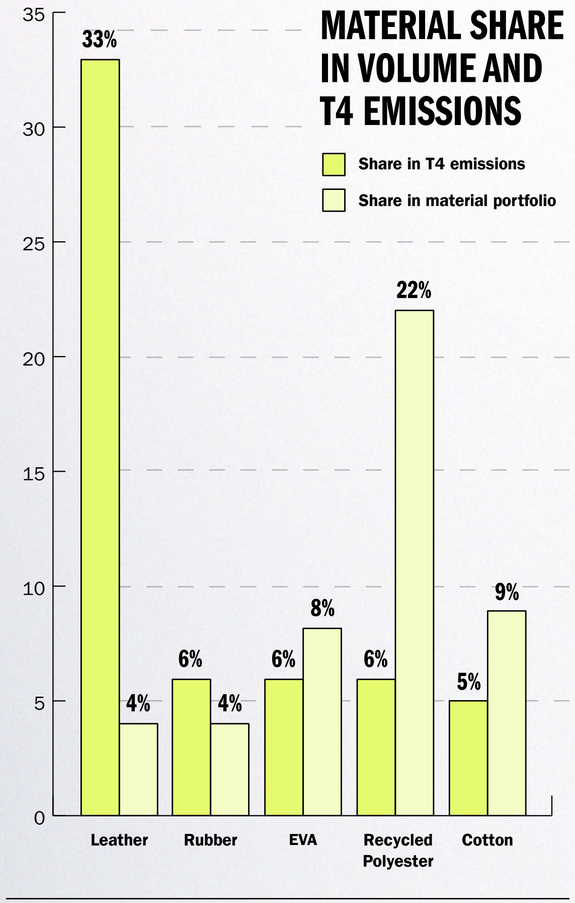
Rethinking the materials we use as part of our impact without compromising quality

RAW MATERIALS CONTRIBUTE 28% TO OUR TOTAL GHG EMISSIONS

The raw materials we use in our products are a key contributor to our carbon footprint. Scaling the use of lower-carbon materials, meaning materials that generate a lower level of CO_2 equivalents compared to their conventional alternative (in alignment with Textile Exchange), is therefore a key lever to achieve our GHG emission reduction targets. As we are transforming our portfolio to lower-carbon fibers and materials, we're constantly exploring new innovative materials to incorporate into our products, including recycled and renewable options. Working with industry partners is essential to navigate this journey. With these actions, we're aiming to halve the emissions that come from raw materials by 2030.

Currently, five raw materials represent more than half of our materials-based GHG emissions:

Leather	**33%**
Recycled Polyester	**6%**
EVA	**6%**
Rubber	**6%**
Cotton	**5%**



PARTNERING FOR DEFORESTATION-FREE TIMBER-DERIVED MATERIALS

To steer our journey toward deforestation-free man-made cellulosic fibers (MMCFs) and paper packaging, adidas has joined CanopyStyle and Pack4Good, two initiatives from Canopy Planet setting the framework for good sourcing practices to protect ancient and endangered forests. Several consultations were already held in 2024. In collaboration with Canopy Planet, adidas has embarked on a supply chain mapping exercise for MMCFs as part of our deforestation-free supply chain targets, linked to our biodiversity strategy. We have identified the Tier 4 suppliers (fiber producers) our suppliers source from, and we will continue to monitor risks and set targets for a certified supply chain.

For paper packaging, many internal teams were consulted to better understand the volumes sourced, certifications used, and country of origin of the material. Throughout 2025, a more detailed assessment will be carried out to create a baseline from which we will derive an action plan. Additionally, our distribution centers constantly optimize the packaging size and improve transportation efficiency in order to minimize the consumption of packaging material.

FOREST, LAND AND AGRICULTURE (FLAG) EMISSIONS

GHG emissions from Forest, Land and Agriculture (FLAG) are a significant share of our total emissions (including how we source leather, natural rubber, cotton and timber, among other things). FLAG-related GHG emissions represent around 7% of our total GHG emissions, and are therefore an important part of our decarbonization efforts. We're focusing on reducing these emissions and searching for innovative solutions especially in leather and cotton land management.

MATERIAL INNOVATIONS:

LEATHER

Why we use leather

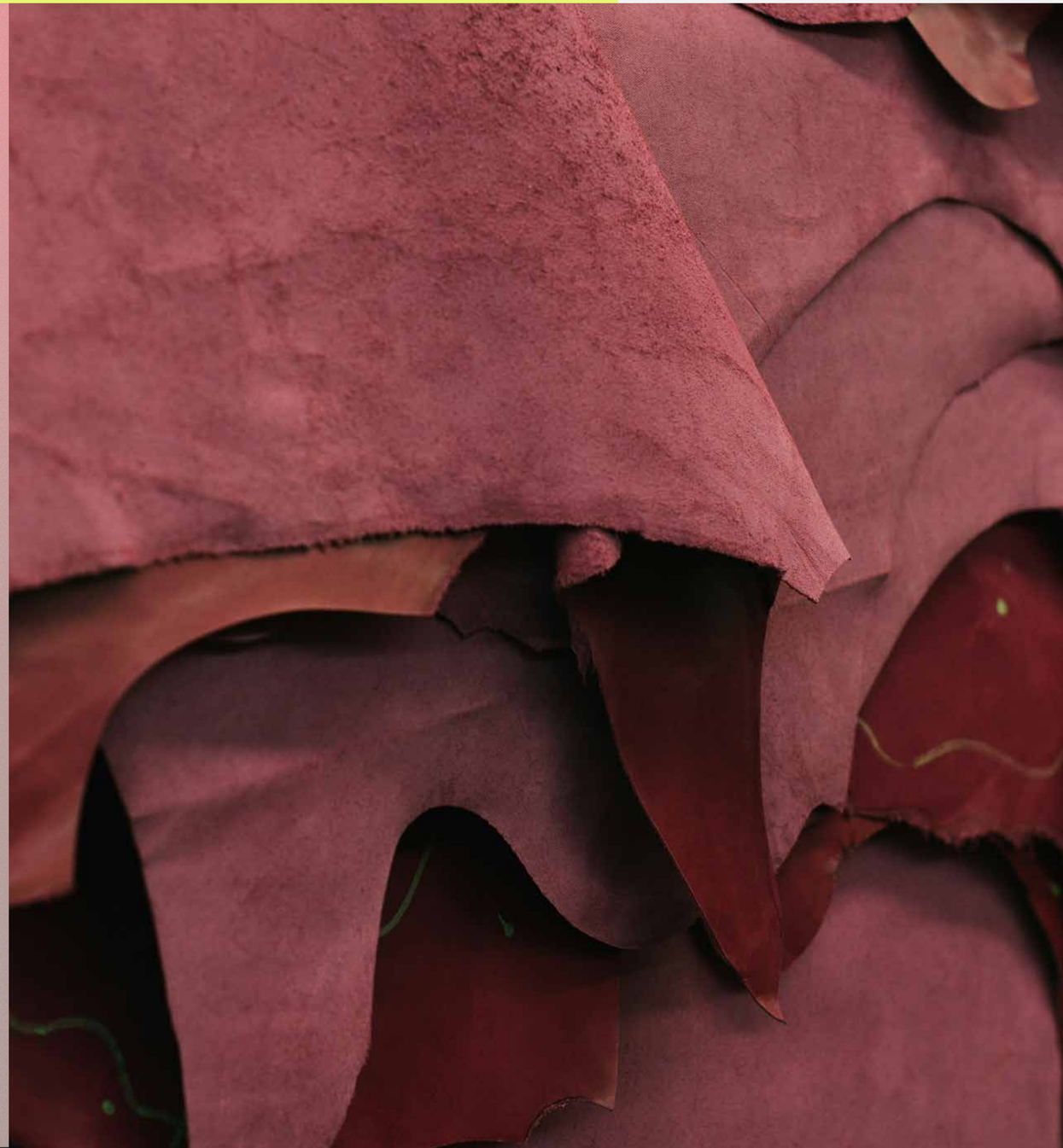
Leather is lightweight, strong, supple, breathable, durable and has long been valued for its unique performance properties and style versatility. Despite developments in synthetic materials, leather materials remain popular due to comfort and durability, and there are currently few lower-carbon and scalable alternatives.

