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A black and white photograph of a man and a woman looking through a window covered in rain. The man is on the left, wearing a dark hoodie, and the woman is on the right, wearing a red tracksuit with white stripes. They appear to be in a city environment.

GROUP MANAGEMENT REPORT SUSTAINABILITY STATEMENT

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ESRS 2

General Disclosures

2024 marks an important milestone for adidas and its long history in sustainability reporting as we report in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the corresponding European Sustainability Reporting Standards (ESRS) on a voluntary basis. As a result of our Double Materiality Assessment (DMA) process, we identified material impacts, risks and opportunities (IROs) for each ESRS topical standard, leading to the disclosure of all ESRS sustainability matters:

 ESRS 2 General Disclosures	 ESRS E1 Climate change	 ESRS S1 Own workforce	 ESRS G1 Business Conduct
adidas to report on all ESRS standards with material IROs	Most of GHG emissions occur in upstream value chain – raw material and manufacturing	Own employees' well-being of utmost importance for adidas	Adequate business conduct is imperative for adidas
 ESRS E2 Pollution	Main impact occurs in upstream value chain – manufacturing	 ESRS S2 Workers in the value chain	Important to safeguard rights of workers in our value chain
 ESRS E3 Water and marine resources	Main impact occurs in upstream value chain – manufacturing	 ESRS S3 Affected communities	Important to safeguard human rights of individuals and communities linked to our value chain
 ESRS E4 Biodiversity and ecosystems	Main impact occurs in upstream value chain – natural materials	 ESRS S4 Consumers and end-users	Consumers are in the center of everything we do
 ESRS E5 Resource use and circular economy	Main impact occurs in upstream value chain – resource use and lack of circular infrastructure in industry		



Mandatory



adidas reporting IROs related to ESRS standard



Double materiality assessment process (DMA)

1	2	3	4
<p>Preparation</p> <ul style="list-style-type: none">- Update of previous DMA methodology in close collaboration with the Enterprise Risk Management team- Development of a structured scoring system and thresholds – ensuring consistency with internal risk assessment- Creation of a long list of sustainability matters based on ESRS and additional entity specific topics- Involvement of subject-matter experts in the process	<p>Workshops</p> <ul style="list-style-type: none">- Conduct various workshops to collect information and assess all ESRS topics, sub-topics and sub-sub-topics- Evaluation and agreement on impacts, risks and opportunities (IROs) on all value chain levels- Cross-functional exercise, in which internal subject-matter experts played a key role as they not only represented their topic but also the respective external stakeholder groups involved	<p>Documentation & Reviews</p> <ul style="list-style-type: none">- Internal review loops conducted by the Investor Relations team with subject-matter experts and responsible senior management- Close dialogue with senior management throughout the process- Finalization of documentation of IROs across different sustainability matters	<p>Approval & Audit</p> <ul style="list-style-type: none">- Final approval of respective senior management- Audit closing of DMA methodology, documentation and results by auditors- Presentation of results of DMA to the Audit Committee

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BP-1	▶ Basis for preparation
BP-2	▶ Disclosures in relation to specific circumstances
GOV-1	▶ The role of administrative, management and supervisory bodies
GOV-2	▶ Oversight of sustainability IROs
GOV-3	▶ Sustainability matters addressed by management
GOV-4	▶ Statement on sustainability due diligence
GOV-5	▶ Sustainability reporting risk management
SBM-1	▶ Strategy, business model, and value chain
SBM-2	▶ Interests and views of stakeholders
SBM-3	▶ Double materiality assessment result
IRO-1	▶ Double materiality assessment process
IRO-2	▶ Disclosure requirements covered by the Sustainability Statement
E1 Climate change	
E1, GOV-3	▶ Sustainability-related incentive schemes
E1-1	▶ Transition plan for climate change mitigation
E1, SBM-3	▶ Material IROs and their interaction with strategy and business model
E1, IRO-1	▶ Description of the processes to identify and assess material climate-related IROs
E1-2	▶ Policies related to climate change mitigation and adaptation
E1-3	▶ Action and resources in relation to climate change policies
E1-4	▶ Targets related to climate change mitigation and adaptation
E1-5	▶ Energy consumption and mix
E1-6	▶ Gross Scope 1, 2, 3 and total GHG emissions
E1-7	▶ GHG removals and GHG mitigation projects financed through carbon credits
E1-8	▶ Internal carbon pricing
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E2, SBM-3	▶ Material IROs and their interaction with strategy and business model
E2, IRO-1	▶ Description of the processes to identify and assess material pollution-related IROs
E2-1	▶ Policies related to pollution
E2-2	▶ Actions and resources related to pollution
E2-3	▶ Targets related to pollution
Entity-specific	▶ Wastewater discharge and chemical input related metrics
E3 Water & marine resources	
E3, SBM-3	▶ Material IROs and their interaction with strategy and business model
E3, IRO-1	▶ Description of the processes to identify and assess material water and marine resource-related IROs
E3-1	▶ Policies related to water and marine resources
E3-2	▶ Actions and resources related to water and marine resources
E3-3	▶ Targets related to water and marine resources
Entity-specific	▶ Water-consumption-related metrics
E4 Biodiversity & ecosystems	
E4-1	▶ Transition plan and consideration of biodiversity and ecosystems in strategy and business model
E4, SBM-3	▶ Material IROs and their interaction with strategy and business model
E4, IRO-1	▶ Description of the processes to identify and assess material biodiversity and ecosystem-related IROs

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E5 Resource use & circular economy	
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S1, SBM-3	▶ Material IROs and their interaction with strategy and business model
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S1-4	▶ Taking action on material impacts and approaches to managing material risks and opportunities related to own workforce
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S1-9	▶ Diversity metrics
S1-10	▶ Adequate wages
S1-14	▶ Health and safety metrics
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G1-4	▶ Incidents of corruption or bribery
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Basis for preparation

BP-1 – General basis for preparation of the Sustainability Statement

This Sustainability Statement provides a comprehensive overview of the material sustainability matters of adidas in the 2024 financial year. It is part of our Annual Report, which is published as an online version and in .pdf format on our corporate website. The reporting period is the financial year from January 1 to December 31, 2024.

The Sustainability Statement has been audited with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ('PwC'). It has been prepared for the adidas Group on a consolidated basis in accordance with the European Sustainability Reporting Standards (ESRS). It also fulfils the requirements for non-financial reporting obligations in accordance with §§ 289b ff. and 315b to 315c of the German Commercial Code (HGB) (combined non-financial statement).

The Sustainability Statement has been prepared on a consolidated basis and includes adidas AG and all its direct and indirect subsidiaries. An entity is considered a subsidiary if it is controlled by adidas AG. The scope of consolidation of the Sustainability Statement therefore follows the financial reporting scope. Further information on the scope of consolidation can be found in the Annual Report – Principles of consolidation in Note 2. ▶ [SEE NOTE 2](#)

The Sustainability Statement generally covers the value chain to the following extent: upstream, downstream, and our own operations. However, it does not cover all possible value chain activities or actors, it only does so where material information is present. We do not yet have full transparency, especially in our multi-tiered upstream supply chain, but also downstream. adidas has evaluated all ESRS standards and (sub-)sub-topics with a focus on its material impacts, risks and opportunities (IROs). The disclosures have been prepared in accordance with the guidance laid out in ESRS 1.

The safeguard clause does not apply; no information corresponding to intellectual property, know-how or the results of innovations has been omitted. The exemption from disclosure of impending developments or matters in the course of negotiations does not apply.

BP-2 – Disclosures in relation to specific circumstances

Time horizons

The general definition of the time horizons applied by adidas is in line with the ESRS definition in ESRS 1 section 6.4. The same time horizons are applied for the adidas risk management methodology:

- Short-term: 1 year (equal to the reporting period of our financial statements)
- Medium-term: 2-5 years
- Long-term: ≥ 6 years

Measurement basis

The information on methodologies and, if applicable, calculation factors, estimations (including value chain estimations, sources, measurement and outcome uncertainties, planned actions to improve accuracy of metrics, approximations and judgements) and assumptions and limitations is listed in the topical standards with the relevant metrics along with references. Please note that the validation of the measurement of all disclosed metrics by an external body other than the assurance provider, if applicable, is outlined in the respective topical standards.

This Sustainability Statement contains forward-looking statements based on estimates that we have made using the information available to us at the time this Sustainability Statement was prepared. 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 the described risks or opportunities materialize, actual results and developments may deviate materially (negatively or positively) from those expressed in these statements.

In previous years, adidas reported the non-financial statement in alignment with the GRI standards. For the 2024 Sustainability Statement, we have changed the environmental, social, and governance (ESG) reporting framework to the European Sustainability Reporting Standards (ESRS). This has had a significant impact on the content and structure of the statement compared to previous years. Information and data previously reported have been re-sorted, expanded or replaced by newly required information. Cases lacking comparative figures for one or more previous periods are due to the fact that they are either not required by ESRS or due to impracticability.

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Incorporation by reference

The following information is incorporated by reference into this Sustainability Statement.

ESRS 2 SBM-1 - Description of business model, strategy and value chain is incorporated by reference into the Sustainability Statement ▶ [SEE OUR COMPANY](#)

ESRS E1-6 - Gross Scope 1, 2, 3 and total GHG emissions: reference to Consolidated Income Statement for Net Sales. ▶ [SEE INCOME STATEMENT](#)

ESRS S1-6 - Characteristics of our employees: reference to Group Management Report – Financial Review ▶ [SEE GROUP MANAGEMENT REPORT – FINANCIAL REVIEW](#)

ESRS G1-4 – Incidents of corruption or bribery: reference to Risk and Opportunity Report ▶ [SEE RISK AND OPPORTUNITY REPORT](#)

Disclosure in relation to the German commercial code

This Sustainability Statement, which has been prepared in accordance with the ESRS also meets the requirements for the non-financial (group) statement prepared in accordance with §§ 289b ff. and 315b to 315c of the German Commercial Code (HGB) and thus represents the combined non-financial statement for the adidas Group and adidas AG.

IN ORDER TO FULFIL OUR REPORTING OBLIGATIONS UNDER COMMERCIAL LAW, WE DECLARE THE FOLLOWING

The first-time and full application of the European Sustainability Reporting Standards (ESRS) as a framework in accordance with §§ 315c (3) in conjunction with 289d HGB is based on the importance of the ESRS as reporting standards for sustainability reporting adopted by the European Commission.

There are no significant risks arising from our own operations or from business relationships, products or services that are highly likely to have a serious negative impact on the non-financial aspects according to § 289c HGB.

DISCLOSURES BASED ON THE EU TAXONOMY REGULATION

In addition, with this Sustainability Statement, the adidas Group is meeting the requirements of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereafter EU Taxonomy Regulation). ▶ [SEE EU-TAXONOMY](#)

ADDITIONAL INFORMATION ON THE NON-FINANCIAL STATEMENT OF ADIDAS AG IN ACCORDANCE WITH § 289B HGB

No recognized framework has been used for the non-financial statement of adidas AG because the ESRS Group Statement is of primary relevance to stakeholders.

adidas AG is the parent company of the adidas Group and is responsible for all corporate decisions. Therefore, with regard to the content of the non-financial statement for adidas AG in accordance with § 289b HGB, reference can be made to the statement concerning the Group.

There are no non-financial performance indicators that are reportable exclusively for adidas AG.

Governance

GOV-1 – The role of the administrative, management and supervisory bodies

As a globally operating stock corporation with its registered seat in Herzogenaurach, Germany, adidas AG is subject to, inter alia, the provisions of the German Stock Corporation Act (Aktiengesetz – AktG). One of the fundamental principles of German stock corporation law is a dual board system, whereby the Executive Board is responsible for the management of the company and the Supervisory Board is responsible for advising and supervising the Executive Board. These two boards are strictly separated in terms of both members and competencies. However, both boards cooperate closely in the interest of the company.

We report on the composition of the Executive Board and the Supervisory Board, including expertise, skills and diversity as well as roles and responsibilities in our Annual Report. More detailed information can be found here: ▶ SEE EXECUTIVE BOARD ▶ SEE SUPERVISORY BOARD ▶ SEE SUPERVISORY BOARD REPORT ▶ SEE DECLARATION ON CORPORATE GOVERNANCE

The **Executive Board** is responsible for independently managing the company with the aim of sustainable value creation in the best interests of the company, developing the company's strategic orientation, coordinating it with the Supervisory Board, and ensuring its implementation. Furthermore, it determines business objectives, the company's policy, and the organization of the Group. In this respect, the Executive Board also systemically assesses risks and opportunities for the company linked with social and environmental factors, as well as the environmental and social impact of its business activities.⁸

Additionally, the Executive Board ensures responsible management of business resources as well as compliance with and observance of legal provisions and internal regulations by the Group companies. For this purpose, the Executive Board sets up an Internal Control and Risk Management System adequate and effective in view of the scope of business activities and the company's risk situation which comprises a Compliance Management System aligned to the company's risk situation and also covers sustainability-related objectives. The Executive Board is tied to the company's interests and obligated to strive for a sustainable increase in the value of the company.

More detailed information on the responsibilities and working methods of the Executive Board can be found here: ▶ SEE DECLARATION ON CORPORATE GOVERNANCE

The **composition of the Executive Board** is determined by the Supervisory Board and reflects the international structure of our company. Every decision by the Supervisory Board on the composition of the Executive Board is made in the best interests of the company and with due consideration of all circumstances in each individual case. It is composed of four members:

- Bjørn Gulden – Chief Executive Officer, Global Brands
- Mathieu Sidokpohou – Global Sales
- Harm Ohlmeyer – Chief Financial Officer
- Michelle Robertson – Global Human Resources, People and Culture

⁸ More detailed information on material impacts, risks and opportunities (IROs) management can be found below.

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More detailed information on each member of the Executive Board, including their expertise, skills and experience relevant to adidas' business, can be found here: ▶ [SEE EXECUTIVE BOARD](#)

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.

The Supervisory Board is responsible for the appointment and dismissal of members of the Executive Board, and for the allocation of their areas of responsibility and for monitoring and advising the Executive Board in its conduct of business and on questions relating to the management of the company.

The Executive Board reports to the Supervisory Board regularly, extensively, and in a timely manner on all matters relevant to the company's strategy, planning, business development, financial position, and compliance, as well as on material business risks. Fundamental questions related to the corporate strategy and its implementation are thoroughly discussed and aligned with the Supervisory Board.

Moreover, the Supervisory Board determines the Executive Board compensation system, examines it regularly, and decides on the individual overall compensation of each Executive Board member.

The adidas **Supervisory Board** consists of 16 members. It comprises eight shareholder representatives and eight employee representatives in accordance with the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG):

- Thomas Rabe (Chairman) – shareholder representative
- Paul Seline (Deputy Chairman) – employee representative
- Ian Gallienne (Deputy Chairman) – shareholder representative
- Birgit Biermann – employee representative
- Jackie Joyner-Kersee – shareholder representative
- Linda Evenhuis – employee representative
- Christian Klein – shareholder representative
- Bastian Knobloch – employee representative
- Oliver Mintzlaff – shareholder representative
- Nassef Sawiris – shareholder representative
- Bodo Uebber – shareholder representative
- Jing Ulrich – shareholder representative
- Petar Mitrovic – employee representative
- Thomas Sapper – employee representative
- Harald Sikorski – employee representative
- Guenter Weigl – employee representative

The shareholder representatives are elected by the shareholders at the Annual General Meeting and the employee representatives by the employees.

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In accordance with statutory regulations, the Articles of Association of adidas AG, and the Rules of Procedure of the Supervisory Board, the Supervisory Board has formed five permanent **expert committees** to handle complex tasks in the most efficient manner:

- Steering Committee: Thomas Rabe (Chairman), Ian Gallienne, Paul Seline
- General Committee: Thomas Rabe (Chairman), Birgit Biermann, Linda Evenhuis, Ian Gallienne, Nassef Sawiris, Paul Seline
- Audit Committee: Bodo Uebber (Chairman), Christian Klein, Thomas Sapper, Guenter Weigl
- Nomination Committee: Thomas Rabe (Chairman), Ian Gallienne, Oliver Mintzlaff
- Mediation Committee pursuant to § 27 section 3 Co-Determination Act (MitbestG): Thomas Rabe (Chairman), Ian Gallienne, Bastian Knobloch, Paul Seline

More detailed information on the committees of the Supervisory Board, including their roles and responsibilities, can be found here: ▶ [SEE DECLARATION ON CORPORATE GOVERNANCE](#)

The objectives for the composition of the **Supervisory Board** are published on our corporate website:
▶ [ADIDAS-GROUP.COM/S/BODIES](#)

According to these objectives, the Supervisory Board should be composed in such a way that qualified supervision of and advice to the Executive Board are ensured. Its members as a whole are expected to have the knowledge, skills, and professional experience required to properly perform the tasks of a supervisory board in a capital market-oriented international company in the sporting goods industry. Therefore, it is ensured that the Supervisory Board as a whole possesses the competencies considered essential in view of adidas' activities. These competencies include, in particular, in-depth knowledge and experience in the sporting goods and sports- and leisurewear industry, in the business of fast-moving consumer-oriented goods, and the areas of digital transformation and information technology (including IT security), production, marketing, and sales, as well as, in particular, the e-commerce and retail sector. Moreover, the Supervisory Board should possess knowledge and experience in the markets relevant for adidas, in particular, the Asian and US markets, and in the management of a large international company.

In addition, an adequate number of the shareholder representatives should have long-standing international experience.

The Supervisory Board members as a whole must be familiar with the sporting goods industry. Furthermore, the Supervisory Board as a whole must possess knowledge and experience in the areas of business strategy development and implementation, personnel planning and management, accounting and financial reporting, governance/compliance, and sustainability issues relevant to adidas, including ESG aspects. At least one member of the Supervisory Board must have expertise in the field of accounting, and at least one further member of the Supervisory Board must have expertise in the field of auditing. Accounting and auditing also include non-financial reporting and its audit and assurance.

In the Supervisory Board's assessment, the Supervisory Board as a whole, in its current position, fulfills the objectives stated and the competency profile.

The Supervisory Board's competency profile and the expertise of the individual Supervisory Board members are outlined under this link: ▶ [SEE DECLARATION ON CORPORATE GOVERNANCE](#) ▶ [SEE SUPERVISORY BOARD](#)

The composition of the Executive Board is determined by the Supervisory Board. The Supervisory Board is committed to promoting a culture of diversity and inclusion at adidas. Diversity is understood in the broadest sense, including age, gender, cultural origin, nationality, educational background, professional qualifications, and experience. For this reason, the Supervisory Board has adopted a diversity concept. The Supervisory Board already takes the diversity concept into account in terms of long-term succession planning and when selecting candidates for Executive Board positions.

The **Executive Board** consists of four members, of whom one is female and three are male (1:3). The share of female members in relation to the number of overall members of the Executive Board is 25% and of male members to the number of overall members is 75%. Thereby, the requirements of § 76 section 3a AktG, which stipulates that at least one woman and at least one man be appointed as members of the Executive Board, are fulfilled. In addition, an age limit of 67 years applies for Executive Board members.

The **Supervisory Board** is committed to a diverse composition in terms of age, gender, cultural origin, nationality, educational background, professional qualifications, and experience. The Supervisory Board's diversity profile is outlined in the overviews under this link: ▶ [SEE DECLARATION ON CORPORATE GOVERNANCE](#)

The Supervisory Board currently consists of 16 members with four female members and twelve male members (4:12). The share of female members in relation to the number of overall members of the Supervisory Board is 25% and of male members to the number of overall members is 75%. It thereby fulfills the statutory requirements of § 96 section 2 sentence 1 AktG, that the Supervisory Board must be composed of at least two women and two men on the shareholder representatives as well as the employee representatives side, respectively.

In general, the age limit for the Supervisory Board members should be 72 years at the time of their appointment.

The Supervisory Board comprises eight shareholder representatives and eight employee representatives in accordance with the German Co-Determination Act (*Mitbestimmungsgesetz – MitbestG*).

Regarding the independence of its members, the Supervisory Board considers the following provisions to be appropriate: More than half of the shareholder representatives of the Supervisory Board should be independent within the meaning of the German Corporate Governance Code. From the company's perspective, Supervisory Board members are to be considered independent if they have no personal or business relationship with the company or its Executive Board that may cause a substantial, and not merely temporary, conflict of interest. In the opinion of the Supervisory Board, all shareholder representatives qualified as independent in 2024. Consequently, the percentage of independent shareholder representatives is 100% – and accordingly 50% with regard to the whole Supervisory Board.

In addition, more than two-thirds of the shareholder representatives should be free of any potential conflicts of interest. This applies in particular to potential conflicts of interest that may arise as a result of an advisory or governing body function among customers, suppliers, lenders, or other third parties. As a rule, members of the Supervisory Board should not have a governing body or advisory function with any major competitor and should not have a personal relationship with any key competitor.

Finally, as a general rule with regard to independence, the length of membership of the Supervisory Board should not exceed twelve years or three terms of office.

More details and relevant independent Supervisory Board members can be found here: ▶ [ADIDAS-GROUP.COM/SUPERVISORY-BOARD](#)

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Within adidas, there are various management and supervisory roles, that are responsible for overseeing different aspects of material impacts, risks and opportunities (IROs) management throughout our company. At the highest level are the Executive Board and the Supervisory Board.

The Executive Board determines business objectives, the company's policy, and the organization of the Group. In this context, the Executive Board also systemically assesses the risks and opportunities for the company related to social and environmental factors, as well as the environmental and social impact of its business activities. The Executive Board members manage relevant IROs as part of their regular responsibilities and coordinate with each other on all cross-functional measures. Collaboration within the Executive Board is governed by the Rules of Procedure of the Executive Board and the Business Allocation Plan. These documents specifically stipulate requirements for meetings and resolutions as well as for cooperation with the Supervisory Board. ▶ [ADIDAS-GROUP.COM/S/BODIES](https://adidas-group.com/s/bodies)

The Executive Board put in place an **Internal Control system** and **Risk Management system** in light of the scope of the business activities pursued by adidas and in light of its risk situation. This comprises, in particular, the Risk and Opportunity Management System, the Internal Control System, the Compliance Management System and the activities of Internal Audit team.

With regard to the **Risk and Opportunity Management System**, the Executive Board ensures comprehensive and consistent management of all relevant risks and opportunities, including sustainability-related objectives. The Enterprise Risk Management department, reporting into the CFO, governs, operates, and develops the company's risk and opportunity management system and is the owner of the centrally managed risk and opportunity management process on behalf of the Executive Board.

The **Internal Control System** represents a process embedded in the company-wide corporate governance system. It is designed to provide reasonable assurance regarding the reliability of the company's external financial reporting, as well as the effectiveness and efficiency of operations, the reliability of non-financial reporting, and compliance with applicable laws and regulations. The effectiveness of the non-accounting-related controls is also regularly monitored by the Internal Audit department, reporting into the CEO, and the Global and Market Internal Controls teams.

The **Compliance Management System** is aligned to the company's risk situation and also covers sustainability-related objectives. The adidas CCO oversees the company's Compliance Management System and reports to the CEO. It establishes the organizational framework for company-wide awareness of our internal rules and guidelines and for the legally compliant conduct of our business. The Global Policy Manual provides a framework for basic work procedures and processes, and the Fair Play Code of Conduct stipulates that every employee and our business partners shall act ethically in compliance with the laws and regulations of the legal systems in which they conduct company business. The Compliance Management System is designed to support the achievement of qualitative and sustainable growth through good corporate governance, to reduce and mitigate the risk of financial losses or damage caused by non-compliant conduct, to protect and further enhance the value and reputation of the company and its brand through compliant conduct, and to support 'Diversity, Equity, and Inclusion' initiatives by fighting harassment and discrimination.

The **Internal Audit department**, which works independently from all other functions of the organization, provides the Executive Board and the Audit Committee with regular, objective assurance on the adequacy and effectiveness of the company's internal control system and risk management system.

More detailed information on the Internal Control System and Risk Management System can be found here: ▶ [SEE RISK AND OPPORTUNITY REPORT](#)

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In addition, a **central ESG function**, reporting into the CEO, has been established to steer adidas' sustainability and ESG direction, including overseeing and monitoring the target setting relating to material impacts, risks and opportunities in collaboration with relevant functions, based on an ESG compliance framework.

The head of the central ESG function leads the Sustainability Sponsor Board (SSB). The SSB is composed of senior representatives from different functions across the company and ensures cross-functional alignment, transparent end-to-end management, and execution of agreed-upon sustainability goals. It aims to guide and embed sustainability and ESG within adidas' functions, enable transformation, ensure regulatory readiness, enable related reporting and risk management, as well as drive communication and engage with stakeholders.

We also maintain a separate compliance function, which operates as the Social and Environmental Affairs (SEA) team, to monitor supplier-facing social and environmental compliance performance and human rights impacts, reporting to the CEO through the General Counsel. In 2022, we established a cross-functional ESG Regulation Board to ensure that we stay well on track of upcoming regulations for managing ESG topics and disclosures. The sponsor of the ESG Regulation Board is also a member of the SSB to ensure the best possible alignment between the two bodies. Notably, various ESG progress updates were provided to the Executive Board and Supervisory Board in 2024.

All of the above functions, as well as other functions that manage IROs at the senior management level, report regularly to the Executive Board and to the Supervisory Board, including on the setting and monitoring of targets relating to material impacts, risks and opportunities. The Supervisory Board is responsible for monitoring the effectiveness of the internal control system and risk management systems. These duties are generally undertaken by the Audit Committee of the Supervisory Board. ESG and sustainability topics at adidas are regularly discussed during Audit Committee meetings. The Audit Committee is also responsible for the preparation and oversight of non-financial reporting at adidas AG. The work of the Audit Committee is regulated by the Rules of Procedure.

More detailed information on the Audit Committee of the Supervisory Board, its members, responsibilities and rules of procedure as well as the focus of its work in 2024 can be found here: ▶ [ADIDAS-GROUP.COM/S/SUPERVISORY-BOARD-COMMITTEES](#) ▶ [SEE SUPERVISORY BOARD REPORT](#)

The Supervisory Board is responsible for the appointment and dismissal of the Executive Board members as well as for the allocation of their areas of responsibility. When appointing new Executive Board members, the Supervisory Board provides for the best possible, diverse, and mutually complementary Executive Board composition for the company and, together with the Executive Board, ensures long-term succession planning. This ensures a sustainable approach to identifying and evaluating successor candidates for Executive Board positions, while also accommodating the company's diversity concept.

With regard to the Supervisory Board, when preparing proposals for the election of shareholder representatives to the Supervisory Board, it takes into account the objectives regarding the composition of the Supervisory Board and, in particular, aims to fulfill the competency profile developed for the Supervisory Board as a whole (see above), which also includes the skills and expertise for sustainability matters. In addition, the Supervisory Board and its committees regularly evaluate the efficiency of their work and resolve on individual measures to further improve the organization of the Supervisory Board's work.

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The members of the Executive Board and Supervisory Board are regularly informed by expert teams who are actively involved in managing all material impacts, risks and opportunities mentioned in this report (in particular, for sustainability-related matters, the central ESG function, the Social and Environmental Affairs team, the Governmental Affairs team, the Legal team, Brand teams, Sourcing teams, Investor Relations, Sales, Enterprise Risk Management, Internal Controls, Internal Audit, Group Policies, and Sustainable Finance), about, e.g., legislative changes related to sustainability, as well as risks and opportunities, in particular with regard to the increasing regulation of environmental/sustainability, social and corporate governance issues. This also includes relevant training opportunities. This ensures that sustainability topics are embedded into the company's decision making and regulatory/ reporting readiness and compliance.

In addition, regular communication with relevant stakeholder groups such as customers, suppliers, business partners, investors, NGOs, or employees further add to their understanding of different stakeholder perspectives.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Each of the Executive Board members, including the CEO, is regularly informed about the material impacts, risks and opportunities (IROs), the results and effectiveness of policies, actions, metrics and targets adopted on an ongoing basis by their senior management teams responsible for managing these IROs. The mentioned topics are also an integral part of the meetings of the Supervisory Board and its Audit Committee. ► [SEE GOV-1 – THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES](#)

In the periods between meetings, the Chairman of the Supervisory Board and the Chairman of the Audit Committee maintain regular contact with the CEO and the CFO, conferring on matters such as adidas' strategic orientation, business planning and development, the risk situation, potential trade-offs associated with IROs, control and risk management, and compliance. In addition, the Chairman of the Supervisory Board and, as applicable, the Supervisory Board is informed about events of fundamental importance for evaluating the situation, the development and management of the company, if required, also at short notice.

The Executive Board, the Chairman of the Supervisory Board and the Chairman of the Audit Committee report to the Supervisory Board regularly, extensively and in a timely manner on all matters relevant to the company's strategy, planning, business development, financial position and results of operation, the adequacy and further development of due diligence processes, including updates on the internal control and risk management systems and compliance matters, as well as on special matters of company impacts, risks and opportunities.

Throughout 2024, we monitored our non-financial topics to be assessed as laid out by the ESRS through our 2023 and 2024 full-scope materiality analysis. A list of all assessed material topics that derived directly from IROs (as depicted in the topical standards) was presented to the Audit Committee. In addition, a further list of all immaterial topics that resulted from the assessment was shared with the Audit Committee, followed by a discussion on the immateriality for adidas. The material matters and related IROs can be found in the beginning of each topic chapter.

More detailed information on the content of the Supervisory Board and its committee meetings can be found here: ► [SEE SUPERVISORY BOARD REPORT](#)

GOV-3 – Integration of sustainability-related performance in incentive schemes

The Supervisory Board is responsible for determining, implementing, and reviewing the compensation and the compensation system for the Executive Board members. In case of material changes, however, no later than every four years, the Executive Board compensation system is presented by the Supervisory Board for approval to the Annual General Meeting.

The compensation of the Executive Board members is composed of non-performance-related (fixed) and performance-related (variable) compensation components and consists of a fixed compensation, an annual cash bonus ('Performance-Bonus'), a long-term share-based bonus (Long-Term Incentive Plan – 'LTIP Bonus') as well as other benefits and pension benefits.

Sustainability-related performance criteria can be integrated into the performance-related (variable) compensation. The variable performance-related compensation is designed to provide the right incentives for the Executive Board to act in the interest of the company's strategic direction, the shareholders, and other stakeholders, as well as to ensure a successful, sustainable, and long-term corporate management and development. When selecting the performance criteria, the Supervisory Board ensures that they are transparent, clearly measurable or identifiable and directly promote the implementation of the strategic direction, including from an ESG perspective.

Performance-Bonus

As the annual variable performance-related component, the Performance-Bonus serves as compensation for the Executive Board's performance in the past financial year in line with the short-term development of the company. It incentivizes operational success within the established strategic framework. At the start of the financial year, the Supervisory Board establishes the respective weighted performance criteria. In the case of 100% target achievement, the target amount of the Performance-Bonus corresponds to 30% of the target direct compensation of the respective Executive Board member.

The amount of the Performance Bonus is determined based on the achievement of weighted criteria. Two of these criteria are financial performance criteria, which are the same for all Executive Board members and are overall weighted at 80% ('financial criteria'). The other criteria are defined for the Executive Board as a whole or individually for the respective Executive Board member and are overall weighted at 20% ('other criteria'). These other criteria may comprise financial, non-financial or ESG targets and allow for further differentiation depending on the specific operating and strategic priorities. If several non-financial or ESG targets are selected, the Supervisory Board also determines their relative weighting.

The criteria for the 2024 financial year will be disclosed ex-post in the Compensation Report 2024. In this Compensation Report, the respective target achievements will be explained transparently, and the concrete calculation of the Performance-Bonus amount will be set out comprehensively.

Long-Term Incentive Plan

The LTIP is designed to link the long-term performance-related variable compensation of the Executive Board to the company's performance and thus to the interests of the shareholders. Therefore, the LTIP is share-based and oriented toward achieving long-term targets. The LTIP consists of annual tranches, each with a term of four years. Each LTIP tranche consists of a three-year performance period followed by a one-year lock-up period.

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In case of 100% target achievement, the LTIP target amount for the respective LTIP tranche corresponds to 40% of the target direct compensation of the respective Executive Board member. The amount of the LTIP Bonus is determined based on the achievement of uniform financial and non-financial performance criteria for all Executive Board members, which are derived from the long-term strategic direction of adidas.

During the performance period, a total of 80% of the target achievement is measured against financial criteria and a total of 20% is measured against non-financial or ESG criteria. At the start of the performance period of an LTIP tranche, the Supervisory Board also determines the non-financial or ESG criteria and target values for the entire duration of the performance period.

For the LTIP tranche 2024 (performance period 2024 to 2026), the following ESG-related performance criteria have been set with regard to the strategic targets:

- **Reduction of carbon intensity per product⁹:** 10% weighting. The target setting is derived from the CO₂e emissions intensity target per product for 2025 (-15% intensity reduction compared to 2017 and -9% intensity reduction compared to 2022) and is in line with our SBTi-approved targets for 2030 and 2050.
- **Percentage of women in leadership positions¹⁰:** 10% weighting. The target setting is derived from the goal of increasing the percentage of women in leadership positions worldwide to 50% by 2033.

The Compensation Report for each past financial year will include an outlook on the application of the compensation system for the current financial year. This outlook will transparently disclose ex ante the determination of the financial and non-financial or ESG criteria. After expiry of the respective performance period, the performance criteria and targets, as well as the respective target achievement will be outlined transparently and comprehensively disclosed in the Compensation Report. Therefore, the target values and target achievement of the performance criteria determined for the LTIP tranche 2024 and the related determination of the variable performance-related compensation will be disclosed in detail in the Compensation Report 2026.

With regard to the Supervisory Board, the compensation for Supervisory Board members consists of a fixed compensation for their work on the Supervisory Board and an additional compensation for committee work as well as an attendance fee. There are no performance-related targets that are measured against sustainability-related targets and/or sustainability-related metrics. The compensation system for the members of the Supervisory Board is set out in § 18 of the Articles of Association of adidas AG – in case of material changes, however, no later than every four years, the Supervisory Board compensation system will be submitted to the Annual General Meeting for approval.

A more detailed description of the Executive Board and Supervisory Board compensation, the key characteristics of the incentive scheme for the Executive Board, the target setting, and the target achievement can be found here: ▶ ADIDAS-GROUP.COM/S/COMPENSATION

⁹ CO₂ equivalent emissions allocated to an average adidas product. Calculated by dividing total emissions of Scope 1, 2, and 3 (without use phase) in kg CO₂e by the total number of products manufactured with regard to season Spring/Summer and season Fall/Winter. The internationally most recognized standards such as the GHG Protocol (Greenhouse Gas Protocol), SBTi (Science Based Targets initiative), and PEFCR (Product Environmental Footprint Category Rules Guidance) are applied for the calculation. This non-financial performance criterion is part of the combined non-financial statement, which is subject to an audit by an external auditor.

¹⁰ Global percentage of women in leadership positions on Director level or higher.

GOV-4 – Statement on due diligence

The following table shows where information about our due diligence processes can be found throughout this Sustainability Statement:

GOV-4 – Statement on due diligence

Core elements of due diligence	Paragraphs in the Sustainability Statement
Embedding due diligence in governance, strategy and business model	ESRS 2, SBM-1, SBM-2, SBM-3; SBM-2 and SBM-3 also in specific topical standards S1, S2, S3, S4
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2, SBM-2 and in specific topical standards S1, S2, S3, S4
Identifying and assessing adverse impacts	ESRS 2, IRO-1 and in specific topical standards E1, E2, E3, E5, G1
Efforts to mitigate adverse impacts	ESRS 2, MDR-P and MDR-A; related disclosures in each topical standard
Tracking and communicating the effectiveness of these efforts	ESRS 2, MDR-M and MDR-T; related disclosures in each topical standard

GOV-5 – Risk management and internal controls over sustainability reporting

We recognize the importance of establishing robust risk management and internal control processes that support the integrity of our sustainability reporting. We are actively working to assess and integrate controls for ESG reporting into our existing internal control system.

Our risk management and internal control processes for sustainability reporting aim to cover the following scope areas:

- **External reporting:** Ensure the integrity of disclosed information, with a particular focus on quantitative data points and steering KPIs.
- **Regulatory compliance:** Ensure compliance with all relevant local, national, and international ESG regulations and standards.
- **Internal and external audits:** Consider the risks, deviations, and action items highlighted in both internal and external audits.
- **Enterprise risk management:** Consider risks and opportunities identified in enterprise risk management, which serves as a comprehensive record of our company-level risk-management efforts, including identified risks, their potential impact, their likelihood, and mitigation measures.
- **Stakeholder engagement:** Consider the expectations and concerns of our key stakeholders, including investors, customers, employees, and the community.

The Global Internal Controls team plays an active role in guiding the business in identifying risks, addressing process gaps, and enhancing controls related to sustainability reporting. Our internal control processes for sustainability reporting aim to include the following key components:

- **Risk identification and assessment:** Identify potential risks within the key processes and assess their impact and likelihood. A good understanding of the processes and risks is essential to guide effective mitigation efforts and controls.

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- **Control identification and assessment:** Determine whether the designed controls meet the process objectives and are effective in preventing or detecting the risks (e.g., errors or fraud that could lead to material misstatements in reporting disclosures).
- **Monitoring and testing:** Determine suitable monitoring or testing procedures and assign responsibilities for each control activity formalized in the internal control system.
- **Communication and reporting:** Integrate ESG-relevant risks and control testing results into existing reports for the Audit Committee of the Supervisory Board.
- **Continuous improvement:** Enhance the quality and effectiveness of controls during planned revision cycles by re-evaluating regulatory requirements, capabilities, and processes.

From a sustainability reporting perspective, the main objective is to implement effective processes and controls to ensure that disclosed ESG information is complete and accurate. As we progress on our ESG journey over the next few years, we aim to:

- **Highlight gaps:** Continue to highlight gaps in processes, data, and systems to enhance the level of automation, consistency, and standardization (gap assessment).
- **Expand the scope:** Implement a phase-in approach to integrating ESG into our internal control system and expand our efforts to cover key business processes and regulations in line with our evolving 'IC over ESG roadmap.'
- **Optimize processes:** Refine and optimize our risk management and the internal control processes to achieve greater efficiency and efficacy.

In 2024, the Global Internal Controls team focused on assessing the maturity of existing processes and advising the business on closing identified gaps. The gap assessment focused on the ESRS metrics for the 2024 Sustainability Statement based on the material IROs identified in our materiality assessment. The assessment evaluated the maturity of the underlying processes, data points, and reporting capabilities for each metric. This was achieved by gathering insights and conducting interviews with key business stakeholders. Our primary focus was to gain a thorough understanding of the risks associated with the data-collection processes needed to collect the ESRS quantitative metrics for reporting.

The main risks identified during the assessment include gaps in understanding of ESRS disclosure requirements, inconsistencies in calculation methodologies, data availability and collection issues, limitations in system capabilities, and insufficient process documentation.

The 2024 ESG Compliance Framework project, an internal initiative, has translated the identified gaps into requirements for capabilities and processes to advance ESG compliance and reporting in the coming years. To achieve this, we will invest in capabilities that mitigate risks and address gaps in processes, systems, and data. The Global Internal Controls team will synchronize its roadmap with the ESG investment plan and guide the business to implement the necessary governance processes and controls.

For the ESRS metrics disclosed in the 2024 statement, our primary focus was on documenting the underlying processes and formalizing the control activities in a standardized format (e.g., KPI one-pagers). This also included advising the business teams on mitigation actions for identified gaps, providing guidance on establishing processes and controls that ensure the completeness and reliability of the reported information.

For sufficiently mature processes, we initiated process walkthroughs to evaluate whether the risks are adequately addressed by the implemented controls. Once the design of the controls has been assessed, they will be integrated into our internal control system and are then subject to regular monitoring or independent testing to evaluate their effectiveness.

Once they are available, the ESG internal control testing will be integrated into the existing annual reporting to the Audit Committee of the Supervisory Board. This will include details on the effectiveness of the controls and observations on high-risk deviations. Throughout 2025, we plan to provide more detailed and transparent information on the status of internal controls for ESG to relevant Management as well as the Audit Committee.

Strategy

SBM-1 – Strategy, business model and value chain

For information on our business model and value chain please refer to the 'Our Company' section. ▶ [SEE OUR COMPANY](#)

Headcount of employees by geographical area

As of the end of the reporting period, adidas employed approximately 62,035 people worldwide. The geographical distribution of our employees is as follows ▶ [SEE ESRS S1 OWN WORKFORCE](#)

SBM-1 – Number of employees by geographical area

	Number of employees
Emerging Markets	12,267
Europe	18,470
Greater China	8,718
Japan/South Korea	4,236
Latin America	6,331
North America	12,013
Total	62,035

Sustainability-related goals

Our commitment to sustainability is rooted in our purpose, 'Through sport, we have the power to change lives.' To underline this commitment, in 2021, we further sharpened our focus on sustainability and defined a roadmap for 2025 and beyond that allows us to create – and drive – positive impact. We will continue joining forces with the industry and peers to drive systemic change such as with the 'T-REX' initiative, and will focus on our decarbonization roadmap that covers our entire value chain. These efforts include measures to reduce our adverse impacts across major product groups such as footwear and apparel. We will continue to empower our employees to become sustainability ambassadors, just as we invite our consumers globally to engage and connect with us on the topic of sustainability, e.g., through our established running movement. Lastly, we also aim to uphold the highest standards in the area of social compliance across our supply chain. For further information on our individual targets, please refer to the topical standards in this Sustainability Statement.

Environmental impacts

In 2024, climate change, pollution, water, biodiversity and ecosystems, and resource use and circular economy were confirmed as material environmental impact areas for us to continue to focus on in the future. We continued to work on the reduction of our greenhouse gas (GHG) emissions across our entire value chain. We also assessed selected key materials potentially contributing to biodiversity risks and committed to a deforestation-free leather supply chain by 2030 at the latest. We further evolved our circularity approach to support the creation of an ecosystem needed to scale circular solutions in our industry. This included focused engagement in cross-industry projects aimed at unlocking circularity, such as 'T-REX' and 'Sorting for CircularitY.' We also continued to address water efficiency and quality in our supply chain, with an advanced chemical management program and ambitious targets in place.

Engaging closely with our suppliers also remains critical to achieving our targets. We are therefore leveraging our long-term relationships with suppliers to ensure they contribute to achieving our decarbonization targets. We are furthermore working closely with partners to scale innovative materials, recycling technologies, and circular business practices across the value chain.

We believe that moving toward achieving the targets we have defined for 2025 and beyond will set us up for future success.

Social impacts

adidas recognizes its responsibility to respect human rights and the importance of managing the appropriate due diligence to fulfill this obligation as a business. We do this by striving to operate responsibly along the entire value chain, from raw material production to our own operations; by safeguarding the rights of our own employees and those of workers who manufacture our products through our Workplace Standards; and by using our influence on suppliers and our industry to bring about positive change wherever adverse human rights impacts are linked to our business activities. Detailed information can be found in the topical Social Standards. ▶ [SEE ESRS S1 OWN WORKFORCE](#) ▶ [SEE ESRS S2 WORKERS IN THE VALUE CHAIN](#) ▶ [SEE ESRS S3 AFFECTED COMMUNITIES](#) ▶ [SEE ESRS S4 CONSUMERS AND END-USERS](#)

Governance impacts

We are convinced that good corporate governance is an essential basis for sustainable corporate success and strengthens the trust placed in our company by our shareholders, business partners, employees, as well as the financial markets. Further information can be found on our corporate website as well as in the ESRS G1 Standard. ▶ [SEE ESRS G1 BUSINESS CONDUCT](#)

Business model and value chain

To achieve our mission of being the best sports brand in the world, our business model is centered around designing and developing performance and lifestyle products that resonate with our consumers. We aim to set trends, drive innovation, and respond swiftly to consumer preferences, ultimately creating brand heat. Our production is carried out in collaboration with independent manufacturing partners in our upstream value chain, which includes Tier 4 and beyond suppliers for raw material sourcing, Tier 3 and 2 suppliers for material manufacturing, spinning, coloring and finishing, and Tier 1 suppliers involved in assembling adidas products.

In our own operations within our business activities, we design and develop products, engage with consumers through marketing activities and sales, and tailor our global distribution network to meet the needs of our sales channels and consumers. We respond to consumer preferences, collaborate with investors, and partner with brands and creators to generate demand for our products. To drive these business activities, key input factors are essential to deliver value to our investors, consumers, and

business partners by creating innovative products and sustainable offerings, responding to consumer demands and creating brand heat (output factors).

Our products are designed to create positive downstream value chain outcomes, such as improved athlete performance, enhanced consumer satisfaction, increased product demand, and the creation of brand heat. Additionally, we work to reduce adverse ESG impacts and risks of our business activities throughout our entire value chain, from sourcing materials to minimizing environmental and social impacts through applying our due diligence processes and Workplace Standards with strategic suppliers. While we strive for positive outcomes, we acknowledge that negative outcomes can occur. We remain committed to balancing attractive investments with reducing adverse ESG-related impacts to ensure long-term financial and brand success. An illustrative figure displaying the key inputs, outputs, and outcomes of our business activities as they relate to our value creation can be found in the Group Management Report – Our Company. ▶ [SEE OUR COMPANY](#)

SBM-2 – Interests and views of stakeholders

We seek to ensure that we address the topics that are most salient to our business and our stakeholders. To identify these topics, we actively engage with our stakeholders and consider their views and opinions when making decisions that shape our day-to-day operations as well as when setting targets. We continuously communicate with relevant stakeholder groups such as customers, suppliers, business partners, investors, NGOs, or employees to enable stakeholder feedback and act on stakeholder concerns. This is integral to our human rights and environmental impact due diligence activities and the shaping of our social and environmental strategies and plans.

Our stakeholders are those people or organizations who affect – or are affected by – our operations, including the following:

- adidas employees
- Authorizers: governments, trade associations, shareholders, and the Executive Board
- Business partners: suppliers, licensees, and service providers
- Workers in our suppliers' factories
- Human rights defenders: trade unions and community activists
- Opinion formers: journalists, community members, academics, and special interest groups
- Customers: professional athletes, distributors, retailers, and consumers

Engaging openly with stakeholders and establishing ways to increase transparency and disclosure has long been central to our approach. The adidas Stakeholder Relations Guideline specifies key principles for the development of stakeholder relations and the different forms of stakeholder engagement. It highlights the importance of meeting the changing expectations of our stakeholders and encourages open, honest communication that fosters trust and cooperation. Our principles that guide stakeholder-relations development are:

- Those affected by adidas' business have the right to be informed about our activities, participate in a transparent stakeholder engagement process, and be involved in issues and opportunities that affect them.
- Stakeholders will be provided with timely and accurate information about our business, and we will take their needs and concerns into account when making decisions on behalf of the company.
- We will actively seek stakeholder input and feedback on business decisions and will act on what we learn.

- We will encourage stakeholders to define how they wish to be consulted and strive to remain flexible and responsive to stakeholder preferences.
- We will identify, assess, and address potential risks of stakeholders and adidas to ensure a high-quality engagement process and outcome.
- Those acting on behalf of adidas must be willing to be influenced by stakeholders and, where appropriate, act on their input, even if this means changing the company's business plans.
- We respect the values and culture of each stakeholder. When disagreements with stakeholders arise that cannot be resolved, our employees will always show respect for the diversity of views presented.

adidas' stakeholders are diverse, which translates into a wide range of engagements, some of which are ongoing and span many years, and some of which are targeted, based on current issues or trends requiring critical feedback. Thus, our numerous stakeholder engagements range from basic communication, consultation and dialogue to more in-depth processes such as advisory panels or multi-stakeholder forums. The most frequent forms of stakeholder engagements we practice include:

- Holding formal stakeholder consultation meetings (stakeholder dialogue) with workers, union representatives, NGOs, and suppliers.
- Meetings with investors and investment analysts
- Employee engagement through surveys, internal information, reporting and induction programs, as well as grievance channels to the senior management and Works Councils
- Responding to enquiries from consumers, media, and authorities
- Collaborating with other brands and other companies in joint initiatives
- Participating in multi-stakeholder initiatives
- Engaging in outreach to the academic community, governmental organizations, and governments

Regardless of the form of engagement, we will seek to ensure that the approach, at a minimum:

- Addresses key stakeholder expectations,
- ensures that stakeholder concerns, perceptions, and viewpoints can be fully and accurately expressed and recorded, and
- enables us to provide a coherent response to stakeholder expectations and concerns.

adidas also participates in a variety of industry associations, multi-stakeholder initiatives, and non-profit initiatives, including the Apparel and Footwear International RSL Management (AFIRM) working group, Better Cotton (BC), Fair Factories Clearinghouse (FFC), Fair Labor Association (FLA), Fashion for Good, Federation of European Sporting Goods Industry (FESI), German government-led Partnership for Sustainable Textiles (Textilbündnis), Leather Working Group (LWG), Organic Cotton Accelerator (OCA), Textile Exchange, The Fashion Pact, The Microfibre Consortium (TMC), International Accord for Health and Safety in the Textile and Garment Industry, United Nations Fashion Industry Charter for Climate Action (UNFCCC), World Federation of the Sporting Goods Industry (WFSGI), Zero Discharge of Hazardous

Chemicals (ZDHC) Foundation and the Organization for Economic Co-operation and Development (OECD) Forum on Due Diligence in the Garment and Footwear Sector, among others. Through these memberships and engagements, we work closely with leading companies from different sectors to develop sustainable business practices and discuss social and environmental issues on a global, regional, and local levels.

As stated above, our stakeholder engagement strongly informs our operational decision-making and is considered to improve our strategies, e.g., through our ongoing exchange with the investor and analyst community, we are well aware of their expectations and respond accordingly. Another example is the employee listening survey, the results of which are carefully analyzed and acted upon by the different internal business functions and teams. We also use collaborations and partnerships to build leverage for systemic change in our industry, such as for efforts in the textile and footwear supply chain to mitigate the GHG emissions, to strengthen chemical management practices, and to raise social and environmental standards. In addition, we build awareness, capacity, and knowledge of laws and rights among factory management and workers by partnering with leading providers such as the International Labor Organization's (ILO) 'Better Work' program and the United Nations' International Organization for Migration (IOM) with the objective of ensuring that the labor rights of foreign and migrant workers in the adidas supply chain are upheld.

During our double materiality assessment, we used internal management to represent key external stakeholder interests and views, as detailed in IRO-1. This approach allowed us to gain a clear understanding of the interests and views of our most important stakeholders and to have them represented in our discussions and evaluations of the materiality for each topic. Experts and senior management from all relevant teams were involved to represent the environmental perspective, such as our decarbonization and biodiversity experts and our SVP for Sustainability and ESG. On the social side, many teams of the Human Resource (HR) function were involved to ensure that the interests of our employees were understood and represented, e.g., on Diversity, Equity and Inclusion (DEI). Similarly, our Social and Environmental Affairs (SEA) team, which manages the human rights perspective with all involved stakeholders, was an essential contributor of the materiality analysis.

As consumer demand and all other stakeholder interests and views may change over time, we will adapt our approach accordingly to ensure we meet these expectations. Each function at adidas continuously adjusts its actions to stakeholder group expectations based on the results of stakeholder engagement and dialogue. In this way, we ensure that we address the topics that are most salient to our business and our stakeholders, and the challenges ahead.

We strive to keep up with our stakeholders' views and interests regarding sustainability impacts. Due to the cross-functional nature of these impacts, each team that interacts with our key stakeholder groups informs its management teams and the Executive Board of any relevant major changes on a regular and/or ad hoc basis. The Supervisory Board reports publicly on the content of its meetings in each Annual Report. ▶ **SEE SUPERVISORY BOARD REPORT**

For further information on stakeholder engagement, please refer to the topical Standards or on the adidas website. ▶ **ADIDAS-GROUP.COM/S/ENGAGEMENT WITH STAKEHOLDERS**

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Disclosures related to the SBM-3 data points as well as the list of material impacts, risks and opportunities (IROs) are displayed in each topical standard, where applicable.

Impact, risk and opportunity management

IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities

Our process and methodology for identifying material impacts, risks and opportunities (IROs) is based on the requirements of ESRS 1, section 3 and the application requirement of ESRS 1 AR 16. The provided list of sustainability matters from ESRS 1 AR16, alongside our existing material topics, formed the basis for developing a comprehensive long list of potentially material sustainability matters. This list also formed the basis for the IRO identification process. To determine if a sustainability matter is material or immaterial, the analysis was carried out from both an impact materiality perspective and a financial materiality perspective (double materiality). A sustainability matter is deemed material according to the double materiality concept if it is material from either or both perspectives. Other criteria have not been applied.

Impact materiality

Our impact materiality analysis followed the ESRS recommended process (please refer to ESRS 1, section 3.4). We identified, assessed and evaluated the impacts of all sustainability matters at the sub-topic level and, where applicable, sub-sub-topic level. To evaluate each impact, we first identified whether the impact was actual or potential, positive or negative, short, medium or long term, and at which value chain level the impact occurred. Based on this initial assessment, the materiality of actual negative impacts was evaluated based on the severity of the impact, while the materiality of potential negative impacts was evaluated based on the severity and likelihood of the impact. Severity was assessed using the following three parameters: scale, scope and irreversibility. In the case of a potential negative human rights impact, the severity of the impact took precedence over its likelihood. For actual positive impacts, the materiality was based on the scale and scope of the impact, whereas for potential positive impacts, the materiality was based on the scale, scope and likelihood. Finally, we considered all aspects explained above and applied a scoring from 1, being marginal impact, to 5, being a significant impact on the respective matter.

Financial materiality

For financial materiality, we also followed the ESRS recommended process for assessing and evaluating the financial materiality of each identified risk and opportunity. We evaluated whether a sustainability matter causes or could cause a material risk or opportunity for adidas based on a combination of the likelihood of occurrence and the potential magnitude of the short-, medium- or long-term financial effects. This included material risks or opportunities affecting our net income and/or cash flows and/or our reputation, the health and safety of our employees, or legal and judicial consequences. We aligned the financial materiality methodology with our enterprise risk management (ERM) methodology to ensure consistency between our sustainability reporting and our risk management report.

Finally, we considered all aspects explained in this paragraph and applied a scoring from 1, being marginal, to 5, being significant from a financial materiality perspective. The materiality threshold for both impact and financial materiality was set at three, meaning every topic that has a score equal to three or higher is deemed material.

Process of our double materiality assessment

After creating a long list of sustainability matters mainly based on ESRS 1, AR16 as well as on some entity specific topics as a result of our prior materiality analyses and previous non-financial reporting, we identified generally relevant topics to potentially be reported on together with responsible internal content owners and expert teams. With them, we then proceeded to identify, assess, and prioritize potential and

actual positive and negative impacts on people and the environment, as well as risks and opportunities that have or may have financial effects on our company.

Part of the process involved the mapping of affected stakeholders or users of information to identify and assess sustainability matters, integrating their perspectives and views. Although there was no direct involvement of external stakeholders, adidas teams acted as representatives of external stakeholder views and interests to ensure they were considered in the topic assessment. For example, affected communities and value chain workers were represented by the Social and Environmental Affairs team, the investor perspective by the Investor Relations team, the employee perspective by the Human Resources team, and the consumer perspective by the Brand team. Additionally, the Enterprise Risk Management team was involved in all discussions to ensure completeness and alignment in evaluating and assessing methodologies.

Through a series of workshops over a period of several months with internal stakeholders, including responsible experts and senior management, we identified, assessed and validated impacts, risks and opportunities. This process included the consideration of the connections of our impacts and dependencies with risks and opportunities that could arise from impacts and dependencies between sustainability matters. Further information on topical dependencies can be found in the respective topical standards as well as in the Risk and Opportunity Report. Generally, the success of our business model depends on our products, which are made of natural resources such as cotton, leather and rubber, as well as other materials such as recycled polyester. The availability and cost of these resources are critical to ensuring the supply of our products to consumers when they want it, where they want it and at a competitive price level. The manufacturing process for our products is very energy intensive and still requires a high level of manual work provided by the workers in our upstream value chain. Similarly, the success of our business activities depends on the creativity of our own employees, impactful collaborations with designers and celebrities, and our marketing and sponsoring activities, to ensure that we offer relevant products to our consumers. For the double materiality analysis, we considered all of these dependencies on natural, human and social resources to evaluate the IROs.

Relevant internal experts and content owners actively contributed to the process of the materiality assessment in the workshops, ensuring a thorough evaluation of the IROs related to our business and our value chain. Senior management and their expert teams are responsible for monitoring and managing our impacts, risks and opportunities from sustainability matters:

- **Environmental:** Material environmental impacts occur mainly in the upstream value chain. We have established teams that work in close collaboration with our suppliers and manufacturers to manage material impacts, e.g., GHG emissions, water, biodiversity, waste, and use of chemicals.
- **Social:** Material social impacts occur at every stage of the value chain and relate to the workers of manufacturing partners, our own employees, and our consumers. We have established teams and functions that manage highly material impacts, such as the Social and Environmental Affairs team in the legal function to manage human rights and working conditions in the supply chain, the HR function to manage impacts, risks and opportunities related to our own workforce, and the Marketing and Sales function to manage consumer interests.
- **Governance:** Material governance-related impacts, such as compliance and corporate culture topics are managed by the legal function, i.e., the compliance team together with HR.

The senior management of these teams, as well as experts in specific material topics, were deeply involved in the materiality assessment and provided final judgment on the results based on their subject-matter expertise. The involved senior managers also have a direct link to other internal decision-making

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processes up to the Executive Board level. In general, our sustainability-related risks are assessed at the same level of priority as all other business-related risks.

The Internal Controls team was involved in the entire materiality assessment process. Furthermore, for the collection and disclosure of material quantitative metrics, the team members worked together with content and data owners to ensure that data quality requirements for the metrics were met. For more information on internal controls for sustainability reporting, please see the general risk management process and the GOV-5 section.

After several workshops, the final assessment of materiality was conducted in collaboration with expert teams based on the evaluation criteria and threshold described above. Throughout our entire double materiality assessment, we considered all of our business activities, business relationships or geographies. Material entity-specific sustainability matters were not identified.

Value chain

An in-depth definition of the adidas value chain served as the foundation for our double materiality assessment and identification of sustainability matters and IROs. Given our business model, which relies on outsourced manufacturing and production processes with independent partners, we have segmented the value chain into three distinct parts:

- **Upstream:** all of our suppliers, e.g., product manufacturers
- **Own operations:** our own offices, distribution centers (DCs), and retail stores
- **Downstream:** our wholesale customers and end consumers

Data and assumptions

For the materiality assessment, adidas used existing internal environmental data (e.g., GHG emissions calculations, water usage data, biodiversity assessment, own workforce data, financial data) alongside regularly collected data on consumption, social compliance, suppliers and consumer insights. Additionally, we incorporated external data, focusing on the latest scientific studies, benchmarks, regulations, and other reporting standards such as GRI, SASB and the GHG Protocol.

Revision of materiality assessment

The materiality assessment process with the methodology described above was conducted for the first time in the reporting period. We plan to revise the assessment annually based on additional or new insights gathered in the respective year.

