



adidas

Banners: adidas, Reebok, Rockport, TaylorMade
 Type of company: Public, AD5G.DE
 Notes:

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain - no evidence of Board-level responsibility for ethical issues in the supply chain.	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -Evidence of an analysis of labour standards as a risk factor in the Annual Report. (<i>Annual Report 2005, p. 108</i>)	100	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain - Strategic monitoring concentrated on high risk factories and those with large volumes of orders (<i>SEA report 2005, p. 24</i>) -Fair Labour Association (FLA) conducts risk assessment to determine which factories will be subject to independent external monitoring <i>p.21-22, FLA Charter document: http://www.fairlabor.org/all/about/FLAcharter.pdf</i>	100	30
Section total score / section weighting	60	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There are "Standards of Engagement" that cover the core ILO conventions. -It does not meet the hours of work standards -It does not include living wage requirements	50	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website <i>http://www.adidas-group.com/en/sustainability/Overview/our_standards/standards_of_engagement.asp</i>	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production <i>Standards of Engagement</i>	100	20
Section total score / section weighting	70	X 15%

3. Stakeholder Engagement

3.1 Membership of multi-stakeholder processes -Member of FLA	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -Ongoing engagement with NGOs and trade unions including engagement in the country of supply. <i>http://www.adidas-group.com/en/sustainability/stakeholders/ways_we_engage/participation_and_collaboration/default.asp</i>	75	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process - has internal confidential reporting channel <i>p. 72, 2006 FLA Annual Report</i>	66.7	40
Section total score / section weighting	79.2	X 20%

4. Management

4.1 Resource Commitment - Compliance program administered by Global Director of Social & Environmental Affairs which reports to General Counsel and the Board. (FLA Report 2006)	100	25
4.2 Training for buying agents - Some evidence of training for sourcing staff, but it is not clear if this is ongoing. <i>p.19, http://www.adidas-group.com/en/sustainability/_downloads/social_and_environmental_reports/taking_on_the_challenges_social_and_environmental_report_2004.pdf</i>	50	25
4.3 Training for factory management personnel and workers - training for workers and management, but it's unclear if this is ongoing and scheduled. <i>Sustainability website content package (http://www.adidas-group.com/en/sustainability/_downloads/social_and_environmental_reports/adidas_sustainability_website_content_march2006.pdf)</i>	66.7	25
4.4 Rewards and Incentives -"The SOE (Standards of Engagement) is an integral part of the Global Operations cumulative factory rating system and ensures that customer demands and competitive advantage are achieved in a responsible environment" <i>"Connected by Football" (http://www.adidas-group.com/en/sustainability/_downloads/social_and_environmental_reports/connected_by_football_social_and_environmental_report_2005.pdf)</i>	50	25
Section total score / section weighting	66.7	X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to Auditing Labour Standards in the Supply Chain There is a commitment to auditing across the entire supply chain <i>Standards of Engagement</i>	100	15
5.2 Status of the Audit Schedule -An auditing workplan is currently being implemented. Also subject to FLA auditing plan. <i>Connected by Football</i>	100	5
5.3 Public Disclosure of Manufacturing Sites -Some disclosure of factory locations to stakeholders in specific circumstances, as well as disclosure of factories producing for the collegiate market through FLA. <i>p.8, Connected by Football</i>	33.3	10
5.4 Transparency of the Labour Standards Auditing Methodology -Discussion of "strategic monitoring" involving more intensive study of key risks in each factory. Although these auditing methods appear to exceed basic checklist auditing, more details on the specific techniques used should be made publicly available. <i>http://www.adidas-group.com/en/sustainability/suppliers_and_workers/monitoring_compliance/default.asp</i>	100	15
5.5 External Verification of Labour Standard Audits -14 audits conducted by FLA in 2005 but unclear if local NGOs or trade unions consistently involved. Some additional auditing work with NGO involvement as part of Jo-In Project in Turkey. <i>http://www.adidas-group.com/en/sustainability/suppliers_and_workers/verifying_compliance/default.asp; p.13, Connected by Football</i>	66.7	20
5.6 Reporting the Results of Audits of Labour Standards in the Supply Chain -FLA tracking charts show audit results on a factory level. - some aggregate data available on adidas website: <i>(http://www.adidas-group.com/en/sustainability/performance_data/default.asp)</i>	60	20
5.7 Dealing with Non-Compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations. <i>http://www.adidas-group.com/en/sustainability/suppliers_and_workers/enforcing_compliance/default.asp</i>	100	15
Section total score / section weighting	78.7	X 35%

Total Score **73** /100