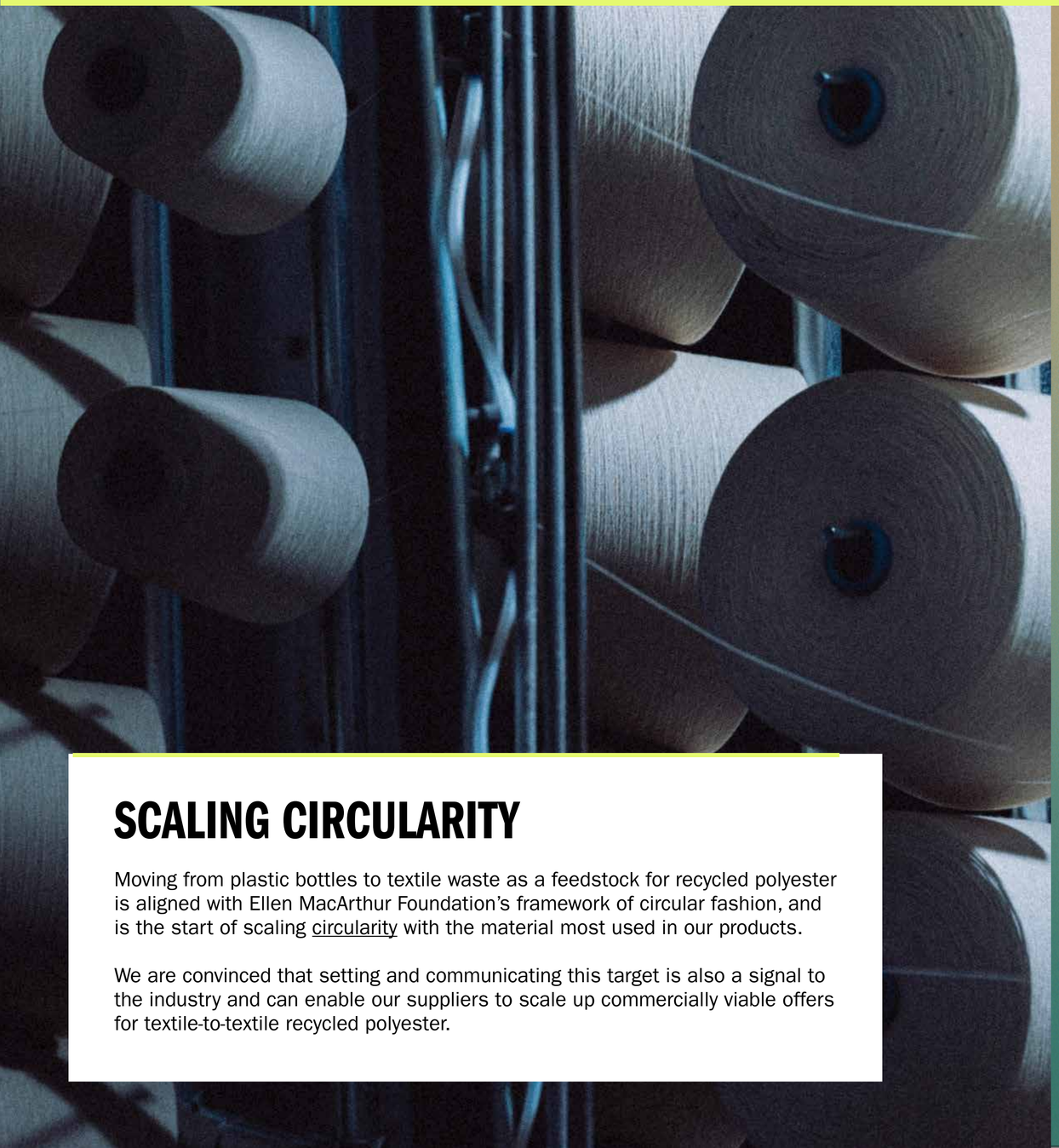
The GHG emissions impact of leather

Most of the leather used for adidas products comes from cattle, which involves livestock farming – one of the highest contributors to methane emissions. Furthermore, the tanning and processing of leather also require energy-intensive processes and the use of chemicals. Importantly, the bovine leather we use is a by-product of the meat and dairy industries. Emissions from livestock farming are allocated to leather based on industry standards, such as the European Union's Product Environmental Footprint (PEF) guidelines.

What we're doing

- adidas has strict standards for leather suppliers, including LWG certification, compliance with our restricted substances list, and exclusion of all exotic leathers and furs. adidas is a member of the Leather Working Group ('LWG') since 2006. Through this membership, we aim to catalyze change through collective action while driving sustainable practices at scale. Currently, more than 99% of our leather volume is audited in accordance with the LWG protocol, with most of our hides being sourced from tanneries with the highest possible 'gold' rating.
- In 2023, we committed to sourcing all bovine leather from deforestation- and conversion-free supply chains by 2030 or earlier, signaling our ambition to reduce our impact on nature. A large part of leather-associated emissions is embedded in the supply chain (including animal feed, production and transportation), but supply chain complexities make it hard to track and measure GHG emissions accurately. We're working to improve the traceability of our materials by mapping our supply chain at least until slaughterhouse level. This will help us better understand and manage GHG emissions associated with possible deforestation risks that may happen in our upstream supply chain.
- We're investigating potential industry partnerships with the meat and dairy industries to implement lower-carbon livestock practices. However, before we can engage in these initiatives, we must ensure traceability and compliance throughout our supply chain to guarantee the effectiveness of these efforts.
- We're exploring other solutions, including plant-based and lab-grown leather alternatives, that maintain the quality our consumers expect while potentially reducing GHG emissions.





SCALING CIRCULARITY

Moving from plastic bottles to textile waste as a feedstock for recycled polyester is aligned with Ellen MacArthur Foundation's framework of circular fashion, and is the start of scaling circularity with the material most used in our products.

We are convinced that setting and communicating this target is also a signal to the industry and can enable our suppliers to scale up commercially viable offers for textile-to-textile recycled polyester.

MATERIAL INNOVATIONS:

RECYCLED POLYESTER

SINCE 2024, MORE THAN 99% OF ALL POLYESTER – OUR MOST WIDELY USED MATERIAL – IS SOURCED FROM RECYCLED FEEDSTOCK

Why we use polyester

Polyester is our most commonly used material as it allows us to build strong and lightweight fabrics that keep the athlete dry. We use polyester in a wide range of our products including football jerseys, outdoor jackets and training leggings.

The GHG emissions impact of polyester

We recognize the environmental impacts associated with virgin polyester. It is derived from petroleum, and its production involves energy and water consumption, as well as chemical-intensive processes that contribute to global GHG emissions.

Recycled polyester is a lower-carbon alternative to virgin polyester as it uses existing material as feedstock and usually emits fewer GHGs during the production process than the virgin material. However, while recycled polyester has been in use for a long time, it's still not the standard in the textile industry, with only 12% of polyester produced worldwide being recycled polyester.

What we're doing

- In 2017, we set the ambitious target of transitioning from virgin polyester to recycled polyester, excluding trims, wherever technically possible by the end of 2024. We achieved this target ahead of schedule in 2023, with 99% of all polyester being from recycled feedstock.
- Currently, we derive recycled polyester from recycled plastic bottles, with the aim of transitioning to recycled polyester from recycled textiles wherever possible. Textile-to-textile (T2T) recycling is in the early stages of scaling, and we're working with suppliers to advance this technology and expect it to be commercial in the next decade. We therefore aim to achieve 10% of our recycled polyester volume coming from textile waste by 2030.
- To ensure the integrity of our recycled materials, we work closely with our partners, using reputable third-party certifications such as the Global Recycled Standard (GRS) and the Recycled Claim Standard (RCS). These certifications guarantee robust chain of custody and minimize the risks of unauthorized mixing or swapping of materials.

MATERIAL INNOVATIONS:
EVA

Why we use elastic polymers

Ethylene-vinyl acetate (EVA) plays an essential role in our products and is mainly used in our midsoles. An EVA footwear midsole is lightweight and flexible. These elastic polymers contribute to the comfort, functionality and longevity of our shoes.

The GHG emissions impact of EVA

The production of EVA relies on petroleum-based inputs and is associated with energy-, water-, and chemical-intensive production processes that contribute to the increase of resource depletion and GHG gas emissions.

What we're doing

- We are already reclaiming EVA from the manufacturing process and recycling it into new content. However, there are still many limitations that impact the performance of such materials, and we're evaluating alternatives to incorporate more recycled EVA into our products.
- We're working hard to find alternatives that replace petroleum-based inputs with renewable ones, like bio-based EVA that uses plant-based content such as used cooking oil.

MATERIAL INNOVATIONS:

RUBBER

Why we use rubber

The natural rubber used in our footwear soles and accessories enhances durability and slip resistance, increasing the longevity and performance of the product. In our products, we generally mix natural rubber with synthetic rubber.

The GHG emissions impact of rubber

While synthetic rubber is sourced from crude oil, natural rubber is sourced from rubber trees in tropical regions. Natural rubber is a commodity that may be linked to man-made deforestation, as forests may be cleared to make place for rubber plantations. This leads to environmental impacts such as biodiversity loss and the release of GHG emissions, but can also have negative social impacts on local communities and Indigenous peoples.

What we're doing

- As part of our deforestation- and conversion-free (DCF) commitments, we're committed to sourcing natural rubber through programs that reduce these impacts, promote better agricultural practices and improve workers' livelihood.
- We're reclaiming rubber from our manufacturing processes and recycling it wherever possible.
- The use of reclaimed rubber is still very limited due to the impact on the performance, durability and flexibility of such materials. We continue to innovative solutions for incorporating more recycled rubber into our products.

MATERIAL INNOVATIONS:

COTTON

Why we use cotton

Cotton is the third most used material in adidas products. It's a natural fiber with a wide range of qualities and benefits, including comfort, high versatility and breathability.

The GHG emissions impact of cotton

We recognize that the cultivation of cotton may have environmental impacts which affect water, biodiversity and soil, while also contributing to GHG emissions.

What we're doing

- Since the end of 2018, we've used only third-party certified cotton, including Better Cotton, organic cotton, recycled cotton, and cotton certified by the U.S. Cotton Trust Protocol.
- All organic cotton used in our products is certified by the Global Organic Textile Standard or the Organic Content Standard. Organic cotton is grown using nature-based solutions, avoiding synthetic pesticides and fertilizers, which are commonly used in conventional cotton farming. By opting for organic agriculture, cotton farmers reduce their reliance on agrochemicals, minimize worker exposure to potentially toxic compounds, support biodiversity, maintain healthy ecosystems, and improve soil quality.
- We are a member of the Organic Cotton Accelerator (OCA). During the 2022/23 cotton season, we took part in the OCA's pilot program and sourced organic cotton from smallholder farmers in India.
- We incorporate mechanically recycled cotton into our products wherever possible. This involves collecting pre-consumer waste from our own production chain to ensure we only use cotton that meets our standard. These collected fabrics are mechanically shredded and spun into new yarn. Using recycled cotton reduces the need for virgin cotton and helps us diversify our materials portfolio.

SCALING CIRCULAR COTTON WITH THE NEW COTTON PROJECT

In 2020, adidas was one of twelve industry leaders brought together by the EU-funded New Cotton Project to demonstrate the viability of a fully circular textile supply chain.

Throughout the project, the consortium worked to collect and sort end-of-life textiles, which - by using pioneering recycling technology - were recycled into new man-made cellulosic fibers that can replace virgin cotton or viscose. The fibers were then spun into yarns and manufactured into different types of fabric which were designed, produced, and sold by various brands, including adidas. The New Cotton Project provided a vital blueprint for scaling textile-to-textile cotton recycling, showing that there is also a potential to reduce GHG emissions.

END-OF-LIFE

Taking responsibility for our products after their use

As there is currently a lack of scalable circular solutions and related infrastructure to collect, sort, process and recycle our products at end-of-life, they will either end up in landfills, where they can take decades to decompose, often releasing GHG emissions. Alternatively, they may be incinerated, which also contributes to the release of GHG emissions.

IN 2024, THE GHG EMISSIONS ASSOCIATED WITH THE END-OF-LIFE OF OUR PRODUCTS ACCOUNTED FOR 3% OF OUR TOTAL GHG EMISSIONS

Addressing the end-of-life impacts is crucial to reduce the overall carbon footprint of our products and move towards a circular economy, where materials are reused, recycled or repurposed, rather than discarded. This shift can help lower GHG emissions, reduce waste and conserve natural resources.