Topic-specific processes

In addition to our general approach and processes for identifying and assessing our IROs, we conducted the following topic-specific processes, including actions and steps of the double materiality assessment:

IRO-1 – Topic-specific processes

Standard	Description
E1 Climate change	
Process to identify and assess the impacts on GHG emissions [//ESRS E1-20a IRO-1]	<p>To identify and assess climate-related IROs, we use our GHG emissions as reported in the annual reports of the past years for Scope 1, 2, and 3. Our own developed tool enables us to quantify, monitor, and be transparent about our carbon footprint along our entire value chain. With regard to Scope 3 emissions, we have put considerable effort into gathering more primary data from our suppliers over the last few years. This has allowed us to gain more precise insights into carbon emissions, energy consumption, and the impact of our decarbonization initiatives. This tool is our primary source to understand and report on our impact related to GHG emissions. Based on the calculated GHG emissions, we come to the conclusion that our impact on climate change is distributed unequally across the value chain, with the most significant impact generated in the upstream supply chain, particularly in raw materials production and processing. Our current assessment covers future potential sources of GHG emissions due to the nature of our business model.</p>
[//ESRS E1-20b IRO-1]	<p>For our climate scenario/risk analysis, we used a climate modeling tool with the ability to model different climate scenarios; we used three climate scenarios covering a low, intermediate and high emissions scenario¹. On this basis, we assessed our exposure in each scenario and the related vulnerability to selected climate hazards – wind, flood, avalanche, landslide, temperature, wildfire, snowfall, earthquake, and soil liquefaction – using more specific climate indicators, e.g., wind gust speed, blizzards, or average wind speed. The tool allowed us to create a digital twin of our business model (focusing on operational footprint, key own assets, main sourced materials, strategic suppliers, and supply chain information, including certain distribution routes) to provide focused information on our vulnerability. As a result, an in-depth view of our exposure to physical risks at the asset level formed the basis for identifying and assessing the material climate-related physical risks in the three different time frames assessed (2030, 2040, 2050).</p>
[//E1-20c IRO-1]	<p>To identify and assess climate-related transition risks and opportunities along our value chain, such as heightened exposure to respective regulation and changes in consumer preferences, etc., the climate modeling tool uses the Shared Socioeconomic Pathways (SSP) scenarios derived from the latest intergovernmental Panel on Climate Change (IPCC) AR6 report (2023) and the six scenarios explored in the third version of the Network for Greening the Financial System (NGFS) to compute bespoke transition indicators. The analyzed scenarios include a low-emission scenario (RCP2.6-SSP126) consistent with limiting global warming to 1.5°C. The assessment applied the same timeframes as for the physical risks (2030, 2040, 2050). The scenario analysis informed the resilience analysis (which considered our business model, operating model, and own assets) and its results can be found in ESRS E1 SBM-3 Climate Change².</p>
E2 Pollution	
[//E2-11a+b IRO-1]	<p>We screened our business activities to identify and assess actual and potential pollution-related IROs, focusing on our upstream supply chain but also considering own operations as well as downstream activities. For this, we used existing data collected through our manufacturing partners, such as use of substances of concern and quality of wastewater discharge³. With regard to pollution of water, adidas conducts a supply chain water risk mapping aiming to identify water risks in our sourcing locations on an annual basis. By using World Resources Institute (WRI) tools (Aquaduct), adidas aims to understand physical, reputational and regulatory water-related risks and assess exposure to water risk across multiple locations of our supply chain. The scope of this analysis was the global factory list shared publicly on our website. For all previously mentioned risks, a baseline and future scenarios were analyzed considering different time scales: 2030, 2050, and 2080. The analysis shows that a relevant part of our supply chain currently operates in water-stressed areas and performs water-intense processes when manufacturing our products. This combination exposes us to risks when related to water withdrawal, as suppliers are very dependent on availability of water to operate. Affected communities are considered indirectly through our stakeholder outreach activities. To clearly quantify pollution-related impacts through microplastics is an industry-wide</p>

IRO-1 – Topic-specific processes

Standard	Description
	<p>challenge as the textile industry is lacking a holistic methodology on how to measure the release of microplastics and how to assess the impact generated by such release. Polyester – and to a vast majority recycled polyester – represents the largest share of material we use in our products.</p>
E3 Water and marine resources [//E3-8a+b IRO-1]	<p>Same process, screening, methodologies, assumptions, tools and consultations as outlined in ESRS E2 Pollution.⁴</p>
E4 Biodiversity and ecosystems Description of processes to identify and assess material biodiversity and ecosystem-related IROs [//E4-17a IRO-1]	<p>There have been three major analyses conducted in 2023/2024, where the results were used as the foundation to identify and assess the IROs related to biodiversity:</p> <ul style="list-style-type: none"> - The biodiversity dependencies and impacts analysis, conducted in 2023/2024 using ENCORE nature (specialized tool for biodiversity related assessments). The basis was the type of activities held in our value chain, using specific ISIC codes that represent such activities, especially considering the adidas use of natural and synthetic materials for its products. - The biodiversity risk analysis was integrated in our climate risk assessment and was mainly related to the risk of sourcing key nature-derived materials like cotton, leather and rubber in the future and the impacts of climate change in the availability of these materials. - The proximity biodiversity impact assessment considered the proximity of the locations of our strategic suppliers and our own operations against biodiversity sensitive areas by using the Integrated Biodiversity Assessment Tool (IBAT) from Birdlife Alliance. <p>All analyses showed that biodiversity dependencies, impacts and risks are more prevalent in the adidas upstream value chain⁵. Consequently, biodiversity-related impacts on own operations as well as on our downstream value chain were assessed as immaterial.</p>
[//E4-17b IRO-1]	<p>adidas assessed biodiversity dependencies in its upstream value chain (the only value chain level with material biodiversity IROs), focusing on leather, natural rubber, and timber. We reviewed ecosystem services, conducted literature reviews, and expert interviews. The assessment linked the apparel industry to ecosystem services, detailing how natural capital assets provide these services and are affected by environmental changes. Factsheets and summary tables highlighted key assets and drivers. Together with the Natural Capital Finance Alliance, we developed a framework for assessing the importance of natural capital assets and the impact of environmental changes.</p>
[//E4-17c IRO-1]	<p>Transition and physical risks and opportunities related to biodiversity and ecosystems have been identified and assessed, focusing on impacts and dependencies in the upstream value chain. The assessment criteria included regulatory compliance, cost implications, and environmental impacts⁶. Material risks identified include increased operational costs due to the need for traceability systems and sourcing-certified raw materials to comply with regulations like the EU Deforestation-free Regulation and the 2030 EU Biodiversity Plan. Non-compliance with these regulations could result in fines and restricted market access, particularly in the EU. Additionally, decreased biodiversity may compromise the availability and cost of nature-derived materials such as cotton, leather, and natural rubber, due to factors like reduced pollinators and ecosystem health issues. Water availability for production processes, such as dyeing and tanning, also poses significant risks.</p>
[//E4-17d IRO-1]	<p>adidas recognizes the importance of systemic risks related to biodiversity and ecosystems, but they have not been a primary focus of the current assessment process due to the lack of a widely recognized methodology and the significant cross-collaboration and time required. However, we are preparing to consider them in the future.</p> <p>adidas plans to address this gap by gathering insights through the Science Based Targets Network (SBTN) and other sources.</p> <p>Currently, the focus is on immediate risks such as regulatory compliance, cost implications and environmental impacts in the upstream value chain. As our understanding of systemic risks evolves, we intend to integrate these considerations into our risk management framework.</p>
[//E4-17e IRO-1]	<p>Consultations with affected communities on sustainability assessments of shared biological resources and ecosystems have not been conducted directly or formally yet. Affected communities were considered indirectly in our materiality process. Our internal experts maintain regular contact with external stakeholders, and their views are indirectly incorporated into our decision-making and strategy development.</p>

IRO-1 – Topic-specific processes

Standard	Description
[//E4-19b IRO-1]	<p>Sites in or near biodiversity-sensitive areas are disclosed in the topical standard E4. As potential impact on biodiversity was deemed low, no mitigation measures are deemed necessary.</p>
E5 Resource use and circular economy	<p>Description of the processes to identify and assess material resource use and circular economy-related IROs [E5-11a, b IRO-1]</p> <p>adidas has rigorously screened its assets and activities to identify actual and potential impacts, risks and opportunities across its operations and throughout the upstream and downstream value chain. The methodologies, assumptions, and tools used in the screening process of assets and activities are consistent with those applied for ESRS E4. The involvement of stakeholders regarding E5 was conducted in alignment with our general approach and double materiality assessment process⁷.</p>
G1 Business conduct	<p>Description of the processes to identify and assess material impacts, risks and opportunities [//G1-6 IRO-1]</p> <p>The process for identifying material impacts, risks and opportunities related to business conduct matters followed the same process and criteria described in the 'Process of our double materiality assessment' section. However, as stated in the requirement, we specifically included the asked criteria for the ESRS G1 topic:</p> <ul style="list-style-type: none"> - Location: We assess impacts, risks and opportunities based on the geographic regions in which we operate, taking into account local regulations, market conditions, and socio-political factors. - Activity: We evaluate the specific business activities involved, such as manufacturing, marketing, and distribution, to identify potential impacts, risks and opportunities unique to each function. - Sector: We analyze industry-specific risks and opportunities, taking into account trends, the competitive landscape, and sector-specific regulations. - Transaction structure: We consider the nature and structure of transactions, including partnerships and other business arrangements, to identify associated risks and opportunities. <p>Impact, risk and opportunity management is a company-wide activity that utilizes key insights from the members of the Executive Board as well as from global and local business units and functions⁸.</p>

1 For further information, please refer to ESRS E1 Climate Change SBM-3.

2 For further information, please refer to ESRS E1 Climate Change SBM-3.

3 For further information, please refer to ESRS E2 Pollution E2-1.

4 For further information, please refer to ESRS E2 Pollution E2-1.

5 For further information, please refer to ESRS E4 Biodiversity and Ecosystems SBM-3.

6 For further information, please refer to ESRS E4 Biodiversity and Ecosystems E4-1.

7 For further information, please refer to ESRS 2 'Process of our double materiality assessment.'

8 For further information, please refer to the Risk and Opportunity Report.

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IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement

Materiality assessment and disclosure explanation

To evaluate the materiality of an IRO, and therefore of a sustainability matter, we employed a scoring system that assesses both impact and financial materiality, as explained in detail in the section of IRO-1. If the IRO, including its sustainability matter, is deemed immaterial, it means that the impact and the financial materiality were assessed with a score of two or below and therefore did not meet the threshold of three to be material.

Afterwards, we have determined the material information to be disclosed based on the impacts, risks and opportunities that we had assessed to be material and on the guidance of ESRS 1, section 3.2. In general, we followed the ESRS Disclosure and Application Requirements including the Minimum Disclosure Requirements (MDRs) for policies, actions and resources, and metrics and targets for those sustainability matters that had yielded a score of three or higher for either impact or financial materiality as a result of our DMA.

For detailed information on all existing policies, actions, and targets, please refer to the corresponding topical standard. For sustainability matters where no targets are currently established, we still track the effectiveness of our policies and/or actions through comprehensive processes that evaluate progress. If there is a defined ambition level or base period this is stated in the respective topical standards. Furthermore, in case any actual impact required the provision of remedy for those harmed by these impacts, a reference is given to relevant actions in the corresponding topical standard. In instances where we made use of the exemptions outlined in ESRS 1 Appendix C: List of phased-in Disclosure Requirements, these are explicitly stated. Nevertheless, our commitment is to address all reporting requirements diligently and to provide the necessary context and information.

List of phased-in disclosure requirements

ESRS- Disclosure require- ment	Information
ESRS 2 General Disclosures	
SBM-3	ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects)
E1 Climate Change	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
E2 Pollution	
E2-6	Anticipated financial effects from material pollution-related risks and opportunities
E3 Water & marine resources	
E3-5	Anticipated financial effects from material water and marine resources-related risks and opportunities
E4 Biodiversity & ecosystems	
E4-6	Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities
E5 Resource use & circular economy	
E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities
S1 Own workforce	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce
S1-11	Social protection
S1-12	Percentage of employees with disabilities

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List of phased-in disclosure requirements

ESRS- Disclosure require- ment	Information
S1-13	Training and skills development metrics
S1-15	Work-life balance

Datapoints from other EU legislation in accordance with ESRS 2 Appendix B

The following table provides an overview of all datapoints derived from other EU legislation listed in ESRS 2 Appendix B of this standard.

ESRS datapoints from other EU legislation

Disclosure requirement	Data point	Legislation	Materiality/ Applicability / Disclosure
▶ ESRS 2, GOV-1	21 (d)	SFDR/BRR	Obligatory
	21 (e)	BRR	Obligatory
▶ ESRS 2, GOV-4	30	SFDR	Obligatory
	40 (d) (i)	SFDR/P3/BRR	n.a.
▶ ESRS 2, SBM-1	40 (d) (ii)	SFDR/BRR	n.a.
	40 (d) (iii)	SFDR/BRR	n.a.
▶ ESRS E1-1	40 (d) (iv)	BRR	n.a.
	14	EUCL	Material
▶ ESRS E1-4	16 (g)	P3/BRR	n.a.
	34	SFDR/P3/BRR	Material
▶ ESRS E1-5	38	SFDR	Material
	37	SFDR	Material
▶ ESRS E1-6	40-43	SFDR	Material
	44	SFDR/P3/BRR	Material
▶ ESRS E1-7	53-55	SFDR/P3/BRR	Material
	56	EUCL	Immaterial, but disclosed
▶ ESRS E1-9	66	BRR	Phase-In; not disclosed
	66 (a); 66 (c)	P3	Phase-In; not disclosed
▶ ESRS E2-4	67 (c)	P3	Phase-In; not disclosed
	69	BRR	Phase-In; not disclosed
▶ ESRS E3-1	28	SFDR	Immaterial
	9	SFDR	Material
▶ ESRS E3-4	13	SFDR	Immaterial
	14	SFDR	Immaterial
▶ ESRS E4, SBM-3 (ESRS 2)	28 (c)	SFDR	Immaterial
	29	SFDR	Immaterial
▶ ESRS E4, SBM-3 (ESRS 2)	16 (a) (i)	SFDR	Material

ESRS datapoints from other EU legislation

Disclosure requirement	Data point	Legislation	Materiality/ Applicability / Disclosure	
	16 (b)	Land degradation, desertification, or soil sealing	SFDR	Material
	16 (c)	Threatened species	SFDR	Material
	24 (b)	Sustainable land/agriculture practices or policies	SFDR	Material
► ESRS E4-2	24 (c)	Sustainable oceans/seas practices or policies	SFDR	Material
	24 (d)	Policies to address deforestation	SFDR	Material
► ESRS E5-5	37 (d)	Non-recycled waste	SFDR	Immaterial
	39	Hazardous waste and radioactive waste	SFDR	Immaterial
► ESRS S1, SBM-3 (ESRS 2)	14 (f)	Risk of incidents of forced labor	SFDR	Immaterial
	14 (g)	Risk of incidents of child labor	SFDR	Immaterial
	20	Human rights policy commitments	SFDR	Material
	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	SFDR	Material
► ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	SFDR	Immaterial, but disclosed
	23	Workplace accident prevention policy or management system	SFDR	Material
► ESRS S1-3	32 (c)	Grievance/complaints-handling mechanisms	SFDR	Material
	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	SFDR/BRR	Material
► ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities, or illness	SFDR	Material
► ESRS S1-16	97 (a)	Unadjusted gender pay gap	SFDR/BRR	Material
	97 (b)	Excessive CEO pay ratio	SFDR	Material
	103 (a)	Incidents of discrimination	SFDR	Material
► ESRS S1-17	104 (a)	Non-respect of UNGPs on Business & Human Rights, ILO principles, or OECD guidelines	SFDR/BRR	Immaterial
► ESRS S2, SBM-3 (ESRS 2)	11 (b)	Significant risk of child labor or forced labor in the value chain	SFDR	Material
	17	Human rights policy commitments	SFDR	Material
	18	Policies related to value chain workers	SFDR	Material
► ESRS S2-1	19	Non-respect of UNGPs on Business & Human Rights, ILO principles, or OECD guidelines	SFDR/BRR	Material
	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	BRR	Material
► ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	SFDR	Material
	16	Human rights policy commitments	SFDR	Material
► ESRS S3-1	17	Non-respect of UNGPs on Business & Human Rights, ILO principles, or OECD guidelines	SFDR/BRR	Material
► ESRS S3-4	36	Human rights issues and incidents	SFDR	Material
	16	Policies related to consumers and end-users	SFDR	Material
► ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR/BRR	Material

ESRS datapoints from other EU legislation

Disclosure requirement	Data point	Legislation	Materiality/ Applicability / Disclosure
► ESRS S4-4	35 Human rights issues and incidents	SFDR	Immaterial, but not disclosed
► ESRS G1-1	10 (b) United Nations Convention against Corruption	SFDR	Material
	10 (d) Protection of whistleblowers	SFDR	Material
► ESRS G1-4	24 (a) Fines for violation of anti-corruption and anti-bribery laws	SFDR/BRR	Material
	24 (b) Standards of anti-corruption and anti-bribery	SFDR	Material

SFDR – Sustainable Finance Disclosure Regulation

BRR – Banking Regulatory Reporting

P3 – Pillar 3 Disclosure Requirements

EUCL – European Union Climate Law

ESRS E1

Climate change

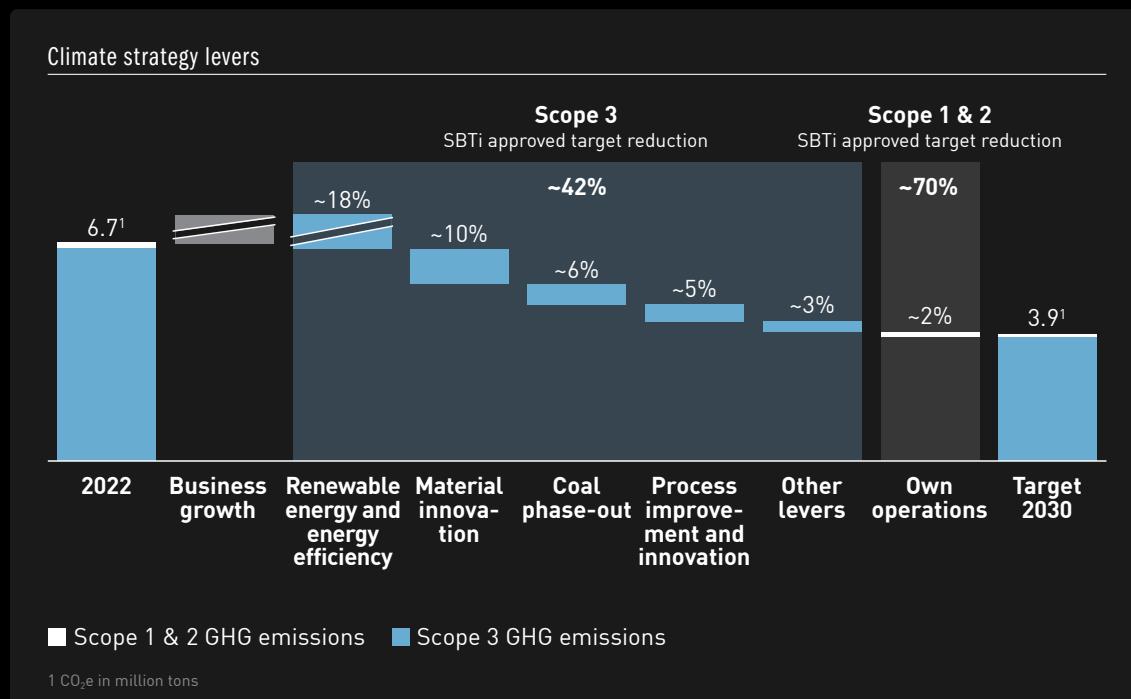
The climate crisis and global warming represent some of the biggest challenges the world faces. With the adidas climate strategy we lay out a set of actions and targets we are taking to reduce greenhouse gas (GHG) emissions in our business and across our value chain, aiming to reach net-zero¹ by 2050.

Impacts, risks and opportunities

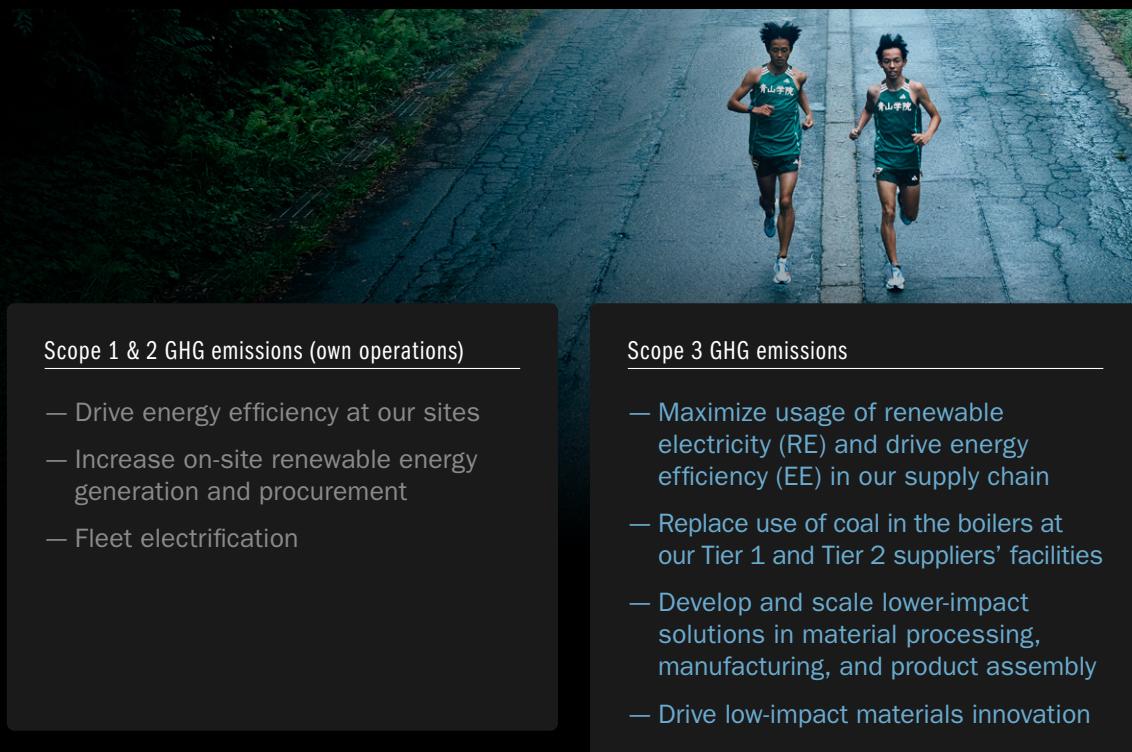
Impacts	Physical risks	Transition risks
<ul style="list-style-type: none"> – Energy-intensive supply chain – 87% of adidas total GHG emissions from upstream activities 	<ul style="list-style-type: none"> – Reduced material availability due to changing weather patterns, leading to higher material costs – Extreme weather events and shifting weather patterns causing physical damage to properties and inventories 	<ul style="list-style-type: none"> – Exposure to GHG emissions pricing mechanisms and/or related regulation and litigation – Increased stakeholder scrutiny resulting in reputational risks

Our climate strategy levers & actions 2030

Our climate strategy is based on well defined decarbonization levers and actions to reduce GHG emissions across our entire value chain with a particular focus on Scope 3 GHG emissions in our upstream supply chain.



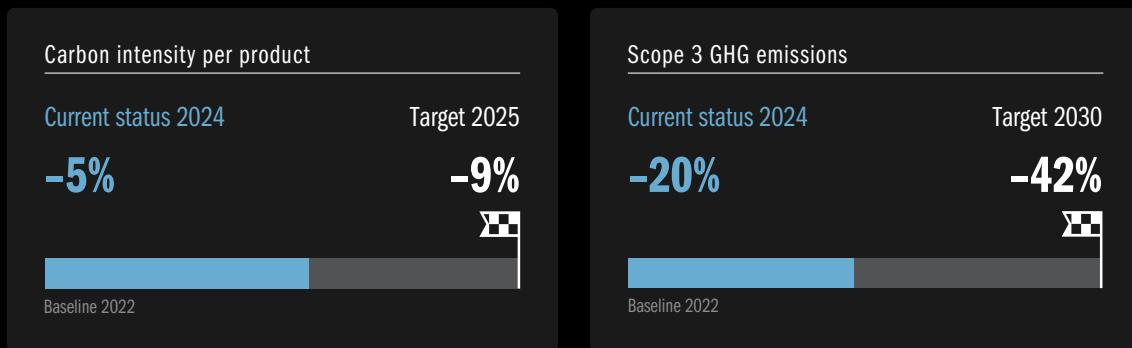
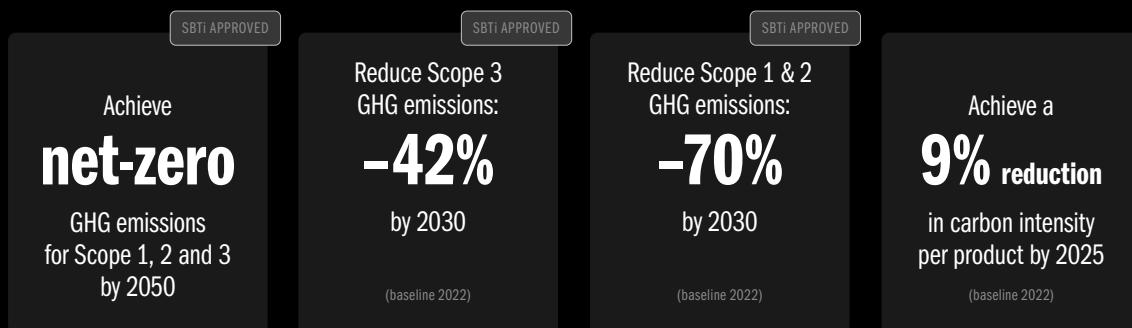
¹ Net-zero: As per SBTi, net-zero GHG emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period ("net-zero" future). This is necessary at the global level to stabilize temperature increase at 1.5°C. In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90%) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.



Targets

Our climate strategy targets are approved by the SBTi and in line with a 1.5°C pathway
– the most ambitious goal established by the Paris Agreement.

Climate strategy targets



Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to climate change in the management of our business. An overview of these policies can be found in the topical standard of E1.

ESRS E1 – Climate Change

ESRS 2 General disclosures

The climate crisis represents one of the biggest challenges the world faces. Mitigating global warming requires significant measures and strong collaboration within and across industries as well as global supply chains. The adidas climate strategy reflects this imperative. It lays out the actions and targets we are taking to reduce greenhouse gas (GHG) emissions in our business and across our value chain, aiming to reach [net-zero¹¹](#) by 2050.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results of our double materiality analysis concerning material impacts, risks and opportunities for climate change matters are as follows:

SBM-3 – Climate change and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time horizon	Value chain	Description ¹
Energy	Negative Impact	Actual	n.a.	Up-stream	adidas has a multi-tiered supply chain, with energy-intensive raw material production and manufacturing processes that still partially rely on non-renewable energy sources leading to GHG emissions.
Energy	Negative Impact	Actual	n.a.	Down-stream	Downstream energy use and its GHG emissions are significantly lower than in the upstream value chain and occurs during the product use, and end-of-life phases (e.g., washing and disposal of products).
Energy	Risk	n.a.	Mid-term	Own Operations	Energy risks in our own operations could relate to: - Increased stakeholder scrutiny: Although our own energy consumption is relatively low compared to our value chain, the expectation from various stakeholders is that we maintain our long-term approach in managing and reporting energy use in a systematic way and that we show progress toward reducing it. Failure to do so could lead to reputational risks - Higher operating costs
Climate change mitigation	Negative Impact	Actual	n.a.	Up-stream	Around 87% of adidas' total GHG emissions originate from upstream activities such as raw material processing, manufacturing, and product assembly processes.
Climate change mitigation	Negative Impact	Actual	n.a.	Down-stream	Downstream GHG emissions primarily originate from the product use and end-of-life phases (e.g., washing and disposal of products).
Climate change mitigation	Risk	n.a.	Long-term	Up-stream	Climate change mitigation risks in our upstream value chain could be related to: - (T) Exposure to carbon pricing mechanisms and carbon-related regulation

¹¹ Net-zero: As per SBTi, net-zero GHG emissions are achieved when human-caused GHG emissions are balanced by removing the same quantity of emissions from the atmosphere over a specified period ("net-zero" future). This is necessary at the global level to stabilize temperature increase at 1.5°C. In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

SBM-3 – Climate change and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time horizon	Value chain	Description ¹
					<p>and litigation: We expect an increase in regulations from authorities aiming 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.</p>
Climate change mitigation	Risk	n.a.	Mid-term	Own Operations	<p>Climate change mitigation risks in our own operations could relate to:</p> <ul style="list-style-type: none"> - (T) Increased stakeholder scrutiny: 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.
Climate change adaptation	Risk	n.a.	Long-term	Up-stream	<p>Climate change adaptation risks in our upstream value chain could relate to:</p> <ul style="list-style-type: none"> - (P) Physical damage to our business partners' properties and disruption of their business operations: Extreme weather events and changes in overall weather patterns could increasingly lead to damages to our business partners' properties and disruptions of their business operations. In turn, these could result in higher operating costs for business partners and, eventually, in higher cost of sales for adidas. - (P) Interruptions in our supply chain: Extreme weather events and changes in weather patterns could 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. - (P) Harm to and lower productivity of our business partners' workforce: An increase in average temperatures and heat waves worldwide could harm our business partners' workforce and reduce their productivity. - (P + T) Increased cost of materials and low-carbon technologies: Changes in weather patterns could reduce the availability of existing materials, which may result in increased costs. At the same time, the higher demand (and potentially limited availability) for low-carbon technologies could lead to higher operating costs for our business partners and, eventually, result in higher cost of sales for adidas.

SBM-3 – Climate change and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time horizon	Value chain	Description ¹
Climate change adaptation	Risk	n.a.	Long-term	Own Operations	<p>Climate change adaptation risks in our own operations could relate to:</p> <ul style="list-style-type: none"> - (P) Physical damage to our own properties and business disruptions in own operations: Extreme weather events and changes in overall weather patterns could increasingly lead to damage to our own properties (such as office buildings, DCs, and retail stores) and inventories and business disruptions in our own operations. In turn, these could result in lower revenues, as well as higher insurance and operating costs. - (P) Harm to and lower productivity of our own workforce: An increase in average temperatures and heat waves worldwide could harm and reduce the productivity of our own workforce.
Climate change adaptation	Risk	n.a.	Long-term	Down-stream	<p>Climate change adaptation risks in our downstream value chain could relate to:</p> <ul style="list-style-type: none"> - (T) Changes in consumer preferences and product demand: The transition to a low-carbon economy could influence consumers' preferences and expectations toward brands and products, negatively impacting sales and market share if expectations are not met.

¹ Physical risk (P), Transition risk (T).

We do not expect any of the presented climate-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Kicked-off in mid-2023 and finalized in mid-2024, our climate scenario and subsequent resilience analysis covered our entire value chain and all the physical and transition risks identified in the risk and opportunity identification process. We used a climate modelling tool to assess our exposure to those risks considering three GHG emission scenarios (low, intermediate, and high GHG emissions) and three different timeframes (2030, 2040, 2050) which are aligned with our climate strategy milestones and targets (2030 and 2050).

Using the input from the tool, we created a digital visual representation ('digital twin') of the adidas' business model and operational footprint: locations of key assets such as distribution centers, sourcing countries, and production regions of main materials, locations of strategic suppliers' facilities, as well as transportation routes. Risks and opportunities were then quantified (to the extent possible) and aggregated to inform not only the resilience analysis, but also future strategic planning and decision-making.

Our main assumptions for the climate scenario analysis were as follows:

- The basis was our current asset base and value chain without factoring in any potential changes over the analyzed time horizons. Similarly, potential changes to our sourcing locations and/or materials portfolio were not taken into consideration, because the sporting goods industry is very dynamic and volatile with projections of trends over the analyzed time horizons not considered to be robust enough.

- Varying business growth rates were considered for the period until 2030 and from then onwards until 2050. In addition, the analysis factored in different growth assumptions between net sales on the one hand and production volumes on the other hand. For the GHG emission growth projection until 2030, production and sales forecast numbers were included until 2025, and a constant business growth rate for the subsequent years. The current product division mix and material mix are assumed to remain constant.
- We did not assume any production and/or process efficiency improvements for suppliers and other business partners. We also did not assume technology-driven yield improvements in the production of raw materials.
- We only considered the achievement of our climate strategy and planned outcomes of risk handling actions when assessing the potential financial impact of selected transition risks (e.g., increased shareholder scrutiny, increased exposure to carbon pricing and increased costs of low carbon materials and technologies). For all the other assessed risks we did not assume any expected future outcomes of actions currently in place.
- Depending on the analyzed risk and the associated tiering within the upstream supply chain, cost pass-through assumptions were considered on a case-by-case basis to quantify the potential impact on adidas.

The scenarios were as follows:

- Low-emission scenario (RCP2.6-SSP126): This future is in line with a 1.5°C pathway and characterized by a GHG emissions level which is stable until 2020, then declines and becomes negative by 2100. An early introduction of climate policies, which become more and more stringent over time would lead to a mitigation of both transition and physical risks. This scenario implies strong collective action, with transition risks more likely to occur in the short to medium term and a potential reduction of the severity of physical risks occurring in the long term.
- Intermediate-emission scenario (RCP4.5-SSP245): GHG emissions peak around 2040 followed by a decline. In this scenario, strong climate policies are not in place, yet the exhaustible character of non-renewable fuels is taken into account. If limited global action is taken, transition risks would decline in the short term. Inaction, however, would increase the severity and frequency of physical risks in the long term.
- High-emission scenario (RCP8.5-SSP585): This future projects a worst-case or business-as-usual scenario in which GHG emissions continue to rise throughout the 21st century. It assumes that no major efforts to reduce GHG emissions are taken, resulting in severe global warming.

It is important to note that the climate variables, values, and impacts of the scenarios will differ strongly from each other only in the long term (2070-2100), while they are relatively stable and similar until 2050. The climate scenario analysis showed that irrespective of the selected GHG emissions scenario, risks become more relevant from 2030 onwards.

The insights gained from the climate scenario analysis were then used to perform our resilience analysis. We assessed each material risk, its trend related to the different emission scenarios as well as our ability to manage such risks in the future, considering the nature of our business model, as well as the actions related to our specific strategies, such as the climate and biodiversity strategies. The scope and timeframe applied were the same as those used in our climate scenario analysis, as explained earlier. By considering all the mentioned aspects, we were able to assess our overall resilience towards climate change.

SBM-3 Resilience analysis

Identified risks	Trend	Risk-handling actions
Physical damage and business disruption in our own or business partners' properties	The risk is more significant in a high-emission scenario and in the 2050 timeframe.	<ul style="list-style-type: none"> - Regular update of climate risk assessment and to inform location decisions - Insurance coverage for property damage and business interruption
Interruptions in our supply chain	The risk is more significant in a high-emission scenario and in the 2050 timeframe.	<ul style="list-style-type: none"> - Diversification in the logistics portfolio - Incident and crisis response - Business continuity plans
Increasing costs of materials and high costs of low-carbon technologies	The risk is quite stable across the three different emission scenarios and timeframes.	<ul style="list-style-type: none"> - Flexibility in the materials portfolio - Material cost forecasts - Focus on material and technology innovation
Harm to and lower productivity of our own and business partners' workforce	The risk is more significant in a high-emission scenario and in the 2040/2050 timeframes.	<ul style="list-style-type: none"> - Insurance coverage - Training and education - Use of adequate heating and cooling systems
Exposure to carbon pricing mechanisms, carbon-related regulations, and litigation	The risk is more significant in a low-emission scenario, combined with a scenario where adidas does not meet its corresponding GHG emissions reduction targets.	<ul style="list-style-type: none"> - Continuous monitoring of regulatory landscape - Delivery of the climate transition plan - Continuous review and adaptation of sourcing and logistics infrastructure - Continuous review and implementation of the sustainable material roadmap as part of the climate transition plan - Avoidance of major dependencies on one sourcing country/region
Stakeholder scrutiny and activism	The risk is more significant in a low-emission scenario, combined with a scenario where adidas does not meet its corresponding GHG emission reduction targets.	Transparent communication of climate transition plan and its year-on-year delivery
Lack of ability to adapt to changes in consumer preferences and product demand	The risk is prevalent in all emission scenarios.	<ul style="list-style-type: none"> - Consumer Insights to monitor market developments - Climate transition plan - Product and marketing innovation - Continuous consumer engagement and dialogue

Based on the analysis of the results, we conclude that our business model is sufficiently resilient to climate change for the foreseeable future. The main aspects that drive our resilience are the nature of our business model, with its inherent agility and flexibility in terms of e.g., product design, material selection and sourcing locations, as well as the actions we take related to our climate strategy. Similarly, with our policy on capital management, we continuously intend to maintain a strong capital base and efficient access to capital markets. This is a fundamental requirement for sustaining the future development of our business and underscores our resilience and ability to adapt to potential impacts of climate change in the relevant timeframe.

The way forward for countries' Nationally Determined Contributions (NDCs) and climate change mitigation and adaptation regulations remains unclear currently. This leads to uncertainty about the future implementation of policies in several countries to meet their respective GHG reduction targets and the related costs. In this context, we consider our climate-related scenario analysis to be an effective tool for providing guidance and direction on our exposure to climate-related risks. However, it cannot yet be used as a tool to estimate future costs and investments with high precision. Furthermore, macroeconomic

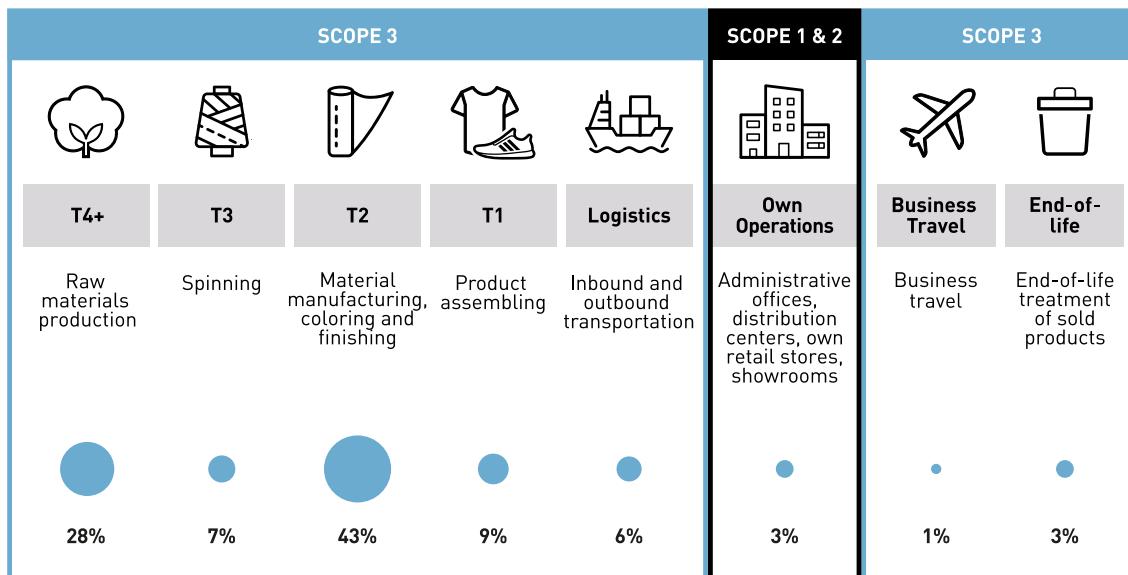
effects can pose a significant challenge to the decarbonization pathway globally and are difficult to be incorporated climate-related scenario models accurately.

E1-1 – Transition plan for climate change mitigation

As a key player in an energy-intensive industry, we acknowledge our responsibility to contribute to climate change mitigation by implementing, optimizing and scaling existing solutions on the one hand and by supporting and collaborating on the development of long-term alternatives on the other hand.

The majority of adidas' total GHG emissions originate from upstream activities such as raw material cultivation and extraction, processing and preparation, as well as product assembly, while GHG emissions stemming from our own operations account for around 3% of total GHG emissions.

adidas 2024 total GHG emissions along the value chain¹



¹ Excluding GHG emissions related to use of sold products.

In 2024, as part of our continuous efforts to respond to climate-related risks, we reviewed and updated our climate strategy. Led and orchestrated by the central Sustainability & ESG team, all relevant parts of our organization (primarily Sourcing, Product Operations, Supply Chain Management, Workplaces, and Finance) contributed to the refinement process. This cross-functional and collaborative effort was designed to ensure that the updated climate strategy is in alignment with other strategic, operational, and financial objectives. The strategy was endorsed by the adidas Executive Board.

The aim of the adidas climate strategy is to reduce our GHG emissions in line with a 1.5°C pathway – the most ambitious goal established by the Paris Agreement – and contribute to a net-zero future.

Accordingly, with the approval from the Science Based Target Initiative (SBTi), we have refined our near- and long-term GHG emission reduction targets as follows:

- We aim to achieve net-zero GHG emissions (Scope 1, 2, and 3) for the entire value chain by 2050¹².

¹² In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

- We aim to reduce absolute GHG emissions across the supply chain (Scope 3)¹³ by 42% by 2030, measured against a baseline of 2022.
- We aim to reduce absolute GHG emissions across our own operations (Scope 1 and 2) by 70% by 2030, measured against a baseline of 2022.

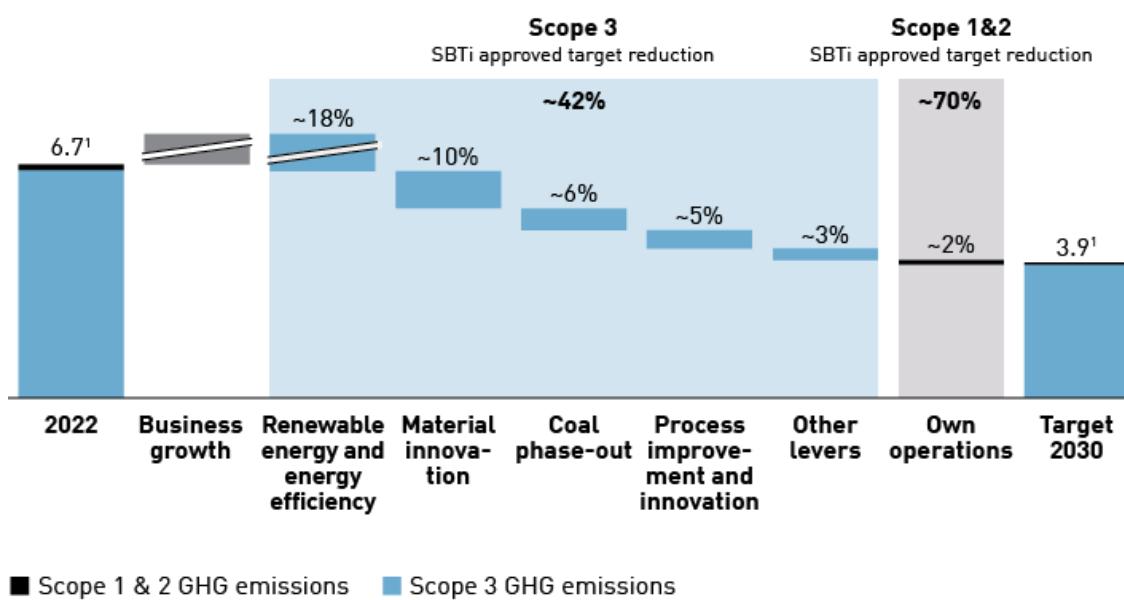
According to the SBTi guidelines, re-baselining is necessary when significant changes occur that could impact the relevance and consistency of existing targets. The divestiture of the Reebok business, formally completed as of February 28, 2022, represents such a significant change. In addition, we have enhanced our GHG emissions accounting since 2022 as considerable effort has been put into gathering more primary data from our suppliers, remaining aligned with international methodology standards. We apply established methodologies to account for the GHG emissions, based on the GHG Protocol, and include all GHG categories material to adidas' business. ▶ [SEE E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS](#)

▶ [SEE EXPLANATORY NOTES TO OUR REPORTED GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS](#)

All this led to a change in the baseline from 2017 to 2022. The change in our baseline also required a recalculation of our near-term target (2030). By changing the needed reduction from 30% vs. 2017 to 42% vs. 2022, we account for the changed baseline, while keeping the effort equal.

Due to the importance of our climate strategy, the Supervisory Board has decided that carbon intensity per product is a performance criterion for the LTIP of the Executive Board. In addition, as a reflection of the importance of our ESG roadmap, including our climate strategy, it was decided in 2024 that the central Sustainability & ESG team reports directly to our CEO. This team is responsible for the orchestration, progress tracking and continuous refinement of our climate strategy working with all relevant functions throughout the organization to embed the necessary action plans in their functional business areas and planning.

adidas climate strategy levers and targets 2030¹



¹³ The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

Scope 1 and 2 GHG emissions: Decarbonization levers for our own operations:

- Control: Improve the quality of energy data to inform strategic energy decisions.
- Optimization: Increase energy efficiency with direct investments in building equipment, primarily at our corporate sites, e.g., HVAC (heating, ventilation, and air conditioning) improvements and insulation.
- Transition: Increase on-site renewable energy generation and the procurement of renewable energy, primarily through long-term contracts (e.g., virtual power purchase agreements – VPPAs).

Scope 3 GHG emissions: Decarbonization levers for our upstream value chain:

- Renewable energy (RE) and energy efficiency (EE): Collaborate with our key suppliers to reduce energy consumption by driving EE and maximize generation and/or use of RE.
- Coal phase-out: Replace use of coal in the boilers at our direct supplier facilities at Tier 1 and Tier 2 for thermal energy generation with low-carbon fuels such as biomass or natural gas.
- Process improvements and innovation: Develop and scale lower impact solutions in material processing, manufacturing, as well as product assembly that help us reduce GHG emissions (e.g. process electrification and low-temperature assembly).
- Material innovation: Scale the use of low-carbon materials (e.g. recycled, biobased and organic).
- Other decarbonization levers include:
 - Increasing the use of biofuels in inbound transportation
 - Using less, recycled and/or sustainably sourced¹⁴ packaging materials
 - Reducing the share of air freight transportation

Due to the importance of taking action within the foreseeable time horizon, our presented climate strategy levers focus on reducing GHG emissions until 2030. These levers will also lay the foundation for long-term GHG reduction initiatives beyond 2030 and towards achieving our ambition to become net-zero by 2050. In this regard, we recognize the need for continuous innovation, cross-industry collaboration and policy support.

Financial considerations for our climate strategy

The implementation of our climate strategy will require continued investments, both within our own operations as well as related to our upstream value chain levers. For own operations measures, these investments are managed by adidas, while the upstream value chain measures are to a large extent to be funded directly by our suppliers. This can have an indirect impact on us through the cost of products, which is reflected in the cost of sales of adidas. Due to the evolving nature of the topic and to be able to better account for market developments (e.g., increasing access to RE in different regions, improvement of different countries' energy mix), technological developments, as well as changes in our own and our suppliers' asset portfolio, investments are decided on and implemented in due course and on an ongoing basis. An exact quantification of expected impacts on cost of sales, OpEx and CapEx until 2030 is to be

¹⁴ We consider a material sustainable or sustainably sourced when it has a lower environmental and / or social impact than its conventional equivalent. Our materials are evaluated against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix. (PFMM). Our validation framework and the respective governance are laid down in the 'Sustainable Ingredient and Concept Standard Definition SOP.'

► SEE SECTION E5-1.

1 TO OUR SHAREHOLDERS	2 GROUP MANAGEMENT REPORT – OUR COMPANY	3 GROUP MANAGEMENT REPORT – FINANCIAL REVIEW	4 GROUP MANAGEMENT REPORT – SUSTAINABILITY STATEMENT	5 CONSOLIDATED FINANCIAL STATEMENTS	6 ADDITIONAL INFORMATION
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defined. However, we consider the impact to be manageable due to the expected overall development of the company and its financial position over time, the available time to implement mitigation actions, and expected efficiency gains in our supply chain. The funding of the adidas climate strategy is intended to be largely driven by operational cash flow generation. In combination with our strong credit metrics, robust liquidity profile, and conservative financial policies, our ability to fund our climate strategy is determined to be sufficient.

Furthermore, in the context of the EU Taxonomy regulation, the core business activities of adidas are currently not covered (i.e., not eligible) by the Taxonomy Regulation. The Taxonomy-KPIs presented in this report are no meaningful indicators for the robustness and effectiveness of the adidas climate strategy. Similarly, driving the Taxonomy alignment of eligible activities would not make a material contribution to the achievement of our climate strategy targets. Therefore, we have no plans to prioritize resources to drive the alignment with the Taxonomy's specific technical screening criteria. ▶ [SEE EU TAXONOMY](#)

In alignment with SBTi, GHG emissions from the 'use of sold products' are excluded from our climate strategy targets. There is no risk from any potential locked-in GHG emissions from our products toward the achievement of our targets, and no specific actions to manage locked-in GHG emissions from the use phase of our sold products are deemed necessary. In addition, any potential locked-in GHG emissions from key assets of our physical infrastructure related to property, plant, and equipment as well as right-of-use assets (leased assets) affect Scope 1 and 2 emissions within the own operations decarbonization lever. These GHG emissions account for less than 3% of the adidas corporate footprint and, hence, do not represent a material risk to the achievement of our climate strategy targets. Please refer to the following section on progress of our actions: ▶ [SEE E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES](#)

Impact, risk and opportunity management

E1-2 – Policies related to climate change mitigation and adaptation

E1-2 – Policies related to climate change

Policies ¹	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Climate Strategy (EE, RE, CCM, CCA)	Provides adidas SLT with information on our GHG emissions and plans to meet SBTi targets.	Entire value chain	SVP Sustainability and ESG	GHG Protocol	SBTi	Available for all employees
Global Energy Policy (RE, CCM)	Sets energy and renewable energy purchasing standards across all facilities operated by adidas.	Own operations	Executive Board member Global Human Resources, People and Culture	RE100 Technical Criteria [reference]	n.a.	Available for all employees
Integrated Management System Policy (EE)	Sets standards for adidas entities worldwide to manage operations in a safe, healthy, energy-efficient, and environmentally responsible manner. It documents the adidas HSEE management system for all brands, functions, sites and locations within the scope of our management system.	Own operations	Executive Board member Global Human Resources, People and Culture	ISO standards for energy management, environmental management, and health and safety	n.a.	Accessible on corporate website
Rooftop Solar Guideline (RE, CCM, CCA)	Supports suppliers in transition toward renewable energy solutions, giving practical guidance, e.g., on feasibility studies or vendor selection.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	RE100 Technical Criteria; rooftop solar policies /regulations of key supply	adidas suppliers	Available on supplier SharePoint

E1-2 – Policies related to climate change

Policies ¹	Content	Scope	Senior level responsible	Third-party standards/initiatives base countries	Stakeholder consideration	Availability
Coal Replacement Guideline (RE, CCM, CCA)	Supports suppliers to replace coal as an energy source, showing alternatives and giving practical guidance.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	UNFCCC Fashion Charter; Sustainable Biomass Guidelines	adidas suppliers	Available on supplier SharePoint
Environmental Guidelines: Sustainable Resource Use section (EE, CCM)	Outlines adidas' expectations for suppliers to manage resources actively, focusing on energy efficiency and renewable energy adoption.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	RE100 Technical Criteria; policies/regulations related to renewable energy certificates of key supply base countries	adidas suppliers	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit (EE, RE)	Outlines potential savings and improvements for suppliers, including industry best practices for energy and emissions management.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference given by various global standards and best practices, including Waterwise, a UK-based organization providing reference on water efficiency	adidas suppliers	Accessible on corporate website
Supplier Manifesto (RE, CMM, CMA)	Sets expectations toward our supply partners regarding GHG emissions reduction (Tier 1 and 2).	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	n.a.	adidas suppliers, internal and external experts	Directly shared with suppliers
Renewable Energy Transition and Energy Attribute Certificates Guideline (RE, CCM, CCA)	Gives guidance on the transition to effective renewable energy and energy attribute certificates, including the benefits and potential limitations of the latter.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	RE100 Technical Criteria; policies/regulations related to renewable energy certificates of key supply base countries	adidas suppliers	Available on supplier SharePoint

1 Main topics addressed by each policy and guideline are highlighted as:

EE – energy efficiency

RE – renewable energy

CCM – climate change mitigation

CCA – climate change adaptation

E1-3 – Actions and resources in relation to climate change policies

Overall, our actions and measures that are guided by our climate change policies aim to improve our management of energy, reduce GHG emissions and mitigate our negative climate impacts. Stakeholders affected are mainly our upstream suppliers and internal business areas. If not indicated otherwise, as of now, all actions mentioned are intended to be ongoing without a set completion date.

Scope 1 and 2 GHG emissions related actions:

- Control: During 2024, we managed to increase our primary data coverage for our own retail sites by 2 percentage points compared to the previous year, to 43% globally. Data coverage for administrative offices and distribution centers is at 100%, while data for showrooms and smaller offices was mostly estimated.
- Optimization: We increased EE with direct investments in building equipment, primarily at our corporate sites (e.g., a chiller replacement at our Portland office and LED retrofits in various locations).
- On-site RE generation: At our own sites, we continuously increase the consumption of renewable electricity. In 2024, we implemented additional on-site solar projects at the DC Manchester and at our factory outlet in Herzogenaurach.
- RE procurement: We continue to increase the renewable energy coverage by procuring renewable electricity through power purchase agreements (PPAs) and virtual power purchase agreements (VPPAs). After securing a VPPA contract for many European countries in 2023, we also signed a VPPA contract for the USA and Canada in 2024. The European project will become operational in 2025, the project for North America in 2026.
- Environmental risk assessment: We carry out environmental risk and opportunity assessments for our facilities (by 2024, 325 facilities were covered by ISO14001 and 76 facilities covered by ISO14001) to identify improvement opportunities and also, at an early stage, any potential risk which could affect our ability to meet our GHG emissions reduction targets.

Scope 3 GHG emissions related actions:

- RE and EE: We collaborate with our key Tier 1 and Tier 2 suppliers to adopt energy-efficient equipment and processes. Our Environmental Good Practices Guidelines (EGPG) provide a comprehensive list of best practices for reducing energy use. We encourage suppliers to periodically conduct energy audits, identify energy reduction initiatives, and implement them. Our suppliers are also asked to scale up the use of electricity from RE sources and move toward our aspirational goal of maximizing RE usage, wherever possible, by 2030. During 2024, suppliers participating in our Environmental Program sourced 24% of their electricity from renewable sources through on-site electricity generation and/or procurement via PPAs, as well as high-quality Energy Attribute Certificates (EACs) where sourcing or scaling up of electricity from rooftop solar and/or RE PPA-Agreements was not possible/limited. 7% of the electricity used by our key suppliers is sourced from rooftop solar PV systems, with the majority of our suppliers having maximized the viable potential of rooftop solar PV electricity generation within existing policy constraints. In many of our sourcing countries, governments have initiated targeted policies to transition their national power grids toward renewable sources. The (slow but) steady progress on the path to greening the grids, will provide additional, external tailwind for our supplier base to increase the usage of RE. In 2024, adidas has worked 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.
- Coal phase-out: The manufacturing of our products is reliant on thermal energy that has traditionally been generated by coal-fueled boilers. Together with our direct Tier 1 and Tier 2 suppliers, we have a dedicated program to replace wherever possible coal-fueled boilers in their factories with lower-carbon fuel boilers, such as biomass and natural gas. By the end of 2024, more than half of the targeted suppliers in the program have upgraded their equipment and transitioned to lower-carbon fuels.

- Process improvement and innovation: Developing and scaling lower-impact solutions in material processing, manufacturing, and product assembly that can help adidas reduce its GHG emissions. The steps from material manufacturing, coloring, and finishing up to the final product assembly is an energy-intensive process. Innovation through developing, testing, and scaling new technologies with a lower carbon footprint is a critical enabler of our climate strategy.
- Material innovation: Scaling the use of low-carbon materials. The materials we use in our products are a key contributor to our carbon footprint. This impact is mainly attributable to the use of five materials: (animal) leather, recycled polyester, ethylene-vinyl acetate (EVA), cotton, and rubber. In 2024, we continued our efforts to evaluate low-carbon material alternatives, including recycled and bio-based options. As part of this commitment, we have made significant progress in transitioning from virgin polyester, with 99% of all polyester—our most widely used material—sourced from recycled polyester.

► SEE ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

- Other levers:

- Inbound transportation: Most of our transportation is by sea and truck, and only a very small proportion is by air freight (2% in 2024). To support our climate strategy, we encourage our logistics partners to increase their adoption 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: Although packaging accounts for only a small proportion of our GHG emissions, we focus on using more recycled and sustainably sourced materials, while optimizing box sizes and the number of shipments. In 2024, 85% of our primary cardboard packaging was recycled, while 83% of our polybags are made of recycled plastic.

Industry collaboration-related actions:

- Suppliers' SBTi targets: We recognize that achieving our targets relies on collaboration to support the development and industry-wide scaling of new solutions. We connected with various industry experts and engagement platforms such as World Resources Institute (WRI), CDP, World Wildlife Fund (WWF), and Indonesia Business Council for Sustainable Development (IBCS) to provide assistance to our key suppliers to establish their SBTi targets. Through the program, our suppliers were trained on how to identify and quantify their Scope 1, 2, and 3 GHG emissions and to build roadmaps on how to reduce GHG emissions.
- adidas is part of several organizations aimed at driving the adoption of low carbon processes and renewable energy in sourcing countries and promoting innovation in the industry. We will continue establishing collaborations and partnerships to build leverage for systemic change in our industry, such as for efforts to mitigate the carbon footprint in our industry's supply chain. For example, adidas is a member and part of the UNFCCC Fashion Industry Charter for Climate Action Steering Committee and also member of the Fashion Pact, which, among other objectives, aim at creating 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. Moreover, adidas is part of the Fashion for Good organization, which, among other objectives, aims at identifying and scaling up innovation in materials and production processes for the fashion industry. On top, as a member of the World Federation of the Sporting Goods Industry (WFSGI) and by vice-chairing its ESG committee, adidas actively contributes to shaping the WFSGI roadmap for its chosen strategic priority of decarbonization, aiming to find ways to help the industry decarbonize jointly with other industry players.

- Circular business models: adidas works with different organizations to set up the needed infrastructure to scale up capabilities related to circular business models (e.g., take-back programs and re-commerce), to extend the life cycle of our products and make sure that the end-of-life GHG emissions are reduced. We will continue refining our approach to circularity by adopting a systemic approach to addressing circularity challenges within our value chain. Utilizing frameworks established by industry organizations and upcoming regulatory requirements, we will identify pertinent actions to be implemented across our entire value chain operations.
- Advocacy and ‘just transition’: Ensure that we contribute to a net-zero future, creating pathways that are inclusive, equitable, and just. This means empowering communities, protecting workers' rights, and fostering sustainable opportunities ('just transition'). In order to do so, we also work with external stakeholders as part of our “Move For The Planet initiative”: Together with athletes and sports organizations around the world, adidas tries to identify and fund areas impacted by extreme weather conditions.
- Move For The Planet: This is a yearly global initiative that focuses on sustainability education through sport and improving sports facilities. Its goal is to encourage adidas' stakeholders to sign up for the Move For The Planet challenge and turn collective movement into collective impact for local communities. As a result of the 2024 activation, more than 1.2 million participants worldwide tracked almost 230 million minutes of movement on the adidas Running app. adidas pledged to donate € 1 to its partner organizations Common Goal and United Nations Climate Change for every ten minutes of movement logged – up to € 1.5 million. The funds support projects that provide education on sustainability through sport and help make sports facilities more resilient against extreme weather conditions, such as heat waves and flooding.

Data and transparency-related actions:

- Product footprint calculation: Data and transparency are key enablers to translate our climate strategy into tangible and measurable actions as they serve as catalysts for increasing awareness and inform decision-making. One of the most essential components of our business model is the design and development of our products. Decisions made along this process, such as material composition, have a significant effect on the environmental impact in general and our carbon footprint in particular. To guide the necessary interventions and choices in our product design and development to reduce impact, in 2023, we achieved a critical milestone with the development of an in-house, state-of-the-art tool that allows us to measure the environmental footprint, including GHG emissions of our footwear and apparel products. Aligned with international standards, the calculation methodology adheres to ISO 14067:2018 and has undergone rigorous third-party verification. This tool is seamlessly integrated into our existing product creation systems, connecting and leveraging available life cycle assessment (LCA) data, ultimately speeding up the calculation process and enhancing accuracy. With this tool, we are also able to provide higher transparency about our products' environmental impact to consumers and allow them to make more informed purchasing choices. In 2024, we continued to disclose the carbon footprint of selected articles.
- Data accuracy: We collaborate with our suppliers to gather primary data on fuel consumption, electricity use and its sources, water, waste, chemicals, and other inputs to track their progress on our sustainability and decarbonization initiatives. We drive better data accuracy by providing our suppliers with clear guidance and making them accountable for timely and accurate reporting. We also engage with third-party assessors to verify if these data are documented as per the defined standards.

