

Adidas AG (Adidas)

TICKER
ETR:ADS

MARKET CAPITALISATION
US\$45.34 billion

HEADQUARTERS
Germany

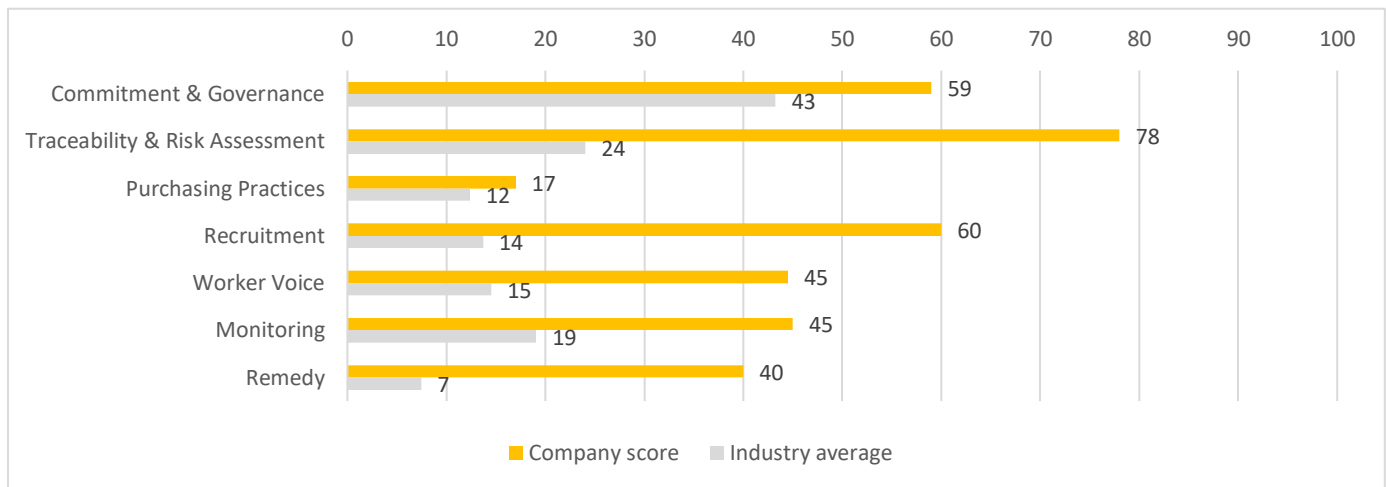
DISCLOSURES
UK Modern Slavery Act: [Yes](#)
California Transparency in Supply Chains Act: [Yes](#)
Australia Modern Slavery Act: [Yes](#)
OVERALL RANKING

3 out of 65

[2021 Rank:](#) 2 out of 37

OVERALL SCORE

55 out of 100

THEME-LEVEL SCORES

KEY DATA POINTS
FIRST-TIER SUPPLIER LIST

Yes

RISK ASSESSMENT

Yes

DATA ON PURCHASING PRACTICES
 No

ENGAGED WITH KNOWTHECHAIN²

Yes

NO-FEE POLICY

Yes (Employer Pays Principle)

REMEDY FOR SUPPLY CHAIN WORKERS

Yes

HIGH-RISK RAW MATERIALS¹
 Cotton, Cashmere, Leather, Rubber etc.

SUMMARY

Adidas AG (Adidas), the second-largest sportswear company in the world,³ ranks 3rd out of 65 companies. Compared to 2021, the company does not seem to have taken steps to strengthen its performance and disclosure on forced labour issues within its supply chain. As such, its rank has dropped by one place.⁴ The company's score is based on its stronger performance on the themes of Traceability & Risk Assessment and Recruitment, with poorer performance on the theme of Purchasing Practices. Notably, the company has the second-highest score on the theme of Recruitment and the joint second-highest score on the theme of Traceability & Risk Assessment. However, with a score of 55/100, the company continues to have substantial scope for improvement on its prevention and management of forced labour risks.

KnowTheChain identified one allegation of forced labour in the company's supply chains, related to alleged Uyghur forced labour. The company reports engaging with stakeholders including the Coalition to End Uyghur Forced Labor (CEUFL), the Workers' Rights Consortium, Responsible Sourcing Network (RSN), the Uyghur Human Rights Project, and the Uyghur American Association. However, the company does not disclose detail on the steps it has taken to address the risks of alleged Uyghur forced labour across raw materials and supply chain tiers. The company has an opportunity to improve its performance and disclosure on the themes of Purchasing Practices, Worker Voice, and Remedy.

LEADING PRACTICES

Traceability & Risk Assessment: Adidas discloses supplier lists covering all first-tier and second-tier wet processing facilities, including data on women and migrant workers at first tier. It further discloses raw material sourcing countries for rubber and some for cotton. Adidas also discloses wage data for particular countries including Cambodia, Indonesia, and Vietnam.

Recruitment: Adidas discloses working with the International Organization for Migration's (IOM) CREST programme to assess risk for foreign migrant workers in Taiwan in the second tier of its supply chains, and reports identifying four key sending countries (Indonesia, the Philippines, Thailand, and Vietnam) for migrant workers to Taiwan. It reports providing targeted trainings for private recruitment agencies on responsible recruitment with the IOM, to improve understanding of the International Recruitment Integrity System.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company discloses a Responsible Sourcing & Purchasing Policy which includes buyer commitments to fair practices. The company is encouraged to demonstrate how this policy is implemented by disclosing quantitative data evidencing the implementation of responsible purchasing practices. The company may further consider separating labour costs from price negotiations such that all direct and indirect labour costs are isolated and incorporated as a distinct costing block in pricing. The company should consider integrating [responsible buying practices in its contracts](#) with suppliers, to ensure that the responsibility for respecting human rights is shared.

Worker Voice: While the company is signatory to the International Accord for Health and Safety in the Textile and Garment Industry, to guarantee protections for supply chain workers on freedom of association and collective bargaining, the company is encouraged to enter into global framework agreements and/or enforceable supply chain labour rights agreements with trade unions or worker organisations addressing other supply chain contexts, including in relation to wages, severance, and freedom to organise.⁵ The company is also encouraged to disclose the percentage of suppliers' workers covered by collective bargaining agreements. Further, the company is encouraged to disclose examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers.

Remedy: While the company discloses some information on remedy outcomes for supply chain workers, the company is encouraged to disclose further examples of remedy provided to its suppliers' workers across different supply chain locations. To demonstrate leadership, the company is encouraged to consider actively supporting remediation requests from supply chain workers (e.g. by publicly supporting such requests, or by contributing to funds for affected workers).⁶

¹ For further details on high-risk raw materials and sourcing countries, see KnowTheChain's 2023 apparel & footwear benchmark [findings report](#).

² Research conducted through June 2023 or through September 2023, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

³ All Top Everything (2023), "[Top 10 biggest sportswear brands in the world](#)." Accessed 22 November 2023.

⁴ KnowTheChain's 2022-23 benchmarks use a revised methodology which prioritises a focus on the implementation of policies and processes and the outcomes they result in, as well as integrating a stronger focus on stakeholder engagement. In addition, the number of companies assessed in the ranking has increased from 37 in 2021 to 65 in 2023. See [here](#) for more information.

⁵ Clean Clothes Campaign, "[Pay Your Workers, Respect Labour Rights binding agreement proposal summary](#)."

⁶ The #PayYourWorkers campaign calls for brands to sign a [legally binding agreement](#) which would include signing on to a negotiated severance fund, as well as settling any outstanding wage payments.