Scaling up circularity

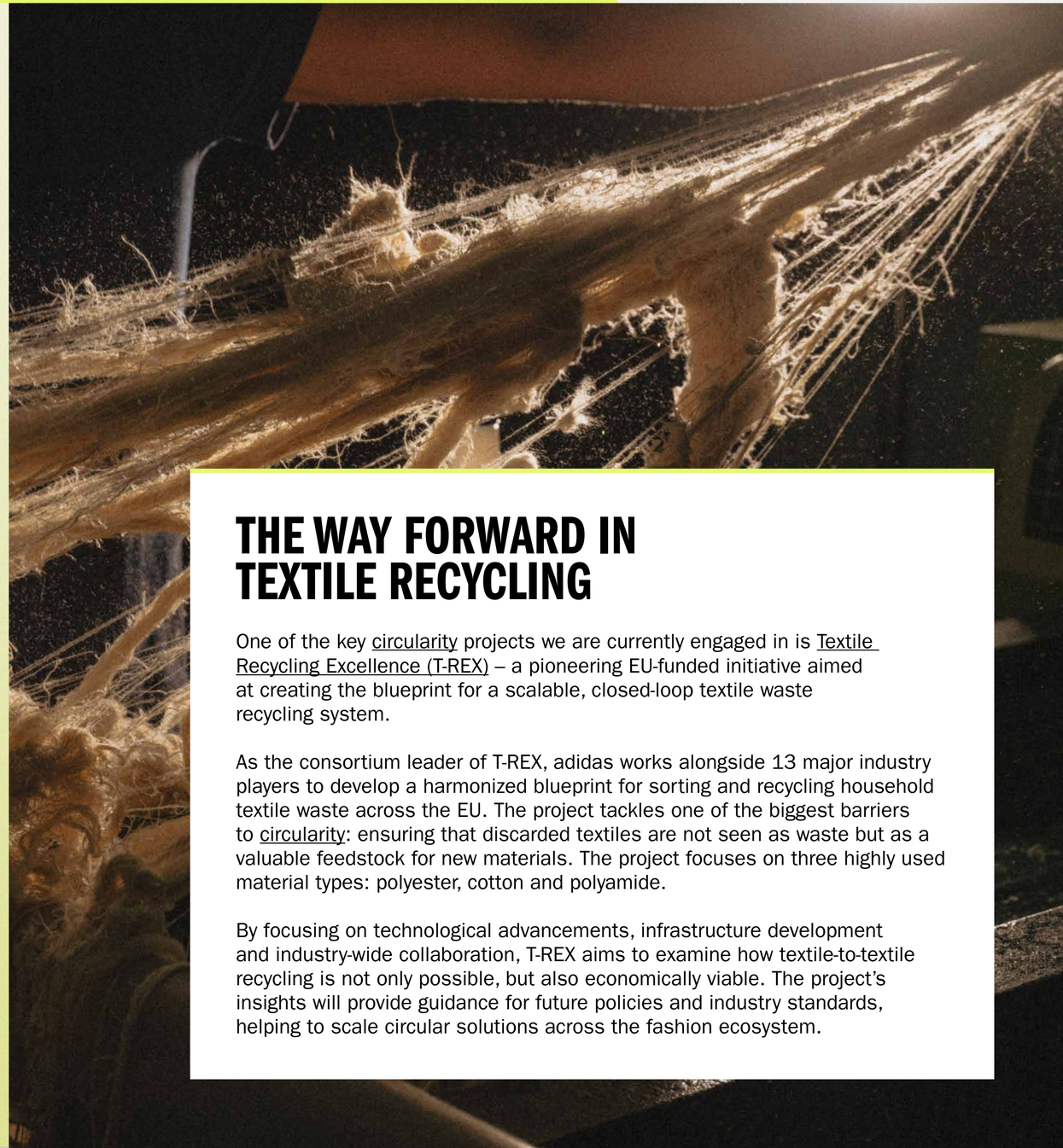
At adidas, we define circularity as maintaining the value of products and materials at their highest level for as long as possible.

As part of the Made To Be Remade (MTBR) initiative, adidas has developed end-of-life solutions for a dedicated range of products, with the objective that, once returned, the product components can be remade into something new. The first product was a running shoe called Futurecraft.Loop, which was launched in 2019; we successfully expanded the concept into a comprehensive MTBR apparel and footwear collection across various categories through to our 2023 collections.

Over the years, we have recognized that effective circular services necessitate close collaboration with partners across the supply chain, including the collection, sorting, and recycling of waste materials. Building this circular environment as a stand-alone solution for a single company is not feasible. Therefore, we have focused our efforts and resources on supporting multi-stakeholder initiatives aiming to create a circular ecosystem for the apparel and footwear industry.

Making products that last

adidas ensures product durability and longevity by implementing rigorous testing standards at every stage—from raw material selection to finished goods inspection. All materials and prototypes undergo strict testing protocols, including lab tests, in-line inspections, and post-production testing to confirm they meet defined quality and performance criteria. This comprehensive approach reinforces our commitment to delivering products built to last.



THE WAY FORWARD IN TEXTILE RECYCLING

One of the key circularity projects we are currently engaged in is Textile Recycling Excellence (T-REX) – a pioneering EU-funded initiative aimed at creating the blueprint for a scalable, closed-loop textile waste recycling system.

As the consortium leader of T-REX, adidas works alongside 13 major industry players to develop a harmonized blueprint for sorting and recycling household textile waste across the EU. The project tackles one of the biggest barriers to circularity: ensuring that discarded textiles are not seen as waste but as a valuable feedstock for new materials. The project focuses on three highly used material types: polyester, cotton and polyamide.

By focusing on technological advancements, infrastructure development and industry-wide collaboration, T-REX aims to examine how textile-to-textile recycling is not only possible, but also economically viable. The project's insights will provide guidance for future policies and industry standards, helping to scale circular solutions across the fashion ecosystem.

IMPROVING OUR LOGISTICS

Our logistics and distribution footprint accounts for more than 6% of our total GHG emissions. It covers transport from suppliers to manufacturing units, manufacturing units to distribution centers and from distribution centers to customers.

Transforming transport

The vast majority of our transportation takes place via sea freight and trucks, and only a small proportion (2% in 2024) is via air freight. To support our climate strategy, we continue to explore options with our logistics partners to increase the usage of biofuels and alternative fuels to power vessels and trucks. We also focus on continuously improving our planning and go-to-market capabilities to minimize the use of air freight to deliver products.

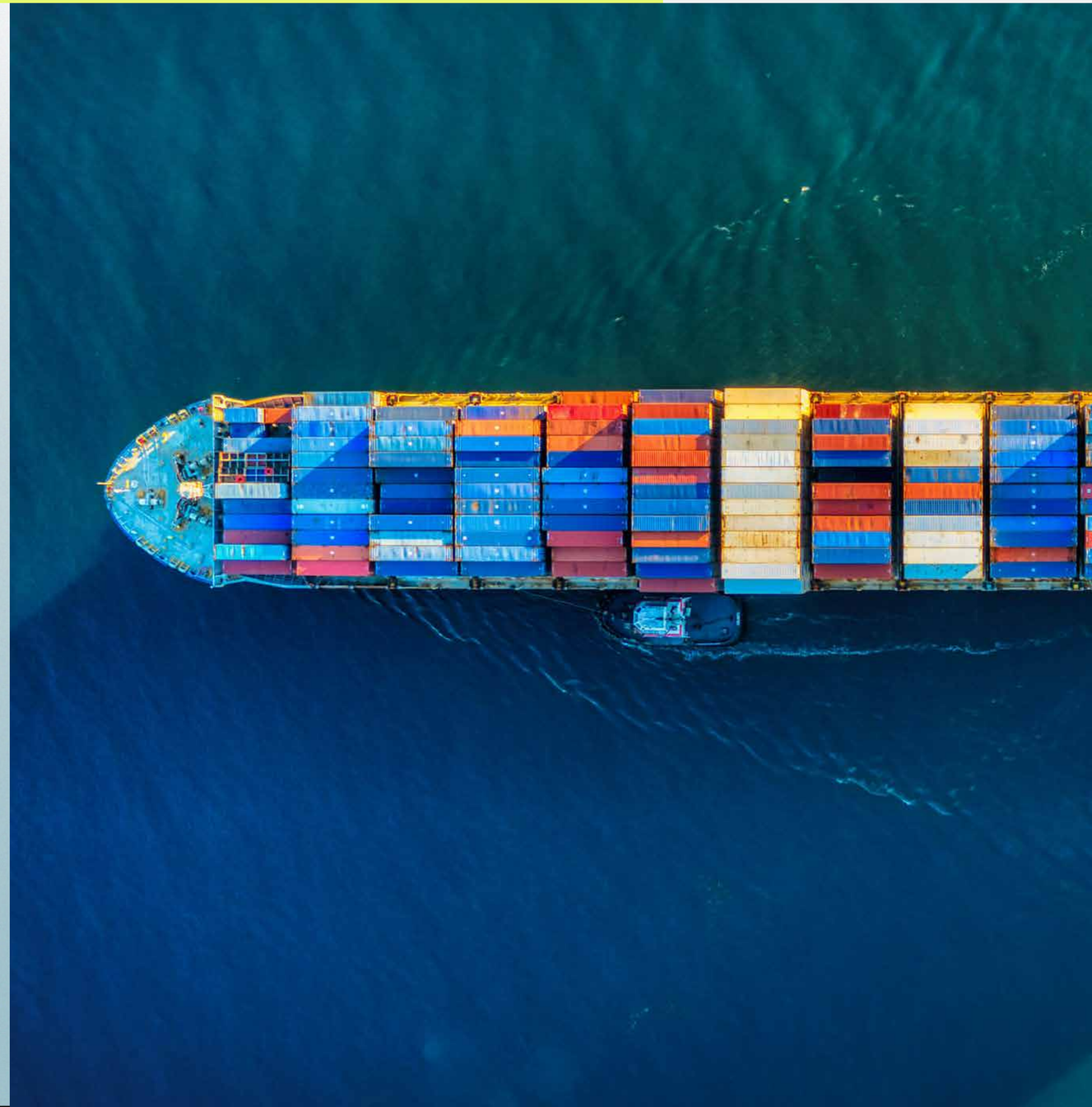
Packaging that protects

Packaging plays a critical role in the logistics process because it protects products during transportation and storage while optimizing space and handling. Packaging also influences factors like shipping costs, storage efficiency and environmental impact.