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In 2024, the carbon intensity per product declined 2.5% compared to 2023 and 5.3% compared to the climate strategy baseline year 2022. This improvement is largely attributable to the actions taken in cooperation with our suppliers and was achieved despite the relatively higher share of footwear sourced in 2024 versus 2023 and 2022. Footwear in general, and footwear with a high leather use in particular have a higher carbon intensity compared to apparel and hardware products. On an absolute basis, total GHG emissions decreased 1.4 million tons CO₂e (-20%) in 2024 compared to the baseline year 2022. The climate strategy actions we took over this two-year period contributed a considerable portion to this reduction, for example, the combination of coal phase-out and the higher share of renewable energy used in the production process at our Tier 1 and Tier 2 suppliers resulted in a decrease of Scope 3 GHG emissions of 0.6 million tons of CO₂e. Measures we took to align production planning and improve our inventory management also supported this positive development. Total GHG emissions (Scope 1, 2, and 3) increased 5.5% in 2024 versus 2023. Nonetheless, due to the strong progress made against the 2022 climate strategy target baseline (-20%), we are on track and remain confident to achieve our SBTi-approved ambition of a 42% reduction of Scope 3 GHG emissions against the baseline by 2030.

Metrics and targets

E1-4 – Targets related to climate change mitigation and adaptation

For setting our climate strategy targets, we follow the SBTi guidance to be aligned with the 1.5°C pathway. Accordingly, offsets and avoided emissions do not count toward our science-based targets. In addition, the following assumptions were applied:

- We calculated the absolute reduction needed based on a defined business growth assumption and corresponding production forecasts (aligned with the business growth assumptions used for the already presented scenario analysis).
- We made assumptions on how our main sourcing countries will evolve in the coming years, supplemented by insights derived from a third-party study on the development of the energy grid.

We also consulted suppliers to validate our climate strategy as well as increase their commitments and engagement. We monitor the effectiveness of these actions by tracking and reporting applicable milestones.

Further details on our GHG emissions accounting and target setting approach are included in the following section: ▶ **SEE EXPLANATORY NOTES TO OUR REPORTED GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS**

For a detailed description of our climate strategy levers and actions, please refer to the following sections:

- ▶ **SEE E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION**
- ▶ **SEE E1-3 – ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES**

E1-4 – Targets related to climate change mitigation and adaptation

	Climate strategy targets^{1, 2, 3}	2024 value	2022 (baseline) value	Progress 2024 vs. baseline
Scope 1 and 2 GHG emissions (in tons CO₂e)	By 2030, reduction of 70% measured against a baseline of 2022	135,814	164,149	(17%)
Scope 3 GHG emissions (in tons CO₂e)	By 2030, reduction of 42% measured against a baseline of 2022	5,248,523	6,578,270	(20%)
Scope 1 to 3 GHG emissions per product (‘carbon intensity’; in kg CO₂e)⁴	By 2025, reduction of 9% measured against a baseline value of 2022 ⁵	6.11	6.45	(5.3%)
Scope 1 to 3 GHG emissions (in tons CO₂e)	By 2050, achieve net-zero GHG emissions across our value chain ⁶	5,384,337	6,742,419	(20%)

1 GHG emission reduction targets, including Scope 2 GHG emissions, use market-based emissions.

2 GHG emission reduction targets, including Scope 3 GHG emissions, have a target boundary that includes biogenic emissions and removals from bioenergy feedstocks.

3 In line with the SBTi criteria, we exclude Scope 3 GHG emissions from ‘Use of sold products’ in our GHG emissions targets.

4 Refers to products produced.

5 Target replaces and corresponds to ‘15% carbon intensity reduction compared to baseline value of 2017’, which was mentioned in prior year statements.

6 In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage.

E1-5 – Energy consumption and mix Energy consumption in our own operations

	Consumption 2024 (MWh)	Consumption 2023 (MWh)	Consumption 2022 (MWh)
Fossil energy source			
Fossil electricity	244,741	301,059	291,377
Natural gas	63,993	66,072	59,834
Heating oil	4,322	4,410	4,391
Diesel (emergency generator)	360	449	371
District heating	25,655	26,404	26,652
Diesel (company vehicles)	10,434	12,899	16,034
Gasoline/petrol (company vehicles)	15,179	14,407	16,503
Nuclear sources ¹	40,529	-	-
Total fossil energy consumption	405,213	425,700	415,162
Renewable energy source			
Wood chips for combustion (heating)	43	38	38
Green electricity bundled	5,296	61,548	65,226
Green electricity unbundled	77,575	-	11,388
Green gas	-	-	10,327
Green district heating	-	59	-
On-site solar PV consumption from self-generation	9,152	7,144	8,398
Total renewable energy consumption	92,066	68,789	95,377
Total energy consumption	497,278	494,489	510,539

1 Data on nuclear sources is measured from 2024 onwards.

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Through solar PV plants on our facilities' rooftops, we produced a total of 13,683 MWh of electricity in 2024 (2023: 10,697 MWh). Of this amount, 9,152 MWh was directly used by our own sites (2023: 7,144 MWh), and 4,530 MWh was supplied into the public power grid (2023: 3,553 MWh).

adidas is part of the high-climate-impact sectors 'manufacturing' (textile and apparel, leather, and footwear products) and 'wholesale and retail trade.' While we do not have significant own manufacturing activities, our business model is based on the sourcing, distribution and selling of finished goods produced by independent, third-party suppliers. In that regard, the net revenue related to high-climate-impact sector-activities is equal to our net sales discussed in the consolidated income statement. This results in an energy intensity of 21.0 MWh per million (2023: 23.1 MWh per million).

Our net sales amount generated by activities in our sector(s) is discussed in the consolidated income statement. ▶ SEE INCOME STATEMENT

Energy intensity per net revenue

Energy intensity per net revenue (MWh per million)	2024	2023	Change
21.0	23.1	(9%)	

E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions

E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions¹

	Retrospective				Milestones and climate strategy target years			Annual % target / baseline year	
	2024	2023	Change	2022 (target baseline)	Change vs. target baseline	2025	2030	2050	
Scope 1 emissions (in tons CO ₂ e)	20,844	21,779	(4%)	21,856					
Scope 2 emissions, market-based (in tons CO ₂ e)	114,970	142,457	(19%)	142,293					
Administrative offices	21,301	16,349	30%	13,354					
Distribution centers	18,994	20,311	(6%)	21,647					
Own retail stores	72,890	102,003	(29%)	104,480					
Showrooms	1,785	3,794	(53%)	2,812					
Scope 2 emissions, location-based (in tons CO ₂ e)	164,079	158,637	3%	164,400					
Administrative offices	25,069	23,498	7%	24,005					
Distribution centers	25,911	25,612	1%	28,614					
Own retail stores	111,287	105,670	5%	108,885					
Showrooms	1,812	3,857	(53%)	2,896					
Scope 1 and 2 emissions, market-based (in tons CO ₂ e)	135,814	164,236	(17%)	164,149	(17%)		(70%)		(9%)
Scope 1 and 2 emissions, location-based (in tons CO ₂ e)	184,923	180,416	2%	186,256					
Scope 3 emissions (in tons CO ₂ e)	5,248,523	4,937,382	6%	6,578,269	(20%)		(42%)		(5%)

E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions¹

	Retrospective					Milestones and climate strategy target years			Annual % target/ baseline year
	2024	2023	Change	2022 (target baseline)	Change vs. target baseline	2025	2030	2050	
Purchased goods and services	4,710,261	4,503,000	5%	6,041,553					
Upstream transportation and distribution	316,684	247,684	28%	343,556					
Business travel	66,332	43,753	52%	36,158					
End-of-life treatment of sold products	155,246	142,945	9%	157,002					
Use of sold products	994,948	957,429	4%	1,057,515					
Total emissions (market-based in tons CO₂e)	5,384,337	5,101,618	6%	6,742,418	(20%)				Net-zero³ {3%}⁴
Total emissions (location-based in tons CO₂e)	5,433,446	5,117,798	6%	-					
Carbon intensity (in kg CO₂e)²	6.11	6.26	(2.5%)	6.45	(5.3%)	(9%)			(3%)

1 For further details on our GHG emissions accounting approach and the reported GHG emissions please refer to: ▶ SEE EXPLANATORY NOTES TO OUR REPORTED GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

2 Total emissions (market-based) per product produced

3 In line with the SBTi criteria, we aim to achieve net-zero by cutting all our possible GHG emissions (by more than 90%) through direct GHG emission reduction actions and neutralizing the residual GHG emissions through permanent carbon removal and storage

4 Assumes a cut of all our possible GHG emissions (by more than 90% against the baseline year 2022) through direct reduction actions before neutralizing the residual GHG emissions

Explanatory notes to our reported Scope 1, 2, 3 and total GHG emissions

Our GHG emissions are reported in alignment with the methodologies provided by the GHG Protocol and the requirements laid out by the ESRS E1-6.

- In the reporting year, there were no significant changes in connection with our value chain or scope of consolidation, which resulted in a change to the methodology used to present past progress in meeting our climate strategy targets. However, as described within this section E1, we changed our climate strategy target baseline to 2022 from 2017. ▶ SEE E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION
- Scope 1 & 2 GHG emissions relate to our own operations including administrative offices, distribution centers, production sites, and own retail stores. The emissions are calculated based on 78% of reported environmental quantities (primary data) in the Health and Safety, Environment, and Energy (HSEE) own operations data collection systems. The calculation for the remaining 22% uses estimations by scaling up the primary data collected on facility or site level to a company-wide level on the basis of the gross lease area (in square meters). In addition, we apply emission factors from different sources in our calculation. For Scope 1 GHG emissions, we use emission factors published by the GHG Protocol, for Scope 2 we use emission factors from the International Energy Agency (IEA) related to emissions from electricity and the Department for Environment, Food and Rural Affairs (DEFRA) related to emissions from district heating.
- Scope 3 GHG emissions relate to certain upstream and downstream value chain categories, which are significant due to their magnitude (see below). Wherever available, adidas uses primary data in the calculations (examples of primary data used are the annual material consumption, annual sales volumes, energy consumption of key suppliers, as well as shipping data for inbound logistics). Collected primary data is complemented by and matched with life cycle assessment (LCA) data in a tool, which was specifically developed for calculating GHG emissions. In addition, emission factors from different sources are used such as the DEFRA, IEA and the Product Environmental Footprint Calculation Rules (PEFCR).

— Scope 3 GHG emissions include the following significant categories:

- **Purchased goods and services:** This category considers the production and processing of raw materials for which impacts are estimated based on quantities of materials and life-cycle analysis data. The reporting year values cover production seasons SS24 and FW24. All key production processes are factored in. Primary, secondary, and tertiary packaging material quantities are also included. The quantities are estimated based on sales volumes, using composition and weight assumptions from the PEFCR. Furthermore, this category also considers the assembly phase, for which impacts are estimated by applying emission factors to reported energy consumption from Tier 1 strategic suppliers. Sourcing volume data is used to estimate the impact of non-strategic suppliers (<20%).
- **Upstream transportation and distribution:** This category considers inbound and outbound transportation of products. For calculating GHG emissions, quantities of shipped products for specified distribution routes are combined with transport emissions factors.
- **Business travel:** This category includes emissions from air travel by adidas employees. Emission calculations are based on the business travel data system.
- **Use of sold products:** This category relates to emissions caused by washing, drying, and ironing of sold products throughout their lifetime. The calculation is based average care cycles data from PEFCR and life-cycle analysis datasets. In line with our SBTi-approved targets, we exclude Scope 3 GHG emissions from use of sold products in our total (=Scope 1 to 3) GHG emissions calculation.
- **End-of-life treatment of sold products:** This category relates to emissions caused by disposal of sold products and the calculation uses estimates based on sales volumes and typical waste disposal routes (e.g., landfill and incineration).

— Scope 3 GHG emissions related to the following categories are insignificant for adidas due to their estimated magnitude and excluded from the reported data, accordingly:

- Capital goods
- Fuel- and energy-related activities
- Waste generated in operations
- Employee commuting
- Upstream leased assets
- Downstream transportation
- Processing of sold products
- Downstream leased assets
- Franchises
- Investments

— adidas has no Scope 1 GHG emissions related to regulated emissions trading schemes.

— adidas has no Scope 1 and 2 GHG emissions related to unconsolidated subsidiaries or joint ventures under adidas' operational control.

— Biogenic emissions in Scope 1-3 are not reported separately due to immateriality.

GHG emissions intensity per net revenue

	2024	2023	Change in %
GHG emissions intensity per net revenue (tons CO ₂ e per million)	227.3	238.1	(5%)

Our net sales figure is disclosed in the consolidated income statement. ▶ [SEE INCOME STATEMENT](#)

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

adidas has no GHG removal or storage initiatives in place and does not plan to implement any in the mid-term future. In addition, adidas does neither purchase nor plan to purchase carbon credits in the foreseeable future to support its climate strategy and to account for in its GHG emission calculation.

Our climate strategy details our actions and targets to reduce future GHG emissions, which are aligned with the 1.5°C pathway and contribute to a net-zero future. As per the SBTi guideline, we will only consider the purchase and cancellation of carbon credits in the long term to remove and/or mitigate any potential residual GHG emissions for which reduction actions are not viable (with a maximum of 10%).

E1-8 – Internal carbon pricing

In order to achieve the targets of the adidas climate strategy, the various measures and actions as presented earlier are driven along milestones with clearly defined accountabilities. Progress against these milestones is monitored, tracked, and reported on regularly to ensure the timely and effective execution. In addition, embedding the carbon intensity target into the Executive Board's LTIP provides for an adequate steering instrument to ensure that the impact on our climate strategy is a relevant factor in our decision-making (e.g., material selection, investment in renewable energy). We are confident that this approach is sufficient for implementing the needed actions. Accordingly, we do not consider the introduction of an internal carbon pricing scheme as adding value to the execution of the adidas climate strategy at this point in time.

A black and white photograph showing a man and a woman from the side and slightly behind. They are both wearing light-colored hooded jackets. The man has a beard and is looking down at something in his hands. The woman has long hair tied back and is also looking down at the same point. The background is dark and out of focus.
ESRS E2

Pollution

adidas understands the importance of reducing the environmental impacts caused by our upstream manufacturing activities. We strive for the adoption of responsible water, waste and chemical management practices by our suppliers, by supporting a number of different initiatives described in detail in this chapter.

Impacts, risks and opportunities

Impacts

- Pollution of water can happen either during agricultural or production processes, due to the use of chemicals
- The use of substances of concern in our production can lead to adverse impacts on the environment

Risks

- Stricter regulation
- Increased requirements for traceability and transparency of substances of concern throughout the supply chain

Targets

adidas targets focus on preventing and minimizing water pollution and the use of substances of concern by our Tier 1 and Tier 2 suppliers.

Quality of wastewater discharge

The target is designed to improve the quality of wastewater in selected Tier 1 and Tier 2 suppliers, by achieving recognized industry standards.

Current status 2024

85%

(Metric based on number of facilities.)

Target 2025

90%



Chemical input management

The target is designed to focus on eliminating the use of any restricted substances in our supply chain by increasing the use of chemicals that meet the highest conformance level according to industry standards.

Current status 2024

73%

(Metric based on number of chemical formulations.)

Target 2025

80%



Key metrics & actions

The actions we take are designed to prevent and minimize pollution, avoid the depletion of natural resources, and further minimize the impacts of our suppliers in the upstream value chain.

Quality of wastewater-related actions

- Bi-annual environmental compliance checks
- Continuous wastewater monitoring and reporting from suppliers
- Guidance and support to suppliers to drive continuous improvement

Chemical input related actions

- Ensuring robust input chemical management
- Monthly data reporting and monitoring, to drive transparency
- Annual onsite verification checks
- Industry engagement to drive collective action

Industry engagement

Our industry engagement has been externally recognized by the ZDHC¹ group and we received, for the second consecutive year, the Champion Level in the ZDHC 'Brands to Zero' program.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to pollution in the management of our business. An overview of these policies can be found in the topical standard of E2.

¹ Zero Discharge of Hazardous Chemicals (ZDHC)

ESRS 2 – General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 – Pollution and material impacts, risks and opportunities (IROs)

Subtopic	Material IRO	Classification	Time horizon	Value chain	Description
Pollution of water	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water happen either during agricultural or production processes. For agricultural processes, the impact comes mainly from the use of chemicals that can compromise the quality of fresh water. For production processes, the impact is mainly present during the dyeing and tanning phases, as these are water intensive processes and lead to potential discharge of chemicals.
Substances of concern	Negative Impact	Actual	n.a.	Up-stream	Multiple chemicals used in our production (Tier 1, Tier 2 and raw material production) are classified as substances of concern. They are difficult to substitute in our industry, as alternatives either do not exist or are costly and/or difficult to obtain and manage. The use of substances of concern leads to adverse impacts on the environment.
Substances of concern	Risk	n.a.	Long-term	Up-stream	For adidas, the risk associated with the use of substances of concern could be related to: – stricter regulation, either in sourcing or importing countries, potentially leading to higher operating costs for suppliers and/or market accessibility challenges; – increased requirements for traceability and transparency of substances of concern throughout the supply chain, leading to higher operating costs for adidas.
Micro-plastics	Negative Impact	Actual	n.a.	Up-stream and Down-stream	Microfibers are generated during the production and use phase of adidas products. Due to the lack of a holistic methodology in the textile industry, it is still difficult to define the exact extent and nature of the impact.

We do not expect any presented pollution-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report. ► SEE RISK AND OPPORTUNITY REPORT

Impact, risk and opportunity management

E2-1 – Policies related to pollution

E2-1 – Policies related to pollution

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Environmental Guidelines: Wastewater Discharge	Describes water management expectations as well as practices to keep water discharge at a high quality.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Consideration of ZDHC wastewater guideline and ZDHC MRSL	ZDHC	Accessible on corporate website
Environmental Guidelines: Chemical Management	Covers adidas restricted substances and describes expectations toward the use and management of such substances.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	ZDHC MRSL, ZDHC chemical management system (CMS) technical guideline	ZDHC	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit	Describes requirements for suppliers and best practices, e.g. for energy, emissions, water, and pollution management.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference given by Waterwise – UK based organization providing reference on water efficiency	Third-party environmental consultancy	Accessible on corporate website
Environmental Guidelines: Environmental management system	Guides suppliers on implementing an Environment Management System (EMS) to manage environmental issues, improve resource efficiency, reduce waste and cut costs. Examples include ISO 14001, ZDHC, and ISO 50001.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	ISO, ZDHC, Cascale	n.a.	Accessible on corporate website
adidas Policy for the control and monitoring of hazardous substances	Prohibits the use of chemicals considered harmful or toxic and includes the restrictions of using animal-derived materials, emphasizing that adidas does not source or process any raw materials from endangered or threatened species.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations, General Counsel	World Federation of Sporting Goods Industries, International Union for Conservation of Nature and Natural Resources (IUCN), International Labour Organization (ILO), AFIRM	For animal-derived materials exclusions, adidas considers external stakeholders (NGOs), legislation and consumers expectations	Accessible on corporate website

Due to the lack of a holistic methodology in the textile industry on how to measure the release of microplastics and how to assess the impact generated by such release, it is still difficult to define the extent of the impact on the environment and human health. Nevertheless, adidas is committed to the topic and is contributing to the creation of a scientifically sound and comprehensive methodology, together with other industry players, i.e., via research conducted by The Microfibre Consortium. With more clarity on the causes of microfiber release, adidas will be able to define policies, actions and targets to avoid and/or minimize its release, both focusing on the release at the production phase, and providing the needed orientation for consumers.

adidas Environmental Guidelines and Standards

adidas understands the importance of reducing the environmental impacts caused by our upstream manufacturing activities. Our policies and guidelines lay out business practices that apply to our suppliers (Tier 1 and Tier 2 suppliers), with whom we closely partner and provide training for continuous improvement. adidas strongly focuses on reducing adverse environmental impacts by supporting responsible water, waste and chemical management in production processes, for example by avoiding the intentional use of restricted substances in our production processes, and by providing support for the implementation of governance processes and/or environmental management systems at supplier facilities.

We set clear expectations for our suppliers regarding the management of pollution-related impacts. Firstly, our Tier 1 and Tier 2 suppliers, as well as their partners, should, at a minimum, adhere to respective local regulations and legal requirements. adidas always aims to adopt the industry standard if it is stricter than local regulations. Secondly, our suppliers must follow the adidas Environmental Guidelines, which have been developed to minimize and mitigate environmental impacts. The Environmental Guidelines draw on good industry practices and provide guidance on preventing pollution, as well as establishing environmental (ISO 14001) and chemical management systems, including handling substances of (high) concern. To ensure compliance with our guidelines and policies, our suppliers (Tier 1 and Tier 2 suppliers) are required to conduct audits and assessments (managed by third-party verifiers) on a yearly basis.

Any facilities that fail to meet our expectations must immediately follow the mitigation process defined in the adidas Workplace Standards and the Remediation Guide and take action to address any adverse impact. We also set topic-specific targets for our suppliers ([► SEE SECTION 'METRICS AND TARGETS'](#)), which require them to make progressive improvements in their environmental performance within a specific timeframe, based on the nature of the opportunities identified. In addition, we encourage our suppliers to develop pollution prevention strategies. Our regional teams track and monitor our suppliers' environmental performance through monthly reporting into the adidas data-collection platform. All these measures aim at minimizing the environmental impacts on the communities where suppliers are based.

adidas is highly committed to chemical management and is working to eliminate restricted substances from its global supply chain. As a founding member of the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, since 2011, we actively support the development of industry standards and wider policy requirements. Part of our engagement includes promoting standardized measurement across the apparel and footwear industry (by developing and implementing a commonly accepted testing methodology and related acceptable thresholds), as well as setting strict industry requirements that go beyond legal mandates.

For our chemical management approach, since 2015 adidas has adopted the ZDHC MRSList (Manufacturing Restricted Substances List) industry standard, which outlines the chemical substances prohibited from any intentional use in the processing of textile materials, leather, rubber, foam, adhesives and trims used in the textile, apparel, and footwear industries. adidas additionally uses its own comprehensive restricted substance policy – Policy for the control and monitoring of hazardous substances – to avoid and control the use of any restricted substances in its products and to ensure consumer safety, going beyond the legal requirements. To monitor wastewater effluent (output chemical management), we apply the ZDHC Wastewater Guidelines, which is a unified approach on wastewater parameters and limits. The guidelines ensure a high standard of wastewater quality that minimizes environmental harm when discharged from suppliers' facilities. We collaborate with the ZDHC Foundation to drive industry engagement to improve the water quality standards beyond legal requirements. Furthermore, adidas has been a member of the Leather Working Group (LWG) since 2006. The LWG certification for tanneries also focuses on effluent treatment (water treatment), aiming to reduce water pollution derived from tanning processes.

Our suppliers should also take precautionary measures to avoid pollution incidents involving chemicals leaks or emissions, which can lead to risks of contamination. To this end, suppliers are expected to have environmental, health and safety (EHS) management system in place, as well as continual risk management and remediation measures. These expectations are laid out in our Environmental Guidelines, Health and Safety Guidelines and the ZDHC Chemical Management System Technical Guide.

E2-2 – Actions and resources related to pollution

The actions we take to address adverse environmental impacts, as outlined in our Environmental Guidelines, are designed to prevent and minimize pollution, avoid the depletion of natural resources and further minimize the impacts of our suppliers in the upstream value chain. Moreover, the actions are designed to support policy implementation and target achievement for the material topics of water pollution and the use of substances of concern as detailed below and are planned to be ongoing.

In the reporting year, adidas carried out the following actions related to pollution preventions:

- We conducted an annual environmental compliance check with 80% of Tier 1 and Tier 2 facilities (based on sourcing value). No critical findings were identified in the 2024 annual assessments regarding air, water or soil pollution.
- ZDHC Wastewater Initiative (since 2017): In line with the ZDHC Wastewater Guidelines and the 'right to know' principle, we expect our Tier 2 suppliers (80% of Tier 2 suppliers performing wet processes – based on sourcing values) to test their wastewater twice a year and to disclose the results on the Institute of Public & Environmental Affairs (IPE) DETOX platform or the ZDHC Gateway platform. In the event of a non-compliance case, the supplier is required to address the issue and perform a follow-up audit to confirm the new wastewater quality results.
- To increase environmental transparency and accountability in our supply chain, since 2015 we have required the majority of our suppliers' facilities located in China to report their water pollution data on an annual basis to the IPE Pollutant Release and Transfer Register (PRTR) platform. The disclosure drives supplier differentiation and showcases each supplier's individual commitment to their sustainability practices and goals.
- We have partnered with service providers, e.g., ZDHC-approved laboratories and third-party consultants, to guide suppliers in advancing their wastewater treatment capabilities. In this initiative, suppliers will receive on-site evaluations and consultation aimed at enhancing their treatment capabilities and operational practices. This support is designed to improve the quality of their wastewater, enabling it to be recycled or safely discharged surpassing legal requirements. The findings are also shared at our regional supplier summit to foster knowledge exchange among industry peers. The initiative covers 80% of Tier 1 and Tier 2 suppliers with wet processing facilities – based on sourcing values.
- We have implemented an effluent treatment plant evaluation initiative to enhance the operation of on-site effluent plants, which contributes to adidas' goal of 90% of suppliers achieving the ZDHC Wastewater Foundational Level for their wastewater quality by 2025 ▶ SEE SECTION 'METRICS AND TARGETS'. This initiative aims at facilitating suppliers' continuous improvement in wastewater quality monitoring and control and ensures environmental standards are met. In 2024, we have achieved 85.5% of suppliers with wastewater quality at or above the ZDHC Wastewater Foundational Level.

Actions related to the prevention and minimization of the use of substances of concern:

- We take a precautionary approach and continuously monitor the chemical formulation used in our production to avoid any restricted substances from being intentionally used. We adhere to the latest version of the ZDHC MRSL as our restricted substances list. Each year, our suppliers (80% of Tier 1 and Tier 2 suppliers with chemical usage facilities – based on sourcing values) undergo an on-site assessment focusing in particular on their chemical usage, compliance status and improvement progress.
- Our suppliers (Tier 1 and Tier 2 suppliers) report their chemical inventory and consumption on a monthly basis through a third party online chemical inventory platform (BV Ecube). We monitor our chemical profiles monthly to avoid any intentional use of restricted substances and to ensure overall compliance, environmental protection, and worker safety. Additionally, annual ZDHC MRSL targets are established at the facility level to promote the adoption of better chemicals, with their usage performance also reviewed monthly.
- We actively collaborate with organizations such as the ZDHC group, the Apparel and Footwear International Restricted Substances Management Working Group (AFIRMI), the International Chemical Secretariat (ChemSec) Business Group, Better Cotton and the Leather Working Group (LWG), recognizing the importance of collective efforts to drive responsible chemical management practices in the apparel and footwear industry. Our industry engagement has been externally recognized by the ZDHC group. In 2024, we received the Champion Level in the ZDHC ‘Brands to Zero’ program. This is the second consecutive year that adidas has achieved the highest level in the ‘Brands to Zero’ program, demonstrating our effort on driving chemical management in our supplier base and our achievement in avoiding any restricted substances used in our manufacturing process.
- We continuously work with Better Cotton and other organizations that shape the environmental requirements for our raw materials to reduce the risk of using restricted substances and hazardous pesticides in their production processes. More information can be found in ▶ **ESRS E4 BIODIVERSITY AND ECOSYSTEMS** and ▶ **ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY**.

For information on our approach to address actual or potential negative impact on affected communities with regard to water and sanitation, please refer to ▶ **ESRS S3 AFFECTED COMMUNITIES**.

Unless explicitly described otherwise, all checks, tests, and verifications of the measures described were carried out by an independent third party. The coordination and monitoring of actions is performed by our Sustainable Sourcing team, which operates within our key sourcing countries.

The majority of actions are reported and monitored on a monthly basis, with the exception of wastewater testing and annual verification checks. All the measures described are designed to be ongoing, in line with achieving adidas' targets.

While we rely on internal resources (mainly from the Sustainable Sourcing team), no significant additional operating expenses or capital expenditure are needed for now or the foreseeable future for the implementation of the presented measures. The costs for the aforementioned activities (third-party evaluations and audits, as well as tests) are covered by the suppliers. These additional costs are subsequently passed on to us through contractually agreed pricing, and we ultimately incur higher cost of sales.

Metrics and targets

E2-3 – Targets related to pollution

We aim to proactively collaborate with our Tier 1 and Tier 2 suppliers to reduce environmental pollution resulting from our manufacturing activities wherever possible. We implement responsible water, waste, and chemical management approaches in our production processes through two approaches:

- Precautionary approaches: Related targets focus on preventing pollution and minimizing its impact. This involves proactive measures to prevent pollution at the source.
- Monitoring approaches: Related targets focus on continuous assessment and measurement of pollution levels. Through monitoring, we can identify the areas of improvement and track the progress over time.

adidas has set the following targets to prevent and minimize water pollution and the use of substances of concern, as well as to support the objectives of the Environmental Guidelines. Both targets were developed considering the applicable requirements and standards, baseline assessments and industry benchmark. Moreover, suppliers were involved through maturity and readiness assessments. Lastly, both targets apply ZDHC guidelines as their main guiding principle, as they are based on the latest scientific studies for the industry and are reviewed by the ZDHC Advisory Committee on a regular basis to ensure they meet the latest industry requirements.

Quality of wastewater discharge

By 2025, we aim to ensure that 90% of Tier 1 and Tier 2 suppliers operating on-site effluent plants attain the ZDHC Wastewater 'Foundational Level,' which sets minimum requirements for testing and managing wastewater to ensure it is safe for the environment. In 2024, 85.5% of our Tier 1 and Tier 2 suppliers achieved the ZDHC Wastewater 'Foundational Level,' (2023: 84%) an important milestone towards meeting our 2025 goal.

Annual targets are also set at the facility level to foster continuous improvement in wastewater quality. Progress on these targets is monitored twice a year, through ZDHC Wastewater Test Reports, conducted by third-party accredited labs.

Chemical input management

In 2021, we established the measurement framework and implemented a data-collection system to collect accurate chemical inventory information from our suppliers. This laid the foundation for effective monitoring and tracking of chemical usage throughout our supply chain, which also enabled us to set up a chemical input management target for our suppliers. This target is designed to focus on eliminating the use of any restricted substances in our supply chain by increasing the use of Level 3 chemicals (chemicals that meet the highest conformance level according to the ZDHC MRS standard).

By 2025, our target is to achieve Level 3 ZDHC MRS standards for 80% of the chemical formulations used in our production (total number of chemical formulations).

Annual targets are also set at a facility level. Performance is evaluated annually, and suppliers are required to track their performance and report progress monthly. The evaluation processes are conducted by third-party auditors. Through strong collaboration with our chemical formulators via the 'adiFormulator' program (established in 2023), we have improved the quality of chemicals to meet ZDHC MRS Level 3 requirements. The success of this program has further supported our suppliers in achieving 73.5% of the chemical formulations used in production to meet the ZDHC MRS Level 3 standard in 2024 (2023: 66.6%). We see this optimization as a key step toward achieving our 2025 target.

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Our Tier 1 and Tier 2 suppliers are required to fulfill local regulatory requirements as well as adidas specific environmental requirements. Pollution-related targets are mandatory for suppliers with a high environmental risk due to their production processes and significant business impact in a given year. These high-risk suppliers are reviewed annually to ensure the right coverage for the environmental measures.

Entity-specific information

Wastewater discharge-related metrics

In 2024, 85.5% of our Tier 1 and Tier 2 suppliers operating on-site effluent plants achieved the ZDHC Wastewater 'Foundational Level.' The metric is based on the ZDHC Wastewater 'Foundational Level' (including both Conventional and MRSI parameters) which sets minimum requirements for testing and managing wastewater to ensure it is safe for the environment. ZDHC guidance (ZDHC Wastewater Guideline V2.1) is used as a basis for the methodology, as it represents the latest industry requirements in this field. Wastewater tests are performed twice a year, the results are provided to adidas directly by the lab performing such tests and are considered to cover a twelve-month period (from January to December). Only suppliers that meet the ZDHC Wastewater 'Foundational Level' are considered in the KPI achievement.

Chemical input related metrics

In 2024, 73.5% of the chemical formulations used in production met the ZDHC MRSI Level 3 standard. The metric is based on the total number of formulations used (by Tier 1 and Tier 2 suppliers with chemical usage for production) and the classification of such formulations (based on the ZDHC MRSI). Only formulations that meet the ZDHC MRSI Level 3 standard are considered in the KPI achievement. Data covers a twelve-month period (from November to October), is reported by each supplier directly to the BVE3 platform and is also validated by a third-party auditor before we use it for the KPI calculation.

ESRS E3

Water and marine resources

adidas understands the importance of reducing the environmental impacts caused by our upstream manufacturing activities. We aim to encourage our suppliers to adopt responsible water management practices, by promoting the continuous reduction of water consumption and supporting various water conservation measures.

Impacts, risks and opportunities

Impacts

- Water consumption and withdrawal (present during agriculture and production processes) can lead to changes in availability of water
- Water discharge could lead to water pollution

Risks

- Stricter regulation
- Business disruption at our suppliers
- Reputational risks

Targets

adidas' target focuses on improving suppliers' water efficiency on a yearly basis, resulting in a reduction in the amount of water used.

Key metrics & actions

Our actions are formulated to address water management holistically. They are designed to help us monitor water consumption, improve water discharge, and drive water efficiency and sustainable water management in our upstream value chain.

Water intensity reduction target

The target focuses on water-intensive Tier 2 suppliers and is designed to reduce their water usage on an intensity level.

Current status 2024

34%

Baseline 2017

Target 2025

40%

- Continuous monitoring and monthly reporting, with yearly review cycles
- Technical advice and guidance to improve water management practices
- Industry engagement and collaboration

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to water and marine resources in the management of our business. An overview of these policies can be found in the topical standard of E3.

ESRS 2 General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 – Water and marine resources and material impacts, risks and opportunities (IROs)

Subtopic	Material IRO	Classification	Time horizon	Value chain	Description
Water consumption	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water consumption occur during either agricultural or facilities' operational processes. For agricultural processes, the impact comes mainly from the use of water for raw material production (e.g., cotton cultivation, cattle farming for leather). For facilities' operational processes, the impact occurs with the use of water for personal hygiene and sanitation purposes, which could lead, in severe cases, to reduced water availability for local communities.
Water Withdrawal	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water withdrawal occur mainly during water-intensive production processes, such as dyeing and tanning (mostly present at our Tier 2 suppliers). The combination of location and water-intensive processes could lead, in severe cases, to reduced water availability for local communities.
Water withdrawal	Risk	n.a.	Long-term	Up-stream	For adidas, the risk related to water withdrawal could be related to: – stricter regulation in the sourcing countries, potentially leading to higher operational costs for suppliers; – business disruption and/or reduced manufacturing capacity at our suppliers, due to the reduced availability and higher cost of water.
Water discharges	Negative Impact	Actual	n.a.	Up-stream	Upstream impacts on water discharges occur during production processes. The impact is mainly present during the dyeing and tanning phases as these are chemical and water-intensive processes, which could lead, in severe cases, to pollution of water and damage to living conditions for local communities.
Water discharges	Risk	n.a.	Long-term	Up-stream	For adidas, the risk related to water discharge could be related to: – stricter regulation in sourcing countries, potentially leading to higher operating costs for suppliers and/or fines for non-compliance; – reputational risks, if adidas is linked to claims related to damage of living conditions by local communities due to improper water discharge.

We do not expect any presented water-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

► RISK AND OPPORTUNITY REPORT

Impact, risk and opportunity management

E3-1 – Policies related to water and marine resources

E3-1 – Policies related to water and marine resources

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Environmental Guidelines: Water Conservation and Access to Water and Wastewater Management	Outlines adidas' expectations for suppliers to manage wastewater discharge and implement water conservation programs to reduce freshwater intake and improve water consumption efficiency in production process.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	WHO Guidelines for drinking water quality, ZDHC Wastewater Guidelines and ZDHC MRSI ¹	Suppliers, workers, affected communities, ZDHC	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit	Describes requirements for suppliers and best practices, such as water saving technologies and pollution prevention measures, among others.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference given by Waterwise – UK based organization providing references on water efficiency.	Third-party environmental consultancy	Accessible on corporate website

¹ WHO Guidelines for drinking water quality (3rd edition incorporating 1st and 2nd addendum), ZDHC Wastewater Guidelines (v.2.1) and ZDHC MRSI (v.2)

adidas understands the importance of reducing the environmental impacts caused by our upstream industrial and manufacturing activities. Our Environmental Guidelines lay out adidas' expectations for our suppliers (Tier 1 and Tier 2 suppliers) toward establishing a sound environmental management system and cover, for example, the handling of water withdrawals, consumption, and discharges in the upstream value chain. It is designed to ensure compliance with applicable laws, regulations, and requirements for our suppliers and products. It also aims to support our suppliers to identify and mitigate their operational risks and, as a result, to foster continuous improvement.

We promote a continuous reduction of water consumption in our upstream value chain and support various conservation measures, including water saving and recycling practices, as well as improvement of sanitary conditions. Our Environmental Guidelines set specific and measurable targets for suppliers with water-intensive processes in their facilities (mostly Tier 2 suppliers), while Tier 1 suppliers adopt a self-governance approach and are encouraged to continuously improve their water efficiency and reduce their consumption. We directly communicate the Guidelines' objectives as well as the related targets to every affected supplier.

Our Environmental Guidelines – Water Conservation and Access to Water section sets out a number of requirements for our suppliers. As a minimum, we expect them to comply with the following:

- Water abstraction from either surface or ground water must be in compliance with local regulatory requirements and approved by the respective authorities;
- illegal water intake is not allowed;
- water extraction and consumption have to be responsible; and
- water recycling and reuse in production sites are highly encouraged (as a way to minimize the overall water intake).

-
- Additionally, we have clearly listed some key actions that can be taken for water recycling and recovery in our suppliers' facilities, on a voluntary basis to support their target achievement. These actions include, storm/rainwater harvesting and use; zero discharge design and recycling of wastewater to be included in production processes and cooling tower; use of local recirculation systems in facilities and shops (as opposed to centralized recirculation systems), reusing and recycling cooling tower blowdown; and limiting condenser or cooling tower blowdown to the minimum required, e.g., to prevent accumulation of dissolved solids. Our team performs on-site visits to support the facilities in conducting these tasks.

For our policies, actions and targets concerning wastewater management, please refer to

► **ESRS E2 POLLUTION.**

The product design phase covers water management considerations by using preferred materials, such as leather certified by the Leather Working Group and third-party certified cotton, including organic, recycled, and other third-party-certified cotton such as Better Cotton – which provides farmers with a comprehensive framework for using water in a way that improves yields while conserving resources for them and their community.

While emphasizing our commitment to the reduction of water consumption and prevention of water pollution, our Environmental Guidelines focus on empowering suppliers to enhance their water management system within their facilities as a key priority. Our suppliers must adhere to our Environmental Guidelines, ensuring responsible water consumption. They are also required to invest in improving their water efficiency and discharge quality to minimize the impact on aquatic systems. Their performance is evaluated on an annual basis by third-party auditors. The consideration of water risk areas, however, is not yet included in the assessment, due to the complexity of implementing a uniform risk-measurement approach across all facilities.

E3-2 – Actions and resources related to water and marine resources

Our actions follow our guidelines and are formulated to address water management holistically. Thus, they are designed to help us monitor water consumption and withdrawal, improve water discharge, and drive water efficiency and sustainable water management in our upstream value chain. They collectively contribute to the implementation of the Environmental Guidelines and to the achievement of the water intensity reduction target.

In the reporting year, adidas carried out the following actions related to water management:

- Since 2015, we have been closely monitoring water consumption and water flow processes at key production facilities on a monthly basis. Regional teams closely track the water usage and discharge via systematic submetering and through an adidas reporting platform, which helps to identify any water leakage or abnormal usage as well as areas for improvement on water management. Any anomaly triggers immediate action. We provide individual technical advice to our suppliers and offer guidance on improving their water management practices, as well as encourage recycling water practices in production, such as recycling cooling water and installing reverse osmosis systems for effluent treatment. In 2024, we continued to expand and focus our water reduction efforts by including additional Tier 2 suppliers with high water use in our environmental program. Suppliers take ownership of resolving issues, and our regional teams follow up with remediation plans when needed.
- All actions and reported data are verified by third-party experts who also provide advice on further water saving practices.
- We conduct yearly review cycles to evaluate our water management program on Tier 2 level.

- Third-party auditors review and verify the suppliers' facilities' water management practices annually, ensuring compliance with our standards and guidelines. Moreover, third-party inspections and data checks are conducted at our Tier 1 and Tier 2 suppliers on an annual basis.
- adidas fosters strong relationships within the sustainability community and among peers and engages openly with stakeholders to promote sustainable practices across the supply base. We conduct regular awareness-raising activities such as webinars or supplier summits to facilitate best practice sharing and knowledge exchange from peers and industry experts.
- We continuously work with Better Cotton, the Leather Working Group, and other organizations that shape the environmental requirements for our raw materials to prioritize responsible water management practices in their guidelines and standards.
- In 2024, we carried out a water risk mapping, which included areas of high-water stress, for suppliers in scope for adidas environmental program. The assessment was based on WRI Aqueduct 4.0 and aimed at exploring the best approach to be used moving forward. In the coming years we will refine such an approach, and the insights will be used to establish a mitigation and adaptation plan to address the identified water risks.

Our actions regarding wastewater are disclosed in ▶ **ESRS E2 POLLUTION** as well as information concerning wastewater recycling and reducing plastic use in products in ▶ **ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY**.

All the measures described are designed to be ongoing, in line with achieving adidas' targets.

All actions mentioned above are executed and monitored by our Sustainable Sourcing team, which operates within our key sourcing countries. The team provides capacity building training and technical advice to individual suppliers (Tier 1 and Tier 2) on areas for improvement, focusing on resource efficiency and responsible management practices. While we rely on internal resources (mainly from the Sustainable Sourcing team), no significant additional operating expenses or capital expenditure is needed for now and the foreseeable future for the implementation of the presented measures.

Metrics and targets

E3-3 – Targets related to water and marine resources

Water intensity reduction target

We set a five-year water intensity reduction target for our global supply chain. Such a target has been established to consider water quantity and water quality from intensive water usage manufacturing processes, and it is not yet connected with a specific water risk level. Moreover, it is a voluntary target and not required by legislation. The target requires our suppliers to improve their water efficiency on a yearly basis, resulting in a reduction in the amount of water used – e.g., through increasing the recycling rate of water used in production and minimizing freshwater intake. The target contributes to the achievement of water consumption and withdrawal reduction, as stated in the adidas Environmental Guidelines.

By 2025, our target is to reduce the overall water intensity at adidas' water-intensive Tier 2 production facilities by 40% (baseline: 2017; baseline value: approximately 0.0157 m³/US \$ – m³/total product output value in US \$). In this context, single facilities are expected to reduce their water intensity by at least 5% each year. These targets are based on the facilities' water use in activities and processes; geographical locations of the facilities were not taken into account. In the future, we aim to align our targets with the requirements of the Science Based Targets Network (SBTN) for nature-related targets.

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The target performance is tracked and verified on an annual basis, based on primary consumption data reported by each facility to the adidas system. In 2024, we achieved a 34.5% (2023: 32.9%) reduction in water intensity. This achievement is the result of the ongoing commitment and collaboration of our Tier 2 suppliers in improving sustainable water management practices in their production. We conduct an annual assessment process with suppliers and third-party auditors to gather improvement opportunities and continuously bring efficiency to the overall process.

For water quality targets, please see ▶ [ESRS E2 POLLUTION \(TARGET SECTION\)](#). Targets to reduce plastic use (connected to water resources) are disclosed in ▶ [ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY](#).

Entity-specific information

Water-consumption-related metrics

In 2024, Tier 2 suppliers with water-intensive production facilities achieved a 34.5% (2023: 32.9%) reduction in water intensity ($\text{m}^3/\text{total product output value in US \$}$), compared to the 2017 baseline. The water intensity is calculated as the volume of water used in a specific facility (in cubic meters) per product output value (in US dollars). Data covers a twelve-month period (from January to December) and is reported by each supplier directly to the adidas system and is also validated by a third-party auditor before we use it for the KPI calculation. The metric was developed considering the applicable requirements and standards relate to water, baseline assessments and industry best practices.

Wastewater-discharge-related metrics

For information on metrics concerning wastewater discharge, please see ▶ [ESRS E2 POLLUTION](#).

ESRS E4

Biodiversity and ecosystems

Managing the impact of our business operations on biodiversity and ecosystems along the value chain is a key focus of our sustainability strategy. For this, we follow holistic frameworks such as SBTN's science-based targets for nature and the Accountability Framework to guide our approach: Assess, Reduce, and Restore.

Impacts, risks and opportunities

Impacts

- Our demand for natural and nature-derived materials can lead to land-use change (i.e., deforestation, conversion and degradation of natural ecosystems)
- Unfit agricultural practices can reduce biodiversity, and therefore negatively impact ecosystems and ecosystem services

Risks

- Increased costs and/or unavailability of raw materials
- Increased operational costs due to the need for an end-to-end traceability system
- Reputational risks

Targets

Our biodiversity strategy outlines our overall approach and aims to ensure our company's readiness to achieve deforestation- and conversion-free (DCF) supply chains for high-risk commodities by 2030 or earlier.

Our targets fully support our strategy implementation.

ONGOING

100%

third-party certified cotton
(achieved in 2018)

This target applies to all cotton sourced by adidas.

ONGOING

100%

third-party certified wool
(achieved in 2024)

This target applies to all sheep wool sourced by adidas.

ONGOING

0

sourcing and processing of raw materials from endangered and/or threatened species

This target applies to the entire volume of materials sourced by adidas.

Deforestation- and conversion-free (DCF) bovine leather supply chain by 2030

This target applies to all bovine leather sourced by adidas (excluding recycled leather and leather trims).

Key metrics & actions

In 2024, we focused on enhancing transparency and traceability of materials by mapping upstream value chains of key natural materials. We also continued to focus on innovation and collaboration, to drive change in the industry.

Leather

- Improved transparency into our supply chain (visibility upstream to the slaughterhouse and in some cases even to farm level)
- Collaboration to drive the creation of industry standards and targeted joint action
- Raising awareness among our suppliers

Cotton

- Enhanced country of origin transparency based on supplier self-declaration
- Steering our cotton portfolio towards a verified country of origin for all cotton sourced

Timber-derived materials

- Initial supply chain mapping of man-made cellulosic fibers, in collaboration with Canopy Planet, to be refined in the next years
- Optimization of packaging in our distribution centers to reduce packaging material consumption

Innovation and collaboration

- Continuously scouting and piloting innovative material solutions that can reduce our impact
- Collaboration with industry organizations such as Textile Exchange, Fashion for Good, Better Cotton, and Leather Working Group with the goal of creating industry standards that help reduce the impact of raw materials on biodiversity and enhance transparency and traceability in the upstream supply chain

Natural rubber

Initial supply chain mapping of natural rubber to be refined in the next years

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to biodiversity and ecosystems in the management of our business. An overview of these policies can be found in the topical standard of E4.

ESRS 2 General disclosures

E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Managing the impact of our business operations on biodiversity and ecosystems along the value chain is a key focus of our work in the area of sustainability. For this, we follow holistic frameworks such as SBTN's science-based targets for nature and the Accountability Framework to guide our approach: assess, reduce, and restore.

While we have transparency of the locations and business activities of our Tier 1, Tier 2 and part of our Tier 3 suppliers, information about the origin of raw materials (suppliers in Tier 4 and beyond) is not available in a systematic and verified manner. As deforestation is the biggest driver of terrestrial biodiversity loss globally¹⁵, we focus on deforestation-free supply chains as a priority for the years to come.

At the same time, we understand that maintaining, preserving, and restoring biodiversity is a complex challenge that requires systemic change and strong collaboration among multiple actors, including suppliers, certifiers, innovators, and industry peers. As a signatory of the Fashion Pact and a member of several industry working groups, we are committed to setting specific targets and action plans to decrease our impact on biodiversity and advocate for the topic in different forums, including support for innovation, which adidas understands as an important enabler for systemic change.

Biodiversity is also addressed through water efficiency, water quality, and chemical management programs with Tier 1 and Tier 2 suppliers. ▶ SEE ESRS E2 POLLUTION AND ▶ SEE ESRS E3 WATER AND MARINE RESOURCES.

Biodiversity assessment 2023/2024

adidas recognizes its dependencies on reliable and cost-effective access to ecosystem services, while at the same time also acknowledges its impacts on ecosystems and their provision of different ecosystem services. These indirect or direct impacts, being positive or negative, were considered in adidas' dependencies and impact analysis conducted in 2023/2024, using ENCORE, a specialized tool for biodiversity and assessments related to natural capital. The analysis concluded that the biggest dependencies and impacts are related to structure and biotic integrity, followed by water and atmosphere. This is due to our business reliance on raw materials and on regulating and maintenance services related to water, but also pressures on the physical structure and composition of different ecosystems, such as climate, rainfall pattern, and soil regulation services. Species as natural capital turned out to play a significant role in our upstream value chain through their ecosystem services, such as solid waste remediation, biological control, and pollination services. For these ecosystem services, understanding the relevance of possible local impacts is paramount, and, for this reason, adidas conducted a more detailed biodiversity assessment, including the factor of proximity to sensitive biodiversity areas as key criteria.

Overall, the biodiversity dependencies and impacts analysis, as well as the biodiversity risk analysis and the biodiversity proximity impact assessment, all showed that biodiversity dependencies, impacts, and risks are more prevalent in the upstream value chain and will become more relevant for adidas from 2030 onwards (long-term time frame). Nevertheless, due to our operating model and our agility and flexibility in terms of design, material selection, and sourcing locations – all connected to our upstream value chain – we consider our business model sufficiently resilient in the short and medium term.

¹⁵ Source : UN <https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/>

Scope and main assumptions

Our biodiversity dependencies and impacts analysis has taken into account the current adidas business model and value chain, covering main manufacturing processes used by our direct suppliers, e.g., Tier 1 manufacturing of footwear and apparel, and also activities related to our indirect suppliers, such as Tier 3 leather tanneries and spinning and weaving mills, which are located in our upstream value chain. Our own operations (offices and distribution centers) were also included in the analysis. The assessment was conducted by using the ENCORE tool, based on the type of economic activities carried out in our value chain (which were based on the International Standard Industrial Classification of All Economic Activities – ISIC – codes), especially considering adidas' use of natural and synthetic materials for its products.

To enhance our analysis, we also considered biodiversity-related aspects in the climate risk assessment – mainly related to the effects of changes in the weather patterns and the associated risk of sourcing essential natural materials such as cotton, leather, and rubber in the future and the impacts of climate change on the availability of these materials. For this risk assessment, we did not take into consideration any future potential changes to our asset base, sourcing locations, and material portfolio. Also, to be conservative, we did not assume technology-driven yield improvements in the production of raw materials.

Lastly, understanding that biodiversity risks are usually experienced locally, we also conducted a biodiversity assessment considering the proximity of the locations of selected Tier 1 and Tier 2 suppliers (preliminary assessments) and our own operations in 2024 to biodiversity-sensitive areas by using the Integrated Biodiversity Assessment Tool (IBAT) from BirdLife International. The input variables were the location of the site (latitude/longitude), activities at the site (e.g., administrative office, distribution center), and a proximity buffer according to the economic activities conducted at each location. Moreover, two types of aggregated biodiversity-sensitive areas were used: Protected Areas (PAs) and Key Biodiversity Areas (KBAs), as defined by the IUCN (International Union for Conservation of Nature and Natural Resources) and BirdLife International, respectively¹⁶.

Our biodiversity dependencies and impacts analysis as well as our climate and biodiversity risk analysis applied the same time horizons as defined in our enterprise risk management system: short-term (one year), medium-term (two to five years), long-term (over six years). The biodiversity proximity impact assessment considered a short-term time horizon (one year).

Stakeholders involved

Internal stakeholders from different departments (e.g., Enterprise Risk Management, Sustainable Sourcing, Workplace Governance, Sustainability) were formally involved when assessing the resilience of our business model with respect to climate and biodiversity risks. Moreover, our internal experts are in regular contact with external stakeholders in more informal settings (such as conferences, meetings, and working groups), and their views are therefore indirectly considered in our internal assessments. These external stakeholders include organizations such as the World Wildlife Fund (WWF), Canopy Planet, Textile Exchange, and the Leather Working Group (LWG), as well as other companies in the same value chain, peers, and local farmers (from Brazil, Australia, Indonesia, the US, and Turkey).

¹⁶ PAs can be national parks and equivalent reserves, recognizing they are valuable for economic and scientific reasons and as areas for the future preservation of fauna and flora and geologic structures in their natural state. KBAs are sites that contribute significantly to the global persistence of biodiversity (in terrestrial, freshwater, and marine ecosystems) and that meet one or more of eleven criteria, clustered into five categories: threatened biodiversity; geographically restricted biodiversity; ecological integrity; biological processes; and irreplaceability.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 – Biodiversity and ecosystems and material impacts, risks and opportunities (IROs)

Subtopic	Material IRO	Classifi-cation	Time horizon	Value chain level	Description
Climate change	Negative Impact	Actual	n.a.	Up-stream	Climate change effects negatively impact biodiversity and ecosystem services. Our total GHG emissions (disclosed under ESRS E1 Climate change) contribute to this effect.
Land-use change; fresh water-use and sea-use change	Negative Impact	Actual	n.a.	Up-stream	adidas' increased use of nature-derived materials or the use of non-certified materials leads, in severe cases, to land-use changes (e.g., through deforestation and/or poorly managed agriculture practices). In turn, these cause the loss of diversity in species and introduction of invasive species, among others.
Land-use change; fresh water-use and sea-use change	Risk	n.a.	Long-term	Up-stream	For adidas, the risk related to land-use change could be related to: – Increased operational costs, potential fines for non-compliance, and inability to sell in specific markets, due to the need of an end-to-end traceability system to comply with upcoming regulations; – Reputational risks if adidas is associated with deforestation claims.
Impact on the extent and condition of ecosystems	Negative Impact	Actual	n.a.	Up-stream	Conventional agriculture practices cause land-use change and degradation, if not carried out in an environmentally responsible manner. This, in turn, negatively impacts certain ecosystems by reducing their species in size and diversity.
Impacts and dependencies on ecosystem services	Negative Impact	Actual	n.a.	Up-stream	Land-use change and conventional agriculture practices, if not carried out in an environmentally responsible manner, negatively impacts ecosystem services and also local communities. With regard to adidas' dependency on ecosystem services, it goes beyond resource use and also includes water supply for our supply chain processes and availability of renewable energy for our suppliers.
Impacts and dependencies on ecosystem services	Risk	n.a.	Long-term	Up-stream	For adidas, risks related to the impact and dependencies on ecosystem services could be related to: – Increased costs and/or unavailability of raw materials (especially nature-derived materials); – Increased costs or unavailability of water for production processes (e.g., dyeing and tanning).

We do not expect any presented biodiversity-related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

► SEE RISK AND OPPORTUNITY REPORT

Our biodiversity proximity impact assessment did not identify material biodiversity impacts and risks related to our own operations (covering owned and leased offices and distribution centers under our operational control). The proximity assessment identified nine sites (covering an area of 56.6ha) that are near biodiversity-sensitive areas. Due to their location, national context, nature of business activity, and environmental management practices already in place, the potential impact on biodiversity is deemed low. Moreover, adidas has no direct operations that affect threatened species, including flora and fauna listed in the European Red List of Threatened Species or the IUCN (International Union for Conservation of Nature and Natural Resources) Red List of Threatened Species. Due to the complexity of the activities conducted by our suppliers, the preliminary Tier 1 and Tier 2 suppliers' biodiversity proximity impact assessment will be further analyzed at a later stage.

Impact, risk and opportunity management

E4-2 – Policies related to biodiversity and ecosystems

E4-2 – Policies related to biodiversity and ecosystems

Policies ¹	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Biodiversity Strategy [S, P, C]	Describes our approach to biodiversity and the way to achieve deforestation- and conversion-free supply chains by 2030 or earlier, including human rights, aligned with adidas decarbonization and biodiversity goals.	Up-stream (all suppliers)	SVP Sustainability and ESG	Accountability Framework, WWF, human rights references, certification bodies, Canopy Planet, SBTN.	Ongoing dialogue and information sharing with stakeholders/ initiatives. Their views were considered in strategy-setting, if relevant.	Accessible for suppliers as part of their onboarding process
adidas Policy for the control and monitoring of hazardous substances [S, P]	Prohibits the use of chemicals considered as harmful or toxic and includes restrictions on using animal-derived materials, emphasizing that adidas does not source or process any raw materials from endangered or threatened species.	Up-stream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations, General Counsel	World Federation of the Sporting Goods Industry (WFSGI), IUCN, International Labour Organization (ILO).	For the exclusion of animal-derived materials, adidas considers external stakeholders (NGOs), legislation, and consumer expectations.	Accessible on corporate website
Animal-Derived Materials Standard [S, P, C]	Sets the requirements for sourcing of animal-derived materials, rules out sourcing of endangered or threatened species.	Up-stream (all suppliers)	SVP Sustainability and ESG	References the 'Five Freedoms' of Animal Welfare [WOAH – World Organization for Animal Health] Leather Working Group, Textile Exchange standards: Responsible Down Standard, Responsible Wool Standard	n.a.	Accessible on corporate website
Responsibly Sourced Wool SOP [S, C]	Determines that adidas will only use responsibly sourced wool and provides information on certifications that are accepted by adidas.	Up-stream (all suppliers)	SVP Sourcing and Product Operations	Textile Exchange standards: Responsible Wool Standard.	n.a.	Directly shared with suppliers
Responsibly Sourced Biobased Synthetics SOP [S, C]	Describes procurement expectations as well as practices for assessing bio-based synthetics in terms of environmental and social impacts.	Up-stream (all suppliers)	SVP Sourcing and Product Operations	Textile Exchange standards: References the seven high-risk commodities defined by WRI Global Forest Review and WWF Deforestation Fronts	n.a.	Directly shared with suppliers

¹ Main activities addressed by policy and guidelines are abbreviated as follows:

S – Sourcing from ecosystems that are managed to maintain conditions for biodiversity

P – Production in ecosystems that are managed to maintain conditions for biodiversity

C – Consumption from ecosystems that are managed to maintain conditions for biodiversity

Our biodiversity strategy outlines our overall approach, which aims to ensure our company's readiness to achieve deforestation- and conversion-free (DCF) supply chains by 2030 or earlier, with human rights considerations included. It is also aligned with adidas' decarbonization goals. The strategy focuses on our upstream supply chain, especially on sourcing activities related to materials associated with man-made deforestation risks (in our case leather, natural rubber, and timber), and also addresses the opportunities of compliance and indirect carbon reduction related to land use. Finally, we are convinced that the biodiversity strategy will help influence the identified dependencies and pressures related to climate change, land-use change, impacts on ecosystems and the respective ecosystem services. Currently, a Biodiversity and Ecosystems Policy is under development, which will act as an umbrella for functional policies that drive implementation of biodiversity-related measures throughout the organization.

Our adidas Policy for the control and monitoring of hazardous substances prohibits the use of chemicals considered as harmful or toxic in the production of our products and includes restrictions on the use of animal-derived materials, among others, emphasizing that adidas does not source or process any raw materials from endangered or threatened species. With these considerations, the policy directly addresses impacts related to the extent and condition of ecosystems, as well as impacts and dependencies on ecosystem services.

adidas aims to source materials of animal origin in a humane, ethical, and sustainable manner that respects animal welfare and species conservation. Our Standards on Animal-Derived Materials prohibit the use of specific materials (e.g., hides or skins of exotic animals and angora wool) and set minimum standards to be followed when sourcing leather, down, and animal wool. By using certified materials, we aim to promote the adoption of sustainable land and agriculture practices, as well as the protection of pasture landscapes to reduce the negative impact of land-use change and the impact on biosystems. With these considerations, this standard directly addresses impacts related to land-use change, the extent and condition of ecosystems, as well as impacts and dependencies on ecosystem services.

adidas has the ambition to reduce its reliance on fossil-fuel-based resources, phasing out virgin fossil-based materials. By replacing these with recycled materials or materials derived from renewable sources such as bio-based feedstocks, we can help avoid the depletion of finite resources and reduce our carbon footprint and pressure on nature. In the production of plastics and synthetics, bio-feedstock can be an alternative to some chemical building blocks that conventionally come from fossil sources. Before including bio-based feedstocks into the adidas material portfolio, an impact assessment with a multi-factor analysis is required. High-risk feedstocks for deforestation are either excluded from any sourcing options or require certification. Additionally, any feedstock must be assessed based on its sourcing origin against key factors that drive environmental impact, and risks related to social impacts and human rights must be considered.