In the broader scope of logistics, packaging decisions – such as choosing the size, amount and type of packaging material – can significantly affect the efficiency and the sustainability of operations.

We currently focus on reducing the impact of packaging by optimizing box sizes and the number of shipments. Obtaining primary data on packaging is a challenge due to the decentralized (market led) nature of packaging management, as well as the significant number of packaging providers across all the countries. This is why we currently estimate our packaging volumes and the types of packaging materials used. However, we aim to start collecting primary packaging data for key parts of the supply chain in the upcoming years to measure our progress.

- **IN 2024, 87% OF OUR PRIMARY CARDBOARD PACKAGING WAS RECYCLED**
- **IN 2024, 83% OF OUR POLYBAGS WERE MADE OF RECYCLED PLASTIC**

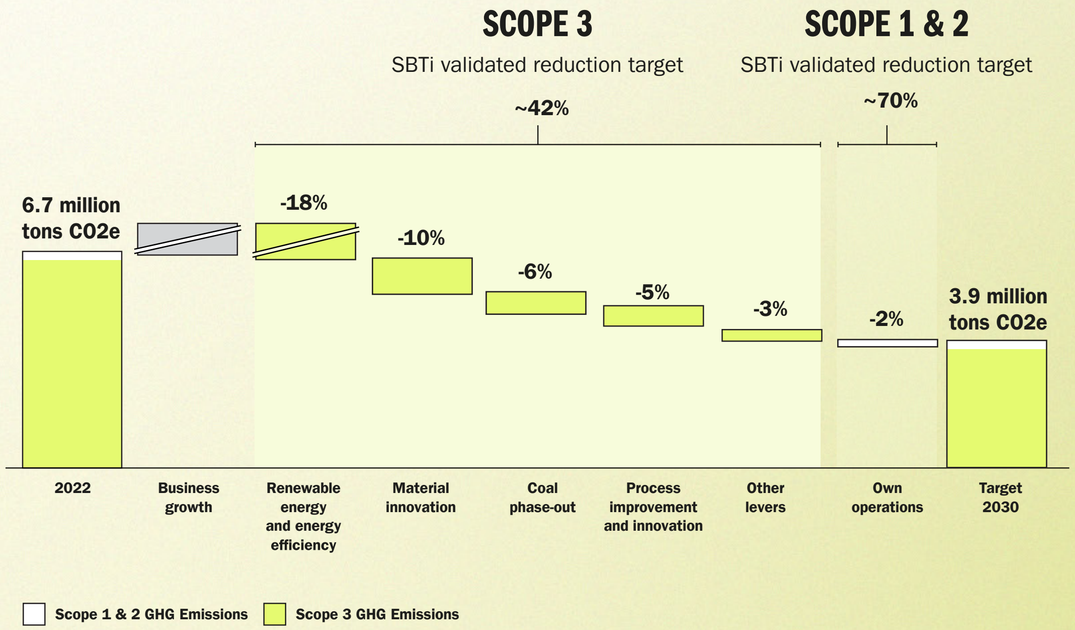


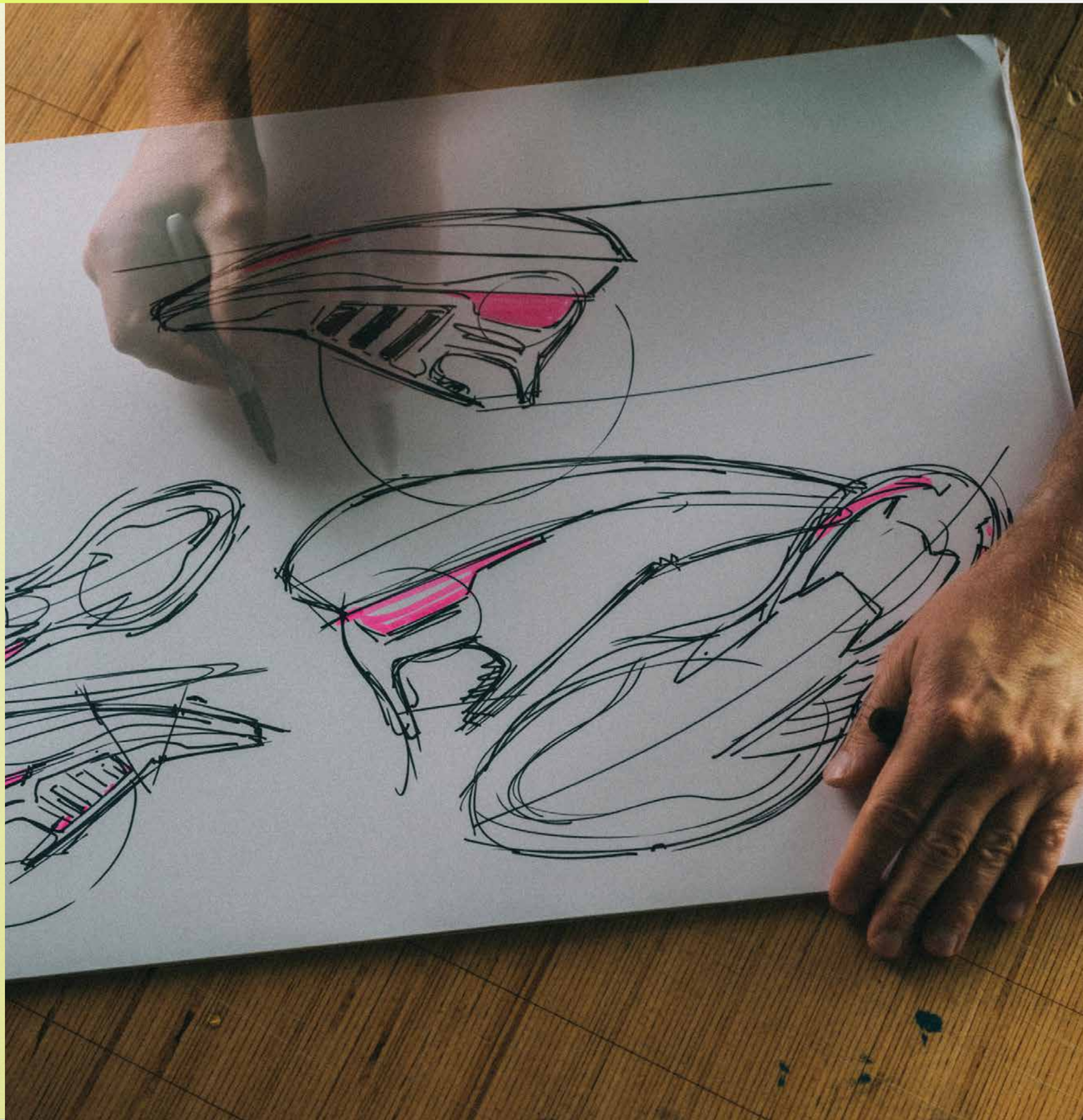
OUR PLAN TO 2030 AT A GLANCE

At adidas, we have set ambitious targets and developed a roadmap to achieve a meaningful reduction. We also recognize the need to address potential additional emissions due to business and production growth to stay on track with our goals. This chart summarizes how much we aim to reduce our emissions in different areas of our business towards our science-based near-term target (excluding use phase emissions).

OUR PROGRESS:

WE REDUCED THE EMISSIONS COMING FROM OUR SCOPE 3 BY 20% IN 2024, COMPARED TO OUR 2022 BASELINE





OUR VISION FOR 2050

While our path to 2050 is not yet fully defined, our approach is to continuously assess and invest in scalable innovations, collaborate with industry partners, and remain agile in adapting to technological and regulatory developments. By balancing near-term action with long-term innovation, we're committed to driving meaningful change.

OUR TARGET:

BY 2050, WE AIM TO REDUCE OUR EMISSIONS ACROSS SCOPE 1, 2, AND 3 BY 90% AGAINST A 2022 BASELINE

In addition to the levers we are already working on today, our 2050 ambition also relies on breakthrough innovations and technologies that are currently not yet fully developed or commercially available at scale. These are expected to account for up to 45% of our total emission reduction needed by 2050. We are not considering the use of carbon offsets in our ambition towards a 90% emission reduction by 2050.

Our first milestone: 44% Reduction by 2030 (total reduction from Scope 1, 2 and 3)

Our comprehensive plan for our 2030 ambition includes reducing emissions in our own operations (2% reduction) and our Scope 3 emissions (42% reduction). Our key Scope 3 emission reduction initiatives include using renewable energy and energy efficiency at our suppliers (18% reduction), material innovations (10% reduction), phasing out coal (6% reduction), driving process improvement and innovation (5% reduction), and other decarbonization levers such as recycled packaging or alternative fuels for transport (3% reduction). With these initiatives, we are aiming towards our first milestone of reducing our impacts by 44% by 2030. Beyond 2030, we are planning to continue to implement these initiatives.

Our appproach to 2050: An additional 46% reduction

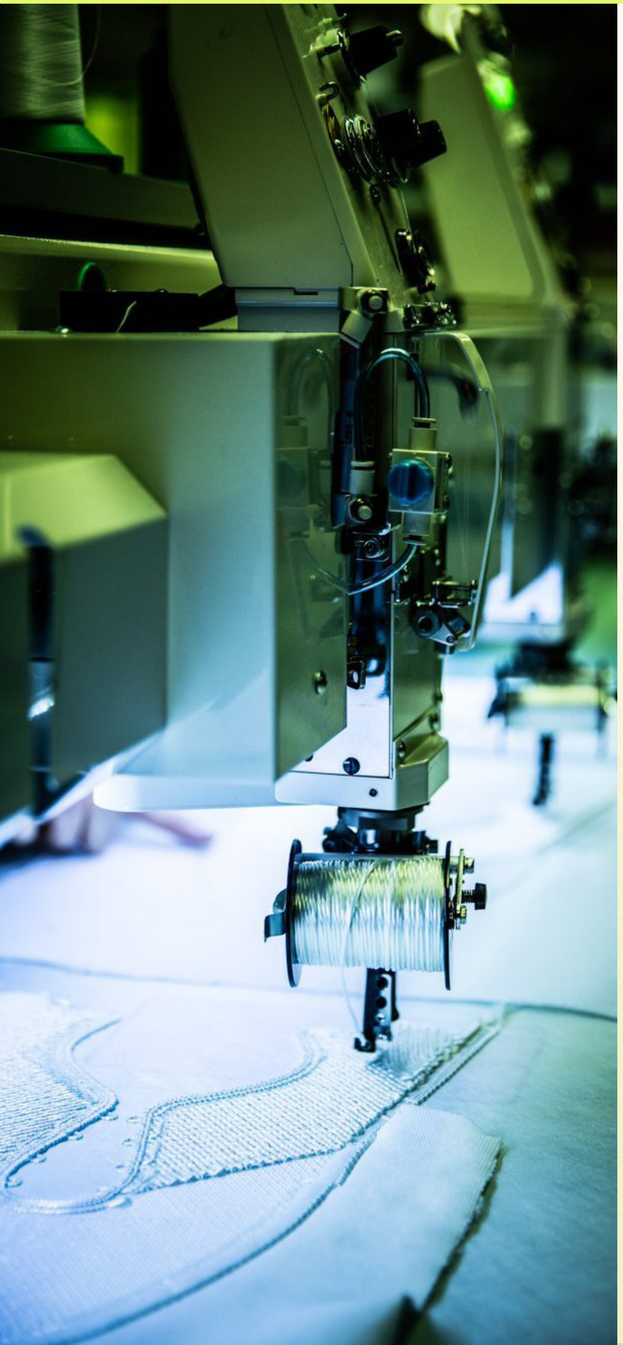
As we aim towards 2050, we recognize that our long-term ambition will additionally require breakthrough innovations and new technologies that are not yet fully developed or commercially available at scale. While only a small additional reduction will come from further improvements in our Scope 1 and 2 (1%), we are expecting the majority of reductions to come from our Scope 3 emissions (45%). Among these reductions, there are material and technology levers that we already know today and are planning to scale on our path to 2050, such as using renewable energy, scaling recycled and renewable materials, and lower carbon dyeing processes. However, we recognize that achieving our goals will also depend on the development of new technologies and materials. As such, we are aware that there is still a gap that is unknown and heavily dependent on yet-to-be-developed technology, but our plan also highlights the key areas and levers we intend to focus on as we work toward our long-term ambition.

BIOTEXFUTURE – PIONEERING BIO-BASED MATERIALS IN TEXTILES

adidas co-leads the BIOTEXFUTURE initiative with RWTH Aachen University, an innovation platform funded by the German Federal Ministry of Education and Research. The goal is to transform the textile value chain by moving from fossil-based inputs to renewable, bio-based materials and processes.

The initiative supports research into new raw materials and technologies - from biomass and captured carbon to agricultural residues. Projects include ALGAETEX, which explores algae-derived biopolymers as textile fibers; CO_2TEX, which aims to turn captured carbon into elastic fibers; and BIOCOAT, which is developing bio-based finishing treatments to replace conventional chemical coatings. BIOTURF is reimagining artificial turf with monomaterial structure based on a bio-based alternatives to petroleum-based plastics and rubber.

adidas' role in BIOTEXFUTURE demonstrates our commitment to advancing future materials that reduce environmental impact, particularly in raw materials and manufacturing, where today's options are limited.



2050 LEVERS

Our Scope 1 and 2 emissions (1% reduction)

In our own operations, we will continue to improve energy efficiency and fully transition to renewable electricity including further implementation of on-site renewable energy production whenever possible. As we progress, we will explore new technologies such as energy storage solutions, smart energy management, and emerging low-carbon heat alternatives to ensure our facilities operate with minimal environmental impact.

Our Scope 3 emissions: Innovations and technologies not yet fully developed (45% reduction)

The majority of the emissions reductions required as we aim towards our 2050 target – approximately 45% – will come from reducing our Scope 3 emissions. While we are already pursuing key levers such as the transition to renewable energy and the adoption of low-carbon materials and processes, a significant portion of the required reductions will depend on breakthrough innovations that are still emerging or not yet available at scale. Although we cannot yet quantify the exact contribution of each solution, we are actively investing in research, strategic partnerships, and pilot initiatives to accelerate their development.

Innovative materials

Materials will play a critical role in further reducing our emissions. We are evaluating the use of of low-carbon alternatives – such as bio-fabricated leather, biosynthetics derived from renewable sources like algae, and carbon capture and utilization (CCU) technologies that transform captured CO_2 into textiles. Additionally, we are exploring alternative cultivation methods, including regenerative agricultural practices that enhance soil health and improve carbon sequestration, as well as fibers derived from agricultural waste. While chemical recycling solutions like textile-to-textile polyester recycling are not currently factored into our primary carbon reduction levers, they remain an important innovation area for the future.

Renewable energy, energy efficiency and processes electrification

Reducing the impacts coming from energy use at our suppliers' factories will be another key pillar of our transition. While our suppliers have made significant strides in transitioning away from coal-fired boilers, further scaling renewable energy usage across our suppliers' factories will require new technologies and infrastructure investments. Electrification of manufacturing processes will be a priority, alongside improving storage solutions to optimize the use of on-site renewable electricity. Where direct electrification is not yet feasible, we will explore alternative fuel or technologies as and when they become commercially available for the production processes that are traditionally reliant on fossil fuels.

New business models

Beyond materials and energy, rethinking our business model is essential to reducing emissions and resource consumption. We are already piloting new models, such as rental and resale programs, that extend the lifespan of our products and reduce the need for virgin materials. Expanding repair services will further help consumers extend the lifetime of their adidas products. By embedding circularity into our business, we aim to decouple our growth from resource use and minimize waste across the product lifecycle.

Advocating for greater impact

Achieving systemic change requires collaboration beyond our own business. We are committed to engaging with policymakers to advocate for a regulatory environment that supports sustainability and emissions reductions. By working closely with industry peers, we aim to drive collective action, share best practices, and accelerate the transition toward a lower carbon economy. At the same time, we recognize the power of consumer engagement and will continue to inspire and educate athletes, sports communities, and customers on the importance of environmental sustainability.

While the technologies and solutions available today will help us reach our near-term targets, the path towards 2050 will require continued innovation, investment, and collaboration. By embracing emerging solutions, scaling circular business models, and advocating for broader industry transformation, we are committed to reducing our impact while maintaining our commitment to high-performance products.

Carbon capture and utilization (CCU):
A process in which CO2 is removed from the atmosphere and then used to produce a new material/product (aligned with SBTi, 2025).

OUR NET-ZERO AMBITION

According to the IPCC (2018), net-zero emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period of time. Put simply, net zero emissions mean that the amount of greenhouse gases we emit into the atmosphere is equal to the amount we remove.

BEYOND OUR 90% TARGET, WE CONSIDER NEUTRALIZING THE REMAINING (UP TO 10%) OF OUR ABSOLUTE EMISSIONS FOR WHICH REDUCTION ACTIONS AREN'T VIABLE. IN LINE WITH SBTI, WE WILL NEUTRALIZE (OFFSET) THESE REMAINING EMISSIONS THROUGH HIGH-QUALITY, PERMANENT CARBON REMOVAL SOLUTIONS.

This means we aim to directly reduce 90% of our emissions, and for the remaining 10%, we plan to balance them by investing in carbon credits that support emission reduction projects outside our own value chain. We will ensure that we invest only in certified high-quality projects that will ensure additionality, permanence, exclusivity and with environmental and social safeguards.

OUR APPROACH TO CARBON OFFSETTING

Our primary focus in the short- and medium-term is to maximize our GHG emissions reduction through efficient and sustainable long-term solutions, as opposed to relying on simply offsetting our GHG emissions as a substitute for real internal change. This is in line with the guidance set out by the Science Based Targets initiative (SBTi).

In the long-term, we are conscious that there will be emissions in our value chain for which reduction actions aren't viable. In line with SBTi's Corporate Net Zero Standard, we are planning to neutralize these residual emissions (up to 10%) through high-quality permanent carbon removal solutions. We will ensure that we invest only in certified, high-quality projects that will ensure additionality, independently verified removals, permanence, exclusivity, and strong environmental and social safeguards.

OUR PATH TO 2050

ACHIEVEMENTS

In recent years, we have achieved important milestones in our efforts to reduce emissions. One key success was advancing the replacement of coal boilers at our suppliers, contributing significantly to lower carbon emissions. In addition, we now use more than 99% recycled polyester across our products and have improved production planning to increase resource efficiency and further minimize emissions.

CURRENT FOCUS

We are actively driving emission reductions in Scope 1 and 2 (2% reduction) by increasing energy efficiency and expanding the generation and procurement of renewable energy. For Scope 3 (42% reduction), we focus on scaling renewable electricity use and improving energy efficiency. Measures also include further replacing of coal boilers and introducing lower-carbon solutions across material processing, manufacturing, and product assembly, alongside innovations in low-carbon material development.