Moreover, traceability is covered by our Sustainable Product Tracing Methods SOP, which is an overarching document for any traceability related topic. Furthermore, other policies mentioned in ▶ [ESRS E1 CLIMATE CHANGE](#), ▶ [ESRS E2 POLLUTION](#), ▶ [ESRS E3 WATER AND MARINE RESOURCES](#), and ▶ [ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY](#) indirectly deal with the topic of biodiversity. For instance, our climate strategy provides the overall framework for our climate change mitigation actions, including alternative materials and processes addressing land-use change. Our Environmental Guidelines aim at preventing negative impacts on ecosystems by rethinking the use of resources and avoiding pollution.

adidas is committed to respecting and upholding internationally recognized human rights, both in its own operations and throughout its business relationships. With our biodiversity strategy, we want to avoid potential negative social consequences of biodiversity- and ecosystem-related impacts by including human rights and livelihood into the scope. Moreover, policies mentioned in ▶ [ESRS S2 WORKERS IN THE VALUE CHAIN](#) and

► **ESRS S3 AFFECTED COMMUNITIES** further layout our approach towards addressing human rights topics in the value chain.

E4-3 – Actions and resources related to biodiversity and ecosystems

Due to the complex supply chain structures in our industry, a key focus of our actions is to understand the origin and the respective biodiversity impact of the raw materials we use. Therefore, in 2024, we focused on enhancing transparency and traceability of materials by mapping upstream value chains of key materials. The highest priority was given to materials associated with a deforestation risk (which for us are leather, natural rubber, and timber-derived materials), followed by cotton as the largest nature-derived material used in our portfolio. We also initiated the creation of policies and standard operating procedures (SOPs) to support the implementation of the biodiversity strategy and actively contributed to evolving industry solutions for the traceability of materials in several working groups we participate in.

In the reporting year, adidas carried out the following actions related to biodiversity:

- Leather: Our activities related to leather in 2024 were designed around three main objectives – getting more transparency over our upstream supply chain (visibility all the way to the slaughterhouse and in some cases all the way to farm level); collaboration with other stakeholders to drive industry standards and targeted actions; and building awareness among our suppliers. For transparency in the supply chain, we completed a supply chain mapping, including all leather suppliers we had worked with in 2023, with the goal of identifying the origin of the raw materials up to the slaughterhouse, and in some cases even to farm level. The mapping is an integral part of our work toward meeting our target of deforestation- and conversion-free (DCF) bovine leather supply chains by 2030 or earlier. Currently, the intended endpoint of a deforestation-free chain of custody is the slaughterhouse, the origin of leather as a product. During 2024, we engaged with indirect suppliers in our leather supply chain and also with companies from the meat industry to understand how deforestation-free due diligence can be enabled from farm to slaughterhouse through certification and other methods. This builds on our work from 2023, when we sponsored the first phase of COTI (Certification of Origin and Traceability Implementation Initiative), which aims to enable traceability for social and environmental compliance from farming to slaughterhouse, including indirect farming systems in the state of Pará, Brazil, based on a system of individual animal tagging. For driving industry standards and targeted measures, we actively contributed to several working groups such as Textile Exchange's DCF call to action working group and the LWG chain of custody/traceability task team, aiming at enhancing the LWG audit protocol to include deforestation-free due diligence and extending it to the slaughterhouse through a chain of custody. We also consulted with the WWF and the Brazilian consultancy Rever to advance the development of a DCF toolkit to guide adidas activities towards a deforestation-free bovine leather supply. Finally, to create awareness of deforestation topics, we communicated our DCF target to direct and indirect suppliers in specific meetings and workshops. In 2024, adidas decided to stop purchasing kangaroo leather, which will be gradually replaced with other types of leather.
- Natural rubber: In 2024, we also completed the mapping of our natural rubber supply chain, partially covering our Tier 3 rubber suppliers, mainly in Southeast Asia. Due to data gaps, another mapping exercise – to be carried out in 2025 – will be needed to derive actionable results. This mapping contributes directly to the implementation of our biodiversity strategy.
- Timber-derived materials – specifically man-made cellulosic fibers (MMCFs) and paper packaging: To steer our journey toward deforestation-free MMCFs and paper packaging (covering our total volume globally), 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 in order to minimize the consumption of packaging material and to improve transportation efficiency.

- Cotton: Since 2018, adidas has stopped sourcing conventional cotton and started using solely third-party certified cotton (organic, recycled, and other cotton standards). Most of the cotton in our portfolio is Better Cotton certified, a standard which uses a mass balance approach and therefore is not traceable to the country of origin. Our measures in 2024 revolved around gaining more transparency on the country of origin and diversifying our cotton portfolio in order to ultimately have a verified country of origin for all cotton we source. To gain more insights, we requested supplier self-declarations on the cotton sourcing countries. Additionally, we signed up for Traceable Better Cotton, aiming to start sourcing product-segregated Better Cotton, with traceability up to the country of origin. In parallel, we have joined the US Cotton Trust Protocol, which provides a chain of custody to the country of origin for cotton. Finally, we advanced the development of our Responsibly Sourced Cotton SOP (to be finalized and adopted in 2025), which will formalize adidas' guidance on cotton sourcing and traceability.
- Innovation: We continuously explore innovative solutions that can replace current materials and may reduce pressures on land and ecosystems. Scouting and piloting is done by our own innovation team as well as through Fashion for Good, a multi-stakeholder platform for sustainable innovation in the fashion industry. More details on our activities during 2024 are listed in ▶ **ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY**.
- Collaboration: During 2024, we continued to contribute to several working groups from Textile Exchange, Better Cotton, and Leather Working Group, with the goal of generating knowledge and ultimately creating industry standards to reduce the impact of raw materials and processes on biodiversity, for example through improved agricultural practices. As a member of Textile Exchange's Regenerative Agriculture Outcome Framework working group, we contributed to the creation of a cross-industry basket of indicators for regenerative agriculture and their piloting. We are also an active member of the Fashion Pact Unlock Project, which tests the carbon accounting and other environmental benefits of regenerative cotton, and Textile Exchange's Leather, Cotton, Synthetics, and Manmade Cellulosic Round Tables. These groups focus on advancing important topics in the sector, such as improving traceability and developing environmental impact analyses and guidance for the industry. These activities support the implementation of our biodiversity strategy.
- In November 2024, adidas held a stakeholder consultation with civil society organizations, suppliers, customers, and partner organizations. One of three topics discussed during the full-day event was adidas' approach to biodiversity, including a draft version of our Biodiversity and Ecosystems Policy. We received valuable feedback, which will be included in the final version of the policy, which is supposed to be launched in early 2025.
- In 2024, adidas joined the Corporate Engagement Program of SBTN's science-based targets for nature. Throughout the year, we have collected information, consulted with peers, and onboarded a specialized external organization to support the process of target setting. In 2025, we will keep involving external stakeholders to continuously get feedback on our progress.

Unless explicitly stated otherwise, all actions are ongoing.

While we rely on internal resources (mainly from the Sustainability team), no significant additional Operating expenses or capital expenditure are needed for now or the foreseeable future for the implementation of the presented measures.

Further measures to reduce negative impacts on biodiversity and ecosystems related to climate change, pollution or resource use are described in detail in the relevant chapters ([► ESRS E1 CLIMATE CHANGE](#), [► ESRS E2 POLLUTION](#) and [► ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY](#), respectively).

Biodiversity offsets are part of neither our measures nor of our short- or mid-term action plans.

Metrics and targets

E4-4 – Targets related to biodiversity and ecosystems

The targets described below support the implementation of our biodiversity strategy and reflect our company commitment to reduce the described negative impacts and risks that arise in our upstream value chain.

Deforestation- and conversion-free (DCF) bovine leather by 2030

We want to ensure that the materials used in adidas' products are free from deforestation and conversion. This is a global goal that covers all bovine leather sourced by adidas, excluding recycled leather and leather trims. Our target is informed by the EU Deforestation Regulation (EUDR) and the EU biodiversity strategy for 2030, as well as research by the World Resource Institute (WRI) 'Global Forest Review' and World Wildlife Fund (WWF) 'Deforestation Fronts.' With the deforestation focus of the target, we support the Paris Agreement, and it is also indirectly aligned with the Kunming-Montreal Global Biodiversity Framework (GBF), aiming to protect species by preserving their habitats (forests and ecosystems). We monitor progress toward target achievement based on the materials' sourcing volumes and overview of country of origin, while assessing suppliers from high-risk areas with additional due diligence matters. The target relates to material impacts on biodiversity and ecosystems from climate change, land-use change, extent and conditions of ecosystems, as well as dependencies of ecosystems (all upstream). Furthermore, it addresses risks from rising raw material costs, potential fines for non-compliance with EU regulations, as well as potentially increasing operational costs. While, in 2024, we prioritized leather in terms of DCF, respective roadmaps for natural rubber and timber-derived materials are currently under development.

100% third-party certified wool by 2024

This target is connected to the objective of supporting biodiversity through better land management in the upstream supply chain, which is secured by certification standards, and it is aligned with the Kunming-Montreal Global Biodiversity Framework (GBF). Through the target, we aim to mitigate negative impacts by land-use change as well as dependencies on ecosystem services and risks linked to availability and costs of raw materials. As a global target, it covers the entire volume of wool sourced by adidas, with the exception of recycled wool. Progress is measured annually, based on the total percentage of third-party certified wool (gathered through primary data), and no base year is applied. In 2024, we sourced 100% certified wool, fully meeting the target.

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Zero sourcing and processing of raw materials from endangered and/or threatened species

Our goal is to support biodiversity by avoiding the use or processing of raw materials from threatened species (based on the IUCN Red List of Threatened Species) and to avoid impacting species in the upstream part of our value chain. The target is aligned with the GBF and addresses negative impacts, dependencies on ecosystem services and risks. It is a global target that covers the entire volume of materials sourced by adidas without exception. As an ongoing target, there is no set end date, and the result should be zero every year. In 2024, the target was met successfully.

100% third-party certified cotton

Since the end of 2018, 100% of the cotton we use has come from [more sustainable sources](#), including organic, recycled, and other third-party certified cotton, e.g., BCI-cotton. The target covers the entire volume of cotton sourced globally and is tracked on a yearly basis. For 2024 performance data around this target, please refer to ESRS E5 Resource use and circular economy (resource inflows section).

For our current targets, no ecological thresholds and/or allocation of impacts were applied because this was not yet necessary. Furthermore, no offsets were taken into account. All four targets are global targets focusing on adidas' upstream value chain and its most important nature-derived materials, as presented earlier. They are all allocated to the avoidance layer of the mitigation hierarchy.

Further targets that have a relation to biodiversity and ecosystems were developed as part of our climate strategy, our water management and our resource approaches. These additionally contribute to reducing negative impacts on biodiversity and ecosystems and are described in detail in ▶ [ESRS E1 CLIMATE CHANGE](#), ▶ [ESRS E3 WATER AND MARINE RESOURCES](#) and ▶ [ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY](#), respectively (refer to target section).

ESRS E5

Resource use and circular economy

The footwear and apparel industry is resource intensive and has impacts on the environment along the entire value chain, from raw materials extraction to product manufacturing and end-of-life. We strive to mitigate these impacts through responsible sourcing practices, the use of sustainable materials¹ and strict waste management in our value chain. With our long-term circularity strategy, we are working toward gradually embedding circular economy principles into our business model.

Impacts, risks and opportunities

Impacts

- Dependency on renewable and non-renewable resources leading to adverse environmental impacts
- Lack of circular product end-of-life solutions leading to waste generation

Risks

- Increased sourcing costs for materials mandated through regulations (e.g., ESPR: Eco-design For Sustainable Products Regulation)
- Higher operating costs related to the establishment of circular infrastructure in our industry (e.g., EPR: Extended Producer Responsibility)

Targets

To address the multifaceted challenges of resource use and the circular economy, we have defined specific targets to effectively steer these interconnected topics.

100%

of our polyester
to be recycled polyester²
by 2024

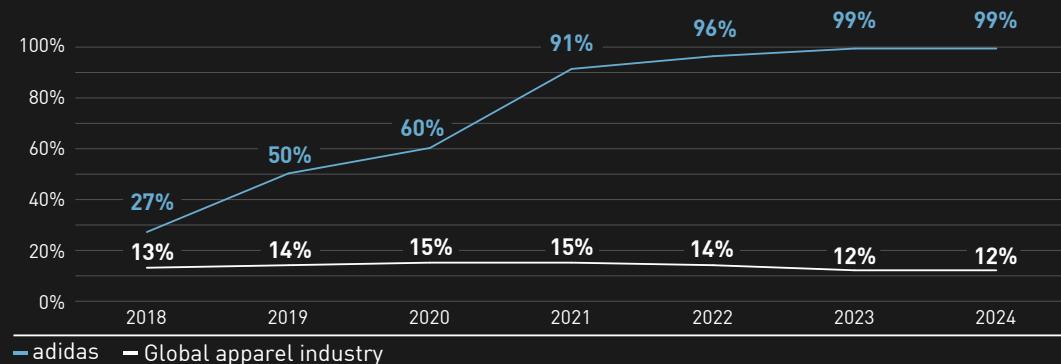
10%

of polyester to come
from recycled textile waste
by 2030

98%

of waste from Tier 1 and Tier 2
suppliers diverted from landfills
by 2025

Recycled polyester share of total polyester use³



¹ We consider a material sustainable or sustainably sourced when it has a lower environmental and/or social impact than its conventional equivalent. We validate materials against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix (PFMM).

² Where technically possible

³ Source: Textile Exchange Recycled Polyester Challenge Dashboard; 2024 value for global apparel industry is an estimate

Key actions & metrics

In 2024, our actions continued to address the key challenges to embed circular economy principles in our business.

Our key actions

- Strengthen our foundation, such as improving our product and material data tracking and accuracy
- Increasing the use of sustainably sourced materials in our products
- Engaging in multi-stakeholder initiatives to build a blueprint for a circular textile industry (e.g., EU-funded projects T-REX and New Cotton, Fashion for Good innovation platform)

Materials used in adidas' products in 2024¹

adidas' product portfolio includes footwear, apparel as well as accessories and gear. We outsource almost 100% of our production to independent manufacturing partners and don't purchase any significant amounts of materials or components directly. However, we keep track of the key materials used in our products through our systems. For this information, we rely on receiving accurate information from our suppliers. See table below for our materials portfolio in 2024.

	Total material weight in tons	Share within total in %
Materials used for products	456,227	77.6
Materials used for packaging	131,915	22.4
Total materials	588,142	100
Thereof total recycled materials ²	249,743	42.7
Thereof total biological materials ³	219,020	37.4

1 For further details, refer to the following section in E5-4: Explanatory notes to our reported material use data.

2 This number is partly derived from primary data and partly based on LCA data.

3 We define biological materials as natural fibers, natural polymers and biobased materials.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to resource use and circular economy in the management of our business. An overview of these policies can be found in the topical standard of E5.

ESRS 2 – General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The apparel and footwear industry uses significant amounts of non-renewable and renewable resources. Extraction and growth of resources, as well as intensive manufacturing processes, negatively affect the environment. Equally, resource outflow has negative impacts, including waste generation during production, but also the disposal of products at end of life.

To mitigate such impacts, adidas applies criteria for responsible sourcing, follows product creation guidelines which mandate the use of more sustainable materials¹⁷ and provides waste guidelines for upstream activities and own operations. At the same time, our circularity strategy provides us with a long-term vision and sets priorities for our engagement.

SBM-3 – Resource use and circular economy and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Resource inflows	Negative impact	Actual	n.a.	Up-stream	The apparel and footwear industry is heavily dependent on the use of resources, both renewable and non-renewable, which leads to adverse environmental impacts.
Resource inflows	Risk	n.a.	Mid-term	Up-stream	The risk related to resource inflows in the upstream supply chain is due to potentially higher costs and/or unavailability of materials, as well as the risk linked to upcoming regulations like ESPR (Ecodesign for Sustainable Products Regulation) which may require the use of materials (i.e., high-recycled content) that could become scarce.
Resource outflows	Negative impact	Actual	n.a.	Down-stream	Currently, the lack of a circular economy ecosystem and infrastructure in the apparel and footwear industry means that most products have no circular end-of-life solution and end up as waste.
Resource outflows	Risk	n.a.	Long-term	Up-stream, down-stream	The risks associated with resource outflows are: Upstream: High uncertainty in the regulatory developments in different countries and potentially inconsistent approaches to circular product definition and related infrastructure (e.g., sorting and recycling infrastructure). Such fragmentation may be challenging for a globally operating company such as adidas, e.g., when defining circular product design guidelines. Downstream: Cost of establishing a circular infrastructure for apparel and footwear is to be partly paid for by brands (e.g., upcoming EPR legislation in several countries).

¹⁷ We consider a material sustainable or sustainably sourced when it has a lower environmental and/or social impact than its conventional equivalent. Our materials are evaluated against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix (PFMM). Our validation framework and the respective governance is laid down in the Sustainable Ingredient and Concept Standard Definition SOP, see section E5-1.

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SBM-3 – Resource use and circular economy and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Waste	Risk	n.a.	Mid-term	Up-stream	The risk related to waste in the upstream supply chain is potentially higher operational costs for our suppliers, as stricter waste management requirements are imposed on them (e.g., the need for improved processes for waste separation, handling, transportation, disposal, and/or treatment).

We do not expect any presented risks related to resource use and circular economy to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report. ▶ SEE RISK AND OPPORTUNITY REPORT

Impact, risk and opportunity management

E5-1 – Policies related to resource use and circular economy

adidas governs resource use and circular economy through policies, guidelines, and standard operating procedures (SOPs) throughout the entire value chain (▶ SEE TABLE E5-1). These policies anchor our strategy in the business and ensure we steer the organization toward a lower impact on the environment. Resource inflows are regulated by material-specific SOPs and by product creation guidelines. Our key priority is to reduce dependency on virgin fossil-based materials by increasing the share of recycled materials, as well as by using sustainably sourced renewable materials. Resource outflows and waste are also covered by several policies and guidelines implemented by our manufacturing partners (as the highest impacts occur upstream). However, guidance on circular product design and product end of life is still under development. This is due to a lack of technologies and infrastructure that can effectively sort, pre-process, and recycle different types of products at scale. Therefore, we are currently focusing our work in circularity on understanding the full ecosystem needed to enable a transition from a linear to a circular value chain ▶ SEE E5-2 ACTIONS, CIRCULAR ECONOMY SECTION.

E5-1 – Policies related to resource use and circular economy

Policies ¹	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Circularity Strategy (RI, RO, W)	Provides a long-term vision and framework and sets priorities for engagement.	Entire value chain	SVP Sustainability and ESG	References definition by UNEP and Ellen MacArthur Foundation	Internal content experts	Available for all employees
Sustainable Product Policy (RI, RO)	Defines sustainability terminologies and the governance framework. It contains cross-functional and interdepartmental high-level agreements of roles, responsibilities and key milestones which must be followed. It sets the framework to substantiate sustainability claims.	Entire value chain	SVP Sustainability and ESG	n.a.	Internal content experts	Available for all employees
Sustainable Ingredient and Concept Standard Definition SOP (RI)	Sets the framework for sustainable ingredients and concepts for adidas products, detailing the lifecycle and roles and responsibilities. It includes templates, change management, and exceptional handling. Product sustainability claims must meet this standard and be validated according to the Sustainable Product Validation SOP.	Entire value chain	SVP Sourcing and Product Operations	Criteria for sustainable ingredient validation reference the Preferred Fiber and Materials Matrix from	Internal content experts	Available for all employees

E5-1 – Policies related to resource use and circular economy

Policies ¹	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Seasonal Product Creation Guidelines (RI)	Product-related sustainability guidelines, updated seasonally. They include strategy brief and product creation guidelines, as well as pre-defined sustainable ingredients. Sustainable products are defined by a minimum content of recycled or sustainably sourced renewable material.	Own operations (all product creation teams), upstream [Tier 1 suppliers]	SVP Sourcing and Product Operations	Textile Exchange	n.a. Internal content experts	Available for all employees; directly shared with business units and Tier 1 suppliers
Recycled Polyester SOP (RI)	States the intention to eliminate virgin polyester, where technically possible, sets certification requirements and governance framework.	Up-stream [Tier 1 and Tier 2 suppliers]	SVP Sourcing and Product Operations	Textile Exchange standards: Global Recycling Standard, Recycled Content Standard	n.a.	Available for all employees
Responsibly Sourced Biobased Synthetics SOP (RI)	Describes procurement expectations as well as practices for assessing bio-based synthetics in terms of environmental and social impacts.	Up-stream [Tier 1 and Tier 2 suppliers]	SVP Sourcing and Product Operations	Textile Exchange standard references the 7 high-risk commodities defined by WRI Global Forest Review and WWF Deforestation Fronts	n.a.	Available for all employees
Animal-derived Materials Standard (RI)	Sets the requirements for sourcing of animal-derived materials, rules out sourcing of endangered or threatened species.	Up-stream (all suppliers)	SVP Sustainability and ESG	References the 'Five Freedoms' of Animal Welfare (WOAH) Leather Working Group, Textile Exchange standards: Responsible Down Standard, Responsible Wool Standard	n.a.	Accessible on corporate website
Responsibly Sourced Wool SOP (RI)	Determines that adidas will only use responsibly sourced wool and provides information on certifications that are accepted by adidas.	Up-stream (all suppliers)	SVP Sourcing and Product Operations	Textile Exchange standards: Responsible Wool Standard	n.a.	Available for all employees
Responsibly Sourced Down SOP (RI)	Determines that adidas will only use responsibly sourced down and provides information on certifications that are accepted by adidas.	Up-stream (all suppliers)	SVP Sourcing and Product Operations	Textile Exchange standards: Responsible Down Standard	n.a.	Available for all employees
Guidance on Biodegradation (RI, RO)	States adidas' position regarding biodegradability of materials and products, based on scientific evidence and industry context.	Up-stream, down-stream	SVP Sustainability and ESG	Definitions reference European Environmental Agency; LCA data inform impact of biodegradation	n.a.	Available for all employees

E5-1 – Policies related to resource use and circular economy

Policies ¹	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Environmental Guidelines [W]	Describes ways to prevent pollution, manage and control environmental impacts, and avoid depletion of natural resources; includes waste management.	Up-stream [Tier 1 and Tier 2 suppliers]	SVP Sourcing and Product Operations	n.a.	n.a.	Accessible on corporate website
Environmental Good Practice Guide and Toolkit [W]	Describes requirements for suppliers and industry best practices, e.g., for waste management.	Up-stream [Tier 1 and Tier 2 suppliers]	SVP Sourcing and Product Operations	Reference on water efficiency by Waterwise – (UK-based organization)	Third-party environmental consultancy	Accessible on corporate website
Waste Management Guidelines [W]	Defines a waste management process to prevent pollution and depletion of natural resources; outlines connected goals and objectives.	Up-stream [Tier 1 and Tier 2 suppliers]	SVP Sourcing and Product Operations	References the EU Waste Framework Directive	n.a.	Directly shared with suppliers
Waste Co-processing Partners Due Diligence Guideline [W]	Supports and provides guidance to suppliers to select partners for waste co-processing and other waste-to-energy technologies, helping them to comply with due diligence obligations.	Up-stream [Tier 1 and Tier 2 suppliers]	SVP Sourcing and Product Operations	n.a.	n.a.	Directly shared with suppliers

1 Main activities addressed by policies and guidelines are abbreviated as follows:

RI – resource inflows

RO – resource outflows

W – waste

Going forward, we will continue to adapt, widen, and substantiate our approach to circularity and resource use. Our approach is based on science, but will also be influenced by emerging industry standards and regulatory requirements that are becoming more concrete, particularly within the EU and in connection with its 'EU Strategy for Sustainable and Circular Textiles.' We expect these regulatory requirements to become clearer in the coming years, which will help eliminate some of the ambiguity within our industry as well as set a common baseline for every brand and market participant to adhere to.

E5-2 – Actions and resources related to resource use and circular economy

Our actions regarding resource use and circular economy are in line with our circularity strategy as well as corresponding to our material impacts, risks and opportunities mentioned in this standard. By focusing on traceability of materials, among other topics, we take the necessary step to gain transparency on related impacts and on where provision of remedy would be potentially needed. If not stated otherwise, as of now, all actions mentioned are intended to be ongoing, without a set completion date.

Resource use

- Creating more sustainable products enabled by improved IT infrastructure: To progress toward our ambition of 90% sustainable article share by 2025,¹⁸ we have continued to evolve our foundational capabilities in 2024 to create more transparency and higher accuracy for material and product data. This has required investments into our IT infrastructure and now enables improved data quality.
- Transition to recycled polyester: Polyester is the most used material in our materials portfolio, therefore, transitioning to recycled polyester is a significant lever to lower our impact on resource use. In 2023, we had already reached 99% recycled polyester in our products, excluding trims, leaving us very close to our target of replacing all virgin polyester with recycled polyester where technically

¹⁸ We define products as sustainable when they contain a pre-defined amount of sustainable materials, see 'Sustainable Article Share' in sections E5-2 and E5-3. We consider a material sustainable or sustainably sourced when it has a lower environmental and/or social impact than its conventional equivalent. We validate materials against a pre-defined set of impact criteria which is closely aligned with Textile Exchange's Preferred Fiber and Materials Matrix (PFMM). Our validation framework and the respective governance is laid down in the Sustainable Ingredient and Concept Standard Definition SOP, see section E5-1 Policies.

feasible ► **SEE E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY.** Therefore, in 2024, we set ourselves a new, more ambitious target: to transition from using recycled plastic bottles to using recycled textile waste. We aim to achieve 10% of our polyester volume coming from textile waste by 2030. 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.

- Sourcing of third-party certified cotton: Since the end of 2018, 100% of the cotton we use has come from sources, including organic, recycled, and other third-party certified cotton such as Better Cotton. Since 2024, we have also sourced cotton certified by the US Cotton Trust Protocol
► **SEE ESRS E4 BIODIVERSITY AND ECOSYSTEMS.** We are currently working on a Responsibly Sourced Cotton SOP that prescribes procurement expectations as well as practices for assessing cotton in terms of environmental and social impacts. This SOP is expected to be adopted in 2025.
- Increase recycled content in EVA and rubber and start sourcing certified natural rubber: EVA and rubber are key materials in most of our footwear. In 2024, we were able to slightly increase the recycled content in both materials. However, our in-house testing has shown that recycled content negatively impacts the performance of EVA and rubber, therefore its application is limited. We recognize the need for alternatives that can replace the current materials without compromising quality and are therefore continuously evaluating innovative solutions. Our goal is to adopt such alternatives as soon as they become commercially available. The rubber used in our footwear consists of a mixture of synthetic and natural rubber. For the natural rubber, we are working toward sourcing certified natural rubber that aligns with our environmental and social standards, in particular to avoid the risk of deforestation ► **SEE ESRS E4 BIODIVERSITY AND ECOSYSTEMS.** We are currently working on a Responsibly Sourced Natural Rubber SOP, which will prescribe procurement expectations as well as practices for assessing natural rubber in terms of environmental and social impacts. This SOP is expected to be adopted in 2025.
- Animal-derived materials account for 5.7% of total materials used in 2024. The largest share of animal-derived material at adidas is leather, mostly coming from cattle. 99% of our current leather volume is sourced from tanning facilities audited in accordance with the Leather Working Group (LWG). In 2023, adidas further committed to a deforestation- and conversion-free bovine leather supply chain no later than 2030 ► **SEE 2024 ACTIVITIES IN ESRS E4 BIODIVERSITY AND ECOSYSTEMS.** In 2024, we decided to stop purchasing kangaroo leather, which will be gradually replaced with other types of leather. All down used in our products is certified according to the Responsible Down Standard (RDS). Since the Fall/Winter '24 season, all wool used is certified by the Responsible Wool Standard (RWS). With both standards, we ensure that down and wool are sourced from suppliers who meet the required animal welfare and sustainability standards.
- Innovation: We continuously explore innovative solutions that can replace current materials and may lower pressures on land and ecosystems. Scouting and piloting is done in our own innovation team as well as through Fashion for Good, a multi-stakeholder platform for sustainable innovation of the fashion industry. In 2024, innovation focus was on enzymatic recycling of textile waste, biobased materials, and sustainable innovations for footwear-specific materials.

Circular economy

We define circularity as maintaining the value of products and materials at the highest level for as long as possible. This aligns with the UN Environmental Programme's (UNEP) definition as laid out in their report 'Sustainability and Circularity in the Textile Value Chain.'

- Quality and durability: As a sportswear company, the performance, fit for purpose and quality of our products are of utmost importance for our business success. While there are currently no industry average durability metrics and standards in place for apparel and footwear, we are constantly testing

the quality and performance of our products. For product development and production phases, testing and quality teams across adidas ensure that products meet a defined set of physical, functional, and color fastness standards. We generally align our testing protocols with ISO test standards. When there is no suitable ISO standard available for a material type, product type or assessment we are doing, we use other internationally recognized test standards such as DIN, GB, ASTM, or SATRA. During product development, every material, component, and product type is tested in the laboratory to ensure that the materials we select and the finished products we create meet our quality expectations and those of our consumers. We also test products with athletes to determine quality, performance, and durability during the use phase of the product. During production, a framework defines for our partners how often testing should be completed to confirm consistent production quality, how to assess product quality during production, and our quality expectations for all final product types. We continually assess our suppliers' compliance with our quality procedures through annual audits.

— Recyclability: 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 value chain, including the collection, sorting, and recycling of waste materials. Building this circular environment as a stand-alone solution is not feasible. Therefore, we have focused our efforts and resources on supporting multi-stakeholder initiatives aiming to create such a circular ecosystem for the apparel and footwear industry.

Circular ecosystem

To drive systemic change toward a more circular industry, adidas is committed to fostering collaboration across our value chain and has engaged in multiple projects as well as made dedicated investments to this end. Examples include T-REX and the New Cotton Project, as well as Fashion for Good.

- T-REX is a publicly funded EU research project that brings together 13 major actors from across the entire value chain, with adidas acting as coordinator and leader. The aim of this multi-year project is to create a harmonized blueprint and guidelines as well as pursue business opportunities for closed-loop sorting and recycling of household textile waste in the EU. In 2024, adidas supported the progress of the project with completed collection and sorting activities and ongoing recycling. With these learnings, adidas kicked off the development of the circular design guidelines as a key deliverable of the project. In addition, adidas led the policy roundtable event on behalf of the project, bringing together industry and the EU Commission to provide valuable insights for upcoming regulations.
- The New Cotton Project focuses on scaling chemical recycling technology for cotton textile waste and includes stakeholders along the entire value chain. adidas was a contributing partner in the project and participated by designing and producing products using the feedstock generated as a result of the project.¹⁹ The work was successfully completed in 2024 with adidas participating in the project review conducted by the EU Research and Innovation Office (Horizon Europe Program).

¹⁹ adidas press release as of September 21, 2022: adidas by Stella McCartney Unveil Industry-First, with Viscose Sportswear Made in Collaboration with twelve Pioneering Partners (<https://news.adidas.com/>)

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— Through our partnership with the Fashion For Good innovation platform, we are contributing to the development of frameworks and guidelines for garment lifecycle mapping and textile waste recycling. In 2024, three new projects were launched: assessing the renewable textile market in Europe,²⁰ understanding the traceability challenges for textile recycled materials,²¹ and shifting the focus to assessing the circularity of footwear.²²

Circular services

Circular services such as repair, rental or re-commerce can help extend the life of products once they are in the hands of consumers. Therefore, adidas has conducted several pilot projects over the last few years to gain insights into consumer response and business opportunity of circular services, including in-store sneaker cleaning, rental, and product take-back programs. In 2024, we focused on better understanding care and repair. Under the project name 'Choose to Repair,' we continued our pilot repair service offer in the Terrex store in Munich until May 2024 and tested an online repair service in the UK from July to October 2024 in partnership with the third-party service provider The Seam. From these experiences, we have learned that consumer expectations and behaviors vary widely and that circular services must be adapted to the local context in order to be successful. As a consequence, we aim to enhance our global guidance on circular services for our market organizations in the coming year.

Waste management

Our actions regarding waste management are aligned with our Waste Management Guidelines and our Waste Co-processing Partners Due Diligence Guideline. If not stated otherwise, as of now, all actions mentioned are intended to be ongoing, without a set completion date.

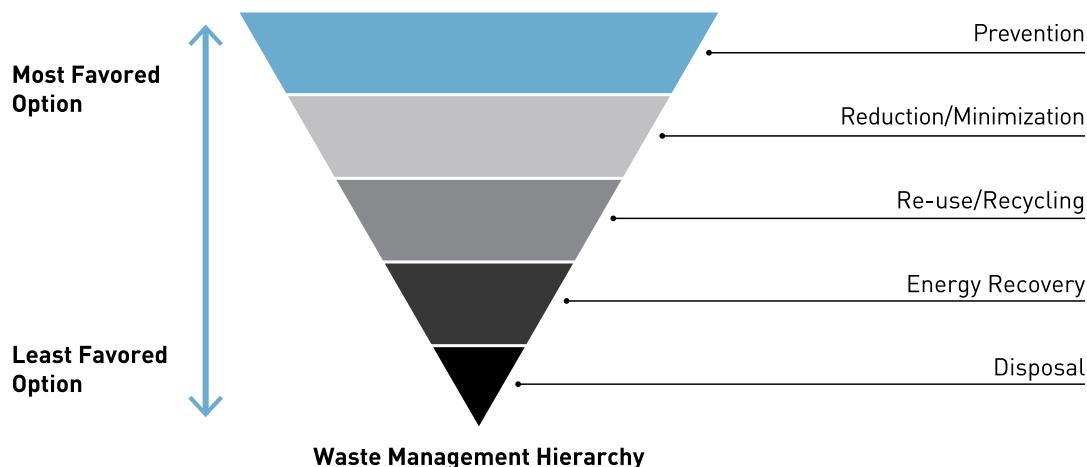
Our Waste Management Guidelines require our suppliers to segregate and treat all post-industrial waste according to the waste management hierarchy. This includes the prohibition of waste incineration at production sites. Suppliers included in our Environmental Program are required to record and track waste generated in adidas' own digital platform to ensure that suppliers send waste for proper treatment, such as recycling, reuse, or waste-to-energy. We also support our suppliers through regular workshops for upskilling and strategy planning. The progress of waste diversion from landfill is monitored through regular audits and the performance by individual suppliers is monitored annually. ► [SEE TARGETS SECTION](#)

²⁰ Source: Sorting for Circularity Europe Expands to Address Rewearable Textile Crisis – Fashion for Good.

²¹ Source: Fashion for Good and Textile Exchange Team Up to Trace Textile Waste – Fashion for Good.

²² Source: Pioneering the Future of Footwear: A New Initiative by Fashion for Good – Fashion for Good.

Our Waste Management Guideline adopts the following waste management hierarchy:



Furthermore, we have implemented a waste diversion program with co-processing partners in key sourcing regions that aims to use non-recyclable manufacturing waste to generate energy. In this program, we rely on our Waste Co-processing Partners Due Diligence Guideline. Through the co-processing solution, suppliers can achieve pollution reduction, reduced consumption of natural resources, and minimized landfill use, thereby contributing to a reduced carbon footprint.

Since 2021, we have successfully expanded our waste diversion program across our global upstream value chain, with the involvement of both Tier 1 and Tier 2 suppliers. We have provided guidance to our facilities to improve their waste segregation practices, resulting in improved recycling rates. For those materials that cannot be recycled, facilities are required to implement waste-to-energy solutions in partnership with a co-processing partner in accordance with our Waste Co-processing Partners Due Diligence Guideline. This strategy has resulted in significant achievement in landfill diversion achievements across our sourcing markets. Additionally, some of our Tier 2 suppliers are engaged in recycling activities to reclaim cutting scraps and post-industrial waste from the production process to be integrated into the materials and products.

Furthermore, we have engaged with industry organizations to drive improvements in waste management at supplier facilities. adidas joined GIZ FABRIC, other fashion brands, Closed Loop Fashion, Sevea and Reverse Resources in Cambodia to drive a collaboration project for 'Advancing Post-Industrial Textile Waste Recycling in a Circular Supply Chain.' The project aimed to optimize textile waste management and demonstrate circular business case feasibility, advance compliance among waste handlers and recyclers, strengthen the local structures and disseminate knowledge and learnings to foster up-scaling and public-private dialogue. adidas actively participated in the project and nominated our strategic suppliers to participate in the program. Through the project, all partners were able to enhance the collection, segregation and labelling of textile waste at 21 facilities. These actions were audited through on-site assessments. Training and corrective action plans were developed by consultants for the nominated facilities to implement actions beyond the project timelines. Overall, around 3,000 tons of cotton textile waste was collected from 17 of the 21 facilities and sent to a local recycling company. The project was successfully completed in 2024.

While we rely on internal resources (mainly from the Sustainability team), no significant additional operating expenses or capital expenditure are needed in the foreseeable future for the implementation of the presented measures. Topic owners and teams implementing the measures track their effectiveness.

► SEE E5-3 – TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Further actions to reduce negative impacts on resource use are described in detail in the relevant chapters. ► SEE ESRS E1 CLIMATE CHANGE ► SEE ESRS E2 POLLUTION ► SEE ESRS E3 WATER AND MARINE RESOURCES

► SEE ESRS E4 BIODIVERSITY AND ECOSYSTEMS

Metrics and targets

E5-3 – Targets related to resource use and circular economy

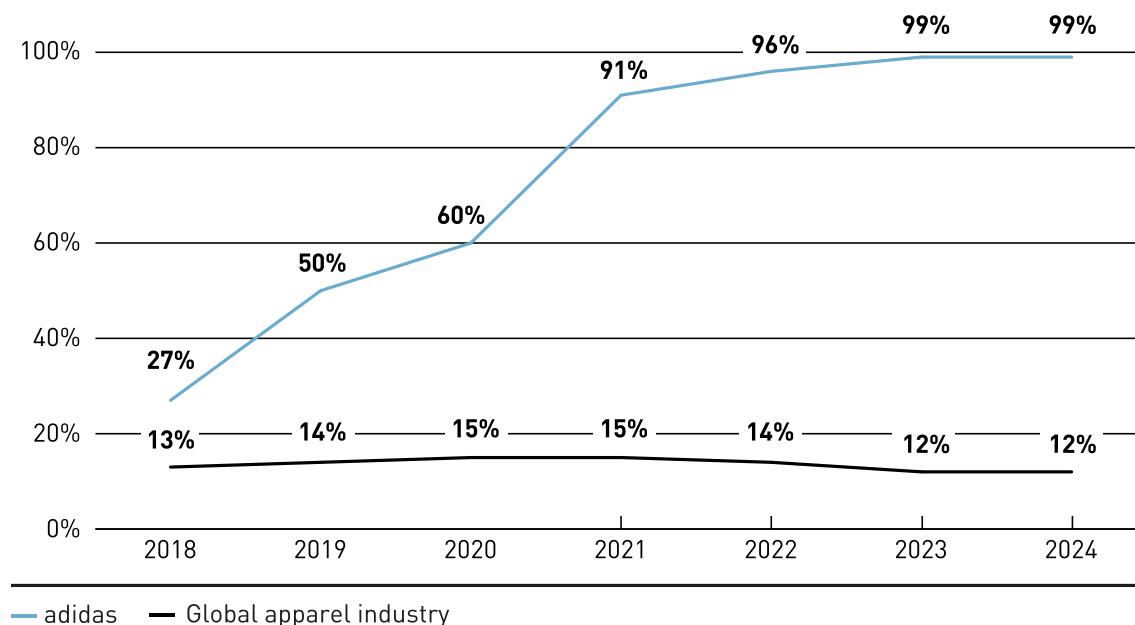
To address the multifaceted challenges of circular economy, resource use, and waste management, and to effectively steer our various efforts across these interconnected topics, we have defined specific targets related to these issues. For all target setting, we rely on scientific evidence and recognized frameworks where they exist. Targets are benchmarked against industry practice and validated in informal interactions with stakeholders.

- 90% of our articles to be sustainable by 2025: This target is specific to the increase of circular material use, the minimization of virgin materials and sustainable sourcing of renewable resources. We define articles as sustainable when they show environmental benefits versus conventional articles due to the materials used, meaning that they are – to a significant degree – made with environmentally preferred materials. Our definition of sustainable materials references the framework of Textile Exchange's Preferred Fiber and Materials Matrix and is documented in the Sustainable Ingredient and Concept Standard SOP, see section E5-1. The majority of the environmentally preferred materials currently used are recycled materials or more sustainable cotton. To qualify as a sustainable article, environmentally preferred materials have to exceed a certain predefined percentage of the article weight. The applied criteria for environmentally preferred materials and the percentage of the article weight are defined based on standards reflecting the latest industry developments, competitor benchmarks, and expert opinions: for apparel, the environmentally preferred material content is required to be at least 70% of the article weight, for accessories and gear, at least 50%; and for footwear, at least 20%²³. There is no baseline value or base year associated with the target. In 2023, almost eight out of ten of our articles were sustainable according to our definition. However, over the course of 2024, we decided that the maturity of the foundational capabilities we built over the last few years – to create more transparency and higher accuracy for material and product data – has reached a level that allows us to now operationalize the capability without specifically incentivizing it in the future. As a result, we will not apply this target for 2024 and 2025, but keep monitoring the sustainable article share of business units against the 2023 achievement level.
- Use 100% recycled polyester wherever technically possible by the end of 2024: This target is specific to the increase of circular material use and the minimization of virgin raw materials. It applies to all polyester used in our products. In 2017, adidas made a commitment to replace all virgin polyester with recycled polyester by the end of 2024, where technically possible. In 2024 we achieved 99%, which puts us very close to our target. We focus on the use of recycled polyester because it reduces resource use and has a significantly lower environmental impact compared to virgin polyester (based on Life Cycle Analysis). As polyester is the material most used in our products, this is also a significant lever for our decarbonization roadmap. With our roadmap and target achievement, we are significantly exceeding the

²³ This standard is being applied since 2022. Percentage of sustainable articles (by count) offered at points of sale (average of Fall/Winter season of the current financial year and Spring/Summer season of the following financial year). When calculating the article weight, trims are excluded for apparel, footwear, and accessories and gear. Only articles with verified content of environmentally preferred materials are included. Licensed articles are excluded.

level of recycled polyester adoption within the global apparel industry since 2018. The integrity of the recycled materials used is certified by recognized third-party certifications such as the Global Recycled Standard (GRS) and the Recycled Claim Standard (RCS). These certifications guarantee a robust chain of custody and minimize the risks of unauthorized mixing or swapping of materials.

Recycled polyester share of total polyester use¹



¹ Source: Textile Exchange Recycled Polyester Challenge Dashboard; 2024 value for global apparel industry is an estimate

- 10% of polyester to come from recycled textile waste by 2030: This target is specific to the increase of circular material use and the minimization of virgin raw materials. It applies to all polyester used in our products. To raise our ambition, we have set a new target in our recycled polyester roadmap. Moving from plastic bottles to textile waste as a feedstock for recycled polyester is aligned with Ellen MacArthur Foundation's framework of circular fashion²⁴, and is the start of scaling circularity with the material most used in our products. This goal also prepares us for anticipated regulatory changes that will most likely require companies to responsibly manage the end-of-life of their products. The first products with textile-to-textile recycled polyester are planned for 2026.
- 100% third party certified cotton: This target is specific to the sustainable sourcing and use of renewable resources. Since the end of 2018, 100% of the cotton we use has come from more sustainable sources, including organic, recycled, and other third-party certified cotton. Textile Exchange's Preferred Fiber and Materials Matrix serves us as a framework to define sustainable types of cotton based on scientific criteria. The target covers the total volume of cotton sourced globally and is tracked on a yearly basis. In 2024, we again met this target. For detailed data on the 2024 performance, please refer to the resource inflows section below.
- Deforestation and conversion free (DCF) bovine leather supply chain by 2030: This target is specific to sustainable sourcing and use of renewable resources. ▶ SEE TARGETS SECTION OF ESRS E4 BIODIVERSITY AND ECOSYSTEMS.

²⁴ Source: Ellen MacArthur Foundation: Fashion and the circular economy: Quote: "In such a system, clothes, textiles, and fibers are kept at their highest value during use and re-enter the economy after use, never ending up as waste".

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— 98% of waste is diverted from landfills at Tier 1 and Tier 2 suppliers by 2025: This target is specific to waste management. It was set in 2021 based on industry benchmarks and is aligned with our waste management guidelines and waste diversion program to assist our suppliers in enhancing waste segregation during manufacturing, reuse of non-hazardous waste, and focusing on recycling or waste-to-energy. There is no baseline value and base year for the target. Expanding this program globally has led to a collective landfill diversion rate of 96.2% among our enrolled suppliers in 2024. This target refers to the recycling and waste-to-energy layers of the waste hierarchy.

As explained under E5-2 Actions – Circular Economy, the circular ecosystem in the apparel and footwear industry is in early stages of development. Industry average durability and recyclability metrics and standards are still under development. Product design guidelines for these important areas can only be provided once such standards are in place, which is currently under discussion in different research and policy forums related to EU Product Environmental Footprint Category Rules (PEFCR) and Ecodesign for Sustainable Product Regulation (ESPR).

All of the above targets are voluntary and not mandated by law.

E5-4 – Resource inflows

Materials used in products: adidas' product portfolio includes apparel, footwear as well as accessories and gear. We outsource almost 100% of our production to independent manufacturing partners and do not purchase any significant amounts of materials or components directly. While we do not track the individual weight of products (due to large variations in sizes and models), we keep record of the materials used in our products through our systems. For this information, we rely on receiving accurate data from our suppliers.

Materials used in packaging: Products are packaged in the factory for protection, i.e., against humidity and dust. The packaging material is either paper-based (i.e., shoe boxes) or recycled low-density polyethylene (rLDPE) (i.e., polybags for apparel and some types of accessories). Additionally, paper-based transport packaging (i.e., cartons, corrugate) is used to ship products.

Other resource inflows: For water withdrawal during production processes, please ▶ **SEE ESRS E3 WATER AND MARINE RESOURCES** for more information. For other resource inflows we currently still lack reliable data.

Materials used in adidas products 2024¹

	Total material weight in tons	Share within total in %	Sustainable share within material in %
Polyester	130,365	28.6	
Recycled polyester	129,388		99.3
Rubber	78,610	17.2	
Recycled rubber	1,428		1.8
Natural rubber	9,373		11.9
Cotton	54,883	12.0	
Third-party certified – Better Cotton (mass-balanced)	54,257		98.9
Third-party certified – US Cotton Trust Protocol (traceable to country)	82		
Organic cotton	495		
Recycled cotton	48		
Ethylene-vinyl acetate (EVA)	48,931	10.7	
Recycled EVA	2,538		5.2
Biobased EVA	401		0.8
Silica	33,243	7.3	
Leather	24,691	5.4	
Third-party certified leather	24,662		99.9
Polyurethane (PU)	24,478	5.4	
Polyamide (PA)	18,133	4.0	
Recycled polyamide	4,946		27.3
Thermoplastic polyurethane (TPU)	17,026	3.7	
Thermoplastic rubber and elastomer (TPR/TPE)	6,597	1.5	
Other synthetic materials	17,395	3.8	
Other natural materials (wool, down, man-made cellulosic fibers)	1,874	0.4	
Third-party certified	1,115		59.5
Total	456,227	100	

1 Further details are provided in the following section: ▶ SEE EXPLANATORY NOTES TO OUR REPORTED MATERIAL USE DATA

Materials used for packaging (product and transport packaging)¹

	Total material weight in tons	Share within total in %	Sustainable share within material in %
Paper-based packaging	128,174	97.2	
Paper-based packaging recycled	108,307		84.5
Plastic packaging LDPE	3,741	2.8	
Plastic packaging LDPE recycled	3,088		82.5
Total	131,915	100	

1 Further details are provided in the following section: ▶ SEE EXPLANATORY NOTES TO OUR REPORTED MATERIAL USE DATA

Our packaging is 97.2% paper-based, with 84.5% made from recycled content. Plastic packaging represents 2.8% of our packaging materials, of which 82.5% is recycled LDPE. Several of our distribution centers have started to implement reusable transport packaging and continue to reduce packaging volume by optimizing box sizes and number of shipments. However, we are not yet able to report quantitative information on the impact these initiatives have on packaging reduction.

Total materials used in 2024¹

	Total material weight in tons	Share within total in %
Materials used for products	456,227	77.6
Materials used for packaging	131,915	22.4
Total materials	588,142	100
Thereof total recycled materials	249,743	42.7
Thereof total biological materials ²	219,020	37.4

1 Further details are provided in the following section: ▶ SEE EXPLANATORY NOTES TO OUR REPORTED MATERIAL USE DATA

2 We define biological materials as natural fibers, natural polymers and biobased materials.

The share of biological materials in our overall materials portfolio is 37.4%, thereof 86.3% are sustainably sourced materials. For the definition of sustainably sourced biological materials, the cascading principle has been applied. In addition, we use the following certifications for sustainably sourced biological materials:

- For cotton: Better Cotton (mass balanced), US Cotton Trust Protocol, Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Recycled Claim Standard (RCS)
- For leather: Leather Working Group (LWG)
- For wool: Responsible Wool Standard (RWS)
- For down: Responsible Down Standard (RDS)

The share of recycled materials in our overall materials portfolio is 42.7%. Recycled textile materials are GRS or RCS certified. For EVA and rubber, we partly rely on supplier self-declaration, as certification is not yet available for some of the recycling processes used in footwear production. We do not purchase or track components or intermediary products, and therefore, the reuse of such components or intermediary products is not a business situation we encounter. For packaging materials data are based on LCA data.

Explanatory notes to our reported material use data

The presented product and packaging material use data are based on the following calculation methodologies and sources:

- Materials used in adidas products: Use data is based on Spring/Summer 2024 and Fall/Winter 2024 seasons.
- Materials used for packaging: Due to the decentralized nature of our distribution, it is difficult to collect primary data for packaging. Packaging material consumption is calculated based on 2024 sales data (volume by channel) and average packaging weights per product division (based on primary data collected in 2021). The ratio between virgin and recycled materials for polybags is based on primary data collected in 2021 and recycled content for cardboard is based on LCA data (EU-28: Corrugated board 2018). The average weights for secondary (transport) packaging are based on PEFCR. Due to the fact that we use recognized and widely applied data sources and methodologies, we consider our assumptions and calculations to be solid. However, we aim to start collecting primary packaging data for key parts of the supply chain in the upcoming years to improve accuracy in the future.

- For the purpose of presenting materials use data, the term “sustainable” includes recycled and sustainably sourced materials.
- **Polyester, cotton, polyamide, wool, man-made cellulosic fibers, down** as well as **leather**: Material use is derived from actual consumption data in the bill of materials as reported by Tier 1 suppliers and the material composition information provided by our Tier 2 suppliers. Due to the complexity stemming from the product construction of leather based footwear, we perform control checks on the weight of leather used for the main footwear models and apply a correction factor to calculate the final leather consumption.
- **Polyester trims**: Material use is reported in “Other synthetic materials”.
- **Rubber, EVA, PU, TPU, TPR/TPE** and other **synthetic polymers** for footwear bottom parts: Material use is based on actual consumption data in the bill of materials as reported by Tier 1 suppliers, supplemented by a calculated additive ratio, which is derived from the respective material formulation.
- **Silica**: Material use is calculated by applying a ratio, which is derived from the respective material formulation.

E5-5 – Resource outflows

There is currently no industry standard that clarifies circular economy principles for designing apparel and footwear products. Nonetheless, we are already following an approach that aims to consider sustainable resource use and circularity principles where possible ► [SEE POLICIES SECTION FOR MORE INFORMATION](#). We will eventually adjust our approach when the expected adoption of the ESPR and other similar regulations provides more clarity on definitions and standards.

Durability, repairability and recyclability are neither legally defined nor standardized in the apparel and footwear industry, yet. One reason for this is the wide variety of product types and product purposes in scope. As part of the EU’s PEFCR and ESPR, several multi-stakeholder working groups are working to define standards in these areas. We are planning to align our approach with regulations and standards as soon as they become available.

- Durability: While there are currently no industry average metrics or standards in place that determine durability of apparel and footwear, we are constantly testing the quality and performance of our products (see section E5.2 on durability for more information regarding our testing protocols).
- Repairability: There is no average metric or standard for repairability in the apparel and footwear industry. Most of our apparel products can be repaired by consumers themselves or by any tailor. Our footwear can be repaired by shoemakers, however, some of our technical footwear products and sports accessories may not be repairable due to their design or construction. In case of defective products, we provide the legally mandated warranty. We have also piloted consumer repair services to understand how we can better serve customers in this area ► [SEE E5-2 CIRCULAR SERVICES](#).
- Recyclability: As mentioned in earlier sections, recycling technology for apparel and footwear is in the early stages of development. Due to the lack of a standardized definition of recyclability and the respective infrastructure (collecting, sorting and recycling), it is not possible to claim recyclability for our products at this time. In the EU today, there is not yet an established process for the treatment of textile waste. While some countries have initiated efforts in this area, current practices vary significantly from country to country. In most cases, textiles still end up in the mixed waste stream (e.g., ‘residual waste’ in Germany), where they are mixed with all other types of waste. According to the Waste

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Framework Directive,²⁵ textiles will have to be captured in a separate waste stream in all EU countries as of January 1, 2025. adidas expects that these waste streams will contain the materials disclosed in our resource inflow section E5-4.

As per the packaging materials table, we use only monomaterial packaging, which is fully recyclable. All our paper packaging is recyclable. The LDPE polybags used for apparel and some types of accessories are also recyclable.

25 Waste framework directive: As part of the revision of the Waste Framework Directive in 2023, the European Commission proposed harmonized Extended Producer Responsibility (EPR) regulations for textiles. This initiative aims to establish an economy focused on collecting, sorting, reusing and recycling textiles, while also ensuring that products are designed with circularity in mind. To achieve these objectives, the European Commission proposes to allocate a significant portion of the EPR contributions paid by textile producers to waste prevention measures and preparing items for reuse (EC, 2023).

EU Taxonomy

Reporting scope for fiscal year 2024

In 2020, the EU introduced the EU Taxonomy Framework ('Taxonomy'), a classification system to determine the environmental sustainability of economic activities, which has been amended and partially revised in subsequent years. In accordance with the Taxonomy, we are obligated to disclose the share of our Taxonomy-eligible and Taxonomy-aligned turnover (net sales), capital expenditure ('CapEx') and operating expenses ('OpEx') for the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems.

Determination of Taxonomy-eligible activities

Due to the adidas core business activities, i.e., the manufacturing of textiles and footwear as well as the wholesale and retail sale thereof, remaining out of the scope of the Taxonomy, we have no turnover-generating Taxonomy-eligible activities to report on for 2024. Unchanged to prior years, Taxonomy-eligible activities at adidas were identified only in connection with the environmental objective of climate change mitigation ('CCM'). These activities are related to our climate strategy actions and form part of our own operations decarbonization lever ▶ [SEE ESRS E1](#):

- CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles (including company car leases)
- CCM 7.3 Installation, maintenance, and repair of energy-efficient equipment (e.g., LED lighting in retail stores)
- CCM 7.7 Acquisition and ownership of buildings (including building leases)

In addition, we are required to provide specific information on economic activities related to fossil gas and nuclear energy. In 2024, as in previous years, we did not carry out any significant activities in this area.

Assessment of Taxonomy alignment of Taxonomy-eligible activities

Since the identified Taxonomy-eligible activities all relate to the purchase of output from potentially Taxonomy-aligned activities, the Taxonomy alignment assessment needs to be performed at the output, i.e., production level and is dependent on acquiring the relevant information from the respective third-party suppliers. Due to the expected time and resource investment necessary for assessing all individual projects and items contributing to the eligible activities, we prioritized the assessment of those individual activities that were most material in terms of value and/or were more likely to be Taxonomy-aligned due to the availability of the necessary information.

CCM 6.5: Eligible activities relate to the leasing of the adidas company car fleet. As per the applicable technical screening criteria, a vehicle that emits a maximum of 50g of CO₂e/km is considered to make a substantial contribution to climate change mitigation. For adidas, this applies to all leased electric vehicles and most plug-in hybrid vehicles.

Compliance with the 'Do-no-significant-harm' ('DNSH') criteria requires the performance of a robust climate risk and vulnerability assessment at the level of the car manufacturers, adherence of the vehicles to certain recyclability and reusability criteria, and adherence to various product-related EU regulations and directives concerning the limits for certain gaseous emissions and the external rolling noise and resistance characteristics of the vehicle tires. Based on the information collected from our suppliers to perform a complete and conclusive DNSH assessment, some of the leased electric cars can be categorized as Taxonomy-aligned.

CCM 7.3: Eligible activities in 2024 predominantly relate to the installation of energy efficiency equipment, such as LED lighting and heating, ventilation and air conditioning (HVAC) units, across our retail store properties and corporate office locations. The assessment of Taxonomy alignment of the multiple individual projects against the respective criteria was conducted in a structured manner, to the extent possible with reasonable effort. While the eligible activities fulfill the substantial contribution criterion, none of them are Taxonomy-aligned because of the non-compliance with the DNSH assessment.

CCM 7.7: Eligible activities include the leasing of warehouses/distribution centers, own retail stores, and corporate offices. The applicable substantial contribution and DNSH criteria are in connection with the primary energy demand of the analyzed building and the performance of a robust climate risk and vulnerability assessment for the building location, respectively. The substantial contribution criterion evidence that is most relevant for adidas in this regard is the existence of an Energy Performance Certificate (EPC) class A. Many of the eligible building leases are located outside of the EU, where this EU-centric certification is not common practice and other standards and frameworks, which are not mentioned in the Regulation, are typically used (e.g., LEED certification). In line with the generally low share of available non-residential buildings meeting these energy performance standards across our markets, only a few eligible leases in 2024 fulfill this criterion. This is particularly the case for our eligible retail leases as many retail stores are mall-based, where adidas has only very limited influence on the building design and/or (re)development. In addition, certain eligible retail lease locations are heritage sites for which it is not possible to obtain EPC class A certification. The climate risk analysis was performed on a case-by-case basis using different information sources, such as input from landlords and/or our insurance provider. In addition, the insights related to our climate resilience analysis ► SEE ESRS E1 were taken into account to perform the DNSH assessment for several eligible buildings. For the majority of the assessed building leases not all information was available for a complete and conclusive assessment exactly as per the methodology and scope prescribed by the regulation. In summary, one high value lease contract in connection with the opening of a major warehouse in Northern Italy is Taxonomy-aligned and thus contributes to the mitigation of climate change. For the climate risks identified at this location, we have implemented risk mitigation measures where economically viable. The remaining residual risk is adequately covered financially by our insurance. In addition, we have a few eligible lease contracts in connection with retail and corporate sites that fulfill the substantial contribution criterion.

Minimum safeguards

The minimum safeguards form part of the Taxonomy alignment criteria. Their purpose is to clarify that eligible economic activities can only be environmentally sustainable when performed in circumstances that are compliant with social norms and certain minimum governance standards. In this context, companies must implement appropriate processes and procedures to avoid negative influences on or violations of the following four specific topics: human rights (including labor rights), taxation, corruption/bribery, and fair competition.

adidas has taken a company-wide approach to meeting the minimum safeguards covering human rights, taxation, corruption/bribery and fair competition. Our subject matter experts in the areas of social and environmental affairs, tax, and legal determined the extent to which the mentioned governance standards and policy frameworks are already embedded in existing adidas policies (e.g., adidas Human Rights Policy) and standard operating procedures (e.g., adidas Fair Play Code of Conduct), as well as in its compliance management system.

As in 2023, our assessment for the fiscal year 2024 confirmed that Taxonomy-eligible activities were performed in a manner that is fully compliant with minimum safeguards. We maintain rigorous internal policies and oversight mechanisms to ensure ongoing compliance with these standards.

More information on our compliance with the respective criteria is included in this Annual Report:

- Human rights and labor rights ▶ [SEE SOCIAL IMPACTS \(ESRS S1-S4\)](#)
- Taxation ▶ [SEE RISK AND OPPORTUNITY REPORT](#)
- Corruption/bribery ▶ [SEE RISK AND OPPORTUNITY REPORT](#)
- Fair competition ▶ [SEE RISK AND OPPORTUNITY REPORT](#)

Determination and reporting of Taxonomy KPIs

Turnover KPI: Turnover as per the Taxonomy (denominator of the turnover KPI) is equivalent to our net sales disclosed in the consolidated financial statements in this report. In 2024, the turnover amounts to € 23,683 million (2023: € 21,427 million). The identified eligible activities at adidas were not turnover generating, resulting in a numerator value of '0' and, accordingly, a turnover KPI of 0% eligible and 100% non-eligible turnover. ▶ [SEE INCOME STATEMENT](#)

CapEx KPI: In comparison to the disclosed CapEx value of € 540 million in this report, the Taxonomy definition of CapEx results in a total value of € 1,767 million (denominator of the CapEx KPI) at adidas (2023: € 838 million). The denominator contains, in accordance with the definition of the Taxonomy and as disclosed in this report, additions to buildings, technical equipment and machinery, other equipment, furniture and fixtures, right-of-use assets, and other intangible assets, before depreciation, amortization, and remeasurements. To calculate the numerator of the CapEx KPI, we analyzed the additions in relation to the identified eligible activities as described above. In this process, we conducted several control measures, such as plausibility checks and reconciliations, to avoid double-counting of additions. In total, the corresponding numerator of the eligible CapEx KPI amounts to € 1,243 million (2023: € 344 million), resulting in a CapEx KPI of 70% eligible and 30% non-eligible CapEx. Most of the eligible CapEx in 2024 (96%) relate to building leases (section 7.7), which amount to € 1,192 million, € 26 million eligible CapEx relate to the installation of energy efficiency equipment (section 7.3), and the remaining € 25 million eligible CapEx relate to car leases (section 6.5). While a total of € 618 million of eligible CapEx complies with the substantial contribution criteria, € 579 million of eligible CapEx are Taxonomy-aligned. In summary, the corresponding numerator of the aligned CapEx KPI amounts to € 579 million, resulting in a CapEx KPI of 33% aligned and 37% non-aligned CapEx (2023: 1% aligned and 40% non-aligned CapEx).

▶ [SEE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS](#)

OpEx KPI: The Taxonomy definition of 'OpEx' refers to expenditure for research and development, short-term leases, maintenance and repair, as well as certain other expenditure. In 2024, this amounts to € 954 million (denominator of the OpEx KPI) at adidas (2023: € 969 million), which compares to € 23,683 million of net sales and € 10,945 million of OpEx as per the consolidated financial statements for adidas disclosed in this report. In the context of our business model, which is the design, development, production, and marketing of a broad range of performance and sports lifestyle products, we consider the Taxonomy OpEx KPI denominator value to be insignificant. Consequently, and in line with the provisions of the regulation, we report the numerator value of our Taxonomy-eligible OpEx KPI as € 0 (2023: € 0). No further information on the alignment of eligible OpEx can be provided in this Annual Report, accordingly.

Taxonomy-eligible Turnover, CapEx and OpEx in 2024

€ in millions	Total	Taxonomy-eligible	%	Substantial contribution	%	Taxonomy-aligned	%	Taxonomy-non-eligible	%
Turnover	23,683	–	–	–	–	–	–	–	–
CapEx	1,767	1,243	70	618	35	579	33	523	30
CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	25	25	1	6	0	3	0	–	–
CCM 7.3 Installation, maintenance, and repair of energy-efficient equipment	26	26	1	26	1	–	–	–	–
CCM 7.7 Acquisition and ownership of buildings (including building leases)	1,192	1,192	67	586	34	576	33	–	–
OpEx	954	–	–	–	–	–	–	–	–

Taxonomy-eligible Turnover, CapEx and OpEx in 2023

€ in millions	Total	Taxonomy-eligible	%	Substantial contribution	%	Taxonomy-aligned	%	Taxonomy-non-eligible	%
Turnover	21,427	–	–	–	–	–	–	–	–
CapEx	838	344	41	44	5	7	1	494	59
CCM 6.5 Transport by motorbikes, passenger cars, and light commercial vehicles	16	16	2	6	1	–	–	–	–
CCM 7.3 Installation, maintenance, and repair of energy-efficient equipment	22	22	3	22	3	–	–	–	–
CCM 7.7 Acquisition and ownership of buildings (including building leases)	306	306	37	16	2	7	1	–	–
OpEx	969	–	–	–	–	–	–	–	–

Further information on the Taxonomy KPIs according to Annex II of the Delegated Regulation can be found in this Annual Report. ▶ SEE EU TAXONOMY TABLES

We consider the EU Taxonomy to be a potentially valuable instrument that might help us validate and adjust our sustainability ambitions over time, assuming our core business activities become eligible to contribute to the Taxonomy's environmental objectives and a common interpretation of all aspects relevant to adidas is established. At the time of the publication of this report, it remains unclear if this will happen in the foreseeable future.

ESRS S1

Own workforce

We believe that our people are the key to the company's success. We focus on creating a culture that strengthens their performance, well-being, and personal development supported by our six values – Courage, Ownership, Innovation, Teamplay, Integrity, and Respect – across our people policies and processes. This will have a significant impact on brand heat, consumer and customer satisfaction, and, ultimately, our results.

Impacts, risks and opportunities

Impacts

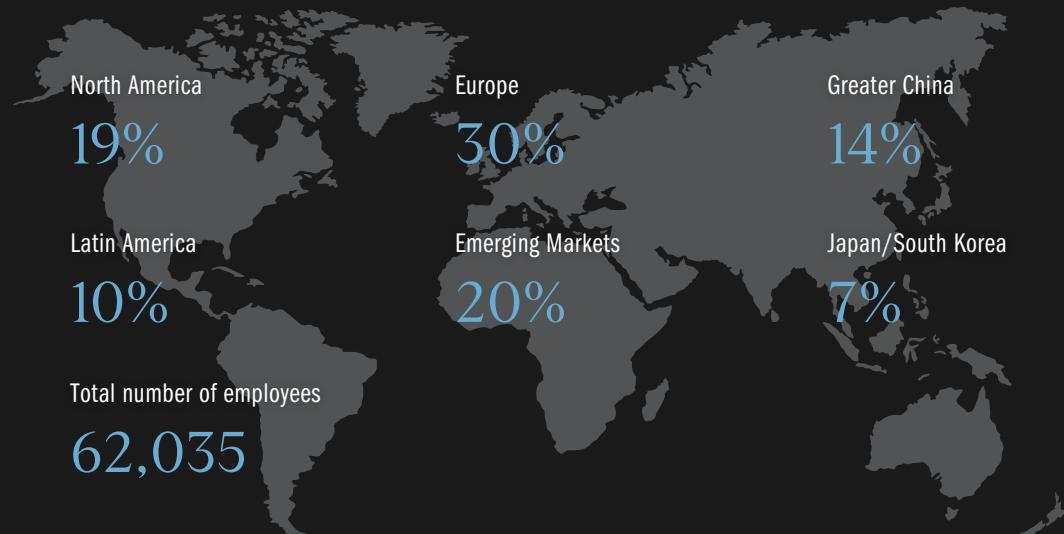
- Diversity – providing an inclusive working environment with fair opportunities for all
- Secure employment
- Providing flexible working hours and location options
- Offering adequate wages for employees

Risks

- Health and safety – non-compliance with health and safety laws and regulations
- Training and skills development – inadequate training and development may lead to higher staff turnover

Key metrics

Employees by region

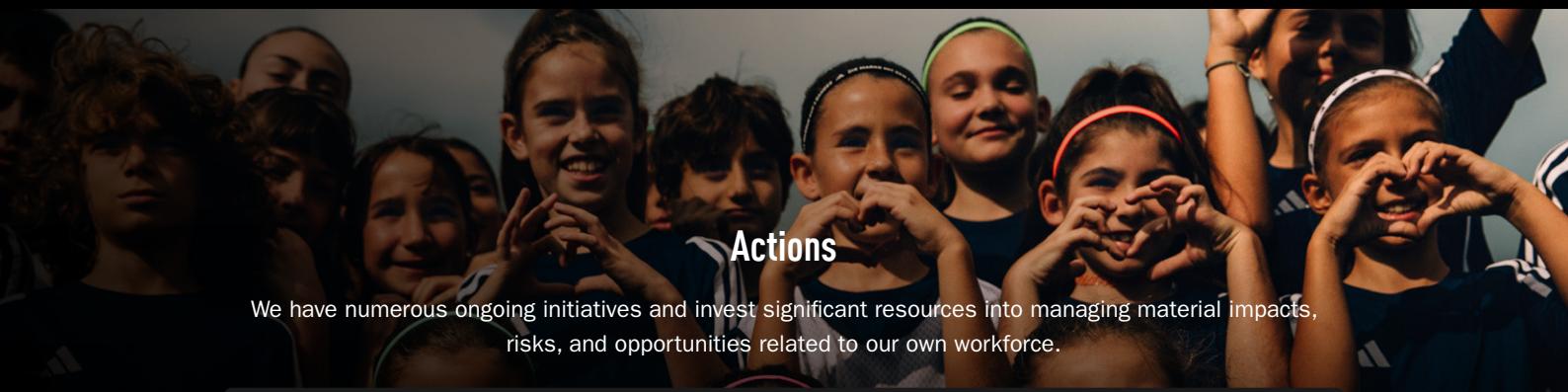


Gender split



Number of nationalities

175



Actions

We have numerous ongoing initiatives and invest significant resources into managing material impacts, risks, and opportunities related to our own workforce.

Working conditions

- Flexible work options e.g. remote work up to 40%, ten days annually to work from elsewhere
- Competitive compensation programs
- Fostering diversity, equity and inclusion (DEI)
- Secure employment
- Training and skill development offerings

Targets

Our business model is fundamentally driven by human capital, encompassing skilled and creative individuals. As a result, fostering excellent working conditions is paramount. By setting aligned and measurable targets, we aim to achieve this goal.

Global equal pay target

Our ambition is to identify and monitor pay gaps and take concrete measures to close them. We intend to do this globally across all countries with adidas employees, in line with but not necessarily limited to the scope of the European Directives.

Women in leadership positions¹

Current status 2024

41%

Global target

50%



1 Director (M2) and above positions

Health and safety target

adidas sets KPIs to fulfill and track the progress of our Health and Safety Policy, with the goal of minimizing work-related incidents.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to own workforce in the management of our business. An overview of these policies can be found in the topical standard of S1.

ESRS 2 – General disclosures

SBM-3 - Material impacts, risks, and opportunities and their interaction with strategy and business model

Our people are the key to our company's success. Their performance, well-being, and personal development have a significant impact on our brand reputation, consumer satisfaction, and, ultimately, our results. In our roadmap to success, we emphasize the focus on our own workforce as a foundational pillar that will guide us in the years to come.

Our goal is to develop a culture that values our employees' experience, well-being, and performance. To support this aim, we rely on our six values – Courage, Ownership, Innovation, Teamplay, Integrity, and Respect – across our people policies and processes, including how we hire, promote, and evaluate performance. These values are closely tied to our culture and are the essence of our identity. They underscore the behaviors and mindsets we value in our colleagues, represent the attitude we want to see in each other, and help us achieve top performance. These values build also the foundation of our leadership framework 'Leadership³' which is built around nine core competencies divided into three key areas: Excel, Empower, and Elevate, which guide leaders in driving performance, building inclusive teams, and fostering innovation.

Our business model is fundamentally driven by human capital, encompassing skilled and creative individuals. As a result, fostering excellent working conditions and supporting freedom of association and the right to collective bargaining are material for us. This includes ensuring secure employment, promoting a healthy work-life balance with flexible and fair working time, enhancing employee engagement and development, creating an inclusive workplace, for all employees in a way that is non-exclusionary and is non-discriminatory, leveraging everyone's talents, and providing competitive and adequate compensation and benefits. These factors are crucial for attracting and retaining top talent, which in turn guarantees high product quality and the ability to meet customer demands.

Our continued focus on our people can be further explained by our priorities around creating an equal playing field for all, leadership and performance.

These pillars seek to focus our efforts on people and culture by:

- embedding DEI even further into talent processes and our culture in a legally compliant manner.
- attracting, developing, and retaining key talent.
- developing role-model leaders who empower people.
- creating a premier employee experience.
- instilling a mindset of continuous learning.
- recognizing and rewarding both individual and team performance.

The interests, views, and rights of our employees are highly important to us. We engage with them through multiple channels and events to continually adapt our people focus and roadmap to success.

SBM-3 – Own workforce and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time horizon	Value chain	Description
Secure employment	Positive Impact	Actual	n.a.	Own Operations	Providing a safe working environment for employees contributes to better productivity, well-being (incl. mental and physical health), and financial stability. Corporate, DC (distribution center), and Retail employees.
Working time	Positive Impact	Actual	n.a.	Own Operations	Providing flexible and fair working time and rules for employees actively supports employee well-being (incl. mental and physical health) and work-life balance. Corporate employees.
Adequate wages	Positive Impact	Actual	n.a.	Own Operations	Adequate wages positively impact employees' financial security and stability, contributing to overall well-being and motivation.
Freedom of association	Positive Impact	Actual	n.a.	Own Operations	Basic human and labor rights positively impact employees' abilities to protect and enforce their rights and represent their views and interests around working conditions on an institutional level.
Collective bargaining	Positive Impact	Actual	n.a.	Own Operations	Supporting employee representative organizations (e.g., trade unions) increases employees' ability to negotiate more favorable remuneration and working time packages with employer organizations.
Work-life-balance	Positive Impact	Actual	n.a.	Own Operations	Providing flexible working hours and hybrid working, where job responsibilities allow, helps employees achieve a better balance between their private and professional lives.
Health and safety	Negative Impact	Actual	n.a.	Own Operations	Negative impacts occur around mental and physical health, impacting an individual's ability to perform well at work.
Health and safety	Risk	n.a.	Short-term	Own Operations	Non-compliance with health and safety regulations, such as those related to the coronavirus or security measures across our operations, risks legal penalties, fatalities, and reputational damage for adidas, particularly when responsibilities are unclear, or awareness is lacking.
Gender equality and equal pay	Negative Impact	Actual	n.a.	Own Operations	Unfair and unequal treatment of employees leads to financial disadvantages for individuals and negatively impacts career progression and employee engagement.
Training and skills development	Positive Impact	Actual	n.a.	Own Operations	Providing training positively impacts our employees' engagement, qualifications, professional development, and career progression.
Training and skills development	Negative Impact	Potential	Long-term	Own Operations	Lack of training and skills development can result in lower employee engagement and qualifications and hinder career progression.
Training and skills development	Risk	n.a.	Short-term	Own Operations	As we rely on a talented and skilled workforce, inadequate training and development may lead to higher staff turnover rates and the loss of key personnel and capabilities, resulting in productivity inefficiencies, disruption of key business activities, suboptimal business performance, and higher costs.

SBM-3 – Own workforce and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time horizon	Value chain	Description
Training and skills development	Opportunity	n.a.	Mid-term	Own Operations	adidas relies on the skills and capabilities of its people and leaders to realize its strategic ambitions. If adidas successfully develops a diverse, inclusive, and talented workforce that maintains a culture of trust, creativity, and innovation, employee engagement will increase.
Employment and inclusion of persons with disabilities	Negative Impact	Actual	n.a.	Own Operations	Insufficient employment opportunities and career progress for people with disabilities negatively impact overall employee engagement levels, as employees expect a more inclusive working environment.
Measures against violence and harassment	Negative Impact	Actual	n.a.	Own Operations	Harassment and violence negatively impact the mental and physical health of all employees, particularly Retail employees can be exposed to external incidents like criminal activities for example store robberies.
Diversity	Positive Impact	Actual	n.a.	Own Operations	Providing an inclusive working environment and fair opportunities for individuals helps employees feel a sense of belonging and engagement.
Diversity	Negative Impact	Potential	Long-term	Own Operations	Unconscious and conscious biases in our systems and practices can negatively impact employees' career development and personal health.
Diversity	Opportunity	n.a.	Mid-term	Own Operations	adidas strives to develop people and leaders of all backgrounds with the capability to maintain an inclusive workplace for all employees that is non-exclusionary and is non-discriminatory as well as a culture of trust, diversity of thought, creativity, and innovation. This development can lead to greater employee satisfaction and engagement, as well as innovation, which may enhance adidas' capacity to execute its strategy and potentially overachieve its financial objectives.
Diversity	Risk	n.a.	Short-term	Own Operations	adidas relies on the skills and capabilities of its employees and leaders to achieve its strategic ambitions. If adidas fails to further develop an inclusive workplace for all employees that is non-exclusionary and is non-discriminatory as well as a culture of trust, diversity of thought, creativity, and innovation, this might lead to decreased employee satisfaction and engagement. As a result, adidas would jeopardize its capacity to execute its strategy and achieve its financial objectives.

We do not expect any presented own workforce related risks to result in any additional major risks and opportunities for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

All employees in adidas' own workforce that can be materially impacted are included in the scope of our disclosures under ESRS 2.

Types of employees affected by workforce-related material impacts

Employees – all employed by the company:

- **Corporate:** Employees working in departments such as Design, Marketing, Finance, Research and Development, Procurement, Human Resources (HR), etc., in all global corporate locations.
- **Retail:** Employees working in the back office (administration and management work) as well as roles in retail stores who have direct consumer contact (shop floor, staff, cashiers, etc.)
- **Distribution Centers (DCs):** Employees working in the back office (administration and management work) as well as workers performing DC operations.

External workforce types – non-employees:

The external workforce can be divided into two categories: Contingent Labor and Services Procurement. Each of these two sub-branches has unique characteristics, which are detailed below:

- **Contingent labor:** Individuals who are sourced on a role or project basis. There are two different types of contingent labor:
 - **Temporary labor:** Individuals employed by temp staffing agencies for the purpose of being assigned to other companies temporarily. Temporary labor workers perform internal adidas roles and are directly supervised and managed by adidas employees.
 - **Individual suppliers/employed professionals/employed consultants:** As experts in their fields, these individuals advise companies within their area of expertise; however, unlike temporary labor workers, they typically work independently while offering guidance and advice on strategic, legal, financial, or other matters.
- **Services Procurement:** In the area of Services Procurement, external service providers are companies that deliver people-based services to a company in an autonomous, liable, and self-reliant way. These include technical consulting companies, specialty services, marketing agencies, and maintenance companies. They are typically retained to perform project-based work under a contractual arrangement often called a Statement of Work (SOW).

Our employees are affected by both positive and negative material impacts to varying degrees due to the nature of their work:

SBM-3 – Material negative impacts – systemic or individual

Sub-topic	Material negative impact – systemic or individual
Health and safety	Individual – due to incidents in the workplace that could be related to physical violence, accidents in the workplace, or interaction with hazardous materials.
Gender equality and equal pay	Systemic – countries with more restrictive laws relating to women's employment are more at risk of having unequal pay and lower workforce diversity.
Training and skills development	Systemic – due to the availability of training and skill development offerings across countries and functions.
Employment and inclusion of persons with disabilities	Systemic – due to inclusion in terms of hiring and accessibility for disabled persons in the workplace.
Measures against violence and harassment	Individual – due to incidents in the workplace that may be related to physical violence between employees or between non-employees and customers.

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SBM-3 – Material negative impacts – systemic or individual

Sub-topic	Material negative impact – systemic or individual
Diversity	Systemic – countries with more restrictive laws relating to the LGBTQIA+ community, women's employment, or restrictive immigration laws are more at risk of having lower diversity.

The business model of adidas is expected to be impacted by climate change only in the long term, as described in the chapter E1-1 Climate Change. Most of our environmental impacts occur in our upstream value chain. Therefore, our primary efforts to reduce environmental impacts focus on increasing the use of green energy in our upstream value chain, developing new materials, and changing the existing mix toward lower-impact materials. We do not anticipate any restructuring or employment loss as part of our response to climate change. Instead, we see the transition to greener operations as a potential opportunity to create new jobs and upskill our own workforce on environmental topics.

adidas has identified and recognizes the following people with particular characteristics, working in specific contexts, or undertaking certain activities, who may be at greater risk of harm:

- Underrepresented groups across all areas, particularly in high-ranking roles (Director level and above). They include women, diverse ethnicity groups, the LGBTQIA+ community, disabled (apparent and non-apparent disabilities) employees, and carers of children and elderly.
- Employees with non-guaranteed hours, who have a higher risk of being negatively impacted with regard to the topics of secure employment and adequate wages. It is especially relevant for those employed in DC or Retail due to the seasonality of the business. To a lesser degree, the same applies to temporary workers in the same environments.
- Retail employees working in busy urban areas, who have a higher exposure to violence as their workplaces provide open access to customers and the public.
- Retail and DC employees, who have a higher exposure to physical harm such as occupational accidents, due to the more physical nature of their work compared to corporate employees.
- Employees in countries with legal restrictions or barriers on work participation for women or underrepresented groups (e.g., visa restrictions), which can negatively impact gender equality or diversity.

We have also identified risks and opportunities that relate to specific groups of people rather than the entire workforce:

SBM-3 – Material impacts on employee groups

Sub-topic	Corporate/Retail/DC	Non-employees
Secure employment	Job security has a greater positive material impact on corporate employees but is less significant for DC and Retail workers due to the seasonality of workforce demand.	Demand volatility contributes to circumstances where non-employees may face more unpredictable employment conditions or are subject to short- or fixed-term contracting compared to employees.
Working time	Working time has a more positive impact on corporate employees, who have more flexible working options, whereas Retail and DC employees work on-site. Time tracking is simpler in Retail and DCs as these utilize	The positive impact is lower for non-employees as they are subject to working time tracking and benefits from their direct employer.

SBM-3 – Material impacts on employee groups

Sub-topic	Corporate/Retail/DC	Non-employees
Work-life- balance	system check-ins and check-outs, while corporate time tracking is trust-based and conducted online.	The positive impact is lower for non-employees as they are subject to working time tracking and benefits from their direct employer.
Adequate wages	The actual positive impact on employees, particularly corporate workers who do not work in shifts, stems from the availability of flexible working hours and hybrid work options.	Potentially different impact as non-employees are subject to conditions offered from their direct employer.
Freedom of association	This topic is less relevant for corporate employees but has a positive impact. Where the positive impact is not yet that strong is for retail and DC staff, whose salaries are comparatively lower than those offered in corporate roles.	Less material impact as non-employees are subject to rights from their direct employer.
Collective bargaining	No differentiation due to common framework.	Less material impact as non-employees are subject to rights from their direct employer.
Health and safety	Health and safety is a greater risk for DC and Retail employees due to the physical nature of their jobs, which exposes them to potential accidents or hazardous materials.	Non-employees benefit from the same on-site health and safety measures as employees.
Gender equality and equal pay	No differentiation within types of employees due to common salary frameworks applicable to these types of employees.	Potentially different impact as non-employees are subject to conditions offered from their direct employer.
Training and skills development	This opportunity is more pronounced for corporate employees, as they have better access to digital infrastructure, online training programs, and in-person training sessions conducted within the office environment.	Potentially different impact as non-employees are subject to offers for training and skills development from their direct employer.
Employment and inclusion of persons with disabilities	Greater risk for DC and Retail employees due to the physical nature of their jobs and the physical limitations of retail stores and DC warehouses, which make the inclusion of disabled persons more complex.	Greater risk for non-employees in DC and Retail environments due to the physical nature of their jobs and the limitations of the environment.
Measures against violence and harassment	Retail employees face a greater risk due to direct consumer contact, which can impact workplace security. In contrast, corporate and DC employees experience no increased risk, as access to their workplaces is restricted or closed.	Non-employees benefit from the same on-site health and safety measures as employees.
Diversity	Diversity in DC and Retail workers is represented by local ethnicities and diversity demographics, as hiring practices primarily focus on the local and seasonal workforce, and international mobility packages are less common. All DC, Retail and corporate employees benefit from a more positive impact regarding diversity.	Similar to employees.

SBM-3 – Material risks and opportunities arising from impacts relating to specific groups of people

Risks and opportunities of material subtopic	Corporate/Retail/DC	Underrepresented groups	Employees in crisis/conflict areas
Health and safety	Health and safety is a greater concern for DC and Retail employees due to the physical nature of their jobs and higher exposure to potentially hazardous situations and materials.	n.a.	Potential health and life threats (not work-related) in active military conflict areas and in crisis areas due to natural or environmental disasters.
Training and skills development	More opportunities for corporate employees due to the nature of their work, better access to digital infrastructure and online training programs, and in-person training conducted within the office environment.	Opportunities: Global training for creating a diverse and inclusive environment as well as having Employee Resource Groups (ERGs) that provide insights creates more attractive working conditions for underrepresented groups. Risks: n.a.	Fewer opportunities to conduct on-site training.
Diversity	Higher risk for DC and Retail employees due to hiring practices that rely more on local workforces.	Risk: Lack of non-exclusionary and non-discriminatory practices can negatively impact the careers and personal health of employees. Opportunity: DEI measures provide an inclusive environment and fair opportunities for all individuals, helping employees feel a sense of belonging and engagement.	n.a.

Impact, risk and opportunity management

S1-1 – Policies related to own workforce

S1-1 – Policies related to own workforce – working conditions

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Company agreement on 'Flexitime' working time regulations	Provides employees with the possibility to organize their daily working time flexibly within a time frame from 6 am to 10 pm.	Own Operations (all employees of adidas AG working in Herzogenaurach and partially to employees in retail stores in Germany).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Company agreement on Mobile Working, 'Off-Campus Working'	It is the common understanding of the parties that this agreement is intended to expand the possibilities of making working arrangements at adidas more flexible by enabling mobile working within the framework of the global remote working concept.	Own Operations (location-wise, this agreement applies to adidas sites in Germany, excluding retail stores and showrooms. It generally applies to all adidas employees but includes specific aspects for those working within the company's infrastructure, e.g. Retail staff).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Company agreement on working location flexibility, 'Working from Elsewhere'	According to the common understanding of the operational partners, this agreement is intended to expand the possibilities of making adidas' work organization more flexible by enabling mobile work, particularly abroad, within the framework of the global Remote Working concept.	Own Operations (applies to all adidas sites in Germany, and all employees with specific exceptions, e.g., working students and trainees. Outside of Germany, this benefit is offered to all employees worldwide in accordance with local conditions).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Compensation Policy	Outlines the elements of employee total compensation and ensures consistent application within adidas. Monitoring includes annual salary reviews in the first quarter or as determined by HR Rewards.	Own Operations (applies to all adidas entities of adidas globally)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts	Available for all employees on the Global Policy Manual
General Company Agreement 'Core benefits'	adidas and the General Works Council offer employees attractive, long-term opportunities for life, risk protection, and retirement. The flexible 'adidas Core Benefits' programs support employees in all life phases, complemented by the 'adidas Basic Contribution.'	Own Operations (applies to all locations in Germany)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint
Global Training Policy	Outlines adidas' approach to training and its expectation that employees complete all mandatory trainings. Monitoring process: Tracking	Own Operations (applies to all employees with regular access to the LMS. This	Executive Board Member Global Human Resources,	n.a.	Internal content experts	Available for all employees on the Global Policy Manual

S1-1 – Policies related to own workforce – working conditions

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
	via the Learning Management System (LMS).	policy does not apply to Non-employees, including externals, consultants, or vendors are excluded).	People and Culture			
Company Agreement on Human Resources Planning and Job Security	HR planning aims to ensure effective information exchange between employees, management, and the General Works Council through mutual cooperation and consultation.	Own Operations (applies to all employees of adidas AG working in Herzogenaurach and partially to employees in retail stores in Germany).	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts, Works Council	Accessible via the Labor Relations SharePoint

Policies related to equal treatment and opportunities for all

As a diverse company where 175 nationalities bring their uniqueness to work each day, we are united by our values of Courage, Ownership, Innovation, Teamplay, Integrity, and Respect. We articulate and implement these values through our policies, which aim to educate our workforce on acting with integrity and non-discrimination to foster a culture of inclusion and belonging.

S1-1 – Policies related to own workforce – equal treatment and opportunities for all

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Fair Play Code of Conduct	Promotes a respectful, equitable, and inclusive work environment. The Code of Conduct expects all employees to act with integrity and provides guidance on issues such as anti-corruption, anti-bribery, and whistleblowing. Employees can report violations via the Fair Play Hotline or Webform.	Own Operations (all adidas employees globally)	Executive Board	n.a.	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website; available for all employees
Anti-Harassment and Anti-Discrimination	This policy details how adidas prevents, detects, and responds to all forms of discrimination and harassment. It is complemented by the adidas Fair Play Code of Conduct.	Own Operations (all adidas employees globally)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts	Accessible on corporate website; available for all employees
Equal Employment Opportunity	Ensures adidas and its entities comply with local laws, act as equal employers, and make employment decisions based on merit. It prohibits discrimination based on race, color, creed, origin, sex, orientation, age, ancestry, disability or other factors.	Own Operations (all adidas employees globally)	Executive Board Member Global Human Resources, People and Culture	n.a.	Internal content experts	Available for all employees

The policies listed above state various commitments related to the inclusion of people from groups at particular risk of vulnerability.

Our Code of Conduct and our Anti-Harassment and Anti-Discrimination policy unequivocally state that adidas does not tolerate any form of discrimination by employees or partners. This expectation is also specified in our Equal Employment Policy, which requires all our employment decisions to be made based on merit, qualifications, competence, and our company's business needs, covering all decisions involving the employment relationship, such as hiring, training, promoting, transferring, or terminating. This policy ensures that under no circumstances will adidas discriminate against individuals based on their race, color, religious creed, national origin, sex, sexual orientation, age, ancestry, disability, or other factors. With our Fair Play hotline, Employee Relations Team, Compliance Team, and Consequence Management policy, we are well equipped to follow up on our commitments to protect all vulnerable groups of employees.

The descriptions below (S1-4 and S1-5) list our commitments related to inclusion or positive action for people from groups at particular risk of vulnerability that we are pursuing outside of a policy.

Policies related to health and safety and measures against violence and harassment

In addition to the above-mentioned policies, adidas has a Health and Safety Policy and Management System in place to ensure that our infrastructure, assets, and operations comply with applicable standards and prevent workplace accidents.

S1-1 – Policies related to own workforce – health and safety and measures against violence and harassment

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Health and Safety Policy	Sets uniform and mandatory worldwide regulations for minimum occupational health and safety protection standards for adidas employees, visitors and external service providers. Monitoring process: Health and safety audits are conducted internally or externally dependent on the location. Country-specific, local policies remain valid if they set out the specifics and complement the requirements of this policy.	Own Operations (all adidas employees globally)	Executive Board Member Global Human Resources, People and Culture	ISO 45001	Internal content experts	Available for all employees
Integrated Management System Global Policy	To guide safe, healthy, energy-efficient and environmentally responsible operations in line with ISO standards. It outlines the Health and Safety, Environmental and Energy Management System across all adidas brands, functions, and locations, defining principles, roles and responsibilities to enhance practices.	Own Operations (facilities planning and design, daily operations for facility use as well as facilities maintenance for all adidas facilities globally)	Executive Board Member Global Human Resources, People and Culture	ISO 45001, ISO 14001, and ISO 50001	Internal content experts	Available for all employees
Human Rights Policy	Defines our commitment to human rights and the protection of the environment, alongside the measures implemented to fulfill our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own Operations (all adidas employees globally)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Available for all employees

Our Health and Safety Manual and IMS Manual support the Health and Safety Policy and the Integrated Management System Global Policy in the area of the HSEE-Team. The policies represent the company's highest level of documentation in the area of health and safety.

Human Rights Policy

OBJECTIVE

This policy defines our commitment to respect human rights and safeguard the environment, along with measures implemented to fulfil our Human Rights and Environmental Due Diligence (HREDD) responsibilities.

SCOPE

This policy applies to all our company's brands, markets, and functions worldwide. Every adidas leader and employee must follow the company's policies and comply with all applicable laws and regulations, including those that seek to prevent human rights violations. Our commitment to upholding human rights is active in all adidas locations and applies to the company's business operations worldwide.

ROLES AND RESPONSIBILITIES

Executive Board: As outlined in this policy, the responsibility for implementing adidas' commitments is assumed at both a strategic and an operational level. The adidas Executive Board, overseen by the Supervisory Board, is responsible for the overall strategic direction of the business and ultimately decides on adidas' approach to and processes for respecting human rights, including allocating resources to support the implementation of this policy.

Chief Human Rights Officer (CHRO): Operationally, the adidas Executive Board has assigned the responsibility for implementing our Human Rights Policy to the General Counsel, who acts as the nominated CHRO. They are supported by our Legal and Compliance function, the specialist work of our Social and Environmental Affairs department, and our Human Resources (HR) function.

Our human rights commitment:

1. adidas is committed to respecting human rights in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs). We also draw on guidance from the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.
2. adidas' commitment embraces all internationally recognized human rights, including those contained in:
 - the International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights; and
 - the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. They include freedom of association, the right to collective bargaining, and the rights not to be subjected to forced or child labor or discriminated against regarding employment and occupation.

Where there is potential for adverse impacts on vulnerable people or groups, we will also consider other international standards and principles that elaborate on the rights of such individuals or groups, including Indigenous peoples, women, national, ethnic, religious, and linguistic minorities, children, disabled people, migrant workers and their families, and human rights defenders. Our considerations include, for example, the Convention on the Elimination of All Forms of Discrimination Against Women and the Convention on the Rights of the Child.

OUR HUMAN RIGHTS APPROACH

Our commitment to human rights is supported through an ongoing due diligence process to identify, address, evaluate, and communicate the risks of involvement with adverse human rights impacts. Our Human Rights & Environmental Due Diligence (HREDD) processes are also aligned with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We are committed to providing for, or cooperating in, the prevention, mitigation, and remediation of adverse human rights we have caused or contributed to, and will seek to promote or cooperate in the mitigation and remediation of adverse impacts where we are linked to these through our business relationships.

Concerning human rights issues, adidas engages with its workforce both directly and through work councils. Please see S1-2 and S1-3 below for details on how we engage employees and provide open channels for communication and grievances.

As mentioned above, adidas' human rights policy related to its own workforce includes safeguarding against human trafficking, forced or compulsory labor, and child labor. Further details on how we address these issues, including measures to provide and/or enable remedies for human rights impacts, are found in the chapter on S1-3.

How policies are implemented

S1-1 – Policies related to own workforce – policy implementation

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Consequences Management Policy	When an employee violates an adidas policy, appropriate consequences must follow. The Consequences Management Policy provides a framework for HR, Legal & Compliance and other functions to determine fair, impartial and consistent consequences for policy violations.	Own Operations (all adidas legal entities globally, as well as all violations of adidas policies, including all global and local policies, company agreements, collective agreements, the adidas Fair Play Code of Conduct and employee handbooks)	General Counsel	n.a.	Internal content experts, Works Council	Available for all employees

When an employee violates a policy, such as our Code of Conduct or Anti-Harassment and Anti-Discrimination Policy, our Consequences Management Policy defines the appropriate response procedure. After a policy violation is reported or made clear, an adidas investigation team thoroughly and promptly investigates all suspected violations. This investigation team, specifically trained to deal with these matters, can include personnel from HR, Legal and Compliance, the implicated employee's line manager or other leadership from the market or business, and additional internal or external resources if needed. The investigation team cannot include any individual who has conflicts of interest or would otherwise be unable to approach the matter with fairness and independence. In countries with a works council, the works council will participate in the investigation process in accordance with their statutory mandate.

Once the investigation is completed, the investigation team determines the appropriate consequences. HR typically communicates these consequences to the employee and implements them. By following the Consequences Management Policy's four-step process (outlined below), all parties involved – the employee, the investigation team, and the company as a whole – can trust the resulting consequences are fair, impartial, and consistent.

The four steps of the Consequences Management Policy:

- Determine the nature and severity of the policy violation
- Consider mitigating and aggravating factors
- Review prior similar cases
- Determine appropriate consequences

adidas HR reviews all HR policies at least once a year or when our business needs require us to make ad-hoc policy updates. We define major policy changes as edits that go beyond document structure, rephrasing, or rewording and instead change the complete essence of a policy. Should such changes take place, it is the responsibility of a policy's owner to communicate those changes in relevant channels, such as email, an internal social media platform or in an HR activation call. Moreover, there should be training provided for the target audience to get them acquainted with the new policy version.

S1-1 – Relevant policies that underwent major changes in 2024

Relevant Policies	Type of changes
Anti-Harassment and Anti-Discrimination	<ul style="list-style-type: none"> - Update of the approver - Adaption of wording - Update in the contact details
Human Rights Policy	Updates to Executive Board signatories (including public policy version) and minor language changes to bring additional clarity to roles and responsibilities.

S1-2 – Processes for engaging with own workers and workers' representatives about impacts

adidas strives to engage all employees within our workforce, and we leverage our employees' valuable feedback to improve our business and management. Through various communication and engagement methods implemented across our global organization and workforce, we seek diverse perspectives to identify, understand, and address any negative, positive, actual, or potential material impacts. adidas engages directly with its own workforce as well as workers' representatives. We incorporate our workforce's perspectives into decision-making and activities seeking to manage material impacts by gathering and integrating employee feedback into our strategic and operational processes. We present insights from various employee surveys to senior leadership and the Board, which inform action plans and shape initiatives to address identified concerns. For example, our employee listening survey outcomes are utilized and influence our strategies aimed at improving employee engagement and retention or feelings of belonging and inclusion.

We also integrate feedback from workers' representatives and works councils into our management approach and practices. This collaboration ensures that employee concerns are addressed in the negotiation and implementation of company agreements, demonstrating adidas' commitment to aligning its actions with the interests and needs of its workforce. Additionally, employee perspectives are directly integrated at the highest levels of decision-making through employee and union representatives on adidas' Supervisory Board. This representation ensures that employee interests are formally considered in strategic decisions. Outcomes of decision-making and how they were influenced by our engagement with the workforce are communicated to employees in a timely manner and on an ongoing basis. The forums and channels we use include global or local town hall meetings, our corporate intranet, company-wide email communication, our internal social media tool, leadership- or direct line manager-led communications, and function-specific communication streams led by functions such as HR or Finance.

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General engagement with own workforce

All employees and teams at adidas are free to discuss any matter or material impacts and take steps to address areas of concern through relevant communication channels. We have established the following engagement methods to gain perspectives from employees on issues important to them while fostering an environment of respect. The resources associated with the different engagement activities are not centrally measured.

HR Business Partners (HRBPs):

HRBPs serve as a crucial global and local point of contact for all employees, ensuring open, ongoing, and accessible communication channels across the organization. HRBPs engage directly with employees to understand their perspectives and address any concerns or material impacts they experience. By maintaining this close connection with the workforce, HRBPs provide insights that inform adidas' decisions and actions, enabling a responsive and supportive work environment. They also play a pivotal role in implementing local actions based on employee feedback gathered through ongoing engagement initiatives and regular interactions. This approach ensures that employee perspectives are integrated into adidas' overall strategy and management activities, fostering a culture of trust and collaboration.

Participants: All employees (engagement at local level).

Frequency of the engagement: Ongoing.

Most senior role responsible: Executive Board member responsible for HR.

Surveys

Annual employee listening survey (ELS)

The annual ELS is a team-centered survey to gain insights on topics that can be influenced directly by the manager and/or team. The responsibility to take action based on survey results lies with the local line managers. Action guides and available support and training materials are created to plan dedicated, feedback-based actions. The overall outcome of the ELS and subsequent action plan is presented to the Board.

Participants: All employees.

Frequency of the engagement: Annual.

Most senior role responsible: SVP HR Strategy & Excellence.

To assess the effectiveness of our ELS, we review a range of individual action plans created by our managers based on the results. We use this data to see what actions are being taken and develop supporting materials for the most critical and impactful topics. In addition, we conduct regular interviews with HR and other business functions to identify existing gaps in the listening program. For other surveys (e.g., candidate experience and exit surveys) we hold quarterly reviews with the stakeholders involved to evaluate the data and assess if any changes to the questionnaire are needed.

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Candidate experience survey:

This survey aims to evaluate the experience of adidas candidates globally. It gathers insights about candidates' application experiences, such as suggestions to improve our interview process, as well as job offer and contract signing experiences. Global results from the survey are analyzed by the People Insights team and communicated to senior management and Talent Acquisition teams, who use them to design measures for their respective area or market.

Participants: All applicants that had an interview with a recruiter for a job at adidas – whether internal or external.

Frequency of the engagement: Ongoing.

Most senior role responsible: SVP HR Strategy & Excellence.

Exit survey:

Our exit survey helps us understand our employees' overall experience while working at adidas. These insights include understanding their main reasons for leaving, future plans, and intentions to return, if applicable. The survey results help adidas find ways to retain employees. Quarterly insights from the survey are presented to the HR Senior Leadership Team and local actions are driven by HRBPs in their areas of responsibility.

Participants: Corporate employees only.

Frequency of the engagement: Ongoing; results are reviewed quarterly.

Most senior role responsible: SVP HR Strategy & Excellence.

Meetings**Townhall meetings:**

Our town hall meetings, hosted from our German headquarters in Herzogenaurach, provide global business and financial updates as well as opportunities for employee-related topics and announcements. Employees can submit questions to the Board and leadership in person at the meeting or via anonymous online submissions before the event. The Board provides answers during the meeting or later on via written follow-up. All adidas employees are invited to the town hall meetings via their company email address. Employee groups in adidas distribution centers without email addresses are offered a live stream link to attend online. The questions and concerns raised by employees provide insights and inform our decision-making on communication strategies, policy changes, reprioritization initiatives, or the need for leadership action.

Participants: adidas Executive Board and the entire global adidas workforce, excluding externals.

Frequency of the engagement: Quarterly.

Most senior role responsible: CEO.

Employee resource groups (ERGs):

ERGs are voluntary employee-led global and local networks that give employees of various backgrounds and perspectives a community of belonging and togetherness. We have over 30 ERGs worldwide, along with diversity ambassador teams that focus on diversity dimensions such as ethnicity, gender, women in tech, LGBTQIA+, experienced generation, faith, disability and caregivers at work. The DEI Team supports and collaborates with ERGs to ensure they are sustainable and to understand the sentiment and feedback of diverse communities. The team receives this feedback through quarterly touchpoints, global activations, and market lead conversations. This input is then used to influence future DEI activations and initiatives. For example, the LGBTQIA+ Equity project directly resulted from the 2023 Pride activations to ensure fair rewards to all employees.

The Global ERG Coordinator also hosts quarterly ERG calls, which are regular check-ins to talk about upcoming events, new learning and development needs, and global activation events during the year. These include International Women's History Month in March, Pride in June, and the Global Week of Inclusion in October.

Participants: All employees; participation is voluntary.

Frequency of the engagement: Ongoing.

Most senior role responsible: SVP Global DEI.

To assess the effectiveness of our ERGs, qualitative feedback is provided through ERG engagements. We also review the framework every year to ensure it is relevant and effective. In addition, we plan to introduce KPIs to reflect the number of active ERG members and the number of events held by ERGs.

Engagement with workers representatives and works councils

adidas has works councils at local, country, and European levels that maintain regular contact with the employees in their area of responsibility. Employee concerns are passed on via the works councils and influence the organization's decisions and activities. For instance, in Germany, there are various meetings set up with works councils, such as all-employee meetings and the annual conference of the works councils.

adidas has also established organizational structures to engage, work with, and be kept informed by the works councils. The legal interface between the company and works councils is the Labor Relations team. It advises and consults on all aspects of co-determination rights and the negotiation, conclusion, amendments, and termination of company agreements. The team also helps to improve the working processes and relationships with all works councils.

In Germany, the Herzogenaurach Site HR Lead is responsible for mediating between the Labor Director (part of the Executive Board) and the works councils, representing business perspectives and ensuring that approaches are consistent for specific locations. They also consult and support HR in large- and medium-scale reorganizations. Both are mandated to build a trustful and stable relationship with the works councils, lead and oversee negotiations of company agreements, and provide management if needed. Processes and procedures, in line with German statutory regulations, are in place for regular consultations with the works councils. adidas also has specific company agreements that are aligned and signed by the works councils.

In most adidas locations outside Germany, the local HR Leads are in charge of the employee topics per country and legal entity. adidas has local management structures in place according to the specific local statutory requirements.

Responsibility for engagement with own employees through workers representatives:

In Germany, adidas' most senior roles with operational responsibility for employee engagement and ensuring that results inform our strategy are the Labor Director (member of the Executive Board), the Herzogenaurach Site HR Lead, and the Head of Labor Relations.

In the other locations, workers' representation is locally structured. The most senior role of the responsibilities differs depending on the size of the location in terms of employee count.

Responsibility for direct inclusion of employee representatives in management bodies:

- **Supervisory Board:** Employee, Works Council, and union representatives are part of our Supervisory Board.
- **Executive Board:** The Labor Director, as part of our Executive Board, representing employees and their needs, as well as our Executive Board member for Global HR, People and Culture.

Engagement on diversity, equal opportunities, and inclusion

Diversity dimensions survey:

Under the operational responsibility of the SVP DEI, the diversity dimensions survey was first conducted in July 2022 and repeated in February 2023. It comprised five questions on the four diversity dimensions of gender, race and ethnicity, LGBTQIA+, and abilities. The survey was made available to corporate, Retail, and DC employees. The results and insights were shared with the Board, HR Senior Leadership Team (HRSLT), and Managing Directors of each market. The results were used to inform the DEI Strategy. The answers revealed a slight increase in the number of employees who felt uncomfortable disclosing their abilities or LGBTQIA+ dimensions. In response, the DEI team focused on these topics with the ERGs to build a better sense of belonging and create safe spaces for all employees. Future DEI surveys will be led at a market level to reinforce compliance with local laws and regulations.

Engagement with vulnerable groups

adidas also recognizes there are people in its own workforce who may be particularly vulnerable to impacts and/or marginalization and has developed focused engagement with these groups. While gender is the main diversity dimension that we track on a global level, we support underrepresented groups based on race and ethnicity, sexual orientation and gender identity, people with disabilities, age and caregivers through focused engagements on local levels.

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S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

adidas is committed to providing for or cooperating with efforts to remediate negative impacts our own workforce may face. We provide various channels for our employees to raise concerns.

General approach for providing or contributing to remedy:

We leverage various tools to resolve negative impacts on our workforce, such as concerns of harassment, discrimination, and retaliation. These tools include coaching, mediation, intervention, and investigation. Globally, all HRBPs receive training on using the tools. It is the Employee Relations and/or relevant HRBP's responsibility to ensure the situation is remediated using the most appropriate conflict resolution tool.

We use the Case Management System (CMS) to record relevant documentation for each case. Tracking individual cases allows us to identify trends and take a proactive approach. The CMS was introduced in December 2023 and in 2024 we started gathering data to further enhance reporting and insights.

CMS investigation process:

– **Intake:**

- Notification of the allegation from the reporter
- Development of an investigation plan to set the scope and the process of the investigation
- Intake interview with the reporter to gather relevant information

– **Investigation**

– **Outcome:** The investigation report includes a conclusion as to whether the allegation has been confirmed or not, along with a clear recommendation for measures. These measures are then implemented by the business area.

– **Documentation**

– **Aftercare:** Reach out to the reporter (if required) and/or witnesses and confirm the resolution of the investigation. Factors such as the case, concerns, actions, and legal framework determine how much information on measures taken is shared with the reporter.

In addition, as mentioned above in the S1-2 part, our approach to remedy negative impacts includes extensive collaboration with ERGs and works councils. It includes holding meetings with works councils and ERGs to ensure we address employee concerns.

In Germany, employee complaint cases brought to the knowledge of the Central Works Council are picked up through the Herzogenaurach Site HR Lead or respective HRBP for further processing. For specific topics, such as performance appraisal escalation processes, company agreements detail the conflict resolution process and procedures. Another example is off-campus working, for which we have a hardship case regulation and escalation process defined in our company agreement.

We strive to continuously improve these processes by reviewing our policies and procedures and updating the Employee Relations SharePoint regularly; this also includes incorporating feedback from employees and parties who are negatively impacted.

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Channels for own workforce to raise concerns

adidas has established various channels through which its own workforce can raise concerns. We encourage employees to report concerns through any channel that is comfortable for them. The channels available to all employees, regardless of their position or location, for all material impacts are:

- Line Manager – established by adidas itself
- HR Business Partner – established by adidas itself
- Employee Relations team – established by adidas itself
- Works Council – established where legally required
- Fair Play hotline – external third-party vendor allowing anonymous reporting
- Fair Play web form – external third-party vendor allowing anonymous reporting
- Compliance team – established by adidas itself

These reporting channels are made known to the employees during onboarding and are accessible on the company SharePoint and our corporate website.

In addition, in our stores and DCs, posters with the relevant Fair Play phone numbers are displayed for all employees.

Fair Play hotline and web form:

The most formal way to raise a concern is through the Fair Play hotline or web form. They are provided by a third-party service provider who communicates directly with the reporter. They allow employees to raise concerns under their own name, anonymously, or semi-anonymously (their name is known to the service provider but not adidas). All concerns relating to harassment, discrimination, and retaliation are reviewed by the Employee Relations team to determine the most appropriate form of remediation. Within 48 hours of receiving the concern, Employee Relations contacts the reporter to schedule an intake call. During this call, the concerns are discussed with the reporter and the appropriate form of conflict resolution is agreed upon, such as an investigation.

The case manager determines how much information to share with the reporter, depending on the case, concerns, actions, and legal framework. At a minimum, they share the following information:

- HR conducted a thorough investigation.
- adidas is committed to resolving workplace concerns.
- Consequences have been recommended (most investigations produce recommendations, which may include formal disciplinary action, e.g., a coaching conversation).
- adidas does not tolerate retaliation and the reporter should reconnect with the HRBPs if they believe they are being retaliated against.
- Contact details, where applicable, for the Employee Assistance Program for additional support.

adidas assesses the effectiveness of the Fair Play hotline and web form through usage metrics such as frequency of use, types of reports, and resolution times. We also gauge its accessibility and awareness, e.g. by promoting our SharePoint and Fair Play. In 2026, we aim to implement surveys to seek feedback, conduct audits, and set and review KPIs to better assess and improve this grievance mechanism. Each

year, adidas publishes statistics on Fair Play to help ensure our workforce is aware of and trusts these processes as a way to raise concerns and have them addressed. It also gives employees confidence that if they speak up, it will always be taken seriously and followed up with action. adidas is currently discussing whether to include questions about speaking up in its annual Employee Listening Survey.

We also have a non-retaliation policy to protect individuals who raise concerns from retaliation. Our Fair Play Code of Conduct clearly states that any adidas employee who reports a reasonable suspicion of an actual or potential policy violation is protected against any form of retaliation, regardless of whether their suspicion turns out to be valid. Conversely, any employee who retaliates or attempts to retaliate against a fellow employee who has reported or intends to report a suspected violation, including by pressuring or threatening them not to report, may face disciplinary action. Any employee found to have made a report with malicious intent may also be subject to discipline.

S1-4 – Taking action on material impacts and approaches to managing material risks and opportunities related to own workforce

adidas has numerous ongoing efforts and invests significant resources into managing material impacts, risks, and opportunities related to our workforce. We aim to provide secure employment and above-average working conditions, giving every individual an equal opportunity to develop, maximize their leadership potential, and achieve the highest levels of performance. Below is a list of our ongoing management approaches and measures, which apply on a global basis unless otherwise stated and are described in more detail throughout this S1-4 part. They include the following:

- adidas supports **secure employment** with a low percentage of temporary workers, prioritizing internal opportunities for employees affected by organizational changes.
- For **parental leave**, our flexible re-entry programs and unpaid bonding leave allow new parents to take up to six months off. In cases of termination, fair notice periods ensure consistent and equitable treatment across the company.
- adidas promotes employee engagement with **flexible work** options, including part-time and full-time contracts, remote work up to 40%, and ten days annually to work from elsewhere. Additional leave options support life events like marriage, caregiving, and moving, in alignment with local laws.
- Our **compensation** programs are designed to ensure all employees are paid within a competitive range and receive adequate wages for the roles they perform. They are gender agnostic and otherwise unbiased, factors that have a positive indirect impact on gender pay equity at adidas.
- adidas offers a variety of **training and skill development programs**, combining digital platforms like LinkedIn Learning and Udemy with informal initiatives such as mentoring and networking through the adidas Virtual Café. Leadership development is a key focus, with tailored experiences for all management levels. Programs like the Global High-Potential Program and adidas 360° foster leadership growth and succession planning. adidas Functional Academies also organize learning days to support career development, aiming to build leadership and functional skills, cross-cultural exposure, and strengthen succession pipelines across the organization.
- We aim to maintain an open and constructive **dialogue with all adidas employees** and their representatives, respecting their right to join organizations for representation. These organizations may engage in collective bargaining if recognized. For more details on the matter, please see the passage ‘Freedom of association and collective bargaining’ below. One way we support social dialogue is through our membership in the German Federal Association of the Footwear and Leather Goods Industry (HDS/L). As an employer association, the HDS/L is responsible for all collective bargaining and social

and educational affairs in the shoe and leather goods industry. The HDS/L represents its members with works councils, trade unions, social security institutions, and the labor administration. Through integration in the state and federal associations of the German Employers' Associations, the federation is also supported in its legal competence.

- adidas is committed to fostering **diversity and inclusion** of persons with disabilities through various initiatives. The Leading with Inclusion Program, part of our DEI strategy, focuses on developing inclusive leadership at all levels of our company. Further programs like 'ElevateHer' support the advancement of women in leadership. Additionally, we celebrate 'cultural moments' during the year to promote diversity across our company globally.

adidas has taken the following actions to prevent or mitigate material negative impacts (health and safety, gender equality and equal pay for equal work, training and skills development, employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace, and diversity) and/or risks for its business arising from its impacts and dependencies on its own workforce (health and safety, diversity, training and skills development), and to provide or enable a remedy in relation to an actual material impact (health and safety, gender equality and equal pay for equal work, measures against violence and harassment in the workplace, and employment and inclusion of persons with disabilities). All actions are ongoing.

Improving health and safety culture in the workplace

We believe physical, mental, and social well-being are equally important and form the cornerstone of sustainable performance. Through this holistic view, we aim to provide optimal conditions for our employees that ensure their well-being, health, and safety. Focusing on prevention, education, and support, our comprehensive and inclusive portfolio caters to the diverse needs of our employees.

- To prevent the risks of work-related injuries, adidas carries out **risk assessments** for all locations (offices, DC's, own retail stores) at least every 2 years or in the event of changes or after an occupational accident. Risk assessments on the building and machinery are also conducted before the opening of a corporate location.
- **Health and safety trainings** are regularly conducted. They cover topics such as compliance with safe work practices, knowing responsibilities regarding workplace safety, and being able to identify hazards present in the workplace. There are also trainings on how to respond to an incident or safety concern and ensuring employees know where to locate resources.
- Regarding the remediation of existing actual health and safety impacts, all occurring **corporate and retail accidents are investigated**, and findings are shared globally with relevant stakeholders to prevent their recurrence. This approach leads to improved practices and risk mitigation in our workplaces. In the case of work-related accidents, adidas follows the local regulatory requirements and market practices regarding any insurance, which may include workers' compensation covering work-related injuries, sicknesses, medical insurance, or any other employee benefits.
- In 2024, we put focus on **mental health** and prevention and thus extended our **well-being offerings**. Highlights include psychosocial risk assessment combined with a comprehensive program to implement improvement measures in affected areas. Furthermore, a mental health compass for both employees and leaders has been launched as one-stop-shop for all topics concerning mental health. Our aim is to strengthen individual mental health knowledge and awareness of leaders to better care for themselves and their teams. The rich portfolio includes carefully curated content and resources for self-care, team-care and the duty of care. An all-year program with selected talks, workshops, courses etc. for various employee groups complements the preventive approach.

- To support a healthy lifestyle and mental well-being, our employees have **access to a wide range of sports activities**, events, and facilities. We have corporate gyms at many locations worldwide. Many of our office buildings have lockers and showers, allowing employees to include sports in their working day or cycle to work. To meet employee needs in a hybrid work set-up, programs are both local and virtual to support teamwork and a healthy lifestyle. Offerings include hybrid sports classes, medical and psychosocial consultations (in-person and virtual), tools for digital disconnection, and carefully curated sessions on life topics.
- **Employee benefits** include monetary and non-monetary programs that supplement wages or salaries on a discretionary or non-discretionary basis and are based on benchmarks. Programs can be offered globally, regionally, or locally and can be statutory or supplemental. Employee benefits may consist of medical, disability, accident, or life insurance. They also include initiatives to support physical, mental, and social well-being (i.e., employee assistance programs) in line with our rewards strategy to attract, retain, and motivate individuals through remuneration and benefits that are inclusive, fit for purpose, and competitive in the marketplace based on external developments. These measures enable us to achieve our strategic objectives.

Pay equality analysis addressing gender equality and equal pay

In 2021, adidas conducted a **gender pay gap analysis** as a pilot in seven major locations to ensure equal pay within similar roles. The analysis focused on comparing **total direct compensation** for employees in clusters of similar positions (job codes). Where we identified significant pay gaps between male and female employees, adidas evaluated whether differences could be justified based on factors such as recent entry into the position, qualifications, or potential. In the vast majority of investigated cases, the differences could be justified. In the remaining cases, we implemented immediate adjustments. This proactive step highlights adidas' commitment to addressing pay disparities and fostering gender equality in its workforce. In addition to pay adjustments, adidas tracks **women in leadership** targets globally and has launched a **sponsorship program** aimed at closing the gender gap at senior levels, further reinforcing its efforts to promote gender equality.

Employee learning, training and skills development

adidas nurtures high-performing and high-potential employees through its **Global High Potential (GHIPO) program**. This initiative is designed to identify and develop future global leaders capable of taking on more complex responsibilities at higher leadership levels. Through continuous investment in the growth and development of GHIPO participants, adidas strengthens its leadership succession pipelines across global, regional, local, and functional levels. This investment in talent development helps employees enhance their performance and career growth, leading to increased loyalty and retention.

To avoid skill gaps that could negatively impact business performance, adidas offers a **wide range of functional learning programs** in key areas such as brand, digital, analytics, and commercials. These programs ensure that employees are prepared to perform in their roles and adapt to the constantly evolving market landscape. Learning offers are reviewed and updated regularly. In addition, learning teams respond to emerging external trends and create relevant offers to address the learning needs of the employees. To ensure this, the learning teams work together with external and internal experts. This focus on continuous learning supports the company's commitment to employee development and business sustainability.

Our global **performance development** approach, called #MYBEST, remains a key enabler of our high-performance culture. In 2024, we focused on enhancing our quality performance conversations, enabling our people to set clear performance expectations, engage in continuous feedback, and provide holistic, fact-based, and inclusive assessments.

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Measures against violence and harassment in the workplace

adidas leverages various tools to resolve negative impacts on its workforce relating to violence, harassment, discrimination, and retaliation. These tools include coaching, mediation, intervention, and investigation. Globally, all HR Business Partners (HRBPs) are trained in using these tools on an annual basis. The Employee Relations team and/or relevant HRBP are responsible for ensuring that any potential situation is remediated using the most appropriate conflict resolution tool (see S1-3 part for more details).

Employment and inclusion of persons with disabilities and diversity

adidas actively works to prevent discrimination in the workplace, as no employee should face discrimination based on their gender, socio-economic background, beliefs, or any other personal characteristics. To this end, adidas has developed and plans to implement education and capacity building activities in this area over the next two years. As part of the DEI strategy released in October 2022, the DEI team launched the **Leading with Inclusion Program** to build inclusive leadership competencies starting at the top of our organization.

- In 2024, adidas prioritized its executives (S level), with over 160 executives successfully completing the Inclusion for Transformation workshops.
- In 2024, additionally, over 300 leaders of our middle management (M1 and M2 level) have also participated in and completed the Managing Inclusion workshops.
- adidas also provided self-service options in 2024 to ensure all employees are aware of DEI basics through the availability of various learning resources and tools.