FUTURE STRATEGY

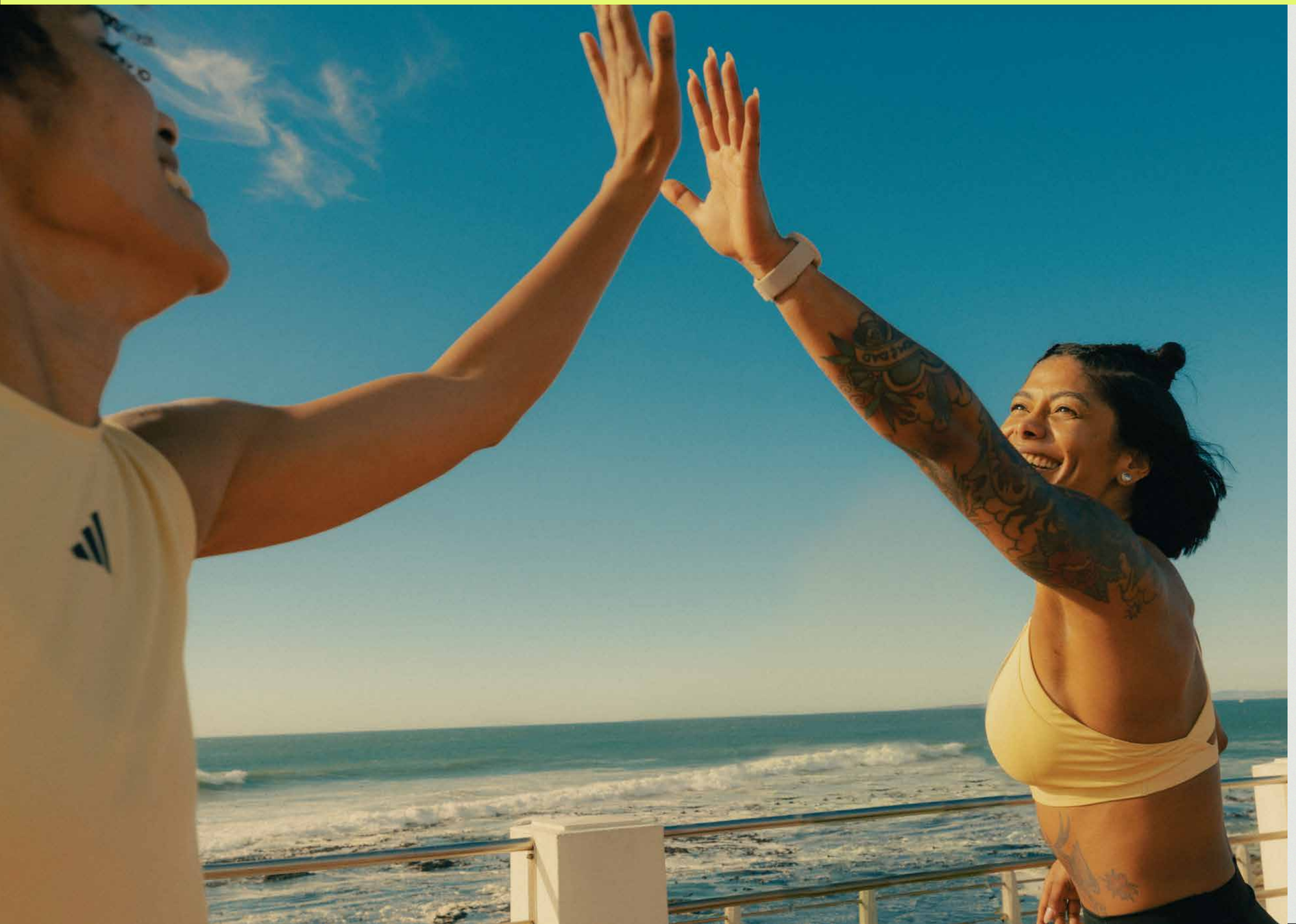
Looking ahead, we are working to accelerate reductions in Scope 1 and 2 (1% reduction) by further improving energy efficiency and expanding the use of renewable energy. In Scope 3 (45% reduction), we are focusing on both scaling existing solutions and advancing new materials and technologies that are not yet fully developed or widely available. These innovations include, e.g., bio-fabricated leather, biosynthetics, carbon-capture-based fibers, hydrogen-based fuels, and circular business models.

2050 AND BEYOND

We recognize that some residual emissions - up to 10% - may remain. To address these, we will invest in high-quality carbon removal solutions to balance our impact.

Section 4:

DRIVING CHANGE TOGETHER



THIS IS FOR EVERYONE

It's essential that our journey towards a lower-carbon future is inclusive and equitable. This means balancing environmental sustainability with social responsibility, ensuring no one is left behind as we decarbonize our operations. This approach is known as a 'just transition'.

To justly work towards our ambitious climate goals, we'll focus on three key areas:

1. Protecting the rights and interests of workers and local communities, as we transition away from carbon-intensive processes and materials.

2. Ensuring collaboration and engagement. We'll engage in ongoing dialogue with workers, suppliers, local communities and other stakeholders to ensure that their needs and perspectives are incorporated into our climate action plans.

3. Fostering inclusive partnerships. Only through industry and community based partnerships can we address the social, economic, and environmental impacts of decarbonization together. And, in doing so, seek equitable solutions.

EMBRACING THE TRANSITION, TOGETHER

When it comes to reducing GHG emissions in the fashion sector, collaboration – internally as well as externally – is at the heart of achieving sustainable, systemic change.

Connecting outwards

- Externally, we're part of multiple organizations and initiatives that aim to drive the adoption of lower-carbon processes and renewable energy across the industry.
- We're a member of the **UNFCCC Fashion Industry Charter** for Climate Action Steering Committee, aiming to drive the textile, clothing, and manufacturing industry toward net-zero GHG emissions by 2050.
- We're a member of the **Fashion Pact**, which aims to create capacity at suppliers to adopt renewable energy and also appeal to governments in sourcing countries for the need to scale up their renewable energy portfolio and capacity.
- We're part of the **Fashion for Good** network, which aims to accelerate and scale sustainable innovation in the apparel industry.
- As a member of the **World Federation of the Sporting Goods Industry (WFSGI)**, and as chair of its ESG committee, we're helping to find ways for the industry to decarbonize in a joined-up fashion.

Move For The Planet

- Move For The Planet is our yearly global initiative that focuses on sustainability education and improving sports facilities. By signing up, consumers can turn their collective movement into collective impact for local communities. In 2025 alone, over 2.7 million people signed up worldwide and tracked over 630 million minutes of movement in the adidas Running app and Strava. We pledged to donate €1 to partner organizations Common Goal and United Nations Climate Change for every ten minutes of movement logged, up to €1.5 million. The funds raised support projects that provide education on sustainability and help make sports facilities more resilient against extreme weather conditions, such as heat waves and flooding.

Connecting inwards

Internally, it's vital that our climate transition action plan is woven throughout everything we do at a governance and structural level. ESG and sustainability considerations are embedded into decision-making at the highest levels, ensuring alignment with our corporate strategy, regulatory obligations and risk management frameworks.

- The **Executive Board** receives regular reports from ESG-related functions, including progress updates on material impact areas and sustainability targets. A decarbonization performance dimension is incorporated into the variable compensation system for Executive Board members to align executive decision-making with our long-term sustainability goals and stakeholder interests.
- The **Supervisory Board** supervises and advises the Executive Board on questions relating to the management of the company. The supervision and advice also include sustainability issues.
- A **central Sustainability and ESG function**, reporting directly to the CEO steers adidas' sustainability direction, including decarbonization, by overseeing target-setting for material environmental and social impacts, identifying risks and opportunities, and ensuring regulatory compliance and alignment across the business.
- The **Sustainability / ESG Steering Board** is composed of senior representatives from different functions across the company. It ensures cross-functional alignment, transparent end-to-end management and execution of agreed-upon sustainability and ESG goals. It aims to guide and embed sustainability and ESG within adidas' functions, enable transformation, ensure regulatory readiness, and enable related reporting and risk management. Additionally, it drives communication and stakeholder engagement.
- Our **ESG Regulation Board**, established in 2022, ensures that adidas remains on track with evolving regulations and disclosures. It is linked to the SSB through a shared sponsor to maintain alignment.

BALANCING OPPORTUNITES AND RISKS

As a global business, we continuously assess climate risks and opportunities. In 2024, we evolved our assessment process by using climate scenario analysis, as well as different time horizons which include short-, medium-, and long-term (up to 2050) timeframes. This confirmed our previous findings that the overall GHG emission levels will be an important factor influencing the magnitude of risks to, and opportunities for, our operations. Moreover, these risks and opportunities will gain relevance for our business, especially in the medium- and long-term.

When it comes to developing lower-carbon products, the benefits to our customers – and to our business – are clear:

- We're developing business resilience to climate change.
- We're addressing consumer preferences.
- We're creating a competitive advantage and catering to increasing consumer demand.
- We're becoming more attractive to our own and potential employees.

However, it's also vital that we transparently acknowledge and communicate the environmental business risks.

Physical risks

Extreme weather events and changes in the overall weather patterns could:

- Impact both our business partners and our own operations. This includes potential damage to facilities and inventories, as well as disruptions to production and distribution. For our partners, this may lead to higher operating costs that could be passed on to us. For adidas, it could result in increased insurance and operational expenses, as well as potential revenue losses due to interruptions in our own business activities.
- Negatively affect the health and productivity of both our own workforce and that of our business partners, potentially leading to lower efficiency and increased operational challenges across our supply chain.
- Lead to business interruptions and disruptions within our supply chain, such as interruptions in key transport routes or port operations. In turn, these could result in lower revenues and higher insurance and operating costs for business partners and, eventually, in higher cost of sales for adidas.
- Reduce the availability of existing materials, which may result in increased costs. At the same time, the higher demand for (and potentially limited availability of) lower carbon technologies could lead to higher operating costs for our business partners and, eventually, result in higher cost of sales for adidas.