Our DEI Executive Council, comprising a diverse group including all members of the Executive Board and leaders from each market, continued its work in 2024 to increase accountability for global DEI initiatives, address emerging DEI issues impacting our brand, and drive the execution of our DEI strategy. Within their individual functions and markets, Council members have committed to providing solutions to DEI challenges and identifying and removing cross-functional and market barriers. In 2024, the DEI Executive Council invited employees of all backgrounds to provide feedback to senior leadership.

adidas has identified the risks of not addressing diversity, which include losing competitiveness in the job market. A new Disability Hiring project headed by Talent & DEI will address these risks. It will allow us to evaluate options, collect and monitor disability related diversity data globally and locally to understand representation, increase disabled representation in a legally compliant manner, and ensure workspaces are inclusive to disabled employees. We consider external benchmarks and developments when setting targets and defining the relevant measures. In addition to complying with local legislation, this project will help create a greater sense of belonging among employees.

Actions with the primary purpose of delivering positive impacts for adidas' own workforce (secure employment, working time, adequate wages, freedom of association and collective bargaining, work-life balance, training and skills development, and diversity) and pursuing material opportunities for adidas regarding our own workforce (training and skills development and diversity) include the following:

Secure employment

- In the case of **organizational changes, business transformations, or reorganizations**, we aim to secure jobs for our impacted employees by offering them other internal opportunities aligned with their existing or transferable skills. We prioritize employees at risk based on restructures when it comes to internal hiring decisions; this is the case globally, but specifically in Germany, where it is done in partnership with the German Works Council.
- For **family-related leave and re-entry**, we have programs to provide employees with options for their return to work. For more information, please see the 'Working time and work-life balance' section below.
- **Protection in case of termination:** adidas agrees upon termination notice periods for both the employer and the employee in the respective employment contract. These may refer to statutory notice periods or alternative periods chosen by the employer in a standardized manner that ensures equality.

Working time and work-life balance

adidas offers **flexible working concepts**, leadership competence related to work-life integration, and family-oriented services, which improve employee engagement by supporting their unique needs and promoting working efficiency.

- We offer **part-time and full-time contracts**; working hour changes are handled in line with local legislation and laws.
- We also provide **flexibility in working locations**, part of our Remote Working Concept and Working from Elsewhere Policy. The Remote Working Concept provides corporate employees with the possibility to work from home 40% of the time and manage their daily working hours. The Working from Elsewhere Policy gives corporate employees the possibility to work from anywhere outside of their office location for ten days a year.
- Along with annual-, maternity, paternity, and parental leave, we provide various **additional time off options** (excluding sick leave), such as time for moving house, marriage, sabbaticals, and leave to take care of close relatives and family members. These vary by country in line with local needs and legislation.
- For **parental leave and re-entry**, we have programs in place to provide employees with advice early on and options for their return to work, taking into consideration flexible working hours and work locations. In Germany, employees on parental leave are guaranteed their original positions, which are only filled temporarily. In the US, in addition to regular parental leave for new parents (up to ten weeks at home at 70% of their salary), adidas offers an extra two weeks of paid parental leave. Furthermore, our special parental bonding allows parents to stay home for up to six months within the first 12 months after their child's birth or placement. While unpaid, it offers parents the opportunity to stay home longer to take care of their new arrival and adjust to their new lifestyle. Latin America provides an extended parental leave approach across its market, giving mothers 24 paid weeks to spend with their children, while fathers and partners receive 20 paid days. In addition, mothers can work fewer hours for one month immediately before and after their maternity leave period.

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Employee learning and development offerings

We offer a wide range of learning and development opportunities, including online learning resources and interactive learning that facilitate employees' personal and professional growth. We provide various digital learning and development opportunities on platforms such as LinkedIn Learning, Udemy and DataCamp. They offer equitable access to learning content and allow employees to upskill or reskill based on their needs.

Our extended learning and development offerings are both formal and informal. Our informal learning is supported by networking platforms where employees can connect with each other across the organization. Our informal training is available through our adidas mentoring program and the adidas virtual café, enabling employees to connect with others with similar interests and development goals. When participating in our informal learning offerings, over 90% of employees said it made them feel more connected to the people and culture at adidas and would recommend the program to others.

adidas knows that to continue being successful as a company, we need to help our employees develop essential skills and leadership behaviors. We aim to inspire and nurture talented and diverse leaders who exemplify our culture and leadership skills. We offer various ongoing formal learning initiatives to elevate and enhance our leadership pipeline:

- **Leadership development experiences:** Interactive learning sessions designed for every level of management across all markets and functions. They include our People Leader Experience (PLE), Manager Development Experience (MDE), Director Development Experience (DDE), and Executive Development Experience (EDE).
- **adidas Functional Academies:** The Functional Academies organize regular learning days (quarterly or yearly) for respective employees to focus on their career development.
- **Global High Potential (GHIPo) Program:** The GHIPo program gives us the opportunity to identify and develop global leaders who are ready to step up their leadership responsibilities. It aims to strengthen the participants' business acumen skills, build peer relationships, and provide cross-functional and cross-cultural exposure.
- **adidas 360°:** After a successful pilot in 2022 and a final introduction in 2023, we continued adidas 360° as a leadership development tool in 2024. It involves soliciting feedback from multiple sources, including managers, direct reports, and other stakeholders, to gauge how senior leadership's behavior is perceived. It provides valuable and critical feedback, driving both professional and organizational growth.

Compensation

Our Global HR Rewards Compensation Programs (particularly our salary determination and review process) are designed to ensure all employees are paid within a competitive range and receive an adequate wage for the role they perform. This approach is gender agnostic and otherwise unbiased and has a positive indirect impact on gender equity for pay at adidas. Our compensation management approach comprises various elements that help ensure the following:

- All employees are assigned a job role using a global job architecture based on their job profile, ensuring we can compare jobs on a like-for-like basis.
- A salary range is assigned to each job role, this salary range is calibrated using external market data.

- The compensation of employees is based on their assignment to a job role and the associated salary range, independent of gender or any other diversity criteria.
- Upon hiring employees or in cases of position changes, such as through lateral moves, promotions, or demotions, individual salaries will be based on the ranges assigned to the job roles. This encompasses the employees' relevant experience for the role they are performing.
- These determinants are also applied during salary reviews, which are typically conducted annually.

Freedom of association and collective bargaining

We are committed to an open and constructive dialogue with all people employed by adidas and, where applicable, with their representatives. Our employees are free to join organizations of their choice that represent them consistent with local organizing laws. These organizations may, if recognized as the appropriate agent, engage in collective bargaining according to applicable law. Employees who act as representatives are neither disadvantaged nor favored in any way. In locations where employees have decided not to appoint representatives, we promote direct and open communication between employees and management.

Promoting diversity and inclusion

adidas is committed to fostering a culture of equity, inclusion, and belonging to ensure we continually attract, develop, and retain top talents and athletes from our diverse markets. Through structured initiatives such as targeted leadership programs, recruiting efforts, and employee-led groups, we create equal opportunities for all employees to thrive.

Promotion of women in leadership

'ElevateHer' is a one-year accelerated journey to develop and advocate for the advancement of talented and high-potential women. It offers sponsorship relationships, exposure and connection opportunities, and practical learnings to amplify skillsets and confidence. We launched the program in October 2024 across all seven of our markets. Each of the 82 participants was paired with a senior leader sponsor who provides mentorship, opens doors to new opportunities, and advocates for their growth within our organization. The program will track the participants' retention and development rates (both vertical and horizontal) compared to the rest of the organization.

Employee Resource Groups (ERGs)

We continued supporting and expanding our ERGs throughout the company by developing a new ERG framework and operating model. It provides governance, oversight, recognition, and upskilling for our ERG members. ERGs are employee-led networks that give employees with differing backgrounds and perspectives communities of belonging and togetherness. We have over 30 ERGs worldwide, as well as diversity ambassador teams focused on diversity dimensions such as ethnicity, gender, LGBTQIA+, experienced generation, faith, disability, and mental health. Participation in these groups is voluntary and inclusive to all employees.

Cultural moments

Since 2022, our DEI team has been committed to carrying out three ‘cultural moments’ globally in addition to any relevant local moments. Each cultural moment includes an ‘Inform’ session to provide updates on progress and new initiatives, an ‘Inspire’ session with a panel talk and videos, and an ‘Educate’ session that shares new DEI training and workouts. All details on activations can be found on the dedicated internal SharePoint and are available to all employees. Each year, we carry out the following activations:

- March: International Women’s History Month and International Women’s Day involves a full month of activations.
- June: Pride is a month with global activations.
- October: Global Week of Inclusion started in 2020.
- Local moments vary by market and include Lunar New Year, Asian American and Pacific Islander Heritage Month, Black History Month (in the United Kingdom, Netherlands, and US), International Day against Homophobia and Transphobia, Juneteenth, Latin Afro-American, Afro-Caribbean, and Diaspora Women’s Day, Amsterdam Pride, Hispanic Heritage Month, World Mental Health Day, Race Day, Transgender Day of Remembrance, and International Day of People with Disabilities.

In addition, we acknowledge other cultural moments on an ad-hoc basis through the Advancing DEI Together channel on our internal social media tool.

Processes through which adidas identifies what action is needed

We regularly review key HR KPIs to guide our strategic actions. These indicators – including recruitment experience, engagement, women in leadership, and participation in DEI training – are assessed by senior management, who determine any necessary actions based on performance trends. For instance, when the representation of women in our leadership was not developing as intended, we introduced a sponsorship program and pulse checks to gather additional insights. Similarly, when our employee learning hours were not meeting expectations, we revamped our 2024 learning offerings to improve processes, communications, and user journeys, which reduced the drop-off rate.

In 2024, we redesigned the corporate employee listening survey to prioritize manager-driven, team-level actions over global themes. Each manager received supporting materials, learning recommendations, and suggested actions alongside their team’s survey results to drive meaningful improvements within their teams. Many of them have created personalized action plans, reflecting a diverse range of topics and indicating a shift away from a one-size-fits-all approach. In 2025, we plan to conduct additional surveys for broader, centrally driven topics. For retail and distribution center (DC) environments, we apply a mixed approach of manager-led and centrally driven actions, managed by local market teams. In Germany, consultation with works councils is integrated into our decision-making processes, helping identify and shape required actions.

Additionally, learning opportunities are aligned with adidas’ strategic objectives and cultural mindset, as identified through learning needs assessments conducted by academies and senior business stakeholders. We also use employee surveys to capture relevant insights. Every year, we conduct interviews and present a summary of findings to senior stakeholders to prioritize additions to our learning portfolio for the year.

Our standardized enterprise-wide risk management procedures further support our decision-making by assessing risks and opportunities semi-annually. The reviews examine the severity and likelihood of potential issues, such as health and safety, diversity, training and skills development, gender equality, inclusion of persons with disabilities, and anti-discrimination measures. If our current actions are deemed insufficient, we develop additional measures to mitigate elevated risks. The results of these reviews are shared with the senior management team during the management review, ensuring our strategic direction responds to emerging needs and challenges and informs the materiality analysis for the Sustainability Statement.

Tracking the effectiveness of the actions

To ensure continuous improvement and accountability at adidas, we regularly review key HR KPIs such as employment type (temporary vs. permanent), employee fluctuations, full-time vs. part-time work ratios, and others. Senior management assesses these metrics regularly, supported by further specific analyses in targeted areas:

- **Learning and development impact:** adidas's effort of measuring the impact of learning programs is based on the so-called Kirkpatrick Model. Not all learning initiatives will be measured using the four levels of the model; most of them will be measured at level 1 and 2. Only in some specific instances (especially in some of our functional academies) the impact will be measured up to level 4.

For reference this model's four levels of learning evaluation are as follow:

- 1 – reaction (degree to which participants find the training favorable, engaging, and relevant to their jobs),
- 2 – learning (degree to which participants acquire the intended knowledge, skills, attitude, confidence, and commitment based on their participation in the training),
- 3 – behavior (degree to which participants apply what they learned during training when they are back on the job), and
- 4 – results (degree to which targeted outcomes occur as a result of the training and the support to business results). Evaluation levels are chosen based on factors like skills gaps and strategic relevance.

- **Employee engagement:** Our annual employee listening survey, launched in May 2024, achieved a record 87% participation rate, up 13 percentage points from 2023. Covering a wide range of employment topics, the survey results demonstrated a positive trend in engagement, particularly in corporate settings. Managers received tailored insights to drive team-specific actions, and global HR teams are using these findings to refine employee-facing programs.

- **Total compensation management and gender equity:** We track the impact of our compensation management approach, especially salary reviews, through management reports. They monitor employee positioning within salary ranges, budget allocations, and, if applicable, investments needed for pay equity, while including an annual gender pay snapshot. In Germany, we work closely with the Central Works Council to analyze overall pay positioning. We also conducted a comprehensive equal pay review in 2024 to monitor gender pay equity.

- **Diversity, equity, and inclusion (DEI):** adidas uses HR and DEI management reports to track DEI progress monthly. This data provides insights into the achievement of DEI targets and identifies any emerging issues, such as shifts in female senior leadership representation

- **Measures against violence and harassment:** To uphold a safe and inclusive workplace, discrimination and harassment cases are followed up with impacted individuals and tracked. This tracking enables a proactive analysis to help us identify trends and areas for improvement.

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- **Employee health and safety:** All workplace accidents in both corporate and retail settings are reported immediately, thoroughly investigated and the findings are shared with relevant stakeholders.
- **Freedom of association and collective bargaining:** As adidas already complies with all related laws and regulations, no further actions and tracking of effectiveness are planned.

Through these systematic reviews and proactive measures, adidas reinforces a commitment to transparency, data-driven decision-making, and progress toward organizational goals.

How adidas ensures that its own practices do not cause or contribute to material negative impacts on its own workforce

DATA USE

The Global Privacy Management Policy states our privacy ambition: adidas is committed to complying with all relevant privacy laws and regulations and will actively work to identify and close privacy gaps.

The following internationally recognized privacy principles are part of our Global Privacy Framework and shall be applied in the light of applicable local privacy law and regulations:

- **Accountability:** The Global Privacy Framework ensures alignment between business strategy and privacy principles and records how we implement the Executive Board's privacy commitment.
- **Lawfulness and fairness:** We are committed to lawful, fair, and transparent processing that ensures individual rights can be effectively exercised.
- **Purpose specification and limitation:** We will ensure our data collection and use is limited to appropriate and defined purposes.
- **Data minimization:** Personal information we collect will be limited to meet the purpose of the collection and we will consider pseudonymization if and where appropriate.
- **Use and disclosure:** We will establish a culture and practice of respecting privacy in the way we use and share personal information, both within adidas and with third parties.
- **Security:** We will implement appropriate technical and organizational safeguards to assure the integrity, availability, and confidentiality of personal information we store and process.
- **Data management:** Our data management capabilities will ensure adequate data quality, avoid excessive data retention, and enable privacy principles from a technical perspective.

Any activity that could or does involve the processing of personal information must complete a Privacy Impact Assessment to identify significant privacy risks in high-risk processing activities, define measures to mitigate these risks, identify further privacy requirements imposed by local laws or regulations, and convert risk mitigating measures and further requirements or opportunities into comprehensive implementation criteria to be signed-off and implemented by the Privacy Action Owner. The Global Privacy Officer is responsible for taking action in the event of a privacy breach.

Resources allocated to the management of material impacts

adidas invests significant time and resources into addressing material impact, risks, and opportunities in its global workforce. These efforts include having dedicated teams distributed across HRBP functions to actively manage material issues in the workforce.

S1-4 – Resources allocated to the management of material topics

Topics	Resources allocated to the management of material topics
Secure employment	Distributed across HRBP functions
Working time	Benefits team
Adequate wages	Global Compensation team, Rewards Markets, and GBS
Freedom of association	Germany: <ul style="list-style-type: none"> • Labor Director (member of the Board) • Labor Relations team • HR Herzogenaurach Site team • HR Core team for workers representatives to align operative topics that require works council involvement: HR Center of Excellence representatives plus Labor relations and HR Herzogenaurach Site • HR Strategy team for workers representatives to align strategic topics that require works council involvement: HR Center of Excellence Leads plus Labor relations and HR Herzogenaurach Site • Various local HR Business Partners inside and outside of Germany
Collective bargaining	Globally: Benefits team Locally: Various local HR teams
Work-life-balance	Workplaces team
Health and safety	DEI Global: <ul style="list-style-type: none"> • Global team • Market teams
Gender equality and equal pay	Teams globally across Corporate, Retail, DC, and Virtual Merchandising
Training and skills development	DEI Global: <ul style="list-style-type: none"> • Global team • Market teams
Employment and inclusion of persons with disabilities	Global Employee Relations team
Measures against violence and harassment	DEI Global: <ul style="list-style-type: none"> • Global team • Market teams
Diversity	

Metrics and targets

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Gender equality: Women in leadership targets

adidas is committed to increasing female representation in management positions and furthering equal employment opportunities. We have established a policy and set measurable, aspirational targets to help us realize our diversity, equity, and inclusion (DEI) ambitions for gender balance.

Global target: We are committed to increasing the global share of women in leadership positions (Director level and above) to achieve a gender balance of 50% by 2033 for Director (M2) and above positions, from a 2023 baseline of 39.6%.

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Target for adidas AG Germany: We have set a target to achieve 40% female representation at both the first and second management levels below the Executive Board by 2025. This target is based on a 2023 baseline of 35.5% for the first management level below the Executive Board and 37.4% for the second management level below the Executive Board.

As part of our target-setting process, our People Insights and HR Data teams collaborate to propose new targets. Their proposals are based on simulations, historical data, current organizational directives, exit data, and external market trends. They are approved by the Executive Board, such as for our global and adidas AG Germany targets. The progress made toward our women in leadership targets is shared annually with all employees globally during Women's History Month in March. Additionally, HR reviews our women in leadership targets every quarter to ensure continuous monitoring of opportunities and challenges.

Performance against these targets

With regard to the 2033 ambition to increase the global share of women in leadership positions (Director level and above) to 50% by 2033, from a 2023 baseline of 39.6%. The data as of December 31, 2024, shows:

The share of women in leadership positions (Director level and above) had increased to 40.7% compared to 39.6% in the fiscal year 2023. The share of female executives (S-level leaders) had stabilized in 2024 compared to the fiscal year 2023.

With regard to the 2025 target for adidas AG Germany: 40% for both the first and the second management level below Executive Board. As of the end of December, 31, 2024, shows:

- First management level below Executive Board: 36.1% (compared to 35.5% in the fiscal year 2023) (13 women; 23 men)
- Second management level below Executive Board: 38.2% (compared to 37.4% in the fiscal year 2023) (92 women; 149 men)

Women in leadership data is tracked monthly and on a quarterly basis to understand pipeline issues or DEI-related challenges.

Health and safety targets

adidas sets KPIs to fulfill and track the progress of our Health and Safety Policy, with the goal of minimizing work-related incidents. In 2020, we developed our five-year targets plan, which includes a focus on health and safety as a key component of our strategy. As part of this initiative, we had integrated three KPIs related to health and safety. Target values have been defined for

- the Lost Time Incident Rate (LTIR) (<1.3 based on the Occupational Health and Safety Assessment Series (OHSAS),
- zero fatalities, and zero occupational illnesses for corporate offices, showrooms, and distribution centers/production sites.

We discontinue reporting based on OHSAS and report based on ESRS as of 2024. Therefore, we added new KPIs, had to change the KPI calculation and consequently, also had to adjust the LTIR target value. Thus, for 2024 and 2025 our target for LTIR is <2.0. In terms of number of fatalities as result of work-related injuries and work-related ill health and number of cases of work-related ill health, our target stays zero. With regards to percentage of own workers covered by (an internally audited and/or third-party certified) health and safety management system our target is 100% coverage for corporate buildings/distribution

centers²⁶ larger than 4500 sqm or with more than 50 HC (internal + external) at the end of 2025. As we added retail after corporate to be covered by a [internally audited and/or third-party certified] health and safety management system to our responsibility, we have an internal target, which is to roll-out the ISO 45001 (Occupational Health and Safety Management System) in 100% of our European own retail stores and showrooms²⁷ for 2025. For the number and rate of recordable work-related accidents and the number of lost days lost to work-related accidents, ill health and fatalities, we are striving for continuous improvement.

- Scope of the target: These targets refer to offices, distribution centers, own production sites, own-retail stores, and showrooms.
- The targets for Lost Time Incident Rate (LTIR), fatalities, and occupational illnesses for corporate offices, showrooms, and distribution centers/production sites have been defined in the past based on OHSAS. Due to the new scope that includes adidas' own retail stores, these targets were adjusted. Consequently, the calculation of the LTIR will be changed to 1,000,000 working hours in accordance with ESRS requirements.
- Baseline value and base year from which progress is measured: In the previous years we calculated this in accordance with OHSAS (Occupational Health and Safety Assessment Series). However, from 2024 onwards we will calculate in accordance with the ESRS requirements. Up until 2023 our baseline value for LTIR was <1.3 and the baseline year was 2020. For 2024 and 2025 , our baseline value is LTIR <2.0 and the baseline year is 2024.
- Period to which the target applies: As we are transitioning from OHSAS to ESRS we are updating our health and safety roadmap. In the meantime, we continue to track our progress of related KPIs to minimize work-related incidents.
- Methodologies and significant assumptions used: The development of our workforce health and safety targets is guided by our Health and Safety Manual, ISO 45001 (Occupational Health and Safety Management System) certification and ESRS.
- Whether and how stakeholders have been involved in the target setting, tracking the undertaking's performance against them; and identifying any lessons or improvements as a result of the undertaking's performance: The 2025 targets have been developed through cross-functional and global working groups involving multiple stakeholders. Additional KPIs have been formulated within the health and safety network and Health & Safety, Environment, and Energy team and have been agreed upon and approved. Every location tracks its own performance. On a global level, the performance is tracked by the Health and Safety, Environment, and Energy team and the Integrated Management System certification (Internal Audit department and external auditor).
- Any changes in targets and corresponding metrics or underlying measurement methodologies: Due to the requirements of the ESRS the calculation methodology was adjusted. The old baseline was based on Occupational Health and Safety Assessment Series (OHSAS) standards.
- Performance against its disclosed targets: We track performance against currently available data related to our target development. We identify and acquire further essential data in the course of our Health and Safety, Environment, and Energy (HSEE) own operations data strategy.

²⁶ In the context of ISO 45001 retail backoffice employees are also in scope.

²⁷ In the context of ISO 45001 own retail stores refers to roles in retail stores who have direct consumer contact (shop floor, staff, cashiers, etc.).

Equal pay gap target

Our ambition is to identify and monitor gender pay gaps and take concrete measures to close them. We intend to do this globally across all countries with adidas employees, in line with but not necessarily limited to the scope of the European Directives.

Based on our current calculation methodology (see section S1-16, 'Remuneration Metrics – Pay Gap'), our current overall equal pay gap is below 1%, and we are committed to reducing it further.

Maintaining close collaboration between involved functions (HR DEI, HR Rewards, Talent Acquisition, and HR Business Partners) will help us expand our methods and analysis towards more granular population data, calculating investment budgets, and potentially investing in salary adjustments to close existing gaps.

- Defined target level to less than 5%.
- Scope of the target: Global, all countries.
- Baseline value and base year from which progress is measured: Less than 1% respectively specific figure reported in S1-16 for 2024.
- Period to which the target applies: Ongoing.
- Methodologies and significant assumptions used: Equal pay gap is an aggregated like-for-like comparison which considers employees in the same country, on the same grade, and within the same job family.
- Whether and how stakeholders have been involved in target setting: HR Rewards and HR DEI teams were involved in the target setting process. Since it is the first year of reporting, performance review will be conducted in 2025, after the first reporting year, while also assessing lessons learnt .
- Any changes in targets and corresponding metrics or underlying measurement methodologies: First year of reporting, hence no changes in measurement.
- Performance against its disclosed targets: See S1-16 for current performance.

S1-6 – Characteristics of the undertaking's employees

The total number of employees by head count, and breakdowns by gender and country for countries in which the undertaking has 50 or more employees, represents at least 10% of our total number of employees by the end of the reporting period:

S1-6 – Employees by headcount in specific countries

Country	Female	Male	Other	Not disclosed
China	5,311	2,355	0	0
Germany	4,472	3,947	0	4
United States of America	4,775	5,529	0	8

Please also refer to the Group Management Report – Financial Review in this report.

Total number by headcount (HC) of permanent employees as well as temporary employees is shown in the following table, including a breakdown by gender.

S1-6 – Information on employees by contract type, broken down by gender

	Female	Male	Other	Not disclosed	Total
Number of employees by headcount	31,880	30,134	0	21	62,035
Number of permanent employees	30,106	28,429	0	20	58,555
Number of temporary permanent employees	1,774	1,705	0	1	3,480
Number of full-time employees	23,172	22,863	0	10	46,045
Number of part-time employees	8,708	7,271	0	11	15,990
Number of non-guaranteed hours employees	2,591	3,160	0	3	5,754

S1-6 - Number of employees by region

	Emerging Markets	Europe	Greater China	Japan/ South Korea	Latin America	North America	Total
Number of employees by headcount	12,267	18,470	8,718	4,236	6,331	12,013	62,035
Number of permanent employees	10,855	17,402	8,713	3,906	5,985	11,694	58,555
Number of temporary employees	1,412	1,068	5	330	346	319	3,480
Number of full-time employees	10,251	13,420	8,690	2,640	5,023	6,021	46,045
Number of part-time employees	2,016	5,050	28	1,596	1,308	5,992	15,990
Number of non-guaranteed hours employees	778	223	2	0	0	4,751	5,754

The numbers are reported in headcount and extracted from the central HC system. They reflect the actual headcount as of 31st of December 2024.

Our part-time employment contracts often include employees who, due to different circumstances, require flexibility around their working time. Part-time work is a particularly effective way of combining work and family life. Flexible working time arrangements are a part of our Job Security Company Agreement, and adidas supports the willingness of its employees with family commitments to reduce their working time when possible.

The non-guaranteed hours employees are employed without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the undertaking is not contractually obliged to offer the employee a minimum or fixed number of working hours per day, week, or month. Casual employees, employees with zero-hour contracts, and on-call employees are examples that fall under this category.

To gather data on non-guaranteed hours of employees, we established a questionnaire including all relevant data from the European Sustainability Reporting Standards (ESRS) framework. Through the annual European Sustainability Reporting Survey, the number of non-guaranteed employees is collected

by the respective legal entity²⁸. Local HR leads are responsible for reporting data back to the global HR Governance team, which consolidates the results to ensure all legal entities of adidas are considered. A list from the Supervisory Board Office is requested annually and cross-checked with the survey data of the previous year. From Q4 2024 onward, the collected data will be reviewed annually by the local HR leads via an online data collection process.

The total number of employees who have left the undertaking during the reporting period and the rate of employee turnover in the reporting period are explained in the following.

Turnover: 17,711 leavers in 2024 with an overall turnover rate of 30%.

S1-6 – Terminations

Terminations	Regular
Corporate	2,564
Distribution center	1,384
Production	59
Retail	13,704
Total	17,711

Data is reported from the company's global HR system on December 31 of the respective year. Turnover is reported across the reporting period according to the following methodology:

$$\text{Turnover rate} = \frac{\text{Number of terminations during the year}}{\text{Average headcount for the given calendar year}} \times 100$$

Turnover includes all leavers from corporate as well as volatile business areas of retail and distribution centers (higher turnover due to seasonality of business). Terminations include both voluntary and involuntary ones:

- Voluntary termination is defined as employee initiated. The termination date is the last day of the contractual relationship.
- Involuntary termination is defined as company initiated or death of an employee. The termination date is the last day of the contractual relationship.

²⁸ The data query is conducted in September. Based on our experience, we assume that the number of non-guaranteed hours employees does not significantly change through months October to December, and therefore, we report these figures as an estimate as of the year's end.

Workforce definitions and categorizations

Employees are persons who have an established employment engagement with an adidas legal entity. The workforce is usually categorized into the following groups:

— **Corporate:** Responsible for the following job family groups:

- Brand Management & Communications
- Corporate Services
- Data Analytics & Data Science
- Design
- Digital
- Finance
- General Management & Business Development
- Legal & Regulatory
- Merchandising & Planning
- People & Culture
- Product Development & Operations
- Real Estate & Facilities
- Sales
- Sourcing
- Supply Chain Management
- Technology

— **Distribution center employees:** Responsible in our planning and services teams for productivity and logistics planning and services around inventory, quality, and reporting. In our distribution centers, operations teams oversee the receipt, storage, and shipment of products and related reporting.

— **Retail employees:** Responsible for adidas retail operations and the promotion and sale of in-store products and services directly to end-consumers. Their activities include store management, development, and sales.

— **Production employees:** Responsible for setting up, operating, maintaining, and troubleshooting manufacturing production (i.e., machining, processing, assembly, or modifying) equipment for any factories and centers. They help to ensure smooth, innovative, and cost-efficient production processes with optimal capacity utilization.

The following table provides an overview of adidas' full-time employees, broken down by gender and region:

S1-6 - Breakdown of adidas full-time employees by gender and region

Region	Female	Male	Other	Not disclosed	Total
Emerging Markets	4,299	5,951	0	1	10,251
Europe	6,455	6,958	0	7	13,420
Greater China	5,862	2,828	0	0	8,690
Japan/South Korea	1,153	1,487	0	0	2,640
Latin America	2,360	2,662	0	1	5,023
North America	3,043	2,977	0	1	6,021
Total by headcount	23,172	22,863	0	10	46,045

The following table provides an overview of adidas' part-time employees, broken down by gender and region:

S1-6 - Breakdown of adidas part-time employees by gender and region

Region	Female	Male	Other	Not disclosed	Total
Emerging Markets	1,069	947	0	0	2,016
Europe	3,401	1,648	0	1	5,050
Greater China	19	9	0	0	28
Japan/South Korea	1,002	594	0	0	1,596
Latin America	628	678	0	2	1,308
North America	2,589	3,395	0	8	5,992
Total by headcount	8,708	7,271	0	11	15,990

S1-8 – Collective bargaining coverage and social dialogue

The percentage of adidas employees covered by collective bargaining agreements is at 18%.

As there is no centralized tool for capturing the collective bargaining rate globally, we collect this data via a questionnaire, which includes all relevant data based on the ESRS framework²⁹. Local HR leads are responsible for reporting this data back to the HR Strategy & Excellence team, which consolidates the results. From Q4 2024 onward, the collected data will be reviewed annually by our local HR leads. We will also use the results for purposes beyond the ESRS report, such as global HR projects to manage the involvement of local worker representative groups.

Collective bargaining agreements in the European Economic Area (EEA)

Germany is the only country with significant employment in the EEA, thus the collective bargaining coverage corresponds with the one in Germany and equals 53,3%. For the remaining approximately 50% of employees that fall under the German co-determination act, agreements with local works councils are in place. Collective bargaining rights are in place for all professional and management employees (P- and M-level grades). For all executive employees (S-level grades), individual contractual regulations and policies apply. Procedures outside of Germany are in line with local legislations.

Collective bargaining agreements outside of the European Economic Area (EEA)

Non-EEA countries that have significant workforce (following ESRS' requirement defined as at least 50 employees by headcount representing at least 10% of its total number of employees) at adidas are China and the USA. Based on the survey results, adidas workforce in these countries is not covered by collective bargaining agreements.

S1-8 - Collective bargaining coverage

Coverage rate	Collective bargaining coverage (2024) Employees EEA	Collective bargaining coverage (2024) Employees non-EEA
0-19%		China, United States of America
20-39%		
40-59%	Germany	
60-79%		
80-100%		

²⁹ The data query is conducted in September. Based on our experience, we assume that the coverage by collective agreements does not significantly change through months October to December, and therefore, we report these figures as an estimate as of the year's end.

adidas has concluded a company agreement with the European Works Council. Information gathering for works council-related set-ups, content, and agreements in place is currently manually conducted.

The adidas AG Labor Relations team is implemented for Germany and the European Works Council, but currently has no oversight role. Additionally, we have contact persons for labor relations in each region. The local entities are accountable for complying with statutory regulations and company-specific agreements.

S1-9 – Diversity metrics

The gender distribution at top management level was the following in 2024: 40.7% women in leadership (Director level and above); 1,441 women and 2,097 men.

Top Management consists of executive (VP and SVP level) and middle management (Director and Senior Director level). The target applies to anyone who is either executive or middle management.

For adidas Germany, there is a specific legal obligation to report on both the first and second management levels below the Executive Board, in compliance with German Second Leadership Positions Act (FüPoG II).

As of December 31, 2024:

- First management level below Executive Board (Board -1) was 36.1% women
- Second management level below Executive Board (Board -2) was 38.2% women

The following table provides an overview of the distribution of employees by age group, divided into the categories of under 30 years old, 30-50 years old, and over 50 years old:

S1-9 – Distribution of employees by age group

Age groups	Percentage
<30	42.4%
30-50	51.3%
>50	6.4%
Total	100%

The methodology is the same as described above regarding the characteristics of adidas' workforce.

S1-10 – Adequate wages

All adidas employees are paid an adequate wage.

We mainly used data of our own HR systems complemented by data of an external data provider plus other publicly available data sources where relevant.

S1-14 – Health and safety metrics

Managing the health and safety of our global workforce is one of our highest priorities. Our infrastructure, assets, and operations are aligned with ISO 45001 (Occupational Health and Safety Management System). The certification of ISO 45001 is issued by the German accreditation office DAkkS (Deutsche Akkreditierungsstelle), and the compliance with the standard is audited by an external auditor. We also consistently perform internal and external audits to maintain a healthy, safe, and secure work environment for all employees. To track our progress and identify areas for enhancement, we closely

monitor our performance and risk assessments. Our health and safety trainings have been carried out across the organization, and our distribution center framework guidelines have been rolled out.

In 2024, the percentage of our employees covered by adidas' health and safety management system was 96% for our corporate and distribution center employees³⁰. For our own retail employees (also covered by ISO 45001)³¹, the percentage was 10%, globally. The scope of the system is defined by locations >4,500 sqm or >50 employees (corporate buildings and distribution centers) and 100% of our European own retail stores and showrooms.³²

During 2024, we recorded zero fatalities as result of work-related injuries and work-related ill health for our employees in corporate, distribution centers, retail and other workers, operating at the company's sites.³³ The number and rate of recordable work-related accidents in 2024 was 591 and 5.7, respectively, for our employees in corporate, distribution centers and retail.³⁴

Regarding work-related ill health, we recorded zero cases among our employees in corporate, distribution centers and retail in 2024.³⁵

The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health, and fatalities from ill health were 2,366 days in 2024. These days lost refer to work-related accidents for our employees in corporate, distribution centers and retail.³⁶

In 2024, we recorded a Lost Time Incident Rate (LTIR) of 1.37 for our employees in corporate, distribution centers and retail.³⁷

S1-16 – Remuneration metrics (pay gap and total remuneration)

Pay gap

We are firmly committed to fostering a culture of gender equality and equal pay for equal work. Therefore, we have developed and implemented the various policies, actions, and targets outlined in this report. To measure our progress and ensure we make well-informed decisions, it was first necessary to have clearly defined metrics and an in-depth understanding of the generated data.

Following our commitment of equal pay for equal work, we first calculated an equal pay gap. It provides a like-for-like comparison that considers employees in the same country and on the same grade. Then applying a weighted average to all calculated pay gaps, leads to an overall aggregated equal pay gap below

³⁰ In the context of ISO 45001, retail backoffice employees are also in scope.

³¹ In the context of ISO 45001 own retail stores refers to roles in retail stores who have direct consumer contact (shop floor, staff, cashiers, etc.).

³² We cover both S1-14 § 90 and § 88a with our KPI and it is calculated as follows: Corporate/distribution centers: number of employees covered by ISO 45001 divided by total number of employees multiplied by 100; own retail/showrooms: number of employees covered by ISO 45001 divided by total number of employees multiplied by 100; please refer to Health and Safety target section for methodologies and significant assumptions used. Validation by external body: please see the adidas ISO 45001 certificate and its appendix.

³³ Number of fatalities as result of work-related injuries and work-related ill health: number of fatalities. Reporting of ill health fatalities relies on the respective local regulations; the reporting regarding fatalities is consistent with the incident reporting process; please refer to Health and Safety target section for methodologies and significant assumptions used.

³⁴ Number of recordable work-related accidents excludes business travel commuting, sport and event accidents; the rate of recordable work-related accidents = number of accidents per month multiplied by 1,000,000 hours divided by total working hours per month – the total rate is the average out of all the rates for 12 months; please refer to Health and Safety target section for methodologies and significant assumptions used.

³⁵ Number of cases of recordable work-related ill health (subject to legal restrictions of data collection): Reporting of ill health fatalities relies on the respective local regulations; please refer to Health and Safety target section for methodologies and significant assumptions used.

³⁶ Number of days lost to work-related accidents, ill health and fatalities: sum of lost days to work-related accidents (excluding business travel commuting, sport and event accidents), ill health and fatalities. Reporting of ill health fatalities relies on the respective local regulations; please refer to Health and Safety target section for methodologies and significant assumptions used.

³⁷ Number of work-related injuries with one or more lost days (excluding business travel, commuting, sport and event accidents) per month multiplied by 1,000,000 hours divided total working hours per month – the total rate is the average out of all the rates for 12 months. Please refer to Health and Safety target section for methodologies and significant assumptions used.

1.0%. This result highlights our efforts to achieve pay equity and our commitment to addressing any disparities.

However, the pay gap calculation logic as per the ESRS is based on a 'gender pay gap,' expressed as per below formula:

$$\frac{(\text{Average gross hourly pay level of male employees} - \text{average gross hourly pay level of female employees})}{\text{Average gross hourly pay level of male employees}} \times 100$$

The result of this formula reflects the average pay difference between male and female employees, expressed as percentage of the average pay level of male employees across all functions, countries, and grades of our organization. This figure is influenced by several factors. The resulting gender pay gap per ESRS is 13.3%, mainly influenced by our share of women in leadership positions. As this share will grow (see 'Gender equality: Women in leadership targets'), the gender pay gap according to ESRS will decline, while an equal pay gap may be relatively insensitive to it.

We used our employees' hourly contractual/target Total Direct Compensation (TDC) data as per the key date of December 31, 2024. All active employees were included.

Total remuneration

To calculate the total remuneration metric, the median compensation of all employees was determined based on their annual contractual/target direct compensation (TDC), i.e., contractual base pay, target short term bonus (STI), and target long term bonus (LTI). We used our employees' annual contractual/target TDC data as per December 31, 2024, projected to a full time employment. All active employees were included. All remuneration components (including typical benefits in cash/in kind) were then determined for the person with median remuneration. We then compared the total actual remuneration of this person with the total actual remuneration of the highest paid individual in 2024. Per the Disclosure Requirements of ESRS, the following formula is applied for the annual total remuneration ratio:

$$\frac{\text{Annual total remuneration for the undertaking's highest paid individual}}{\text{Median employee annual total remuneration (excluding the highest - paid individual)}} \times 100$$

Based on the above formula, the annual total remuneration ratio of the highest-paid individual to the median annual total remuneration for all employees is 177. This ratio is heavily influenced by adidas' global footprint and the high share of retail-related roles within the company. When comparing total actual remuneration to the average among employees in Germany in 2024, as disclosed in our Compensation Report, the ratio is 63. ▶ ADIDAS-GROUP.COM/S/COMPENSATION

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S1-17 – Incidents, complaints, and severe human rights impacts

Regarding the total number of incidents of discrimination, including harassment, in 2024, there were 86 cases of harassment (all forms) and 59 cases of discrimination (all forms) reported for investigation.

Of these, 15 incidents of discrimination and 22 incidents of harassment were confirmed within adidas' own operations. The outcomes of the cases were managed in line with our Consequence Management Policy.

For the 2024 fiscal year, 1,246 incidents were filed (via the Fair Play channels) relating to our own workforce. Of these, 1,049 incidents (including harassment and discrimination) are related to the social factor definition of the standard.

In 2024, there were no material fines, penalties, compensation for damages, or sanctions imposed on the company.

adidas is made aware of any incidents or concerns through our Fair Play channel (see more information on the Fair Play channel under S1-3). This channel can be used by employees and external stakeholders to raise any kind of concerns. This also includes potential allegations made regarding human rights violations. The information on incidents raised, investigations conducted, and their outcomes is maintained in our Case Management System (CMS). The CMS data can be extracted to report on incidents, outcomes, and/or potential fines paid. Every year, all market/country legal representatives are asked to confirm any fines, sanctions, or compensations paid in the year under review. This can be compared to CMS data to ensure accuracy and completeness.

ESRS S2

Workers in the value chain

We recognize the importance of operating responsibly along the entire value chain by safeguarding the rights of the workers who manufacture our products, and by applying our influence to affect change wherever we cause or contribute to human rights impacts, or where human rights issues are linked to our business activities.

Impacts, risks and opportunities

Impacts

- Workplace accidents or work-related health and safety hazards due to the nature of the work, such as use of machinery or handling chemicals, can negatively impact workers
- We recognize that vulnerable groups – such as migrant workers, indigenous peoples and female workers – are exposed to additional risks

- We advance positive impacts through responsible sourcing practices, increasing gender equality, and providing fair compensation to workers in our supply chain

Risks

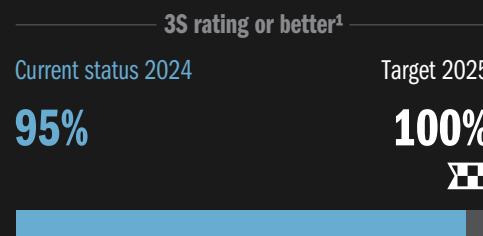
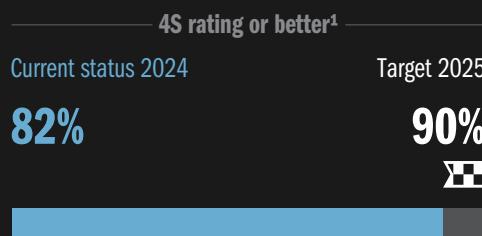
- At the raw material level of the value chain, there are potential risks of forced labor and child labor

Targets

We have set specific social targets to be achieved by 2025, which aim to reduce negative material impacts and risks and advance positive impacts and opportunities for workers in our value chain.

Social impact (S-KPI)

The social impact (S-KPI) rating helps us track impacts on workers in the supply chain including in the areas of health and safety, wages, gender equality, and working hours.



¹ On a scale of 1S to 5S, with 5S being the highest rating

Gender equality and equal pay for equal work

Key Tier 1 suppliers will have secured gender wage parity for workers by 2025.

We have focused our actions on capacity building so suppliers can improve wage management systems that ensures equal pay for equal work.

Human Rights and Environmental Due Diligence (HREDD)

By 2025, 100% of the upstream value chain and our operations have a system in place to identify and manage high-risk human rights issues.

In 2024, we matured the internal risk management of non-trade goods and services suppliers – both upstream and downstream.

Key metrics & actions

The program activities and actions we have taken in 2024 have generated positive outcomes for workers in our supply chain, with measurable impacts.

Worker Voice (WOVO) grievances

35,700

human and labor rights complaints were shared by workers through the WOVO platform

99%

of these complaints were successfully closed by the end of 2024

100%

of factories within our data collection scope exceeded their applicable 2023 minimum wage in all six countries

Women leadership program

1,600

Female supervisors from 76 factories in 6 participating countries (Vietnam, Indonesia, India, Myanmar, China and Cambodia) joined this program

Gender equality program

46,000

Workers participated in the Gender Equality worker survey in 2024

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to workers in the value chain in the management of our business. An overview of these policies can be found in the topical standard of S2.

ESRS 2 – General disclosures

SBM-2 – Interests and views of stakeholders

Is reported under ESRS 2 SBM-2

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results of our double materiality analysis concerning material impacts, risks and opportunities for matters related to workers in the value chain are as follows:

SBM-3 - Workers in the value chain and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classifi- cation	Time Horizon	Value Chain	Description
Secure employ- ment	Negative Impact	Actual	n.a.	Up- stream	For suppliers with a high dependency on adidas orders, demand volatility and changes in business volume have a potential negative impact on job security (i.e., triggering layoffs) or reduced working hours and take-home pay.
Secure employ- ment	Positive Impact	Actual	n.a.	Up- stream	adidas Workplace Standards limit short-term contracting in favor of permanent employment, increasing workers' job security and their access to higher pay and benefits, as well as improving the protection of their legal rights. The manufacturing of footwear and apparel products creates a net benefit by generating employment for workers along the entire value chain.
Secure employ- ment	Risk	n.a.	Short- term	Up- stream	Short-term risks may stem from non-compliance in our supply chain regarding secure employment, working time, adequate wages, social dialogue, freedom of association and collective bargaining, health and safety, measures against violence in the workplace, child labor, or forced labor. Such breaches of our Workplace Standards could lead to negative media and a loss of reputation.
Working time	Negative Impact	Actual	n.a.	Up- stream	There are negative impacts on workers if overtime exceeds legal norms or international standards, which would mean breaching adidas' Workplace Standards.
Adequate wages	Negative Impact	Actual	n.a.	Up- stream	There are negative impacts on workers in instances where they do not receive at least their legal minimum wages and benefits. The risk of this impact occurring is greatest in countries with weak enforcement of wage and social security regulations, or a lack of effective minimum wage setting mechanisms.
Social dialogue	Negative Impact	Actual	n.a.	Up- stream	There are negative impacts on workers if there exist unlawful limits or prohibitions on their right to form or join trade unions, to engage in collective bargaining, or to exercise the right to strike, and/or experience trade union membership used as grounds for unjustified discrimination or retaliation.

SBM-3 - Workers in the value chain and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Social dialogue	Positive Impact	Actual	n.a.	Up-stream	adidas generates positive impacts for workers by taking action to avoid restrictions on workers' freedom of association and collective bargaining rights to which they are legally entitled under the laws of the countries in which they operate. adidas supports social dialogue between governments, employers and workers' representatives, including trade unions.
Health and safety	Negative Impact	Actual	n.a.	Up-stream	Workplace accidents or work-related health hazards due to the nature of the work, such as use of machinery or handling chemicals, negatively impact workers. The most severe impacts are those that cause serious injury, illness, or death. Such impacts are more likely in countries where there is weak regulatory enforcement or inadequate monitoring of safety standards.
Gender equality and equal pay for work of equal value	Negative Impact	Actual	n.a.	Up-stream	Negative impacts on workers - particularly female - occur when they do not receive equal pay for work of equal value and/or face other forms of gender discrimination. Negative impacts also occur in cases where suppliers fail to comply with our Workplace Standards that state, e.g., 'workers must not be discriminated against on the basis of their gender, marital status, or because they are pregnant or breastfeeding.'
Training and skills development	Positive Impact	Actual	n.a.	Up-stream	adidas provides training and skills development for workers in the supply chain that support positive outcomes such as long-term career progression, job security and stability, which in turn advances local livelihoods. In our supply chain, we have provided training programs to advance skills development as part of our supervisor training and women empowerment initiatives.
Measures against violence in the workplace	Negative Impact	Actual	n.a.	Up-stream	In cases where workers face physical, verbal, or mental abuse, which may include cruel, inhumane, or degrading treatment, and/or damage to life or limb, there are material negative impacts. Such impacts are a direct violation of our Workplace Standards.
Diversity	Negative Impact	Actual	n.a.	Up-stream	There are negative impacts on workers' equal opportunities if any form of discrimination in employment occurs, based on protected characteristics like skin color, religion, beliefs, gender identification, or discrimination against vulnerable groups such as migrant workers or female workers.
Child labor	Negative Impact	Potential	Short-term	Up-stream	Instances of child labor - while rare - adversely impact children's rights, their access to and outcomes of education, and the best interests of the child. This is a zero-tolerance issue that is prohibited in our own operations and those of our business partners, however, it remains a potential risk in the upstream supply chain, in particular at the raw material level.

SBM-3 - Workers in the value chain and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Forced labor	Negative Impact	Potential	Short-term	Up-stream	Compelling a person to work involuntarily through force or intimidation of any kind, including all forms of slavery or practices akin to slavery, prison labor, indentured labor, or bonded labor, is a zero-tolerance issue and is strictly prohibited in our own operations and those of our business partners. However, it remains a potential risk in the upstream supply chain, in particular at the raw material level.

We do not expect any presented risks related to workers in the value chain to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Material positive and negative impacts

adidas has outsourced most of its production and is therefore heavily reliant on its upstream value chain workforce. In 2024, adidas worked with 388 individual Tier 1 facilities of manufacturing partners (suppliers) that adidas has a manufacturing agreement with, and their Tier 1 subcontractor facilities, in nearly 40 countries. Our global supply chain extends through various tiers, with many diverse types of business partners, including directly contracted suppliers as well as indirect relationships managed through intermediaries, licensees and agents.

The assessment and management of social impacts along our global value chain has been an integral part of our business decision-making for more than 25 years. It has informed and shaped our business model, such as our sourcing activities, our choice and retention of business partners, and our reputation as a responsible company. And it has evolved progressively from a voluntary approach, founded on worker rights protection, to one that is increasingly regulated by governments in the form of mandatory human rights due diligence.

adidas' commitment to upholding human rights norms and safeguarding fundamental rights and freedoms of workers in our supply chain is a material consideration for the company. It has been included as a topic area in adidas' materiality assessment, in our semiannual enterprise risk and opportunity management process, and through relevant target setting.

The types of value chain workers most likely to experience negative potential and actual impacts related to working conditions and labor rights are workers in adidas' upstream supply chain. This encompasses those involved in raw material sourcing, including the harvesting of commodities, as well as in production and manufacturing of finished products. At the raw material sourcing and harvesting of commodities level of the value chain, these material impacts and risks are mostly widespread and/or systemic, based on the country where the operations are located and/or linked to specific commodity supply chains and their production processes. Material impacts and risks that occur in the production, manufacturing, and processing of adidas products (Tier 1, Tier 2, and Tier 3) are typically individual incidents.

adidas recognizes that certain groups in the upstream workforce – including migrant workers, indigenous peoples and female workers – are particularly exposed to potential adverse impacts. This includes discrimination and, in the case of women – who are the dominant gender in the supply chain, with almost 70% of workers making adidas products being female – gender-based violence. As we lack complete

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visibility of our supply chain beyond Tier 2, and compliance data is reduced at the far upstream (raw materials) supply chain, the prevalence of negative impacts may be greater.

Regarding potential impacts from forced or child labor, there are several raw materials in adidas' upstream supply chain that are sourced from countries listed on the U.S. Department of Labor (USDOL) List of Goods Made with Forced or Child Labor. These commodities are cotton (India, Brazil, Pakistan, and Turkey), leather (cattle farming in Brazil and Paraguay – key leather hide sourcing countries), and natural rubber (Vietnam and Indonesia). The inclusion of these raw materials on the USDOL list means that we closely monitor these and take preventive and mitigating actions to avoid potential impacts of occurrence in our own supply chain.

Impacts on value chain workers that may arise from the adjustments to climate change must be considered as well. We support a just and equitable transition through working closely together with supply chain partners to ensure fair labor practices and decarbonization on all value chain levels. For more information on our supply chain decarbonization efforts see ▶ **ESRS E1 CLIMATE CHANGE**.

adidas has also identified material positive impacts on supply chain workers, primarily impacting Tier 1 and Tier 2 workers, which are:

- adidas' outsourced production creates stable employment opportunities for workers in developing economies. Our supply chain is dependent on our strategic suppliers. We value long-term relationships, which can result in job creation and stable employment helping sustain the livelihoods of workers in the supply chain.
- adidas provides opportunities for training and skills development to support the long-term career progression and job security of workers in the supply chain. Alongside facility-led training, we also offered tailored training to advance skills development, including women empowerment initiatives.
- adidas also has positive impacts on supply chain workers' labor rights: adidas helps protect workers' rights to freedom of association and collective bargaining. We support social dialogue between governments, employers, and workers, including trade unions and other forms of worker representation.

Material risks

As stated above, these material impacts and risks relate to workers in Tier 1 and particularly to Tier 2 and Tier 3 workers and also to migrant workers, female workers, and/or those working in countries with a high risk of labor rights violations.

The materiality assessment has also identified short-term impacts on business continuity, particularly where there are dependencies on workers in our supply chain. Where there are breaches of our Workplace Standards, these can result in negative publicity, which can affect our business reputation and potentially lead to regulatory inquiries. Potential material risks can occur regularly or be limited to an individual incident/event.

Examples include:

- Poor worker-management relations may lead to strikes, work stoppages, or other forms of industrial action. Where we have dependencies on workers in our supply chain, for example in our strategic Tier 1 supplier base, this may result in adverse business impacts (disruption of production) and potential adverse impacts on workers in the supply chain, if their ability to exercise their freedom of association is restricted or if they face retaliation for engaging in industrial action or other trade union activity. As a responsible business, adidas respects the workers' right to freedom of association and supports the exercise of this right in our supply chain, while managing operational impacts to our business.
- Events such as factory closures can also adversely affect our reputation as an ethical and responsible business, if they are not effectively managed. Our guidelines on redundancy and layoffs clearly state our expectations of business partners in the event of retrenchment or layoffs, and we expect a clear severance plan to be provided by the business partner.
- An overall increase in regulatory enforcement risks and potential legal claims due to emerging human rights due diligence regulations and increased attention by regulators on the issues of forced labor and child labor.

To address material risks, adidas conducts systematic monitoring of our supply chain for human rights and labor rights risks to workers. We do this by mapping supply chain risks, conducting regular social compliance audits, engaging directly with workers through feedback mechanisms such as worker surveys and grievance mechanisms, and by regular engagement with governments, civil society organizations, unions, and employer federations.

To better understand potential impacts and risks faced by workers in the supply chain, we conduct annual risk assessments of the high-risk countries where we source our products from and monitor the suppliers we work with for human rights, labor rights, and environmental compliance through our social and environmental audit program. Country and factory profiles determine which issues are prioritized and the frequency of monitoring and remediation activities.

We also use various grievance mechanisms that allow open communication and exchange: Workers and other parties can reach the Social and Environmental Affairs (hereafter referred to as SEA) team through a variety of channels, including mobile apps, dedicated hotlines, and our third-party complaint mechanism. We take information from workers and other parties regarding factory conditions seriously and ensure that communication channels are easily accessible to all.

Impacts, risks, and opportunities management

S2-1 – Policies related to value chain workers

The policies described below are based on international law, including the conventions under the International Bill of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and related conventions, as well as the other international and third-party standards and initiatives outlined in the table. As our governance framework related to value chain workers is very comprehensive, only the most important documents are listed in the table below.

S2-1 – Policies related to workers in the value chain

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Workplace Standards	Contractually binding requirements applicable for our suppliers' factories, covering health and safety, labor rights and environmental protection.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environmental Affairs	ILO conventions, model code of conduct of the World Federation of Sporting Goods Industry (WFSGI)	Revisions have taken place in direct consultation with labor rights groups.	Accessible on corporate website and directly shared with suppliers
Human Rights Policy	Defines our commitment to human rights and the protection of the environment, alongside the measures implemented to fulfill our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own operations, upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with suppliers; available for all employees
Modern Slavery Policy Framework & Implementation Strategy	To manage and eradicate forced labor and human trafficking from operations and supply chain.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environmental Affairs	UNGPs, OECD MNE Guidelines	Direct consultation with stakeholders	Accessible on corporate website and directly shared with suppliers
Responsible Recruitment Policy	To eliminate the practice of migrant workers paying recruitment costs and fees to secure their employment.	Upstream (supply chain business partners, incl. suppliers, licensees, subcontractors)	VP Social and Environmental Affairs	The Dhaka Principles for Migration with Dignity	Direct consultation with stakeholders	Accessible on corporate website and directly shared with suppliers
Health and Safety Guidelines	Health and safety guidelines that detail the requirements which will allow suppliers to comply with the adidas Group Workplace Standards.	Upstream (all suppliers)	VP Social and Environmental Affairs	ILO Declaration on Fundamental Principles and Rights at Work	Direct consultation with stakeholders	Accessible on corporate website and directly shared with suppliers

Policies related to the Impacts, Risks and Opportunities in our Upstream Supply Chain

Our code of conduct for suppliers, the Workplace Standards, are contractually binding requirements applicable to our suppliers' factories, covering health and safety, labor rights, and environmental protection. The Workplace Standards are based on international law and the International Labour Organization (ILO) conventions and follow the code of conduct of the World Federation of Sporting Goods Industry (WFSGI). They are also aligned with the Fair Labor Association (FLA) 'Workplace Code of Conduct' and 'Principles of Fair Labor and Responsible Sourcing.'

Guidelines on Employment Standards and Health & Safety Guidelines

Supporting guidelines make the Workplace Standards understandable and provide additional guidance for our suppliers to find effective solutions to workplace problems, including material risks and impacts such as occupational health and safety.

These guidelines provide practical guidance on how to implement the Workplace Standards in a factory. The Guidelines on Employment Standards, together with the Guidelines on Health & Safety and Environment, remain our essential guidance for business partners on managing issues regarding labor conditions and workplace practices in our upstream supply chain. The guidelines encompass material topics including freedom of association, collective bargaining, social dialogue, health and safety, child labor and forced labor, and non-discrimination, among others. We ensure the guidelines are

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communicated to all suppliers during the onboarding process and they remain available on our corporate website. The SEA department is accountable for the guidelines' implementation.

Environmental Guidelines and Environmental Good Practice Guideline and Toolkit

The Environmental Guidelines are based on international industry practice and standards for environmental management and resource efficiency measures and support compliance with adidas' Workplace Standards.

Managing Supplier Compliance – Guidelines on Enforcement and Termination

The Enforcement Guideline sets out the SEA department's enforcement approach in cases when a supplier fails to comply with the Workplace Standards. The guidelines provide an overview of how and where to find relevant information to assist in enforcement actions which maps out the process of investigation, remediation, and enforcement, as well as the parties involved in that process. It is applicable to all suppliers, licensees, agents, or other similar third-party business entities which source suppliers for the production of adidas product.

The Termination Guideline outlines the key requirements to be followed when terminating a business relationship and to ensure that the actions are undertaken in a transparent and ethical manner. The SEA department's work is remedial in nature. SEA does not use punitive action as a first step for non-compliance. Opportunities are given to a supplier to remedy compliance issues before SEA, as a last resort, recommends to a sourcing entity to terminate a business relationship. As a result, the termination of a supplier solely for poor compliance is rare and usually the result of long-term inferior performance or a violation of specific zero-tolerance issues.

The Guidelines on Redundancy and Layoffs address cases in which secure employment may be at risk due to termination of a supplier relationship, downsizing, phasing out, or consolidation, which may result in substantial layoffs or the closure of a factory. These guidelines help mitigate the negative impact on their workforce.

We need to ensure that sourcing and purchasing decisions do not conflict with the fulfillment of the Workplace Standards. To this end, adidas has the Responsible Sourcing & Purchasing Policy in place along with the 10 Buyer Commitments. These documents are publicly available on our website. The policy outlines the processes to help reduce the potentially adverse business impacts that arise from suppliers' inability to comply with adidas Workplace Standards, in particular with regard to working hours (e.g., overtime resulting from certain purchasing decisions).

We furthermore implement standard operating procedures to authorize, monitor, and manage business relationships in our supply chain. Core policies and procedures that are part of adidas' policy framework include:

- Factory Approval Policy – describes the procedures for getting authorization from SEA for all production
- External Monitoring Policy – outlines requirements for external auditors conducting factory assessments on behalf of adidas business entities and licensees
- Remediation Guide – describes the approach for remediation of non-compliances to suppliers, including timelines, documentation and verification
- Termination Guideline – describes our approach to ethically terminate a relationship with a supplier

- Fair Factories Clearinghouse procedure – describes the responsibilities for disclosing and maintaining data in the company's supply chain database

Human Rights in the value chain

adidas is committed to respecting and promoting the fulfillment of human rights throughout the value chain. Human rights are basic rights and freedoms for everyone based on dignity, fairness, equality, and respect. For more information on the adidas' Human Rights Policy see ▶ [ESRS S1 OWN WORKFORCE](#)

The Human Rights Policy is operationalized through our human rights and environmental risk due diligence (HREDD) system. For an overview of our due diligence processes see ▶ [ESRS G1 BUSINESS CONDUCT](#)

Our approach to respecting the human rights of value chain workers is based on our Workplace Standards and our Human Rights Policy, which safeguard fair and safe working conditions. These policies help ensure fair compensation, protect workers' right to freely associate, and maintain healthy and safe working environments. We actively monitor and engage our suppliers to enforce compliance with our policies.