Transition risks

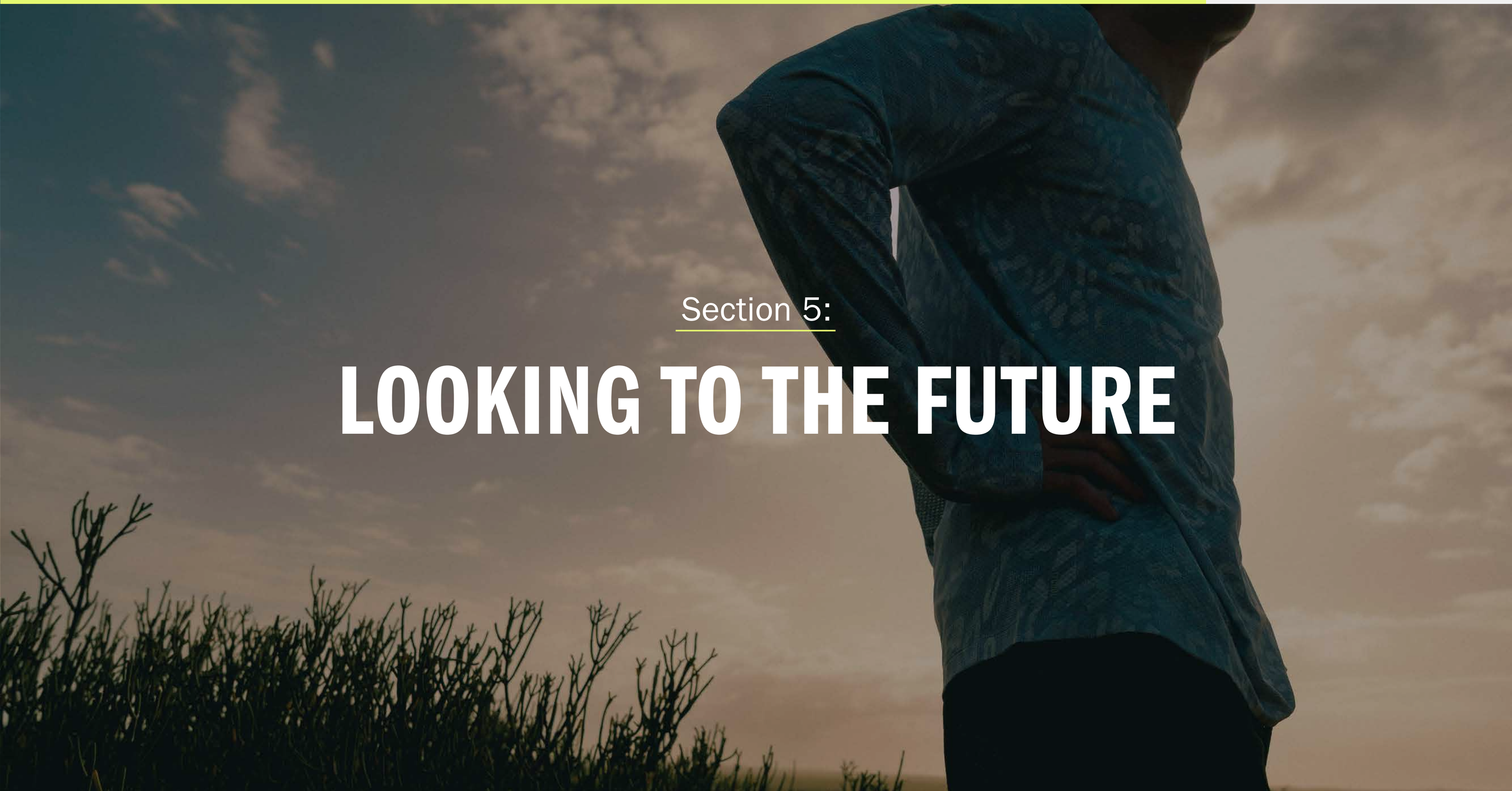
- We expect an increase in regulations from authorities aimed at preventing or reducing GHG emissions. This could lead to increased exposure to direct and indirect carbon pricing as well as product-related regulations and requirements. In turn, these could result in increased operating costs and reporting requirements. An increase in regulation could also lead to higher exposure to litigation for non-compliance, both for adidas and our business partners.
- Although our Scope 1 and 2 GHG emissions are a very small portion of our overall GHG emissions, the expectation from various stakeholders is that we maintain our long-term approach in managing and reporting Scope 1 and 2 GHG emissions in a systematic way and that we show progress toward reducing them. Failure to do so could lead to reputational risks.
- The transition to a lower-carbon economy could influence consumers' preferences and expectations toward brands and products, negatively impacting sales and market share if expectations are not met.

Conclusion

Based on our most recent analysis, our agile and flexible operating model - when it comes to product design, material selection, and sourcing locations - means that our business is sufficiently resilient to climate change in the foreseeable future - but only if we keep adapting.

Physical risks: Risks resulting from climate change that can be event-driven (acute) or due to longer-term shifts (chronic) in climate patterns - such as extreme weather events, rising sea levels, and increasing temperatures.

Transition risks: Risks associated with the shift to a lower-carbon economy, including regulatory and legal changes, technological developments, market dynamics, and evolving stakeholder expectations.



Section 5:

LOOKING TO THE FUTURE

OUR ROADMAP FOR FUTURE IMPROVEMENTS

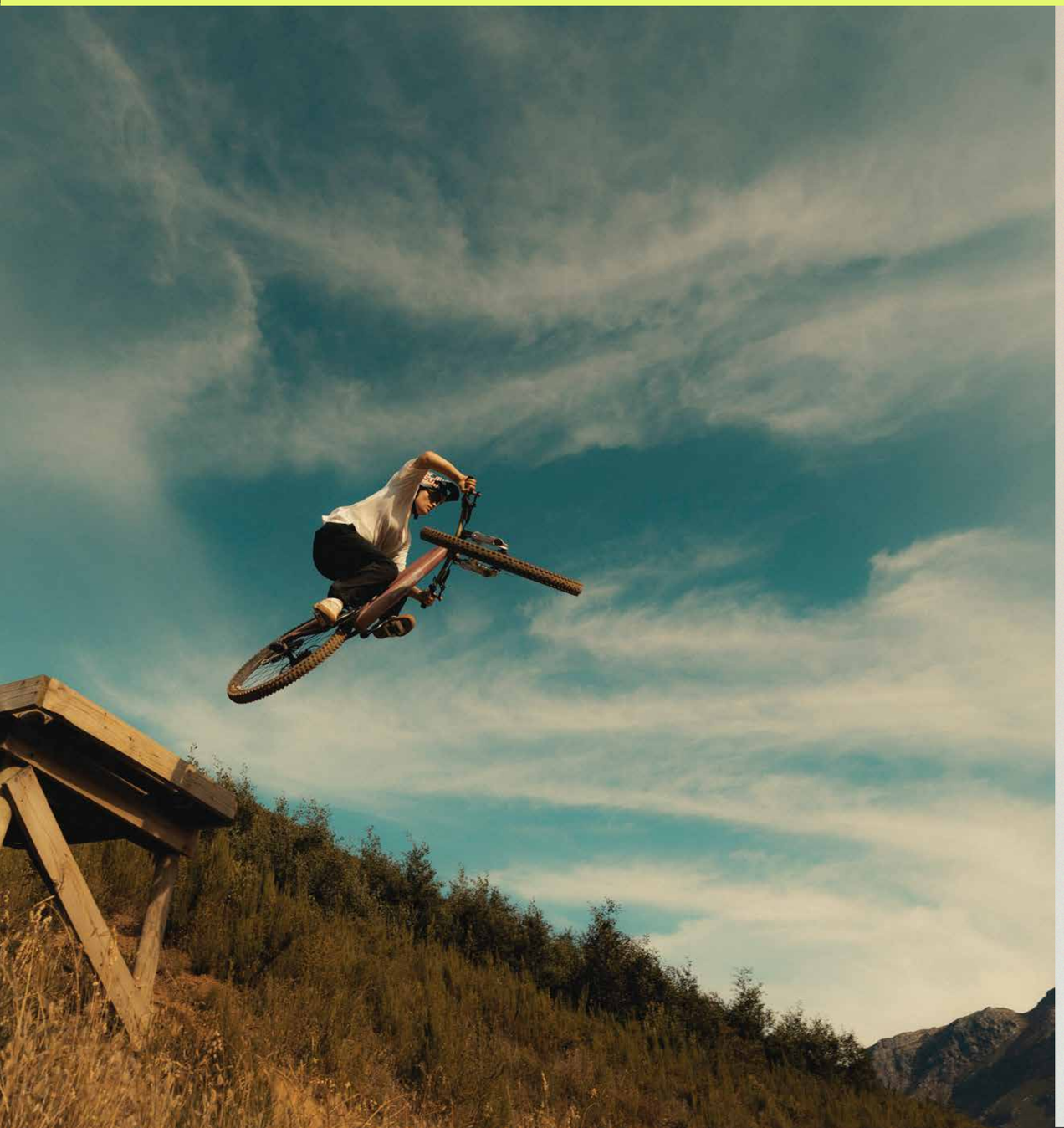
We're committed to continuous improvement when it comes to our sustainability and decarbonization efforts. To maintain our momentum and progress, we're focusing on the following areas:

Further advancing supplier engagement: We'll further standardize and digitize data collection processes to enhance the quality and consistency of supplier-reported data, integrating it more seamlessly into our sustainability tracking systems.

Expanding primary data collection: We're working to increase the share of primary data, particularly in our supply chain GHG emissions, by collaborating more closely with direct and indirect suppliers, logistics providers, and other partners.

Integrating with business decision-making: We're embedding footprint data more deeply into product development to enable teams to make real-time, sustainability-driven design choices.

Upgrading modeling and forecasting: Beyond measuring our current impact, we're exploring advanced modeling capabilities to assess future GHG emissions trajectories and evaluate mitigation strategies more proactively.



PURSUING POSSIBILITIES

We're proud of our progress. But it's our responsibility to keep improving on what's been done before. To constantly pursue better.

Our journey toward a sustainable future is far from over, but it's one we approach with unwavering commitment. Guided by our belief in the power of sport to change lives, we see a world where our actions today have the opportunities of tomorrow in mind – for athletes, fans, and communities everywhere.

The challenges ahead are undeniable. Yet, within these challenges lies an extraordinary opportunity: the chance to lead, innovate and inspire meaningful change. By transforming the way we operate, embracing bold, science-based targets, we're proving that progress is possible – not just for us, but for the entire sports industry.