Since its inception in 1997, our human and labor rights program has been built on the back of intense stakeholder outreach and dialogue, seeking to understand and define the most relevant issues to address. Our active engagement includes participating in specialist forums to share lessons learned and develop best practices for our industry. It is also vital to involve governments, policymakers, and local worker organizations, who can help normalize industrial relations and workers' ability to organize and bargain collectively.

We use internal and third-party audits, worker hotlines and grievance processes as tools to monitor our suppliers' compliance status and identify incidences of non-compliance with our Human Rights Policy and Workplace Standards. As both policies are rooted in the UNGPs (United Nations Guiding Principles on Business and Human Rights), the ILO Declaration on Fundamental Principles and Rights and Work, and the Organisation for Economic Co-operation and Development (OECD) Multinational Enterprises (MNE) Guidelines, in general, breaches of our Human Rights Policy and Workplace Standards are considered cases of non-respect of these international instruments. If we find evidence of non-compliance, we recommend remedial steps and support our suppliers to continuously improve and prevent further non-conformance. However, where a supplier fails to meet our expectations or to take the necessary remedial or preventive steps, they will be subject to enforcement action, up to and including termination of the business relationship. For more information on non-compliances identified in 2024 and steps to remediate and address these, please see section below on ▶ [SEE PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND RESULTS](#)

adidas has a zero-tolerance stance on forced labor, human trafficking, and slavery, which are strictly prohibited by our Workplace Standards. Our approach to managing and eradicating forced labor and child labor from our business and business partners' activities is outlined in our Modern Slavery Policy Framework & Strategy Implementation, first published in 2010 and updated in 2023. This document outlines our commitment to prevent forced labor and child labor in our business operations and supply chain as well as our approach to a tailored, risk-based due-diligence process, regular monitoring activities, and performance measurements as well as the design and provision of targeted training and capacity building.

adidas requires suppliers to apply our Responsible Recruitment Policy, as we recognize that foreign migrant workers employed in global supply chains are particularly vulnerable to the material risk of forced labor and other forms of labor exploitation, including ILO indicators of forced labor such as debt bondage and deception. In March 2023, we renewed our support of the joint American Apparel & Footwear

Association (AAFA) and Fair Labor Association (FLA) ► [SEE APPAREL & FOOTWEAR INDUSTRY COMMITMENT TO RESPONSIBLE RECRUITMENT](#), pledging to collaborate with our suppliers to ensure that no worker pays for a job.

adidas also supports and promotes the role of human rights defenders (HRDs) – including trade union organizers or labor rights advocates, and we expect our business partners to follow the same policy. Suppliers should not infringe on the lawful actions of a HRD or on their freedom of expression, freedom of association or right to peaceful assembly. For details on how we manage impacts to HRDs see

► [SEE ESRS S3 AFFECTED COMMUNITIES](#)

S2-2 – Processes for engaging with supply chain workers about impacts

adidas has several processes for engaging with workers in our upstream supply chain – directly and indirectly – about actual and potential material impacts which may affect their health and safety, wellbeing, or may otherwise adversely impact their fundamental human and labor rights. Such processes ensure that workers can voice concerns, complaints, or grievances related to material risks and impacts – as well as the full range of human rights and labor rights risks that workers in the upstream value chain may face.

Engagement occurs with supply chain workers through processes such as the Workers' Voice (WOVO) platform and the Worker Pulse survey (see below), as well as through engagement with their credible proxies or legitimate representatives via trade unions that are active in the manufacturing facilities. Engagement occurs on a regular, ongoing basis, since the WOVO grievance platform is open to workers at any time. Worker Pulse surveys are carried out twice a year in strategic supplier factories. Worker interviews are a core part of the social compliance audit process, in which suppliers are audited at least once a year. Engagement with trade unions occurs on an ongoing, ad hoc basis, based on issues and/or concerns raised by trade unions in our supplier facilities.

A detailed overview of these processes for engaging with supply chain workers and their representatives about the actual and potential impacts on them are described below:

- 1. Workers' Voice (WOVO) – digital operational grievance mechanism:** A robust grievance mechanism through which workers can raise their concerns and secure remedies is essential. We have several channels in place such as local worker hotlines, which enable workers in our supplier factories to contact a local SEA team member by phone or email. As a complaint mechanism, we use the WOVO platform: a manufacturing facility-based digital grievance channel for workers to proactively raise complaints and grievances about any actual and potential impacts they face. For more detailed information, please see the section 'Processes to remediate negative impacts and channels for supply chain workers to raise concerns'.
- 2. Worker Pulse – worker satisfaction survey:** Complementing our grievance channels, we use the Worker Pulse survey which comprises digitalized short surveys to capture workers' perception and awareness of their labor rights. These surveys are focused on areas such as communication, harassment and abuse, and also provide feedback on the effectiveness of our grievance systems. In 2024, 106 manufacturing facilities participated in the survey (2023: 109) across 16 countries (2023: 16). The survey presented six statements against which the level of agreement or disagreement was assessed. Topics included the willingness to speak up, to recommend the factory as a workplace to friends, and the comfort level when raising a suggestion or complaint or when talking to supervisors. The results show a steady increase in the number of favorable respondents across all questions since 2020, from roughly 78% to an average of nearly 90% in 2024 (with 100% representing 'strong agreement' and 0% representing 'strong disagreement').

3. Freedom of association, social dialogue, and industrial relations: We believe that worker-management communication is vital for the success of any business. Workers must have access to effective communication channels with their employers and managers, both as a means of exercising their social and economic rights and to help them resolve workplace issues and disputes. One important channel for worker-management dialogue is trade union representation. Our Workplace Standards clearly emphasize that our supplier partners must recognize and respect the right of their employees to join associations of their own choosing and to bargain collectively, and, when necessary, to participate in lawful strike action. No employee should be discriminated against because of their trade union affiliations. The direct feedback of workers and their elected representatives is a key indicator for us when checking the degree to which freedom of association is protected.

Our approach to effective workplace communication and ensuring freedom of association in our global supply chain is built around a framework of ‘respect, remedy, and promote’ and aligned with basic human rights concepts. We are a signatory to the ► [INTERNATIONAL ACCORD FOR HEALTH AND SAFETY IN THE TEXTILE AND GARMENT INDUSTRY](#), which recognizes and prioritizes the importance of worker participation and commits adidas to promoting the respect for workers’ rights to freedom of association. Further, where we see evidence of governments failing in their duty to properly investigate and protect the freedom of association of workers in our supply chain, we will petition them and call for effective remedies. At times, we have taken steps to expand the space for the exercise of representative rights. For example, in Indonesia we were a leading party in a multi-stakeholder process with local trade unions, non-government organizations, and suppliers to develop a Freedom of Association (FOA) Protocol – a basic framework for the exercise of trade union rights in the workplace. Elsewhere, we have worked with labor officials, trade unions, and suppliers to run FOA awareness training sessions, to strengthen workers’ understanding of their associational rights to form and join organizations of their own choosing, and their right of access to trade union representation. To date, we still consistently implement the FOA Protocol in our strategic Tier 1 supplier facilities to strengthen industrial relations.

Over several decades of engagement with the global and local advocacy groups, trade unions, and individual workers, we have built deep knowledge and understanding of the impacts on supply chain workers and on those most vulnerable to exploitation, such as women, children, indigenous peoples, foreign migrant workers, and other minority groups. Consequently, we have developed specific programs and initiatives to address topics such as child labor, migrant labor, forced labor, human trafficking, and gender equality, to address the specific issues and concerns revealed through such stakeholder engagement.

We maintain an active and open dialogue with local and international non-governmental organizations (NGOs), labor rights advocacy groups, human rights advocacy groups, and trade unions, as well as investors, analysts, national and international government agencies, and academics. This stakeholder engagement helps us gain insights to identify and address the most important impacts that our upstream business activities can have on supply chain workers, as well as how we can most effectively mitigate and manage the potential and actual impacts that may affect them. adidas’ stakeholders are a diverse group, which translates into a diverse range of engagements, some continuous and spanning many years, and some targeted, based on current issues or trends requiring critical feedback.

We are attentive to worker concerns and issues and continuously review and assess the feedback received through the WOVO platform. We track the WOVO platform’s effectiveness by using KPIs and dashboard reviews, case satisfaction ratings, and on-site worker interviews. This allows us to evaluate the efficacy of the grievance channels, see major cases in real time, and undertake timely interventions, where necessary. It also helps us understand the main challenges and labor rights issues in a manufacturing facility and track how the facility’s management and their HR teams resolve cases and communicate their findings.

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The SEA team has responsibility for the monitoring of social and environmental compliance of our suppliers' factories and ensuring that our suppliers provide fair and safe working conditions to their workers. They are a specialist team within adidas' Global Legal department, led by the VP Social & Environmental Affairs, who acts as the most senior role with oversight of the processes described in this chapter.

S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

Processes to remediate negative impacts

We are committed to providing for, or cooperating in, the remediation of adverse impacts, including those which we have caused or contributed to through our business relationships. Whenever negative impacts are identified either through our audit process or through one of the various grievance channels available to workers, we engage directly with our business partners to support them in remediating the issue and addressing root causes within a specified period of time.

When an audit identifies that a supplier is not compliant with one or more of the criteria in adidas' Workplace Standards, a corrective action plan is created with the supplier, outlining the required actions and deadlines. If the issues are not sufficiently addressed within the specified time, the supplier will either not be authorized for production if it is a newly proposed supplier or will trigger adidas' enforcement process if it is an existing supplier.

adidas' Remediation Guideline details the procedures, timelines, and parties that are responsible for remediating any non-compliances with our Workplace Standards that are identified during an audit. In all cases, the required remediation should directly benefit the workers, for example if they were underpaid or denied a legal benefit, or to improve the working environment to reduce the chance of workers being negatively impacted or injured in the course of performing their assigned duties.

We categorize Workplace Standards breaches into zero-tolerance issues and threshold issues. Zero-tolerance issues include child labor, forced labor, and prison labor, life-threatening health and safety conditions, and repeated or systematic abuse, among others. If a zero-tolerance non-compliance case is identified, it will result in immediate engagement with the supplier and, if verified, termination of the business relationship.

Threshold issues include serious employment issues, serious health, safety, or environmental issues (or any combination of these). The Enforcement Guidelines for threshold issues can disqualify a new supplier or lead to enforcement actions with existing suppliers. When suppliers fail to meet our Workplace Standards, we apply the sanctions and remedies from our Enforcement Guidelines, which include:

- Termination of the manufacturing relationship
- Stop-work notices
- Third-party investigations
- Warning letters
- Reviewing orders
- The commissioning of special projects to remedy compliance problems

Warning letters are an essential part of our enforcement efforts when we find ongoing serious non-compliance issues that need to be addressed. In 2024, close engagement with our manufacturing partners' facilities limited the need to issue warning letters, with a total of seven (2023: nine) issued across five countries; six of these were active first warning letters, and a single second warning was issued in 2024. No third warning letters (which result in termination of the contract) were issued to our manufacturing partners in 2024.

We work closely with our manufacturing partners to help them improve their performance. However, in situations of severe or repeated non-compliance that cannot be resolved, we terminate business relationships with facilities. When making such a decision, we always seek to balance the adverse impacts arising from the unresolved non-compliance against the wider effects that a business termination can have on the rights and interests of the workers, especially if a termination triggers layoffs. In 2024, there were no instances in which a supplier agreement was terminated for social compliance reasons (2023: 0).

We work with our manufacturing partners to develop corrective action plans to remediate identified issues in a specific timeframe, and a process to verify completed remediation through a follow-up audit or a desktop review. All remediation measures are recorded in the factory's account within the Fair Factories Clearinghouse (FFC) database used for adidas' social audit program for both the direct and indirect supply chains.

All non-compliances must be sustainably remediated to help ensure that the issue does not occur again.

For specific issues that require additional remedial action due to their nature and complexity – such as child labor – we have developed specific guidelines. For example, there are [► GUIDELINES](#) for the effective management of the recruitment process and for strengthening Human Resources (HR) systems at factory level to prevent child labor, ensure protection for juvenile workers, and to respond to violations, if they occur. If instances of child labor are found, we have issued guidance to suppliers on immediate measures to be taken, such as: verifying the identity and age of the child, removing the child from the production area, and providing accommodation, food, and care until a solution is found. This includes, among others, evaluating family circumstances and identifying opportunities to re-enroll the child in school. Further medium-term measures include: reviewing recruitment and personnel practices to identify gaps or failures, building a network of local organizations, trade unions, governments, and other parties to provide support services, and implementing a robust remediation program.

Channels for workers to raise concerns

To complement our due diligence processes, we have put in place a range of grievance channels to ensure we provide adequate access for workers in the upstream value chain to seek remedy. adidas suppliers are required to have grievance systems in place where workers can freely and – if they choose – anonymously submit any complaints or suggestions they may have. This includes the app-based WOVO (Workers' Voice) platform, which is an operational grievance mechanism required at all our strategic Tier 1 supplier facilities (for further information see section 'Processes for engaging with supply chain workers about impacts').

WOVO has been deployed to all strategic Tier 1 suppliers. When WOVO is implemented at a new factory, on-site and/or remote training sessions are held with factory managers and workers to explain how the platform works, lay out the privacy aspects, and to reiterate adidas' non-retaliation policy. adidas SEA team members regularly track not only the grievances received, but also the general usage of WOVO at a specific supplier in relation to the factory's total number of workers. The sustained usage of WOVO and the high volume of cases received through the app indicate that workers have a reasonable level of trust in the system.

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Close to 35,700 human and labor rights complaints (2023: around 42,000) were filed by workers through the WOVO platform in 2024, and 99% of these complaints were closed by the end of 2024. The top complaints received in 2024 were related to internal communication (more than 6,700), personal affairs (more than 5,800), and benefits (more than 5,300). The case satisfaction rate, workers' level of satisfaction with complaint resolution, has almost doubled from 39% in 2019 to 76% in 2024. The increase in satisfaction is partly due to improved response times from factory management in addressing workers' grievances. Response time decreased from 49 hours in 2020 to less than twelve hours in 2024 due to improvements in communication and transparency in the workplace. The management teams in the manufacturing facilities have also continuously engaged with their workers through newsletters and broadcast messages, which has improved workers' engagement and encouraged feedback.

adidas also has a public external third-party complaint mechanism, which allows any external party, including workers or their credible proxies, to report any potential or actual harm – human rights and environment-related – linked to adidas' operations, products, or services. It is open to any individual or community directly affected by an issue, or any organization representing them.

Trained and impartial employees of our SEA team are responsible for reviewing and investigating all submitted complaints through this third-party complaint mechanism. The basic steps of the complaint procedure are as follows:

1. Confirmation of receipt and appointment of a contact person within five working days
2. Check whether the complaint falls within the scope of the procedure and whether sufficient information is available for further processing; if necessary, collect missing information
3. Rejection with explanation, or acceptance of the complaint
4. Accepted complaints are forwarded to the relevant SEA team/competent Compliance Officer
5. Facts of the case are carefully examined in exchanges with the complainant
6. Internal or external investigation is conducted as appropriate
7. Implementation of suitable preventive or remedial measures, including amicable dispute resolution
8. Notification of the conclusion of the proceedings and a summary to the complainant
9. Ongoing monitoring of preventive or remedial actions
10. Feedback from the complainant on the resolution of their complaint

The complainant's identity is kept confidential throughout the process. Open handling of the complaint, which can often contribute to problem-solving, is only done with the complainant's consent. While in many cases the actual issues are resolved, our approach is to only close them in our systems when we have verified evidence of completion and established that corrective actions taken are sustainable, to avoid reoccurrence.

In 2024, we handled a total of 17 cases through our third-part complaint mechanism, of which nine were new cases received in 2024 and eight were cases that had remained open from the previous year. A total of eleven cases were successfully closed in 2024, and six cases remain ongoing pending further action or resolution, or a response from the complainant regarding their satisfaction on the case resolution. Most of the cases received through this process relate to freedom of association and collective bargaining, employment practices, and compensation and benefits.

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Workers are aware of and trust the grievance mechanisms made available to them, particularly the WOVO app. This is evident by the consistent, widespread usage of the app within our supply chain. We have progressively improved and expanded the use of this grievance mechanism, and in 2024, more than 400,000 workers employed in 105 manufacturing facilities across 16 countries had access, reflecting 100% coverage of our strategic manufacturing partners. adidas tracks the input received through the WOVO platform using KPIs and dashboard reviews, case satisfaction ratings, and on-site worker interviews. This allows us to evaluate the efficacy of the grievance channels, see major cases in real time, and undertake timely interventions where necessary. It also helps us understand the main challenges and labor rights issues in a manufacturing facility and track how the facility's management and their Human Resources teams resolve cases and communicate their findings. Our evaluation contributes to the facility's overall S-KPI (adidas' internal social compliance performance rating). adidas provides ongoing capacity building to enhance the facility teams' capability to improve the grievance mechanism's effectiveness.

We recognize the value of information received through all these channels in informing our due diligence processes and the development of effective remedies. We utilize feedback from workers and the experience gained from managing complaints processes to support the implementation of improvements in our own practices, processes, or remedial efforts.

Workers making complaints about their employment conditions or individuals raising issues related to human rights violations or environmental damage may face the risk of retaliation. adidas recognizes this and protects complainants from retaliation through our Non-Retaliation Policy, which states:

We prohibit any form of retaliation against persons who have filed a complaint with adidas. It is irrelevant whether the grievance or complaint proves to be justified or unfounded. If a person, group, or organization believes that they have been subject to retaliation due to their registering a complaint with adidas, they should contact us immediately and provide the specific details of what has occurred. We will investigate, and if there is evidence of retaliation, we will take action to remedy the situation. This could entail, for example, the issuing of a warning letter to a business partner, if they have retaliated against a worker or a worker representative for disclosing workplace issues. It may also demand government intervention if legal or administrative remedy is required. As retaliation can take many forms (loss of job, demotion, involuntary transfer, harassment, intimidation, etc.), we deal with each incidence on a case-by-case basis to find the appropriate solution.

adidas has further measures in place to remediate negative impacts that may be identified during an audit, including corrective action plans (CAPs) and further remediation measures. We further elaborate on these topics in the following paragraphs.

S2-4 – Taking action on material impacts, risks and opportunities related to workers

Human rights due diligence

One of the main ways we prevent and mitigate actual and potential negative impacts on our value chain workers is by performing robust human rights due diligence, which is part of our Human Rights and Environmental Due Diligence (HREDD) system. For an overview of our due diligence processes see ▶ [SEE ESRS G1 BUSINESS CONDUCT](#)

Risk mapping and mitigation

We have developed a risk-based due diligence approach that prioritizes high-risk locations, processes, or activities that require attention and where we are able to apply influence to mitigate or remediate issues where they occur. The risk assessments cover the specific risks and impacts identified as being material and include the full range of pertinent human rights issues and labor rights issues as identified in our Human Rights Policy and Workplace Standards.

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To identify material risks, we create country risk profiles as well as combine processes to systematically monitor and support improvements, with tools that enable us to react quickly to critical situations with actions appropriate to the impacts and specific to the workers. Critical sources of information for risk-mapping exercises include the review of publicly available databases such as those provided by governments, as well as regular engagement with civil society organizations, unions, employer federations, and with workers directly.

We apply tailored risk-mapping approaches and tools as follows:

- **Country-level risk assessment:** Country profiles are developed based on in-depth due diligence processes. Countries are categorized as high or low risk. All suppliers located in high-risk countries are audited on a regular basis, at minimum on an annual basis, while low-risk countries with strong government enforcement and inspectorate systems are considered out of scope of our audit coverage.
- **Factory-level risk assessments:** Regular audits, S-KPI assessments, factory risk-rating analysis. This information determines the frequency of re-audits and engagement with the factory.

In addition to the risk assessment approaches described above, the following are the identified internal processes for managing and reporting risks:

- **Crisis protocol:** Used by business entities and factories to report the details of high-risk issues or incidents. Based on the information we receive, we may decide to conduct site visits, audits or other engagement with a business entity or factory on a case-by-case basis.
- **Monthly reporting to executive management:** Depending on the issue, this may also lead to additional action on a case-by-case basis.

Based on the risk-mapping processes described above, as well as the risk identification through the materiality assessment and grievance channels, priority areas for action to address identified risks during the reporting period included:

Occupational health and safety

- Building on the electrical safety refresher training for internal adidas Sourcing personnel in 2023 through further health and safety initiatives. In 2024, we launched a targeted occupational health and safety program to improve machine and electrical safety for factories' compliance and safety teams for Tier 1 factories in Indonesia and Vietnam, including written guidelines and supplier training. In India, we conducted a pilot third-party assessment for machine and electrical safety for selected local sourcing factories.
- In Jordan, together with the ILO's Better Work Jordan (BWJ) program and the Fair Labor Association (FLA), we hosted a ▶ SEE SERIES OF TECHNICAL SEMINARS on the importance of occupational health and safety compliance for Jordan's Ministry of Labor (MoL) labor inspectors and for garment factory compliance officers.

Child labor and forced labor

- Mitigating forced and child labor risks in the upstream raw material supply chain through a multi-year effort to increase supply chain transparency and joint industry action (i.e., utilizing multi-stakeholder initiatives to extend our leverage.) All actions are ongoing.

Human Rights and Environmental Due Diligence (HREDD)

- Building accountability and capacity in operational areas, such as adidas' Global Non-Trade Procurement (GNTP) function, through the effective deployment of EcoVadis' sustainability assessments for the purpose of screening prioritized business partners – both upstream and downstream – for ESG risks. All actions are ongoing.
- Continuing to conduct enhanced human rights due diligence in conflict-affected sourcing locations, including Myanmar and Ukraine to uphold our business responsibility in preventing and addressing human rights impacts in contexts affected by conflict.

Gender equality

- Continuing the gender equality program for suppliers, which includes an annual self-assessment to help suppliers identify gender gaps in their operating practices and procedures and provide the building blocks they need to develop their own gender strategy, and an annual gender equality worker survey.
- Providing suppliers with the awareness and capacity to prevent violence in the workplace through a targeted training on gender-based violence and harassment (GBVH), covering topics such as GBVH policies and procedures, handling of cases of violence and harassment, and other related issues. All actions are ongoing.

Fair compensation

- As part of our efforts to provide fair compensation to workers in the supply chain, in 2024, we collected factory wage data for the prior year (2023) from in-scope suppliers³⁸ to measure wage progress against 2020 wage data (benchmark year). We also jointly commissioned, together with another brand, a gender pay parity training to be developed in consultation with ▶ SEE THE ANKER RESEARCH INSTITUTE and ▶ SEE IMPROVING WORKLIFE, a capacity building service provider. This training will be rolled out to all strategic Tier 1 suppliers in 2025.
- In Vietnam, we also continued our participation in a pilot led by the Fair Labor Association (FLA) to assess and improve adidas' responsible purchasing practices and fair compensation interventions in a multi-buyer scenario.
- We continued to our efforts around transparency by expanding our data collection public reporting through our Annual Report, corporate website, and by engaging with benchmarking organizations such as the ▶ SEE PLATFORM LIVING WAGE FINANCIALS (PLWF). The PLWF is a collaborative initiative between 24 financial institutions that assesses and benchmarks investee companies' efforts on living wages. In 2024, we were rated within PLWF's second highest rating level, the 'Advanced' level.

Freedom of association

- We also took several measures to address risks related to freedom of association during the reporting period. In Cambodia, we continued to engage key suppliers in a program that aims to reduce labor disputes and improve social dialogue between suppliers and their trade unions. In El Salvador, we provided training to all Tier 1 suppliers on Ensuring Respect for Freedom of Association in El Salvador, a guidance developed by The Americas Group (AG). And in Indonesia, we completed supplier training on the Freedom of Association (FOA) Protocol/implementation of circular letters for all suppliers in the country.

³⁸ Strategic suppliers as of January 2020.

Training and skills development

- Providing regular training and capacity building to suppliers and workers employed at our suppliers' facilities, including through digital learning tools and targeted in-person and online training on topics ranging from our Workplace Standards, guidelines, and supporting policies, through to specific training on specific labor, health and safety, and environmental topics.

Our strategies applied to preventing and mitigating human rights issues will be dependent on the relationship between adidas and the source of the risk, the severity of the issue, and our ability to influence the party responsible. We recognize the need to address all salient human rights issues we have identified, as our influence and ability to prevent and mitigate adverse impacts is greatest with our business partners. We have focused our efforts on the issues of fair labor practices, fair compensation, and safe working conditions in factories manufacturing on behalf of adidas.

Monitoring suppliers' social compliance

We monitor social compliance of suppliers with a multi-level monitoring and enforcement process set out in our guidelines and policies. Opportunities to drive improvements and strengthen safeguards against harmful working conditions or human rights violations in our upstream value chain support, inform, and shape our business activities as a company. Components of our social compliance monitoring system include:

- Screening and prequalification of new suppliers, which disqualifies any supplier where zero-tolerance issues are found and only qualifies suppliers who have addressed, as a minimum, any identified threshold issues prior to onboarding and order placement.
- Annual assessments of our manufacturing partners on their ability to provide fair, healthy, and environmentally sound workplace conditions by conducting announced and unannounced audits by our own team and by accredited external auditors. Any cases of non-compliance identified during audits are given a clear timeframe for remediation.
- Continued engagement with our manufacturing partners' and their factory-level trade unions on freedom of association and the promotion of workplace dialogue: This has reduced the risks of industrial relations issues in the supply chain, which can be sources of stoppages or strikes or other forms of disruption to business operations.
- adidas specifically tracks and seeks improvements in the management of our suppliers' operational grievance systems. Early identification and resolution of issues in the workplace improves worker satisfaction levels, supports industrial relations, and increases worker retention and reduces fluctuation rates.

On-site factory audits are conducted by both internal monitors as well as by external third-party auditors to assess risks and identify the root causes of non-compliance. Audit results and other key performance indicators are incorporated into an overall social key performance indicator (S-KPI) rating tool, which measures several indicators including: accident rates, retention levels, or worker satisfaction and empowerment.

The rating results are shared with our Sourcing teams and are incorporated into the overall supplier rating that influences adidas' decision whether and to which extent we continue the business relationship with a specific supplier. This transparency and integration with sourcing decisions is fundamental to successfully improving workplace conditions. Based on the audit results, the SEA team decides on the

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course of action, ranging from training to enforcement actions, such as sending warning letters or hiring external consultants to improve workplace systems or practices with the support from the Sourcing team.

adidas works to provide for and enable remedy for any negative impacts on workers through our remediation processes. For more information, please see the section above on ▶ **PROCESSES TO REMEDIATE NEGATIVE IMPACTS**. Through our social compliance monitoring program, and the grievance channels made available to workers in our supply chain, we are able to identify negative impacts on workers. We evaluate the effectiveness of the remediation of negative impacts on workers through the timely completion of corrective action plans and follow-up in the cases of non-compliances, and through securing complainant satisfaction in the cases of grievances received through the WOVO app or our third-party complaints mechanism.

We also oblige our licensees – intermediaries that independently manage production for adidas – to adopt our in-house monitoring approach to ensure compliance in the indirect supply chains. We commission audits by adidas approved external monitors that verify the outcomes of compliance plans and activities. We measure a licensee's annual compliance performance using a comprehensive report card. In 2024, the EcoVadis rating of a licensee's sustainability management systems as well as an evaluation of a partner's supply chain management and purchasing practices have been integrated into this report card.

As a member of the Fair Labor Association (FLA), adidas is subject to external assessment by independent monitors, participation in the FLA third-party complaint system, and public reporting. In 2024, adidas received 3 FLA-led assessments which typically are conducted using a variety of monitoring models (e.g., in-person, virtual, or a hybrid approach of both in-person/virtual) that result in tailored 'Sustainable Compliance Initiative' (SCI) assessments. Our program has been accredited three times by the FLA and, in 2024, remains accredited based on the FLA's annual evaluations, in which adidas was rated as a top performer.

In addition to regular compliance monitoring, in 2024 we continued to focus on our own purchasing practices, in accordance with our Responsible Sourcing & Purchasing Policy, to ensure that our sourcing activities do not negatively impact our manufacturing partners' ability to comply with our social and environmental standards. To best understand potential impacts, we have sought feedback from our manufacturing partners, both anonymously and openly, through our subscription to Better Buying Institute, an independent organization that assesses and reports on the sourcing practices of participating brands (see below for more information), and through our own engagement with our suppliers. Leveraging this feedback, we have continued to improve our purchasing practices.

Results

In 2024, we worked with 388 (2023: 357) independent supplier facilities – Tier 1 facilities of manufacturing partners and their Tier 1 subcontractor facilities – located across 39 countries (2023: 40). The majority (67%) of these facilities were located in the Asia-Pacific region (2023: 63%). In 2024, we also worked with 34 licensees (2023: 37), manufacturing products in 223 facilities (2023: 251), some of which may produce both for adidas directly and for licensees, across 32 countries (2023: 33). A total of 85% (2023: 72%) of all direct and licensee facilities were audited in 2024. 'High-risk' locations in Asia, which is the most significant sourcing region for adidas, were the subject of extensive monitoring in 2024, with an audit coverage of 94% (2023: 89%).

When auditing our manufacturing partners against the adidas Workplace Standards, we utilize a range of audit tools. This includes adidas' own initial assessments and performance audits, plus assessments conducted by the ILO's Better Work program (2024: 11) and Social and Labor Convergence Program

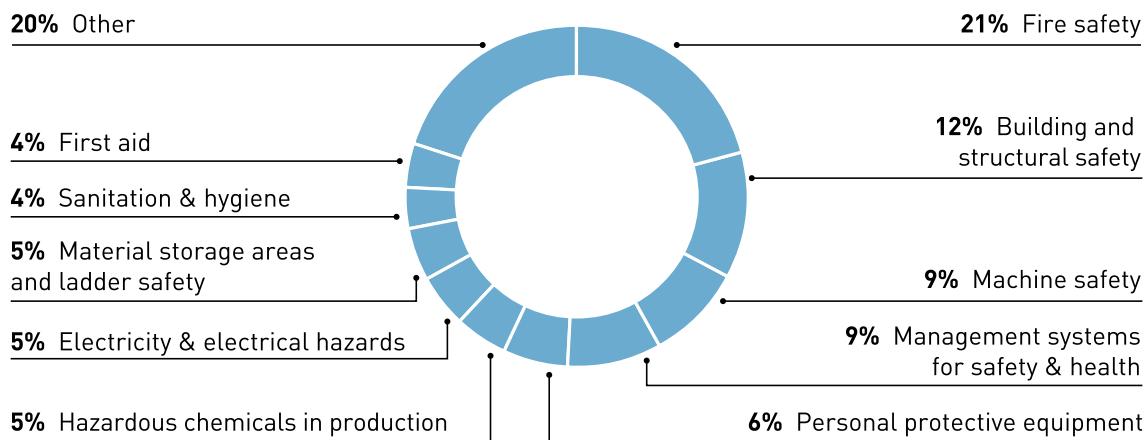
(SLCP) assessments (2024: 73, 2023: 79), which are initiatives designed to avoid repetitive social audits in shared facilities. A total of 592 social compliance audits were conducted in 2024 (2023: 499).

Of the 304 adidas performance audits (2023: 318) conducted, 95% were unannounced (2023: 82%), meaning the manufacturing facility is not informed in advance of the exact date of assessment. The number of audits in factories manufacturing goods for licensees in 2024 was 200 (2023: 223).

We increased the number of initial assessments – the first approval stage for new entry into our supply chain – to 160 prospective supplier factories (2023: 66), the majority of which were in Asia (2024: 77%, 2023: 64%) and China accounting for 31% of these (2023: 20%). Of the initial assessments, 41 factories (2023: 19) were either rejected immediately due to identified zero-tolerance issues, or were ‘rejected with a second visit’ due to identification of one or more threshold issues. Overall, at the end of 2024, the first-time rejection rate of new factories visited was 26% (2023: 29%). Manufacturing partners with threshold issues are typically given three months to remediate them before being re-audited for final acceptance. Through active support and capacity building, only two factories were subject to ‘final rejection’ (2023: 0), with the remainder having successfully closed their non-compliance issues and were onboarded.

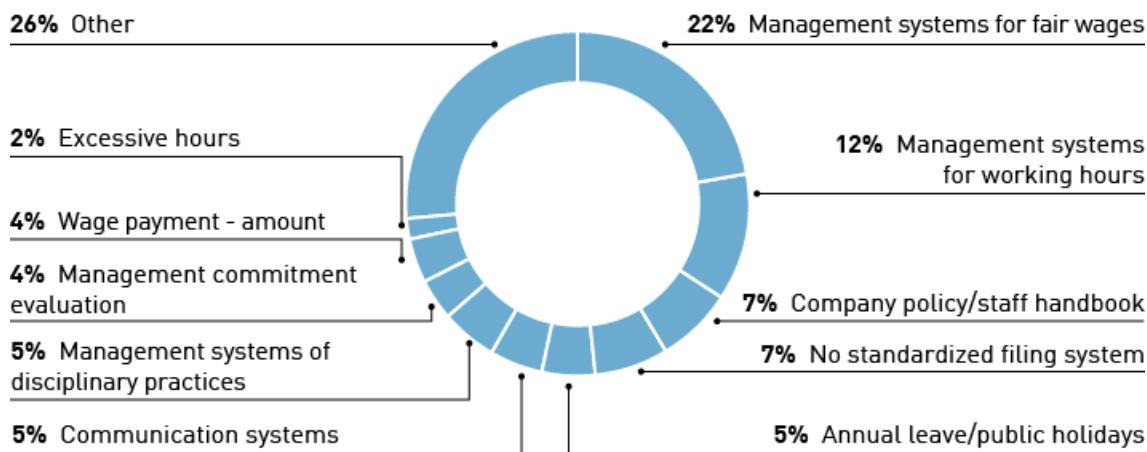
Fire, electrical, as well as machine safety are critical areas for existing manufacturing facilities, and together they accounted for almost 35% of the health and safety related non-compliances identified in 2024 regular social compliance assessments. Building and structural safety, as well as the storage and use of chemicals, including the handling of hazardous chemicals, accounted for 17% of non-compliance findings reported. A further 9% of the findings related to management systems, policies, and procedures.

Shortcomings in health and safety identified during audits in 2024



Our social compliance monitoring also reviews the use and effectiveness of the facilities’ Human Resources management systems, including any gaps in policies and procedures related to specific risk areas, such as forced labor, child labor, freedom of association, or discrimination. Shortcomings in management systems for fair wages and working hours accounted for 34% of the labor non-compliances identified, and will require management systems improvements to reduce potential risks from materializing.

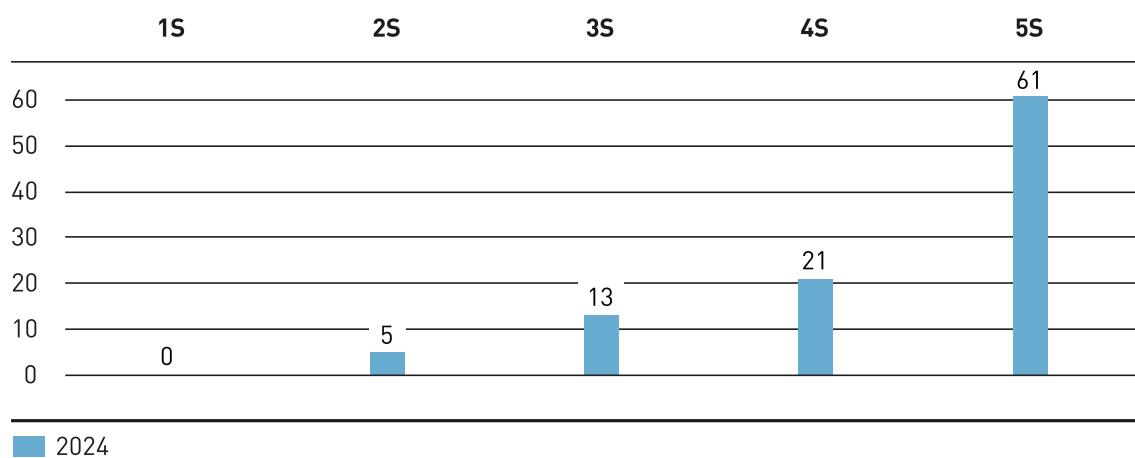
Shortcomings in labor identified during audits in 2024



We assess performance in providing a safe and fair workplace by measuring effective due diligence processes, as well as the ability to deliver positive social impact, through our S-KPI. In total, the S-KPI has 15 units of measures (UOM). These include compliance with threshold and zero-tolerance issues, completion of remediation plans, accident and absenteeism rates, as well as a range of worker empowerment measures such as resolution and satisfaction rate of workers' grievances, participation rate in worker satisfaction surveys, and the ratio of females in mid-managerial positions.

The S-KPI assesses a factory's performance in each of the UOMs based on the supplier data provided and, where applicable, validated during social compliance audits (conducted by internal monitors and in some cases by third-party verifiers), which are uploaded to a dashboard for each supplier. The result is a final score (in %) which is converted to S-rating levels from 1-5, with 5S being the best. For suppliers that have achieved a S-KPI of 5S, we reserve the possibility to exclude them from selected S-KPI compliance measurements for one year due to their low risk profile. In 2024, 82% of our 99 key manufacturing facilities achieved a rating of 4S or better, which is a slight decline in performance compared to 2023 (84%). Data considers a twelve-month period (November to October).

Social impact performance of strategic supplier factories by S-KPI rating (in %)



We also evaluate licensees' social compliance performance through a Licensee Compliance Rating (LCR). All of our long-term licensee partners and/or those with the largest business volumes achieved at least 3S in 2024. Of these, 50% received a rating of 4S (2023: 100%). The reduction in 4S achievement is explained by a revised assessment methodology that has been applied in 2024. This now incorporates available third-party ratings, such as EcoVadis and the Better Buying Partnership Index (BBPI), to measure the maturity of our licensee partner's governance and supply chain management systems, purchasing practices, and overall integration of our compliance requirements into their business practices.

Further actions

TRACKING EFFECTIVENESS OF ACTIONS

Our actions to mitigate negative impacts and risks on supply chain workers and tracking and assessing positive impacts contribute to achieving our set targets (for more information on our targets, please see section ▶ **SEE TARGETS RELATED TO MANAGING MATERIAL NEGATIVE IMPACTS, ADVANCING POSITIVE IMPACTS, AND MANAGING MATERIAL RISKS AND OPPORTUNITIES**). Tracking progress against our targets is how we measure the effectiveness of our actions. adidas provides regular updates via its corporate website and its annual reports about its progress in achieving the targets it has set and the measures in place to track those targets as well as accompanying activities that support the fulfillment of those targets.

TRAINING AND SKILLS DEVELOPMENT

Part of our continuous efforts to achieve awareness and understanding of key material issues by workers within the upstream supply chain (e.g., issues including health and safety, forced labor, other topics), includes a system of multi-level and cross-functional training sessions with our global supplier network. These training sessions are conducted for workers employed by strategic Tier 1 suppliers in our key sourcing geographies. The training supports our objectives of implementing an HREDD system across 100% of our value chain, as training and awareness are key components of any human rights due diligence management system. We will continue to conduct training on material topics and other human rights and labor rights issues for workers in our value chain on an ongoing, annual basis for an indefinite period.

We have three types of training content:

- **Fundamental training:** introductory training on the adidas Workplace Standards, Fair Factories Clearinghouse (FFC) data entries, new factory approval process, and the SEA operating guidelines.
- **Performance training:** detailed training on specific issues related to labor, health, safety, and environmental practices, as well as initial assessment monitoring methods.
- **Advanced training:** training on KPI and rating tools, sustainable compliance planning, and supplier self-assessment methods.

In 2024 we conducted 104 training sessions for 2,860 individuals across these 3 categories for manufacturing partners, licensees, workers and adidas employees (2023: 179). We have also continued to enable our licensees to have access to FLA's e-learning materials, which include training courses covering topics such as human rights, forced labor, responsible manufacturing, and worker engagement, and provide access to the Better Buying Institute's e-learning course on responsible purchasing practices.

We also continued our mobile-phone-based 'Digital Training' project for workers in the supply chain, which has been successfully rolled out at 104 manufacturing facilities in 15 countries. The digital tool assesses workers' awareness of their labor rights and remedies, e.g., fire safety, harassment and abuse, and use of grievance channels. More than 68,800 workers took part in 2024 (2023: 50,000) and averaged a score higher than 92 out of 100 in the post-test questions, thereby demonstrating remarkably high levels of awareness of their core rights and available remedies.

GENDER EQUALITY AND EQUAL PAY FOR EQUAL VALUE, MEASURES AGAINST VIOLENCE IN THE WORKPLACE

We continue to implement measures that advance gender equality in our supply chain and meet our objectives to bring a gender lens to our strategic suppliers' operations to ensure that all workers will have equal opportunities and rights, including the provision of equal pay for equal value.

Our projects to deliver positive impacts for supply chain workers include our Gender Equality strategy and programs including our Women Leadership Program and Fair Compensation. In the past year, we carried out the following measures:

- **Gender Equality Worker Survey and Self-Assessments:** The survey evaluates worker experience and perception on gender equality in the workplace, obtains worker feedback on gender equality practices in factories, and provides strategic suppliers with a reference point for continuous improvement. In 2024, more than 46,000 workers participated in the worker survey across 105 factories. Additionally, all strategic suppliers have submitted initial improvement plans to address gaps identified in their gender equality self-assessment tool and will continue to update their roadmaps for improvement.
- **Women Leadership Program:** Alongside facility-led training, we also offered tailored training under our Women Leadership Program. In 2024, more than 1,600 female supervisors from 76 factories in Cambodia, China, India, Indonesia, Myanmar, and Vietnam participated in the training. We closely track the progress of workers graduating from this training initiative and since 2016, approximately 350 female supervisors have been promoted to higher positions because of their participation in the program.
- **Equal Pay for Equal Work:** We are committed to upholding responsible sourcing practices, increasing gender equality, and creating pay equity, with the goal of providing fair compensation to workers in our supply chain, regardless of their gender. In 2025, we aim to see a progressive improvement in compensation and achieve gender wage parity for workers and their supervisors at our strategic Tier 1 suppliers. To support this goal, we will deploy a gender pay parity capacity building program across our supply chain, designed by ImprovingWorklife and the Anker Research Institute, in collaboration with another FLA member company. This program will focus on raising our suppliers' awareness and understanding of the gender pay gap, in particular equal pay for equal work.
- **Preventing Gender-Based Violence and Harassment at Work:** In 2024, as part of our Gender Equality strategy, we implemented training for all strategic Tier 1 suppliers on preventing gender-based violence and harassment (GBVH) in the workplace. The training modules covered topics including introduction to GBVH, GBVH policies and procedures, training/communication to workers, effective grievance channels, conducting investigations, victim support, sex-disaggregated data collection, monitoring systems, and management review.

FAIR COMPENSATION

As a responsible business, our aim is for workers in our supply chain to earn enough for themselves and their families' basic needs and have income remaining to cover discretionary spending as well as savings. Our approach to payment of fair compensation in our manufacturing supply chain is built around five levers that influence wage development: legal obligations, responsible purchasing practices (RPP), productivity, government engagement, and industrial relations. For each lever we have a work program, which supports fair compensation and wage progression. To achieve our fair compensation ambitions, we deployed the FLA fair compensation assessment tools and guidance to our suppliers.

In 2024 we continued our multi-year wage data collection³⁹ across our strategic suppliers⁴⁰. Wage data is being collected from suppliers from three different time periods: our 2020 benchmark year, our 2023 mid-term year, and our 2025 final year. The data reported for the 2020 benchmark year data was collected from 2021-2023, the 2023 mid-term year data was collected in 2024, and the 2025 data will be collected in 2026.

Our wage assessments conducted via the FLA fair compensation tools and dashboard are used to benchmark, track, and measure wage progress. The results of these assessments will also help to evaluate the links between pay and skills, pay and company performance, and the need for effective social dialogue in the workplace. We will also continue to build on our existing efforts with a focus on gender equality, pay equity, and responsible sourcing practices.

COOPERATION WITH STAKEHOLDER GROUPS

adidas works with industry-leading organizations to further improve its capacity-building efforts around supply chain-relevant topics:

- Anker Research Institute (non-profit organization): To leverage living wage and income benchmarks in our Fair Compensation program and collaborate in the development of capacity building training on gender pay parity. Corporate sponsor since 2022.
- Better Buying Institute (non-profit organization): To strengthen supplier-buyer relationships and improve purchasing practices in alignment with our Responsible Sourcing & Purchasing Policy. Member since 2019, member and participating company.
- Better Cotton (multi-stakeholder organization): To promote measurable improvements in the key environmental and social impacts of cotton cultivation worldwide. Member since 2004, founding member and participating company.
- Better Work (BW, multi-stakeholder organization): To improve working conditions and respect of labor rights for workers in the supply chain and build on the expertise provided by the BW collaboration between the International Labour Organization (ILO) and the International Finance Corporation (IFC). Member since 2023, member and participating company.
- Fair Labor Association (FLA, non-profit organization): Provides independent accreditation and oversight of our internal programs. Member since 1999, founding member and participating company; Board seat.
- German Partnership for Sustainable Textiles (government-led multi-stakeholder initiative): To promote measurable social, ecological, and economic improvements along the textile and apparel supply chain. Member since 2015, participating company.
- Open Supply Hub (industry association): To improve human rights and environmental conditions in and around factories and facilities by opening up supply chain data as a free, public good. Member since 2019, participating company.
- Responsible Sourcing Network (RSN, non-profit organization): To identify and eliminate cotton produced by forced labor from apparel supply chains. Member since 2024 of RSN's YESS (Yarn Ethically & Sustainably Sourced) initiative.

³⁹ Wage data for 2023 was collected in 2024 and is self-reported by suppliers. For data collection, we took a representative sample of strategic factories within our Fair Compensation strategy scope. For 2023, the representative sample included approximately 73% of strategic supplier factories.

⁴⁰ Strategic suppliers as of January 2020.

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As part of our approach to effective stakeholder engagement, in November 2024 we hosted an in-person stakeholder dialogue in Zurich, Switzerland. Chaired by adidas' General Counsel and Human Rights Officer, and facilitated by adidas' human rights and sustainability expert teams, the one-day event included representatives from intergovernmental agencies, global trade unions, non-governmental organizations, independent experts, key external partners (e.g., Fair Labor Association, ILO Better Work, FIFA), customers and suppliers.

The dialogue was framed around adidas' approach to three focus areas: (1) mandatory human rights and environmental due diligence (HREDD), (2) biodiversity and deforestation, and (3) human rights and sports sponsorships. Stakeholders were also invited to raise any of their own additional topics of concern and questions for adidas. Through a series of interactive workshop discussions, stakeholders were invited to share their perspectives on adidas' policies and systems in each of these areas to validate the effectiveness of current approaches, as well as to gain insights that will help to inform the evolution of adidas' social and environmental programs over the coming years.

In early 2025 we will share a summary of key takeaways from the dialogue with participating stakeholders, with an invitation to validate that their feedback has been effectively captured, alongside an opportunity to provide additional input. Once finalized, the summary will be published on our corporate website. The feedback and insights gained through this engagement, will be shared with relevant internal stakeholders, and we will use the results to inform future strategy, policy, and systems development.

MATERIAL IMPACTS IDENTIFIED DURING THE REPORTING PERIOD

The primary focus of our efforts is to mitigate negative impacts and, through initiatives such as the Women Leadership Program described above, to influence the realization of positive impacts for workers in the supply chain, where we can do so.

However, despite our risk mitigation efforts, there are incidents of forced labor, child labor and severe health and safety incidents (i.e., fatalities) which occur in our supply chain. While rare, such instances typically occur beyond our strategic Tier 1 supply chain, where we have less visibility, leverage, and monitoring capacity.

HEALTH AND SAFETY

In 2024, there were no reported fatalities in our Tier 1 supplier base, however one fatality was reported to us in a Tier 2 facility, resulting from a machinery fire. The process involved was not being used in the manufacture of materials for adidas. Nevertheless, in any serious safety event, including those resulting in fatalities, we conduct in-depth investigations into the causes of the incident and take action accordingly.

In response to occupational health and safety risks, we invested considerable time and resources to upskill and build awareness of the importance of electrical and machine safety in the workplace, continuing programs we launched in 2023. This includes safety capacity building programs for factories in Indonesia and Vietnam in 2024 with the objective to enhance machine and electrical safety. Moreover, we continued to support the Pakistan Accord on Fire and Building Safety which we joined in 2023. In 2025, we will shift our focus to fire and electrical safety risks in our Tier 2 materials suppliers, with the goal of driving improvements in safety systems and safeguards for workers employed in fabric mills, dyehouses, leather tanneries and component manufacturers. Selected high-risk Tier 1 suppliers will also be included.

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CHILD LABOR AND FORCED LABOR

To assess the risk of forced and child labor in our upstream cotton supply chain, adidas collaborated with the FLA in 2024 to evaluate, through a scoping study, the presence and incidence of these issues in cotton cultivation in India. This scoping study, supported by other international brands and labor rights advocates, responded to a third-party investigation that found evidence of child labor and forced labor, including debt bondage and abusive conditions, on farms linked to our supply chain in Madhya Pradesh.

To tackle these issues, adidas is supporting the FLA's three-year project aimed at improving conditions for cotton harvesters in Madhya Pradesh. The project's key objectives are to strengthen human rights due diligence, improve working and living conditions for farmers, and connect with local stakeholders to leverage ongoing advocacy efforts. These goals are supported by various activities, including supply chain mapping and monitoring, knowledge building, child protection initiatives, responsible recruitment practices, enhanced earnings strategies, and occupational health and safety measures. The project aims to create sustainable improvements and foster collaboration among all involved parties.

In 2024, adidas also received information related to incidents of forced labor occurring at several Tier 2 textile supplier facilities in Taiwan, which provide yarn and fiber inputs into materials used by adidas in its finished product. These allegations were raised by a third-party investigation, which found evidence of forced labor, including high recruitment fees, debt bondage, retention of identity documents, excessive overtime, and abusive working conditions. The investigation was shared with over 40 apparel and footwear companies, who have collaborated on implementing a remediation approach and corrective action for the findings identified.

We have allocated adequate human resources to the management of material impacts. The SEA team, which is a specialist group function within Global Legal, oversees human rights and environmental due diligence for adidas, and manages supply chain compliance with the Workplace Standards. The 37-person team is global in nature, with staff based in a dozen countries, mainly our major sourcing countries, as well as Germany and the United States. Each SEA team member is dedicated to due diligence and to maintaining social and environmental compliance at a full-time (100%) capacity.

Metrics and targets

S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Targets

adidas has set specific targets to be achieved in 2025, which aim to reduce negative material impacts and risks as well as advance positive impacts and opportunities for workers in our value chain.

Social impact (S-KPI)

The social impact (S-KPI) rating helps us track material impacts on workers in the supply chain including health and safety, wages, gender equality, and working hours. Thus, we have set a S-KPI target for our strategic suppliers to foster the continuous improvement of their working conditions and to both reduce material negative impacts such as non-compliances related to health and safety and working hours, while also advancing positive impacts including achieving gender equality and fair compensation.

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Our target for 2025 is to have 90% of our strategic Tier 1 suppliers reach a minimum rating of 4S and 100% of these suppliers reach a minimum rating of 3S (on a scale of 1S to 5S, with 5S being the highest rating). The thresholds are set as follows: 1S: 0-29%, 2S: 30-59%, 3S: 60-79%, 4S: 80-89%, 5S: 90-100%. The baseline year for comparison is 2022, when the S-KPI tool was launched. The social key performance indicator (S-KPI) rating tool measures the accident rates, retention levels, or worker satisfaction and empowerment. It is described in detail in S2-4.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:

In 2024, almost 82% of our 99 key manufacturing facilities achieved a rating of 4S or better, which is a slight reduction compared to 2023 (84%).

Fair compensation

We are committed to progressive improvement in compensation across our strategic Tier 1 suppliers in 2025. This ambition is intended to advance positive impacts and opportunities for workers in our supply chain by providing a decent standard of living that is considered acceptable by society at its current level of economic development.

We are actively monitoring fair wage benchmarks and our suppliers' performance against these. To do this, we are using 2020 as a baseline, which is the initial benchmark year based on factory self-reported wage data in Cambodia, China, Indonesia, Thailand, Pakistan, and Vietnam. This benchmark also allows us to track if workers are unionized and/or have collective bargaining agreements (CBA) in place.

In 2024, we continued our multi-year wage data collection across our strategic suppliers. Data is being collected from suppliers from three different time periods: our 2020 benchmark year, our 2023 mid-term year, and our 2025 final year. In line with the benchmarking completed for 2020, we compared factory wage data to:

- External benchmarks, such as the applicable legal minimum wage, the FLA Country Average, which is an industry average based on suppliers working with FLA member companies. In countries with multiple minimum wage groups, we did not use the FLA Country Average as it is only available at the country level, and not by minimum wage region/requirement group.
- The Global Living Wage Coalition/Anker Research Institute Living Wage Estimate or Reference Value⁴¹ (GLWC-ARI Estimate), where available, as our living wage benchmark.

Overall, we verified that in all countries, the surveyed factories meet their required minimum wage, and in most instances, surpass their GLWC-ARI Living Wage Estimate or Reference Value, with the exception of Thailand and Region 3 in Vietnam.⁴² All amounts below, except for the minimum wage benchmarks, are in their net format (excluding legal deductions).

Results of our 2023 wage data collection⁴³ are as follows:

⁴¹ For more on the ARI Living Wage estimates and reference values please see: ▶ **OUR WORK — ANKER RESEARCH INSTITUTE**

⁴² For our wage assessments exercise we use the FLA Fair Compensation formula: (basic contracted wage + incentives + cash benefits + benefits in kind) – (taxes and legal deductions), it excludes overtime pay.

⁴³ Wage data for 2023 was collected in 2024 and is self-reported by suppliers. For data collection, we took a representative sample of strategic factories within our Fair Compensation strategy scope. For 2023, the representative sample included approximately 73% of strategic supplier factories.

Cambodia (eight factories; 39,152 workers):

- In our major sourcing country for apparel, wages paid by adidas suppliers surpassed the legal minimum wage by 51% (2020: 56%).
- Factory net wages surpassed the FLA Country Average by 32% (2020: 33%).
- Factory net wages surpassed the GLWC-Anker Living Wage Reference Value by 34%. We did not have a GLWC-Anker Living Wage Reference Value in 2020.
- Other factory characteristics:
 - 88% of the factories in the measured data set are unionized, and 13% have a collective bargaining agreement (CBA) in place.
 - 100% of eligible workers in the factories within our sample set are covered by social insurance.
 - 100% of workers are paid digitally.

China (13 factories; 31,755 workers):

- Factories within our data collection scope sit within nine different minimum wage groups. Due to one factory deactivation, this is one minimum wage group less than in 2020.
- 2023 minimum wage requirements in China ranged widely, between 1.550 CNY and 2.280 CNY.
- Across all minimum wage groups, our 2023 data collection shows that net wages surpassed their applicable minimum wage requirement by 16% to 178% (2020: 13% and 159% respectively); which helped support higher basic wages.
- There was one applicable region with an available GLWC-Anker Living Wage Estimate (in 2020, there were two regions). In this region, factory net wages surpassed the GLWC-Anker benchmark by 57%.
- Other factory characteristics:
 - All factories are unionized with State-backed unions and have a CBA in place.
 - 100% of eligible workers in the factories within our sample are covered by social insurance.
 - 100% of workers are paid digitally.

Indonesia (nine factories; 96,698 workers):

- Factories within our data collection scope are located within nine different minimum wage groups in Indonesia, with vast differences in their requirements.
- For 2023, our factories' minimum wage requirements ranged from 2,018,836.92 IDR to 4,584,519.08 IDR based on their location.
- Due to changes in our supply chain, we had two fewer minimum wage groups in 2023 than 2020. These two minimum wage groups represented high wage locations, which reduced our country average results.
- Across all minimum wage groups, our 2023 data collection shows that factory net wages surpassed their applicable minimum wage requirement by between 8% and 40% (2020: 9% and 66%, respectively).

Other factory characteristics:

- 89% of factories are unionized and have a CBA in place.
- 100% of eligible workers in the factories within our sample are covered by social insurance.
- 100% of workers within our sample are paid digitally.

Pakistan (two factories; 7,590 workers):

- The 2023 data collection shows that wages paid by adidas suppliers surpassed the legal minimum wage by 33%⁴⁴ (2020: 42%).
- Pakistan experienced double digit inflation that outpaced the government mandated minimum wage adjustments. We will prioritize our Fair Compensation work in Pakistan over the coming years to better understand the economic factors influencing wage outcomes, as part of our ongoing wage assessments.
- Other factory characteristics:
 - None of the factories within our sample are unionized.
 - 100% of eligible workers are covered by social insurance.
 - 100% of workers are paid digitally.

Thailand (four factories; 5,740 workers):

- Factories within our data collection scope sit within three different minimum wage requirement groups in Thailand.
- Minimum wage requirements ranged from 332 THB/day – 353 THB/day.
- Across all minimum wage groups, our 2023 data collection shows that factory net wages surpassed their applicable minimum wage requirement by 37% to 56% (2020: 36% to 44%).
- Factory net wages fell short of the GLWC-Anker Reference Value by 4%. We did not have this reference value in 2020. Due to the current GLWC-Anker Reference Value gap, we will also prioritize our data collection and analysis in Thailand, as part of our ongoing wage assessments.
- Other factory characteristics:
 - None of the factories within our sample are unionized.
 - 100% of eligible workers are covered by social insurance.
 - 100% of workers are paid digitally.

Vietnam (15 factories; 104,466 workers):

- Factories within our data collection scope sit within three different minimum wage regions with significant differences; minimum wage requirements varied between 3,640,000 VND and 4,680,000 VND.
- Across all minimum wage groups, our 2023 data collection shows that factories' net wages surpassed their applicable minimum wage requirement by between 73% and 84% (2020: 72% and 78%).

⁴⁴ Pakistan had two applicable minimum wages in 2023 – for our comparison, we compared factory wages against an average of the two minimum wage requirements.

— For 2023, two of three regions surpassed their individual GLWC-ARI Living Wage estimates:

- Region 1 surpassed its GLWC-ARI estimate by 13% (2020:18%).
- Region 2 surpassed its GLWC-ARI estimate by 8%. There was no GLWC-ARI estimate for this region in 2020.
- Region 3 factory net wages fell below their Anker living wage estimate by 7%. There was no GLWC-ARI for this region in 2020.

— Other factory characteristics:

- All factories within the sample have State-backed unions and have a CBA in place.
- 100% of eligible workers are covered by social insurance.
- 100% of workers are paid digitally.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:

Based on data collected in 2024, at a country level, wages paid by all of the suppliers in scope for this exercise (representing around 73% of all strategic Tier 1 suppliers) continue to meet and exceed minimum wage requirements. Apart from Thailand and Region 3 in Vietnam, wages paid by suppliers meet and exceed the Anker Research Institute living wage benchmarks, in the 4 countries where these are available. However, factory wages did not grow at the same rate as some of the benchmarks, due to a range of external economic factors including the rate of inflation. In Pakistan, inflation outpaced the rate of wage growth, increasing the cost-of-living pressures on workers.

Gender equality and equal pay for equal work

Aligned with core labor standards, which call for equal pay for equal work, we adopted the target that every strategic supplier will have secured gender wage parity for workers in 2025 and advance positive impacts and opportunities for workers in our supply chain.

Since the setting of the target, due to technical challenges and data privacy restrictions in obtaining comprehensive sex-disaggregated wage data from our supplier factories, we have focused our actions in support of this target on capacity building and supporting suppliers' understanding and ability to improve wage management systems that ensure equal pay for equal work.

This target will be achieved by implementing capacity building initiatives to build suppliers' understanding of gender pay parity.

We based this target on the fundamental assumption that complete and comprehensive sex-disaggregated wage data would be available for data collection. However, as described above, due to the complexities of this data collection exercise and concerns over data privacy, this assumption was incorrect, and the target outcomes were adjusted to focus on capacity building rather than data collection.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:

In 2024, we began a joint, collaborative initiative to develop a gender pay parity e-learning program to enhance sensitivity and knowledge on gender pay parity. The e-learning program is intended to be launched in Q2 2025. Our goal is to have 100% of our key suppliers complete this e-learning program by Q4 2025. This program is focused on raising our suppliers' awareness and understanding of the gender pay gap, in particular equal pay for equal work.