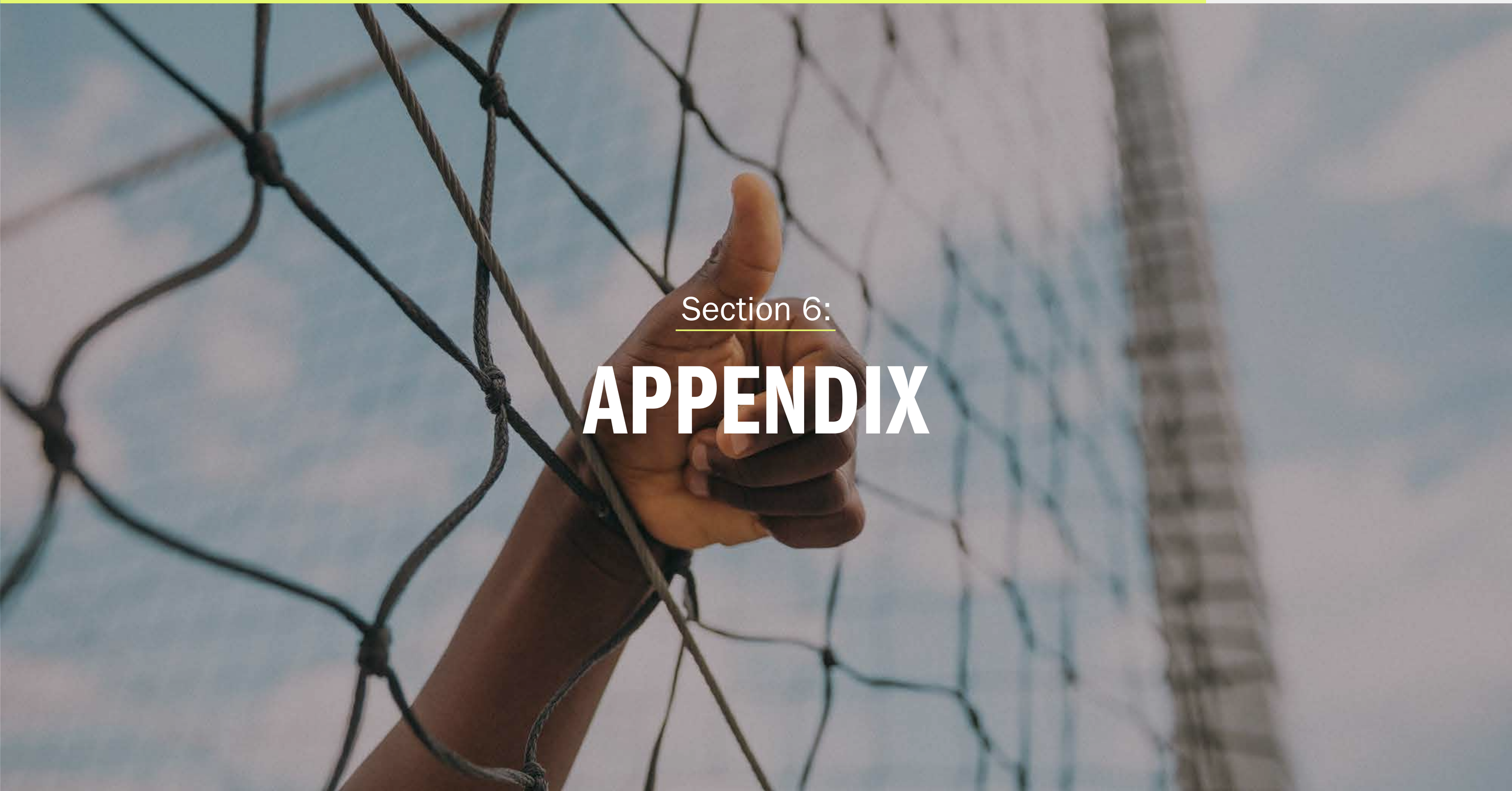
Our Climate Transition Action Plan is more than an ambition; it's a call to action. Along this path, we'll continue to rethink our materials, processes and partnerships, building on the foundations we've laid and pushing the boundaries of what is possible.

But we also know we can't do it alone. Collaboration will remain central to our efforts, as we work with industry peers, policymakers and communities to drive systemic change. Together, we can amplify our impact, sharing knowledge and tools that inspire others to act boldly in the face of the climate crisis.

We invite everyone – our partners, stakeholders, and fans – to join us in this mission. Because the road to reduce our emissions is one we must all walk together. While the challenges are great, so too is our resolve to overcome them.

Through sport, we have the power to change lives.

Thank you for being part of this journey. Let's keep moving forward, united in purpose and driven by possibility.



Section 6:

APPENDIX

DISCLAIMER

Our Climate Transition Action Plan contains forward-looking statements that reflect Management's current view with respect to the future development of our company. The outlook is based on estimates that we have made on the basis of all the information available to us at the time of completion of this text. In addition, such forward-looking statements are subject to uncertainties that are beyond the control of the company. In case the underlying assumptions turn out to be incorrect or described risks or opportunities materialize, actual results and developments may materially deviate (negatively or positively) from those expressed by such statements.

GLOSSARY OF TERMS

This climate glossary offers definitions for key terms related to our Climate Transition Action Plan, drawing from widely recognized organizations and institutions, such as the Science Based Targets initiative (SBTi), which provides the framework for our science-based climate targets. While not exhaustive, the list aims to clarify the most important terms used in the context of our climate strategy.

Absolute emissions: Absolute emissions refer to the total amount of greenhouse gases (GHGs) released by an organization, measured in mass or tons of carbon dioxide equivalent (CO2e) (aligned with SBTi, 2025).

Carbon capture and utilization (CCU): A process in which CO2 is removed from the atmosphere and then used to produce a new material/product (aligned with SBTi, 2025).

Carbon dioxide equivalent (CO2e): Carbon dioxide equivalent (CO2e) is the universal unit of measurement used to indicate the global warming potential of each of the greenhouse gases (GHG). It describes the radiative forcing impact (or degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of carbon dioxide. Converting emissions from gases other than CO2 into CO2e units allows for easier comparison of their effects as well as understand the overall effect of GHG emissions on the climate (aligned with IPCC, 2025).

Circularity: As aligned with the United Nations Environment Programme, for adidas circularity means keeping the value of products and materials at the highest level for as long as possible (UNEP, 2023).

Circular economy: The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended (European Parliament).

Conversion-free: Conversion-free refers to the production and sourcing of commodities or financial investments that do not cause or contribute to the conversion of natural ecosystems (Accountability Framework).

Decarbonization: Decarbonization means the reduction of GHG emissions (SBTi, 2025).

Deforestation-free: Deforestation-free refers to the production and sourcing of commodities or financial investments that do not cause or contribute to the loss of natural forest (Accountability Framework).

Energy attribute certificates (EACs): Energy attribute certificates (EACs) are contractual instruments that certify the production of renewable and/or low carbon energy (aligned with EPA, 2025).

Entire business: For the scope of carbon accounting, we use the term ‘entire business’ in relation to all activities as defined under our Scope 1, 2 and 3. This covers all activities related to our own operations and our products.

FLAG (forestry, land and agriculture) emissions: GHG emissions from agriculture, forestry, and other land use (also called AFOLU), including GHG emissions associated with land use change (LUC) and land management (SBTi, 2025).

Greenhouse gas (GHG) emissions: Greenhouse gas (GHG) emissions are gases that trap heat in the Earth’s atmosphere, a process called the greenhouse effect. Human activities, such as burning fossil fuels, increase the release of these gases, contributing to global warming and climate change (IPCC, 2018).

Life cycle assessment (LCA): A life cycle assessment is a process of evaluating the impact that a product or process has on the environment over different stages of its life. In an LCA, different impact categories are considered, such as the impact on the climate which is expressed in CO2 (aligned with EEA, 2025).

Lower-carbon fibers/materials/processes: Fibers, materials or processes that generate lower levels of CO2e when compared to the conventional method of production (aligned with Textile Exchange, 2023).

Net-zero: Net-zero emissions are achieved when the amount of greenhouse gases (GHGs) released into the atmosphere by human activities equals the amount of GHGs removed from the atmosphere over a specified period of time (aligned with IPCC, 2018).

Offset/Carbon offsetting: According to the Intergovernmental Panel on Climate Change (IPCC) a carbon offset is a reduction of GHG in order to balance out an emission made elsewhere. Essentially, offsetting refers to buying carbon credits which are tradable units of reduced GHG emissions from projects outside an organization‘s operations (IPCC). However, it’s important to note that buying these credits doesn’t actually reduce the emissions created by the original activity - it’s just compensating for them by funding projects that cut emissions elsewhere. In other words, carbon offsetting doesn’t directly lower the emissions from the activity you’re trying to offset.

Power Purchase Agreement (PPA): Power Purchase Agreements (PPAs) are long-term energy supply agreements concluded directly between a power consumer and a power producer, frequently renewable energy generators. By providing renewable electricity at mutually agreed rates, these contracts foster stability for both parties and promote the adoption of renewable energy sources. There are two main PPA variants:

- **PPAs (Power Purchase Agreement):** The electricity produced is delivered to the buyers physically.
- **VPPAs (Virtual Power Purchase Agreement):** An intermediary utility company handles the transfer of money and energy to and from the power producer on behalf of the buyer (RE100, 2022).

Recycled materials: Recycled materials are reprocessed from recovered materials using a manufacturing process. Recycled materials are incorporated into materials, components or products (aligned with ISO 5157).

Regenerative agriculture: Regenerative agriculture refers to holistic farming systems that, among other benefits, improve water and air quality, enhance ecosystem biodiversity, produce nutrient-dense food, and store carbon to help mitigate the effects of climate change (FAO, 2025).

GLOSSARY OF TERMS

Renewable energy: Renewable energy refers to energy from sources that replenish (or renew) themselves naturally (RE100, 2022). At adidas, the following sources are considered renewable energy sources: solar, wind, sustainably sourced biomass (including biogas), geothermal, sustainably generated hydropower.

Renewable materials: Renewable materials are composed of biomass and can naturally be replenished (Textile Exchange).

Science-based targets (SBTs): Corporate targets to reduce GHG emissions that are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to pursue efforts to limit warming to 1.5°C (SBTi, 2025).

Science Based Targets initiative (SBTi): The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis. It develops standards, tools, and guidance which allow companies to set greenhouse gas (GHG) emission reduction targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at the latest (SBTi, 2025).

Scope 1 GHG emissions: Scope 1 GHG emissions are direct GHG emissions from operations owned or controlled by an organization (SBTi, 2025).

Scope 2 GHG emissions: Scope 2 GHG emissions are indirect GHG emissions associated with the generation of purchased or acquired electricity, steam, heating or cooling consumed by an organization (SBTi, 2025).

Scope 3 GHG emissions: Scope 3 emissions are indirect GHG emissions (other than those covered in Scope 2) that occur from activities not directly controlled by the organization. adidas includes emissions from the categories purchased goods and services, fuel- and energy-related activities, upstream and downstream transportation and distribution, business travel, end-of-life treatment of sold products and downstream leased assets in its 2030 ambition (SBTi, 2025).

Tier 1 suppliers: Tier 1 suppliers to adidas are suppliers responsible for the assembly of products, such as sewing t-shirts or assembling shoes.

Tier 2 suppliers: Tier 2 suppliers to adidas are suppliers processing materials and manufacturing product parts, such as molding shoe soles.

Tier 3 suppliers: Tier 3 suppliers to adidas are suppliers spinning fibers into yarn.

Tier 4 suppliers: Tier 4 suppliers to adidas are suppliers responsible for the extraction and production of raw materials such as cotton or recycled polyester.