Human Rights and Environmental Due Diligence (HREDD)

To ensure that human rights risks can be reduced and mitigated throughout our value chain and therefore reduce negative material impacts, we have set the following target regarding human rights due diligence, as part of our broader risk management processes:

By end of 2025, 100% of the upstream value chain and our operations have a system in place to identify and manage high-risk human rights issues.

In setting our HREDD target, which was developed prior to the introduction of the German Supply Chain Due Diligence Act, we have conducted a gap analysis and adopted a risk-based approach which targets high-risk locations, processes and activities requiring the closest attention and where we are able to apply influence and leverage to mitigate or remediate issues. This risk-based approach follows the principles outlined in the UNGPs (United Nations Guiding Principles) and OECD MNE (Multinational Enterprises) Guidelines and as an assessment process includes sources of information, such as the review of publicly available databases provided by governments, as well as regular engagement with civil society organizations, unions, employer federations, and with workers directly.

PERFORMANCE AGAINST ITS DISCLOSED TARGETS:

In 2024 we continued to embed our HREDD system across the business to identify and manage high-risk human rights issues. This included the further maturing of internal risk management procedures in the procurement area as it relates to suppliers of non-trade goods and services to adidas. This has included expanding the use of the EcoVadis sustainability assessments tool to evaluate the sustainability management systems of non-trade suppliers – both upstream and downstream – and, where required, engage prioritized partners on performance improvement plans.

Engagement of value chain workers in setting targets

We aim to address the topics that are most salient to our business and our stakeholders. To identify these topics, set targets accordingly, and increase transparency and disclosure, we openly engage with our stakeholders and consider their views and opinions when making decisions that shape our day-to-day operations.

While we have not directly engaged with workers in our supply chain in setting the current 2025 publicly stated targets, we incorporate worker feedback in tracking our performance against our targets and in reviewing the effectiveness of our program and our efforts to reduce negative impacts on workers.

We track our performance against each of our publicly stated targets and transparently report on our progress annually. In evaluating the social impact performance (S-KPI) of our suppliers and progress toward this target, we engage supply chain workers by incorporating worker empowerment measures such as resolution and satisfaction rate of workers' grievances, participation rate in worker satisfaction surveys, and the ratio of females in mid-managerial positions into the S-KPI rating.

Upstream value chain workers are engaged in identifying lessons and improvements by evaluating their direct input received through the WOVO platform. This allows us to evaluate the efficacy of the grievance channels, see major cases in real time, and undertake timely interventions, where necessary. It also helps us understand the main challenges and labor rights issues in a manufacturing facility and track how the facility's management and their Human Resources teams resolve cases and communicate their findings. By reviewing this data, we can identify areas of improvement in our social compliance program, gaps in supplier programs or processes, and other parts of our human rights due diligence system.

ESRS S3

Affected communities

We have limited direct impacts on affected communities due to our business operations. However, we recognize that the most adverse human rights impacts on affected communities – including impacts on human rights defenders and community access to adequate water and sanitation – are most likely to occur through our upstream supplier relationships.

Impacts, risks and opportunities

Impacts

Water and sanitation

- Depletion of groundwater levels, limiting community access to sanitation and clean water
- Pollution of surrounding water bodies and soil due to the discharge of large volumes of wastewater
- Generation of hazardous waste, e.g., chemical waste and sludge from treated wastewater

Human Rights Defenders (HRDs)

- Adverse impacts on HRDs include cases in which threats, intimidation, violence, retaliation or reprisals against human rights defenders are committed by actors with whom we are involved, either through our own operations or as a result of our business relationships

Key metrics & actions

We take necessary action to address any negative human rights impacts on affected communities' access to adequate water and sanitation, and to protect the rights of human rights defenders.

Community access to water and sanitation

We established a community complaints reporting mechanism, a channel through which suppliers should report any complaints received from local communities related to access to clean water and sanitation. The mechanism also tracks how suppliers address, follow up on, and close the issue if verified.

Supporting the freedoms of human rights defenders

We take direct action when there is clear evidence that one of our business partners has violated the rights of HRDs. We seek constructive engagement – both independently and with others – with governments where we believe that the rights and freedoms of HRDs have been restricted and take action to support HRDs to operate freely in such contexts.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to affected communities in the management of our business. An overview of these policies can be found in the topical standard of S3.

ESRS 2 General disclosures

SBM-2 - Interests and views of stakeholders

Is reported under ESRS 2 SBM-2

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

SBM-3 - Affected communities and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Water and sanitation	Negative Impact	Potential	Short-term	Up-stream	<p>There are potential adverse environmental impacts linked to our supply chain that may prevent community access to clean water and sanitation.</p> <p>Upstream (impacts): Potential lack of (clean) water for the communities where our suppliers operate (mainly focusing on Tier 2 suppliers, which utilize water-intensive processes as part of their production).</p>
Impacts on human rights defenders	Negative Impact	Potential	Medium-term	Up-stream	<p>We have a long-standing policy of non-interference with the activities of human rights defenders, including those who actively campaign on issues that may be linked to our business operations. We expect our business partners to follow the same policy; they should not inhibit the lawful actions of a human rights defender or restrict their freedom of expression, freedom of association, or right to peaceful assembly. We have developed an approach to manage any potential instances in which workers may have engaged in human rights defender activities which have been repressed by suppliers or other external parties.</p>

The adidas business model is based on an outsourced global supply chain that extends upstream from strategic manufacturing partners to component and materials suppliers to raw material sources, such as cotton, leather, and natural rubber. Due to the nature of our business operations, we do not have direct dependencies on affected communities and therefore do not have any material risks or opportunities related to affected communities in our supply chain.

We are linked to the employment of hundreds of thousands of workers through our third-party partners, contract manufacturers, and licensees. We know that potential impacts could occur in communities living or working around our own operations. However, we recognize that the most adverse human rights impacts on affected communities are most likely to occur through our upstream supplier relationships. adidas has identified two topics where material potential impacts on affected communities can occur; these relate to access to clean water and sanitation and impacts on human rights defenders.

Potential impacts on access to clean water and sanitation

Although occurring very rarely, there are potential impacts on access to water and sanitation that can occur in the Tier 1 upstream supply chain, where facilities with large workforces consume water for non-production purposes including cooking, cleaning and sanitation, which may be supplied from groundwater. Tier 2 suppliers that carry out leather tanning and fabric washing and dyeing also use water-intensive wet processes that consume large amounts of water and chemicals and generate large volumes of wastewater effluent. As a result, there may be potential environmental impacts that could affect surrounding communities, including but not limited to:

- Depletion of groundwater levels, limiting community access to sanitation and clean water.
- Pollution of surrounding water bodies and soil due to the discharge of large volumes of wastewater.
- Generation of hazardous waste, e.g., chemical waste and sludge from treated wastewater.

We have adopted a strategy to promote water efficiencies and deploy mechanisms to prevent water pollution from chemicals, effluents, and hazardous waste, so as to minimize possible impacts on affected communities. These measures include ensuring that our policies set out clear requirements for legal compliance with environmental permits and for regular monitoring of water extraction, wastewater treatment and disposal, hazardous chemical management, and waste handling. We also implement monitoring, remediation, and enforcement actions at our suppliers.

For more information on pollution and chemical management see E2 – Pollution. ▶ [SEE E2 POLLUTION](#).

Potential impacts on human rights defenders

In the context of adidas' own operations and the business activities that occur in our supply chain, we recognize trade union organizers, environmental interest groups, human rights campaigners, and labor rights advocates as human rights defenders (HRDs). They can be of any gender, any age, from any part of the world and with different backgrounds and different interests. In our supply chain, the greatest potential for adverse impacts on HRDs occurs in our direct upstream supply chain, where HRDs, such as trade unionists and labor rights advocates, may have been unfairly dismissed or otherwise discriminated against by their employer (Tier 1 supplier). Adverse impacts on HRDs include cases in which threats, intimidation, violence, retaliation or reprisals against human rights defenders are committed by actors with whom we are involved, either through our own operations or as a result of our business relationships.

Over the past five years, we have intervened and sought the reinstatement and/or financial compensation for over a dozen trade union leaders and organizers whom we consider to be HRDs, where we found that they had been unfairly dismissed, discriminated against, or intimidated in breach of our Workplace Standards. These cases were identified through our own monitoring activities, investigations triggered by worker complaints, or grievances received from external advocacy groups or trade unions. Worker reinstatements have taken place in sourcing locations including Cambodia, El Salvador, Indonesia, and Turkey. We have also actively supported advocacy groups to operate freely in contexts where they have been targeted by government restrictions.

We have applied a consistent approach to addressing potential or actual adverse impacts on HRDs, which has not necessitated adapting our business strategy as a result. For more details on this approach, see our Human Rights Defenders Policy.

Affected communities in our value chain

We included and considered all affected communities that could be impacted through our business operations or the business activities occurring in our supply chain. However, due to the nature and location of our own operations (e.g., corporate offices, retail locations, distribution centers, etc.), there is limited potential impact on communities living or working around such sites. The types of communities who are most likely to be impacted by our own operations or as a result of our business relationships in our upstream supply chain are:

- **Human rights defenders:** HRDs may be considered an affected community in and of themselves (see above for the groups that we consider to be HRDs). Additionally, we acknowledge that athletes and players can sometimes assume the mantle of HRDs.
- **Communities potentially affected by water/sanitation impacts:**
 - Local communities living or working around our own retail operations and distribution centers.
 - Local communities living or working around the factories, facilities, or other physical operations of our business partners in our upstream supply chain (e.g., Tier 1 suppliers, Tier 2 suppliers, etc.).
 - Local communities affected by the operations of suppliers' facilities as a primary area of potential impact; these would be the most affected by negative impacts, and to a lesser extent, those affected by the activities of logistics or distribution providers who are responsible for transporting adidas products to market.

We have limited visibility and leverage over the endpoints of our value chain (e.g., harvesting of raw materials, waste/recycling sites) and only a limited direct impact on affected communities, including Indigenous Peoples. However, we recognize that there is potential impact on communities related to water/sanitation at both of these endpoints that may reduce community access to both the quality and availability of water, including: water usage for raw material commodities, including cotton and cattle (leather); the usage of water in processes related to recycling materials, including recycled polyester; and other related impacts not yet identified in our upstream due diligence system. We also recognize that there may be potential adverse impacts on HRDs at the far upstream endpoint of the value chain (e.g., raw material harvesting) as it relates to HRDs advocating for local livelihoods or land rights and their ability to do so without interference from producers or other actors, this includes vulnerable groups such as Indigenous Peoples.

Any material negative impacts that occur are typically individual incidents. This may include, for example, isolated incidents in our supply chain where we have found HRDs to have been unfairly dismissed, discriminated against, or intimidated in breach of our Workplace Standards. Negative actual impacts related to water and sanitation have also been individual incidents, such as local community reports of improper waste disposal in communities near supplier facilities. Such reports are investigated, and facilities must take immediate remediation actions.

Our stakeholder engagement allows us to develop a better understanding of how affected communities may be at greater risk of harm. To facilitate engagement with affected communities, we maintain an active, open, and ongoing dialogue with local and international non-governmental organizations (NGOs), labor rights advocacy groups, human rights advocacy groups, trade unions, investors, analysts, national and international government agencies and academics. This helps us gain local insights to identify and address the most important impacts that our upstream business activities can have. adidas' stakeholders are a diverse group, which translates into a diverse range of engagements, some of which are continuous and span many years, and some of which are targeted, based on current issues or trends requiring critical feedback.

Impact, risk and opportunity management

S3-1 – Policies related to affected communities

S3-1 – Policies related to affected communities

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Human Rights Policy	Defines our commitment to human rights and the protection of the environment, alongside the measures implemented to fulfill our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	All own operations, Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with all applicable parties; available for all employees
Human Rights Defenders Policy	Committed to respecting HRDs' rights, adidas has a long-standing non-interference policy for HRD activities, including campaigns linked to our operations. We expect business partners to follow this policy, ensuring HRDs' lawful actions and freedoms are not restricted. This policy addresses instances where workers' HRD activities are repressed by suppliers or others.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environmental Affairs	UN Special Rapporteur on HRDs	Broad consultation with advocacy groups on the development of the guidelines	Accessible on corporate website
Workplace Standards	Contractually binding requirements applicable for our suppliers' factories, covering health and safety, labor rights and environmental protection.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environmental Affairs	ILO conventions, model code of conduct of the World Federation of Sporting Goods Industry (WFGSI)	Revisions have taken place in direct consultation with labor rights groups	Accessible on corporate website and directly shared with suppliers
Environmental Guidelines: Wastewater Discharge	Describes water management expectations as well as practices to maintain high water discharge quality.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Consideration of ZDHC wastewater guideline and ZDHC MRSI	ZDHC	Accessible on corporate website
Environmental Good Practice Guideline and Toolkit	Describes requirements for suppliers and industry best practices, i.e. for water management.	Upstream (Tier 1 and Tier 2 suppliers)	SVP Sourcing and Product Operations	Reference given by Waterwise – UK based organization providing reference on water efficiency	Third-party environmental consultancy	Accessible on corporate website
Guidelines on Employment Standards	Describes suppliers' human rights due diligence obligations and protections against discrimination.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environmental Affairs	Reference various international conventions and standards on international labor rights and human rights	Broad consultation on the development of the guidelines	Accessible on corporate website and directly shared with suppliers

While adidas does not have a specific policy regarding community economic, social, and cultural rights, such as access to clean water and sanitation, we are aware of today's global environmental challenges and their impact on people and communities. This is reflected in our Human Rights Policy and Human Rights Defenders Policy as well as in our Environmental Guidelines. These inform the implementation of measures in our own operations and those of our business partners to minimize impacts on affected

communities, including those arising from climate change, biodiversity, water, use of hazardous chemicals and waste.

Similarly, our policies related to affected communities are not stand-alone policies but are rather incorporated into a broader set of documents, including our Human Rights Policy, Workplace Standards, and Environmental Guidelines. Our Human Rights Policy and Workplace Standards are fully aligned with the UN Guiding Principles on Business and Human Rights (UNGPs), International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises with regard to inclusion of internationally recognized human rights and labor rights as outlined in these international instruments. Further, our approach is aligned with UN and ILO guidance on vulnerable groups, including Indigenous Peoples.

Our stance on HRDs is included in our Human Rights Policy: We acknowledge human rights advocates and are committed to offering remedy for any adverse impacts caused by our business activities. Moreover, adidas commits to not interfere with the work of human rights defenders and to take protective action when freedoms are threatened in connection with adidas business activities, using our leverage with relevant authorities when appropriate.

The processes for monitoring compliance with the UNGPs, OECD Multinational Enterprises (MNE) Guidelines, and ILO Declaration on Fundamental Principles and Rights at Work are outlined in detail in ▶ **S2 WORKERS IN THE VALUE CHAIN**. For affected communities, our main monitoring mechanism is the third-party complaints procedure (see below for a detailed description).

adidas' Human Rights Policy commitments embrace all internationally recognized human rights from the standards included in the policy table above. Where there is potential for adverse impacts on vulnerable individuals or groups, we will also consider other international standards and principles that elaborate on the rights of such individuals or groups, including Indigenous Peoples, women, national, ethnic, religious, and linguistic minorities, children, disabled people, migrant workers and their families, and HRDs. These include, for example, the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child.

Respecting the rights of Indigenous Peoples

Although no official policy exists, adidas has published a clear position on addressing and preventing impacts on Indigenous Peoples – generally identified as tribal or first nations peoples whose social, cultural, and economic conditions distinguish them from other sections of their national community. Their relationship with the land and natural resources on which they depend is inextricably linked to their identity, culture, livelihoods, and physical and spiritual well-being. As a result, Indigenous Peoples are often disproportionately affected by climate change, environmental degradation, loss of resources and displacement, and face high levels of poverty and poor access to education, and health.

adidas is committed to respecting the rights of Indigenous Peoples in line with the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention No. 169 (Indigenous and Tribal Peoples Convention). In the upstream value chain, while we have no direct interaction with Indigenous Peoples or affected communities' lands and territories, we require suppliers of raw materials – such as cotton and natural rubber – to conduct human rights and environmental due diligence, to follow standards, and where appropriate to secure certifications that take into account the rights of Indigenous Peoples. We furthermore require our manufacturing partners to obtain free, prior and informed consent (FPIC) for any greenfield developments that may require land acquisition in proximity to tribal areas, or in locations where land rights have been disputed. We have based our approach and expectations on the International

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Finance Corporation's (IFC) Performance Standard No. 7: Indigenous Peoples and related IFC guidance on land acquisition.

Indigenous Peoples may also face exploitation or misappropriation of their cultural and economic rights. When marketing and designing products, adidas strives hard to respect the cultural property of Indigenous Peoples, including: Indigenous artwork, designs, symbols and other forms of their cultural, religious or spiritual expression. We have conducted internal training to raise awareness of the importance of protecting such rights.

Our stakeholder engagement/How we engage with stakeholders

We seek dialogue and exchange with stakeholders who act as the legitimate representatives and/or credible proxies of the affected communities we may have an impact on through our supply chain activities, recognizing their role in informing our due diligence processes and developing effective remedies. We communicate regularly and transparently about our efforts to ensure respect for human rights, including reporting on our human rights efforts in line with applicable non-financial reporting standards, and participate in specialist forums to share lessons learned and develop best practices for our industry.

In the first instance, the key party managing relationships with their local community and handling any complaints is the respective supplier. We engage with affected communities and their legitimate representatives and/or credible proxies upon receiving information, including third-party complaints, about the actual and potential material impacts stemming from our business activities that may affect them. To understand their needs, we have a diverse range of engagements through forums, discussions and other forms of direct communication, some continuous engagements that build upon organizational relationships established over decades, and some others that are targeted based on current issues or trends requiring critical feedback. We maintain an open dialogue with local and international NGOs, labor rights advocacy groups, human rights advocacy groups, trade unions, investors, analysts, and national and international government agencies. We communicate with communities on an ad hoc, as-needed basis, which includes both direct engagement as well as participation in specialist forums to share lessons learned and develop best practices for our industry.

The function primarily responsible for ensuring that engagement with affected communities takes place and for incorporating affected community needs into our overall approach is the Social & Environmental Affairs (SEA) department, which reports to the CEO through the General Counsel.

adidas implements robust due diligence measures to avoid causing or contributing to adverse human rights impacts through our own activities, and to address and remediate such impacts when they occur. We also seek to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products, or services through our business relationships, even if adidas has not directly contributed to those impacts. We exercise our leverage and, where necessary, increase it to address negative human rights impacts arising from our business relationships.

Measures to provide and/or enable remedy for human rights impacts

Our Human Rights Policy emphasizes the importance of due diligence processes to enhance our influence to address adverse human rights impacts. We are committed to providing for, or cooperating in, the remediation of adverse human rights impacts which we have caused or contributed to, and we will seek to cooperate in the mitigation and remediation of adverse impacts where we are linked to these through our business relationships.

To complement our due diligence processes, our third-party complaints mechanism provides adequate access to remedy for affected parties. Our third-party complaints procedure for Human Rights & Environmental Impacts, established in 2014, is a channel for reporting any potential or actual human rights or environmental harm linked to adidas' operations, products or services, and is open to any individual or organization directly affected by an issue, or any organization representing directly affected individuals or communities. As part of the mechanism, at the end of each year we communicate how many third-party complaints we have received related to labor or human rights violations and the status of those complaints (i.e., under investigation, successfully resolved, etc.) by publishing them on our corporate website. During the reporting period, we did not register any cases that involve affected communities in our own operations or in our upstream supply chain. The majority of the complaints were received from trade unions and labor and human rights advocacy groups, related to workers in our supply chain.

Separately, through a supplier self-reporting mechanism (community complaints reporting mechanism), we also track incidents that may potentially affect community water and sanitation. This is described further in S3-3.

S3-2 – Processes for engaging with affected communities about impacts

Our approach to engagement with stakeholders – including with affected communities and their legitimate representatives and/or credible proxies, is described above (S3-1).

adidas uses its stakeholder engagement, as stated above, to gain insights into the perspectives of affected communities. This especially includes vulnerable groups, minorities, or those whose circumstances open them up to exploitation or the abuse of their rights and who may be particularly affected by adverse impacts. It is for this reason that we have developed specific programs and initiatives to address topics such as child labor, migrant labor, forced labor, trafficking and women's rights. We take a holistic approach to upholding women's rights, ensuring gender equality and protecting against all forms of gender-based discrimination, both internally and through our business relationships. We aim to bring a gender lens to our strategic suppliers' operations to ensure that all workers enjoy the same opportunities, rights, and obligations.

Our approach to minimizing impacts on Indigenous Peoples, including our requirements for raw materials suppliers and manufacturing partners, is described in the section above (S3-1). adidas is also a founding member of Better Cotton. The Better Cotton Standard System outlines a High Conservation Value (HCV) approach to cotton farming. This means that before Better Cotton farmers can convert any land to cotton production, they must complete an HCV assessment. The assessment guides them to collect field data, consult with local stakeholders such as community leaders and Indigenous Peoples, and analyze any existing information to identify HCVs in their landscape. Once farmers have identified HCVs, Better Cotton helps them manage and protect them.

Evaluating our stakeholder engagement

Given the scale of the global supply chain, adidas only has targeted engagement with local communities where incidents trigger the need for investigation, direct engagement and dialogue with local stakeholders. As such, there is currently no specific process to formally evaluate the effectiveness of adidas' engagement with affected communities. Our primary focus is on addressing any identified adverse impacts on affected communities that may be raised through our third-party complaints mechanism and/or stakeholder engagement with credible proxies and/or legitimate representatives of affected communities. For the former, processes are in place to validate the resolution of the case with the affected party, which is a means to evaluate the effectiveness of the corrective/remedial action. Our incident handling procedure lays out guidance to factories on how to manage issues related to adverse impacts on

affected communities regarding water/sanitation, and to track the management of such cases as they arise.

S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

adidas' range of grievance channels includes the third-party complaints mechanism described above, which is the main channel for affected communities to raise concerns. We have also implemented a community complaints reporting mechanism, which is a component of our Major Incident Report Protocol. This allows suppliers to report to the SEA team if they receive local community complaints linked to their manufacturing operations, as described further below.

We are committed to providing for or cooperating in the remediation of adverse human rights impacts on affected communities that can be potentially caused in the areas of water and sanitation and human rights defenders:

– **Water and sanitation:** Any complaint received either directly from local communities or through other sources (local government, media reports, NGOs, etc.) regarding impacts on communities allegedly caused by or related to factory operations should be reported by the supplier to the SEA team through the community complaints reporting mechanism. The process requires a supplier factory to briefly explain any complaints, including, but not limited to, the following information:

- Who the complainant is,
- When and how the factory received the complaint,
- Details of the complaint,
- Follow-up action e.g., the factory's investigation plan.

– The factory should provide updates during the process and again once the follow-up action is complete:

- Update on the outcome of the investigation, action(s) taken and any supporting documents.
- Any communication to the local community and the complainant about the actions taken to settle the complaints as well as any measures established to prevent reoccurring incidents.

– **Human rights defenders (HRDs):** We will provide for or cooperate in the remediation of adverse impacts related to HRDs by taking one or more of the following actions, where relevant:

- We take direct action where there is clear evidence that one of our business partners has violated the rights of HRDs. In each case, our efforts and choice of action will be informed by the situation as it presents itself and the extent of leverage we can bring to change the identified behavior.
- We seek constructive engagement – whether alone or in cooperation with other actors – with governments where we believe that the rights and freedoms of human rights defenders with whom we engage have been impinged by the activities of the state or its agents.

– In cases where negative impacts on HRDs are identified through our third-party complaints mechanism, we will follow the steps outlined in the mechanism to follow up and take remedial action.

These grievance channels and the complaints procedure are an integral part of adidas' Human Rights and Environmental Due Diligence (HREDD) system. As such, adidas evaluates the effectiveness of the processes annually and/or as needed. We use the feedback from complainants and other affected stakeholders to drive continuous improvement. The number of complaints received and their status (e.g., ongoing, closed) are published on our website, as is a summary and analysis of the cases handled each year.

The extent to which affected communities are aware of and trust these structures or processes is dependent in large part upon our engagement with stakeholders, such as the credible proxies or legitimate representatives of such affected communities. adidas does not currently have a structured approach to assessing this. We do have a non-retaliation policy to protect complainants, which is included in the third-party complaints procedure described above.

S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Water and sanitation-related actions

Our actions to respond to a particular actual or potential negative impact on affected communities with regard to water and sanitation are informed by the outcomes of investigations into cases reported by our suppliers through the community complaints reporting mechanism outlined below. The guiding principle in taking any action to respond to negative impacts on affected communities is to secure complainant satisfaction with the outcomes of actions taken and to achieve sustainable remediation through preventive actions to avoid reoccurring incidents.

- In 2023, we revised the supplier Major Incident Report Protocol by adding a new community complaints reporting mechanism, a channel through which suppliers should report any complaints received from local communities. This applies to all Tier 1 suppliers, Tier 1 subcontractors and strategic Tier 2 suppliers under adidas' environmental and social compliance program coverage. The mechanism is intended to provide visibility if any concerns related to negative impacts on community access to clean water and sanitation are raised with suppliers, as well as how the supplier handles, follows up and closes the issue if verified. Case handling is managed by the supplier who has the relationship with the respective local community.
- We also track compliance with basic environmental requirements for supplier facilities with legal standards for air emissions, wastewater effluent discharges, waste disposal and water extraction to prevent negative impacts on local communities and the environment. All actions are ongoing.

Resources used for these actions: The SEA team is responsible for the monitoring and managing the community complaints mechanism and works closely with suppliers on the handling and remediation of individual cases. SEA also engages with the Sourcing Sustainability function to manage the coordination of environmental compliance program implementation and delivery of annual environmental assessments at the supplier level. In certain cases where additional expertise is required, SEA will commission independent third-party investigations to evaluate environmental impacts and propose mitigation measures or other remedial actions.

HRD-related actions

Our actions and efforts to respond to adverse impacts related to HRDs are informed by the specific case or situation as it presents itself and the extent of leverage we can bring to change the identified behavior. To identify what actions are needed and appropriate, we directly communicate and engage with affected parties, such as local labor organizations, local NGOs, governments and authorities as necessary to resolve the issue, always aligning with international human rights standards and local labor regulations. We do so with the goal to find effective and lasting remedies tailored to the case-specific situation.

We regularly track and monitor potential impacts on HRDs to ensure they do not occur in our operations or supply chain. One way to track whether such impacts materialize is through our third-party complaints mechanism.

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Resources used for these actions: The SEA team is responsible for the overall management of all complaints received through our third-party complaints mechanism – including any material impact on human rights defenders.

How we address potential negative impacts

adidas believes in transparently reporting any severe human rights issues and incidents connected to affected communities.

Our approach to addressing negative impacts related to water and sanitation in communities is linked closely to our supply chain compliance program. As we identify such negative impacts through the new community complaints reporting mechanism, we rely on suppliers to support in taking action to resolve such impacts.

With regard to negative impacts related to water and sanitation, we ensure that remedial action will take place by working in close collaboration with our suppliers, who are the primary recipients of community complaints through the mechanism described above.

During the reporting period, there was one relevant case within the scope of the material topics of water and sanitation, and we have taken action to address the negative impacts identified to support in the remedy of these impacts.

In 2024, we received a community complaint through the supplier Major Incident Report Protocol in Indonesia, related to a Tier 2 supplier facility's impacts on the local community. The complaint alleged that the facility's operations caused local flooding, which adversely impacted the community. The facility has been required by adidas to take measures to update its rainwater run-off systems to prevent future flooding. Furthermore, in December 2024, adidas required the facility to commission an independent third-party investigation to validate that measures to enhance the rainwater run-off systems are effective and to review the facility's compliance with all relevant local environmental regulations and permits.

Our approach to addressing negative impacts related to HRDs is outlined in our Human Rights Defenders Policy statement. Wider industry and collaborative action with relevant parties – including international trade unions, advocacy groups and NGOs and other external stakeholders – is often required to address material negative impacts on HRDs. We also commit to constructive engagement with governments where we believe the rights and freedoms of human rights defenders have been impinged by the activities of the state or its agents. This may apply, for example, in cases where there are credible reports of an HRD being threatened, intimidated, or detained by the police or government officials.

We have taken action to support advocacy groups which we consider to be HRDs to operate freely in contexts where governments have targeted such groups. In response to actions taken by the government in Cambodia to restrict local labor and human rights organization CENTRAL, adidas joined 18 other apparel and footwear companies sourcing from Cambodia in issuing ▶ **A JOINT STATEMENT** in September 2024, calling for the immediate cancellation of its investigation into CENTRAL and ensuring respect for civil society and freedom of speech.

To remediate negative impacts related to HRDs, we adhere to the process outlined in our third-party complaints mechanism – where cases of negative impacts on HRDs are received through this channel. In other cases, where negative impacts on HRDs may be identified through social compliance audits, we adhere to the processes related to social audit non-compliance corrective action, described in ▶ **S2 WORKERS IN THE VALUE CHAIN**.

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Our approach to water/sanitation is closely linked to supplier conformance with our Environmental Standards, which is monitored by SEA's Environmental Assurance program. With regard to HRDs, we seek to avoid causing or contributing to material negative impacts by monitoring supplier compliance with our Human Rights Policy and our Workplace Standards, which outline expectations for the fair and equal treatment of all employees, including those who may be considered HRDs.

We have allocated adequate human resources to the management of material impacts. The SEA team, a specialist group function within Global Legal, oversees human rights and environmental due diligence for adidas and manages supply chain compliance with the Workplace Standards. The 37-person team is global in nature, with staff based in a dozen countries, mainly our major sourcing countries, as well as Germany and the United States. Each SEA team member is dedicated to due diligence and to maintaining social and environmental compliance at a full-time (100%) capacity.

The SEA team works collaboratively with colleagues in the Sourcing Sustainability function, who have a mandate to remediate environmental impacts and measure the delivery of our key suppliers' overall environmental performance, against published targets. See ▶ [SEE ESRS E2 POLLUTION](#).

How adidas manages the identified potential material impacts on water and sanitation accessibility (related to communities' economic, social and cultural rights) and impacts on human rights defenders (related to communities' social and political rights) is detailed in the sections above.

Metrics and targets

S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Given the very low frequency of cases that are being managed, we currently do not have time-bound, outcome-oriented targets with regard to reducing negative impacts on affected communities or advancing positive impacts on affected communities.

Because we take any potential or actual negative impact on communities as a material concern, including any negative impacts stemming from large-scale pollution or other events that impact access to clean water and sanitation, we encourage our suppliers to provide us with early notification of any major incidences or issues and have developed a more formal tracking mechanism since 2023.

We track the effectiveness of our policies and actions related to our potential impacts on affected communities with regard to water and sanitation and HRDs through the volume of complaints received on these topics through the established processes and grievance mechanisms described in previous sections.

Consumers and end-users

At adidas, our business model is centered around our consumers. We focus on understanding and addressing what matters most to them by delivering high quality, safe products, the service they expect and the experience they need. Through our marketing practices, we embrace diversity in all its forms, while upholding our responsibility to data privacy.

Impacts, risks and opportunities

Impacts

— Responsible marketing practices

As part of our dedication to responsible marketing practices, we recognize the profound impact that marketing strategies can have on the mental and psychological well-being of our consumers

— Environmental claims

Environmental claims in advertising should be accurate and not misleading. Consumers should have all relevant information about the product before making a purchasing decision

Risks

— Privacy

Risk of administrative fines, individual legal claims, or other administrative action through missing implementation or maintenance of a privacy management

— Health and safety

Risk of non-compliance with regulatory requirements which could lead to voluntary or mandatory product recalls, returned stock and herewith lead to penalties, fines or reputational damage

Key metrics & actions

At adidas, we are dedicated to maintaining the highest standards of data protection, safeguarding the well-being of our consumers, and promoting ethical marketing practices that resonate with our values of diversity, equity and inclusion. As a result, these actions and commitments are reflected in our daily operations.

Privacy

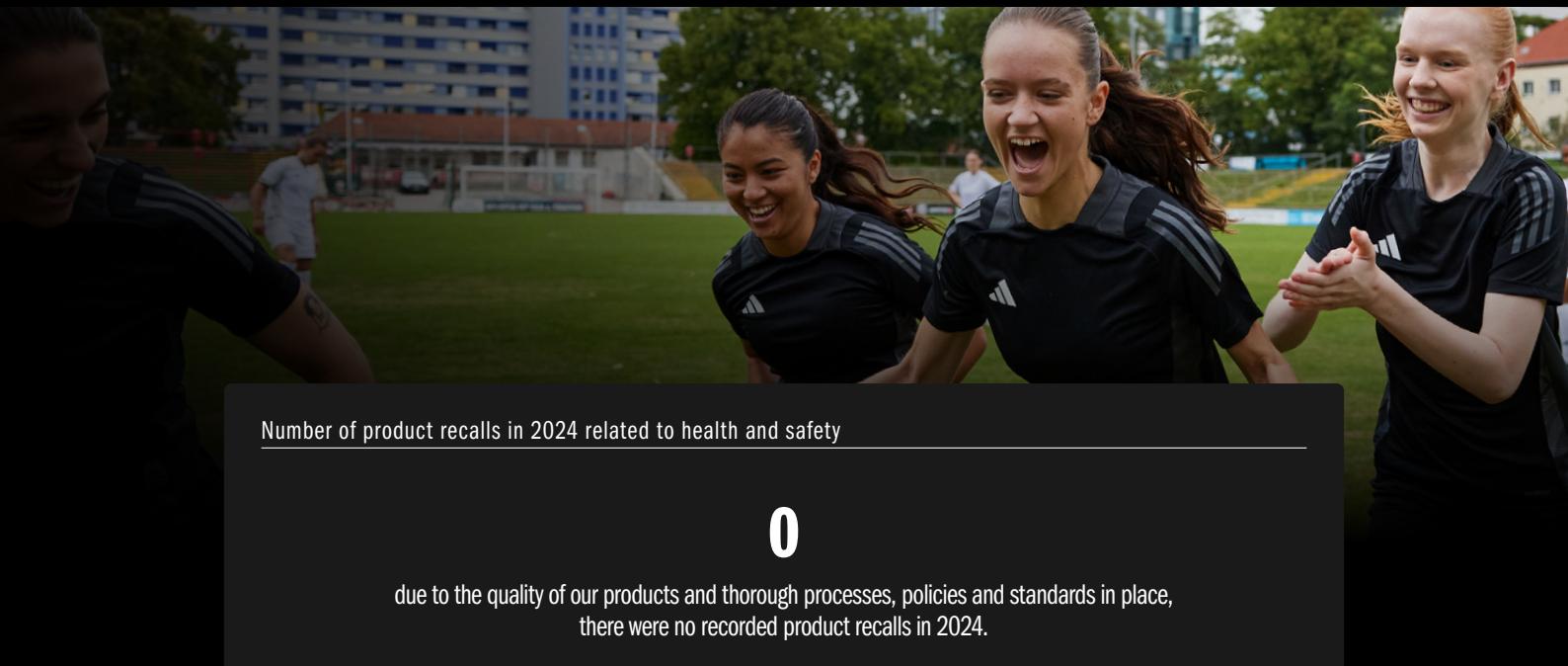
Integration of robust privacy management systems into our business practices, including regular audits, employee training, and the adoption of security technologies.

Health and safety

Implementation of company-wide product safety policies and standards that covers all aspects of a specific product.

Responsible marketing practices

Appropriate and proactive measures, such as sentiment analysis or a partner escalation process, are in place to safeguard our brand and ensure that our brand values are reflected.



Number of product recalls in 2024 related to health and safety

0

due to the quality of our products and thorough processes, policies and standards in place,
there were no recorded product recalls in 2024.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to consumers and end-users in the management of our business. An overview of these policies can be found in the topical standard of S4.

ESRS 2 General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results concerning material impacts, risks and opportunities for matters related to consumers and end-users from our double materiality analysis are as follows:

SBM-3 – Consumers and end-users and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Privacy	Risk	n.a.	Short-term	Down-stream	Failure to implement and maintain effective privacy management, especially in times of strong digital growth, could result in the inability to effectively convert privacy principles into operational business processes and thereby the non-compliance with or violation of legal requirements (such as the EU's General Data Protection Regulation – GDPR). This could result in administrative fines, individual legal claims, or other administrative action, such as business operations restrictions upon complaints, audits, or lawsuits.
Health and safety	Risk	n.a.	Short-term	Down-stream	We expect an increase in regulatory requirements, e.g., in the EU regarding usage of chemicals. These (regional) requirements can lead to an increasing risk of non-compliance. Claims of non-compliance with legal requirements, applicable voluntary or mandatory standards for product quality or product safety could lead to voluntary or mandatory product recalls, returned stock and lead to penalties, fines, personal injury claims or reputational damage.
Responsible marketing practices	Negative Impact	Actual	n.a.	Down-stream	At adidas, we are committed to fostering an inclusive and positive environment for all our consumers. As part of our dedication to responsible marketing practices, we recognize the profound impact that these practices can have on the mental and psychological well-being of our consumers – either through us or our marketing partners. This includes, e.g., any form of communication that unfairly targets or excludes certain groups based on race, gender, age, or other characteristics and that can have detrimental effects on the mental health and overall well-being of consumers.
Responsible marketing practices	Negative Impact	Potential	Short-term	Down-stream	Environmental claims in advertising should be accurate and not misleading. Consumers should have all relevant information about the product before making a purchase decision. If not, consumers could purchase a product that does not meet their expectations, which could negatively impact their trust in our brand and leave them financially dissatisfied.

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We do not expect any presented risks related to consumers and end-users to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Connection between the negative impacts and adidas' strategy and business model

RESPONSIBLE MARKETING PRACTICES: DISCRIMINATIVE MARKETING

At adidas, our business model is centered around our consumers. We focus on understanding and addressing what matters most to them by creating the products they desire, offering the service they expect, and providing the experience they need. Our goal is to reach sports and fashion enthusiasts worldwide, ensuring inclusivity regardless of race, gender, age, or other characteristics. Our values, standards and business model inherently oppose discrimination, as we aim to deliver our products and services to all potential consumers, embracing diversity in all its forms. We are committed to spreading this message through our marketing practices, which are essential for building brand desirability and attracting consumers. Our marketing practices focus on inspirational and innovative concepts that drive consumer advocacy, build brand equity, and increase demand. By aligning our marketing efforts with our business model, we prioritize consumer engagement and loyalty while actively working to prevent any form of discriminative marketing.

RESPONSIBLE MARKETING PRACTICES: ENVIRONMENTAL CLAIMS

Regarding environmental claims, we prioritize accuracy and transparency in our marketing messages to maintain consumer trust and align our business practices with our long-standing commitment to sustainability – which spans over two decades. Our commitment is rooted in our purpose, 'Through sport, we have the power to change lives.' In 2021, we further sharpened our focus on sustainability and defined a decarbonization roadmap for 2030 and beyond, aimed at creating and driving positive impact. We will continue to empower our employees to become sustainability ambassadors and invite our global consumers to engage and connect with us on sustainability initiatives.

Relationship between material risks and adidas' strategy and business model

PRIVACY

The effective implementation and maintenance of privacy management are paramount. Failure to convert privacy principles into operational business processes can lead to data breaches and violations of legal requirements. Such incidents could result in administrative fines, individual legal claims, or other administrative actions, such as business operation restrictions following complaints, audits, or lawsuits.

Scope of consumers and/or end-users

Given the nature of our products and services, all of our consumers and end-users can be subject to the material impacts or risks outlined in this chapter. Consequently, we do not generally categorize or specify consumer types.

Regarding privacy, we require users to be of the age of consent (16 and older in the European Union (EU)/the European Economic Area (EEA)) to use our platforms and provide information. This approach is designed to minimize privacy risks for children. Generally, we address the following consumers regarding privacy issues:

- consumers aged 16 and older who use any of the adidas platforms (website, apps),
- consumers aged 16 and older who create a membership account/profile via any of the adidas platforms (website, apps),
- consumers who interact with our customer service agents via adidas platforms (website, apps), and

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— consumers who provide information to our employees at retail stores.

At adidas, we recognize the importance of providing accurate and accessible product-related information to our consumers and end-users. Through labels, manuals, digital platforms, and customer support, we aim to ensure that our products can be used safely, preventing any potential damage or misuse.

Our product range, including apparel, footwear, and accessories and gear, is designed to be safe, not inherently harmful, and does not increase the risk of chronic disease. We conduct rigorous product testing to comply with safety standards, provide clear usage instructions, as well as maintain full transparency on the material mix of our products. This commitment is designed to ensure the safety and well-being of our consumers and end-users.

Additionally, we require all our business relationships and supply chain partners to adhere to high health and safety standards. As a result, no specific consumers or end-users with particular characteristics, or those using particular products or services, are at greater risk of harm.

As described above, there are no specific consumer or end-user groups that are more or less vulnerable in terms of health and safety or privacy concerns. For example, a potential data breach can affect any consumer. However, regarding brand partnership marketing, we recognize the importance of understanding how our brand partnership marketing activities may impact our diverse consumers and end-users, particularly those with specific characteristics or those using particular products or services. While it is challenging to foresee and manage every potential occurrence, we have implemented several measures to develop a comprehensive understanding. Our consumers and end-users include a diverse group of individuals. We acknowledge that brand partnership marketing can influence all these groups in various ways. Particularly vulnerable consumers and end-users are those who may be discriminated against for one or more of the following actual or perceived characteristics:

- race, color, ethnic or national origin,
- age,
- religion or belief,
- disability,
- sex, sexual orientation, pregnancy, or related medical conditions,
- gender identity, status, or expression,
- nationality, immigration status, citizenship, or ancestry,
- physical or mental ability, condition or characteristics, or
- any other basis prohibited under local law.

The list is not exhaustive and may be supplemented by local law.

The identified material negative impacts related to responsible marketing practices are isolated incidents rather than widespread or systemic issues. By ensuring that our marketing efforts are tailored and specific, we minimize the risk of broad negative impacts on our consumers.

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SBM-3 – Material negative impacts – systemic or widespread

Material topics	Material negative impacts – systemic or widespread
Responsible Marketing Practices: Discriminative marketing	Individual – When it comes to our marketing through partnerships, e.g. with other brands, sports teams, athletes, creative partners, innovation partners, or events, any occurrence of our negative impact on consumers is neither systemic nor widespread due to the unique and specific nature of our partnerships.
Responsible Marketing Practices: Environmental claims	Individual – Similarly to the above, any negative impact on consumers resulting from misinformation on environmental claims is also individual, and neither systemic nor widespread due to the unique and specific advertisement of individual products.

The material risks we identified and assessed are related to the topics of privacy as well as health and safety.

Impact, risk, and opportunity management

S4-1 – Policies related to consumers and end-users

To prevent or mitigate any form of risks or negative impacts on consumers and end-users concerning privacy, health and safety, and responsible marketing practices, we have several policies in place. We have established mechanisms to ensure all our policies are regularly revisited and updated as necessary.

Policies related to privacy risk

S4-1 Policies related to privacy

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Global Privacy Management Policy	Outlines adidas' privacy ambition, principles, and framework. It also sets expectations for third-party suppliers on managing personal information for adidas.	Downstream (all consumers globally)	Global Privacy Officer	n.a.	Internal content experts	Available for all employees
Global Deletion Policy	Presents adidas' approach to deleting personal information as part of the Global Privacy Management Policy and sets expectations for third-party suppliers on managing personal information for adidas.	Downstream (all consumers globally)	Global Privacy Officer	DIN 66398 Guideline for developing a data deletion concept with derivation of deletion periods for personal identifiable information European retention periods	Internal content experts	Available for all employees
Information Security Policy	Defines adidas' strategy to maintain moderate security risk and regulatory compliance, ensuring the confidentiality, integrity, and availability of assets, including information, data and services, through established standards and practices.	Downstream (all consumers globally)	Chief Information Officer (CIO)	n.a.	Internal content experts	Available for all employees
Acceptable Use Policy	Documents the expected use of adidas assets, permitted personally owned devices, adidas data and security responsibilities of adidas users and third parties in the course of their job.	Downstream (all consumers globally)	Chief Information Officer (CIO)	n.a.	Internal content experts	Available for all employees

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S4-1 Policies related to privacy

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Information Classification Policy	Outlines the protection of adidas' information assets by employees or contractors through classifying information based on sensitivity and value, applying suitable security controls for each level.	Downstream (all consumers globally)	Chief Information Officer (CIO)	n.a.	Internal content experts	Available for all employees
Access Control Standard	Defines the requirements of access related controls (as specified in NIST SP 800-53 Rev. 5) for employees, contractors or consultants in the context of adidas.	Downstream (all consumers globally)	Chief Information Officer (CIO)	National Institute of Standards and Technology (NIST SP 800-53 Rev. 5)	Internal content experts	Available for all employees

adidas has policies, standards and blueprints (like processes, procedures, guidelines, and manuals) in place which apply to all adidas entities around the globe. In these documents, adidas has defined an information security management system (ISMS) for the development, introduction, operation, and further enhancements of adidas information security capabilities. This risk-based approach ensures that relevant security objectives are met. The ISMS is built on the principles of Govern, Identify, Protect, Detect, Respond and Recover (in accordance with the NIST SP 800-53 Rev. 5 framework) to ensure performance measurement and continual improvement.

Policies related to our health and safety risk

S4-1 Policies related to health and safety

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
adidas Policy for the control and monitoring of hazardous substances	Defines clear requirements, handling and process flow for informing, testing and certifying compliance regarding possibly existing critical hazardous substances in adidas products and materials.	Downstream (all materials and products; amendments or exclusions for e.g., special licensee non-sporting goods products are highlighted in the respective manuals)	SVP Sourcing and Product Operations, General Counsel	'Restricted Substances List' of Apparel and Footwear International RSL Management, global regulations and scientific best practice	Material teams and Sourcing experts	Accessible on corporate website; available for employees on the Sourcing & Product Operations SharePoint

Policies to tackle our responsible marketing practices impacts

S4-1 Policies related to responsible marketing practices

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Sustainable Ingredient and Concept Standard Definition Standard Operating Procedure (SOP)	Sets the framework for sustainable ingredients and concepts for adidas products, detailing the lifecycle and roles and responsibilities. It includes templates, change management and exceptional handling. Product sustainability claims must meet this standard and be validated according to the Sustainable Product Validation SOP.	Downstream (all adidas brand products with sustainability claims globally)	SVP Sourcing and Product Operations	n.a.	Internal content experts	Available for all employees

S4-1 Policies related to responsible marketing practices

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Sustainable Product Policy	Defines sustainability terms and the governance framework, outlining cross-functional and inter-departmental roles, responsibilities and key milestones. It sets the framework to substantiate adidas' sustainability claims for all consumer groups.	Downstream (all adidas brand products with sustainability claims globally)	SVP Sustainability and ESG	n.a.	Internal content experts	Accessible via the Sustainability SharePoint
Brand Partnerships Policy	Provides information about important processes and guidelines within sports marketing, culture marketing and product collaborations.	Downstream (all brand partnerships globally)	SVP Brand Partnerships	n.a.	Internal content experts	Available for all employees
Brand Partnership Escalation Process	A brand partner's actions and image can enhance or also damage the brand. To avoid subjective judgments, this document outlines the process for addressing critical partner behavior.	Downstream (all brand partnerships globally)	SVP Brand Partnerships	n.a.	Internal content experts	Available for all brand partnerships
Sports Marketing Contracts Policy	Establishes best practice in respect of the drafting, negotiation, approval and management of sports marketing contracts involving any of the adidas brands and sports marketing assets.	Downstream (all sports marketing contracts above defined threshold globally)	General Counsel	n.a.	Internal content experts	Available for all employees
Human Rights Policy	Defines our commitment to respect human rights and safeguard the environment, alongside the measures implemented to fulfil our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own operations (all entities globally), upstream (suppliers), downstream (business partners, consumers and end-users)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with suppliers; available for all employees
Fair Play Code of Conduct	Stipulates that every employee and our business partners shall act ethically in compliance with the laws and regulations of the legal systems, where they conduct company business, and provides guidance on issues including anti-corruption, anti-bribery, and whistleblowing.	Downstream (all consumers globally)	Executive Board	n.a.	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website; available for all employees

adidas is committed to respecting and promoting the fulfillment of human rights throughout the entire value chain and for its consumers. Human rights are fundamental rights and freedoms for everyone based on dignity, fairness, equality, and respect. Our policy addresses our commitment to due diligence in our own operations, products and services, business relationships and toward our consumers globally.

Since its inception in 1997, our human rights program has been built on extensive stakeholder outreach and dialogue, aiming to understand and address the most relevant issues to address. Our active engagement includes participating in specialist forums to share lessons learned and develop best practices for our industry.

Our Human Rights Policy aligns with international instruments such as the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the

OECD Guidelines for Multinational Enterprises. No cases of non-respect with these principles, involving consumers and/or end-users, have been reported in the adidas downstream value chain during the reporting year.

Please refer to chapters S1 Own workforce and S2 Workers in the value chain for further descriptions on adidas' Human Rights Policy. ► [SEE ESRS S1 OWN WORKFORCE](#) ► [SEE ESRS S2 WORKERS IN THE VALUE CHAIN](#)

S4-2 – Processes for engaging with consumers and end-users about impacts

The adidas Brand Insights department plays a crucial role in streamlining insights across markets, categories, consumers, and competitors by monitoring, surveying, and tracking consumer behavior. This department comprises the following teams:

- **Marketing & Consumer Insights**, which focuses on understanding broad consumer behavior, perception of our brand, and brand health,
- **Category Insights**, which formulates insights based on the specific needs of our product categories, e.g., Football, Running, etc., and
- **Brand Insights**, responsible for conducting regular market studies to gather comprehensive consumer data, such as brand funnel surveys or bespoke consumer research with leading agencies in the respective fields.

To gain consumer insights, we mostly use three types of data sources:

- Quantitative (structured) consumer survey data gathered for us from third-party providers (agencies, software-as-a-service (SaaS) providers). We work with agencies in the field who execute a brand perception and brand health survey in various countries annually – this type of data is collected continuously throughout the year (based on a rigid sampling plan).
- Behavioral data from digital data sources from social media platforms and search engines that are used by our target consumer such as Instagram, Tik Tok, Google – this data is sourced via SaaS partners who provide platform access and raw data (dashboards, files, API access). This type of data is always accessible.
- Qualitative consumer feedback on products, concepts, ideas, looks, and styles from focus groups, workshops and in-depth interviews. This data is gathered on an ad-hoc basis, pending requirements.

We gather data from consumers who buy into technical sports products, branded sportswear and streetwear, with a focus on

- The GenZ demographic
- Avid athletes and key opinion leaders in their area of expertise – e.g., outdoor athletes for discussions on trail running shoes , fitness instructors to discuss gym wear, etc.

This multifaceted approach to insights helps us gain diverse and credible perspectives that inform our decisions and activities aimed at managing the impact of our responsible marketing practices on our consumers. These activities are being managed by our Brand Insights & Planning team reporting into the SVP Brand Development.

Furthermore, our Brand Partnership Insights department leverages insights through online platforms and panel questionnaires to understand how our partners, such as clubs, athletes, and celebrities are perceived by consumers. We use digital tools and collaborate with agencies that conduct consumer surveys and collect specific data. This allows us to measure various aspects of our partners, including social media performance and brand fit. Additionally, we generate ad hoc reports for specific or special occasions. This comprehensive approach helps us understand the broader impact of our brand partnerships on consumer perception.

All insights related to our partners are being managed by the Brand Partnerships Operations, Insights and History Management team reporting into the SVP Brand Partnership.

Our organization employs a comprehensive approach to assess the effectiveness of our engagement with consumers and end-users. This process includes evaluating brand heat, consumer demand, and other relevant metrics to ensure that our strategies are aligned with consumer expectations and preferences.

In brand partnership marketing, we follow a structured yearly planning process to determine our portfolio strategies with all our partners. This process involves making informed decisions about continuing or initiating partnerships based on a potential partner's alignment with our brand values and objectives. Furthermore, we assess the brand association between athletes and consumers with our brand.

The outcomes of our assessments and engagements are documented and reviewed to guide future strategies and decisions. This iterative process helps ensure that our engagement with consumers and end-users remains effective and aligned with our organizational goals.

S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

In general, consumers can lodge complaints about any issues they want to address through various accessible and responsive channels. These channels include:

- Contacts provided by national adidas websites, as also detailed by the EU's General Product Safety Regulation (GPSR)
- Direct communication with our Customer Service team
- Specific adidas websites that are open for questions of any kind
- adidas complaint system (the customer complaint system adiComp tracks all consumer complaints at point of sales)
- adidas Key Account Management (potential consumer complaints on adidas products addressed to our wholesalers are channeled back via the respective account management)
- Whistleblowing system ▶ **SEE ESRS G1 BUSINESS CONDUCT**

Our customer service provider is contractually obligated to handle consumer complaints and requests, with an internal due diligence process overseen by business stakeholders to ensure compliance and effectiveness.

Our Policy and Stakeholder Engagement team is responsible for handling cases brought forward by NGOs, such as local or federal consumer organizations (German 'Verbraucherzentralen'). The team aims to ensure that we engage with stakeholders effectively and address their concerns promptly.

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As for our business relationships, we support and require the availability of complaint and feedback channels by focusing on relationship management and accessibility, specifically for key accounts and online communities. This ensures that our partners are equipped to handle consumer complaints and feedback effectively.

By maintaining open channels of communication and continuously improving our processes, we strive to provide effective remedies and uphold our commitment to responsible marketing practices as well as consumer satisfaction and safety. For further details, please refer to the section on taking action on responsible marketing practices. ► [SEE S4-4](#)

We track and monitor issues raised and addressed through various systems to ensure the effectiveness of our channels. This includes our customer service and the adidas complaint system (adiComp), which tracks, captures, and handles 100% of incoming consumer complaints and resolutions. For privacy cases, we use an automated individual rights request tool with KPIs and periodic reporting to monitor and assess its effectiveness. Customer service is tracked by customer service systems and processes, while emails to Global Privacy are handled manually by the Global Privacy team. Our customer service provider is contractually obligated to handle consumer complaints and requests, with an internal due diligence process overseen by business stakeholders to ensure compliance and effectiveness.

We have established various channels to ensure that our consumers can easily reach us and are aware of our various channels. They can approach our store staff anytime, consult our online and social media channels or use the Fair Play hotline (see S1 Own workforce for further information on the Fair Play hotline) for any type of inquiries. The fact that our consumers actively use these channels and reach out to us for support directly, demonstrates their trust in our services. For information on how we protect individuals from retaliation when they use our processes, please refer to G1 Business Conduct. The information provided about employees who filed a complaint also applies to consumers and end-users.

► [SEE ESRS S1 OWN WORKFORCE](#) ► [SEE ESRS G1 BUSINESS CONDUCT](#)

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Approaches to manage the privacy risk

To mitigate the risk, we have integrated robust privacy management systems into our business practices. This includes regular audits, employee training, and the adoption of security technologies to protect consumer data. By prioritizing privacy, we not only comply with legal standards, but also build consumer trust, which is essential for our long-term success.

Furthermore, privacy-related risks are fully considered in the adidas enterprise risk and opportunity assessment, which sets a standardized approach to identify, evaluate, and handle all relevant risks. To manage such risks, we identify the needed actions by carrying out dedicated impact assessments on all projects processing consumer data – in addition to our data protection impact assessment as required by Art. 35 EU GDPR. We furthermore consult applicable local legal requirements and authority guidance in case such requirements deviate from the General Data Protection Regulation (GDPR). More details can be found in the risk and opportunity report. ► [SEE RISK AND OPPORTUNITY REPORT](#)

Based on the outcome of our assessments, we implement necessary measures to ensure risk mitigation. If we determine that the risks remain high and cannot be mitigated, we do not proceed with the processing to ensure minimal risk exposure. To mitigate our risk, we conduct the above-mentioned data protection impact assessments and aim to ensure that necessary compliance measures are implemented.

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We have restrictive system and data access controls in place to ensure that our employees and suppliers access our systems and data strictly on a need-to-know basis. In addition, we have internal supplier due diligence processes in place to mitigate any negative consumer experiences that may result from our data processing supply chains. We conduct periodic spot checks to determine whether the measures in place remain sufficient, especially if there are changes in the level of risk that could increase the impact on individuals.

Our information security (InfoSec) measures include the so-called InfoSec initiative as well as further projects as described below. Some of these actions are already in place or in progress, while others are still planned.

InfoSec initiatives:

- Tighten security controls around the central secure file transfer services (File Transfer Protocol Secure – FTPS) – planned
- Security configuration management for critical technical components – planned
- Security assessment for consumer centers – in place
- Security assessment for local e-commerce providers – in place

Further projects:

- Container vulnerability scanning and level 1 compliance 2023 – in progress
- Office data retention rollout for managing data in SharePoint – in place
- Cloud security program – in progress
- Security architecture – in place
- Controls implementation for 23 blueprints – in progress

When a personal data breach is reported to the Cyber Security Incident Response team, it is categorized as either a confidentiality breach (unauthorized access, use, or disclosure of confidential information), an integrity breach (unauthorized modification – intentional or unintentional – of information), or an availability breach (accidental loss of access to, or destruction of, information). An analysis is then conducted to determine if the breach is likely to adversely affect individuals, such as consumers. If a potential adverse effect is identified, we take appropriate steps to involve relevant stakeholders and report the breach to authorities. We identify corrective actions to address significant compromises or vulnerabilities. These actions are executed by respective stakeholders, such as business or tech teams, to remediate the issues. Follow-up actions are conducted for successful closure and validation, and a lessons learned activity is organized to incorporate learnings to prevent such incidents in the future.

While human error cannot be entirely avoided, we take measures to prevent personal data breaches caused by such errors. We strictly enforce our Fair Play Code of Conduct and provide continuous training of our employees. Additionally, we conduct quality control of our suppliers to ensure that all adidas employees and representatives process consumers' personal data appropriately. Furthermore, we continuously improve our data collection and storage processes to ensure data quality and prevent the fraudulent use of personal data. To minimize technical errors, we monitor and control our systems

through global and local tests of our information security controls by our Information Security team. These tests validate the effectiveness of our security controls. Moreover, vulnerability assessments, penetration testing, log monitoring, threat intelligence, and security architecture consulting are regularly performed.

Our organizational Data Protection Officer (DPO) reports findings to the Executive Board and necessary stakeholders on a periodic basis. The Privacy team also provides input to Internal Audit, which verifies and audits the privacy implementation and its corresponding effects on consumers.

In the reporting year, no severe human rights issues or incidents in relation to consumers' and/or end-users' privacy rights were reported.

Approaches to manage the health and safety risk

We have company-wide product safety policies in place to mitigate our health and safety risk. They help ensure that we consistently apply physical and chemical product safety and conformity standards. We created the respective standards and policies following a collaborative, cross-functional approach involving experts from both our Legal and Sourcing departments to ensure all aspects of a specific product are covered. This includes subsequent updates and training activities. Compliance with our policies is monitored and enforced by our Sourcing organization.

One of these policies is the adidas Policy for the control and monitoring of hazardous substances we introduced in 1998. It encompasses the strictest applicable local requirements and includes best practice standards as recommended by consumer organizations. The policy is updated and published both internally and externally at least once a year, informed by our ongoing dialogue with scientific organizations, and is mandatory for all business partners. Both our own quality laboratories and external institutes are used to constantly monitoring material samples for compliance with our requirements. Materials that fail to meet our standards and specifications are rejected. As a result of our ongoing efforts, we did not record any health and safety-related product recalls in 2024 (excluding licensed products).

Over the past few years, we have made significant contributions to the industry network AFIRM's (Apparel and Footwear International RSL Management) 'Restricted Substances List.' As the adoption of this list as an industry best practice has matured, and AFIRM membership continues to grow, various tools were developed further in 2024. These include a harmonized test request form, a third-party lab evaluation questionnaire, and the offer of additional languages for the supplier online training videos. In addition, a PFAS phase-out guidance supported by an online webinar for suppliers was published. All these tools will be issued to the public and made available to other companies from the textile and sporting goods industry and their suppliers. We have also participated in several major public stakeholder consultation processes initiated by the European Commission (e.g., European Chemicals Agency) and US state legislative initiatives. The aim is to inform governmental entities on implications and opportunities of drafted legislation. To respond to the increasing legislation from US states, such as the recently enacted Federal US Environmental Protection Agency (EPA) law for PFAS, we have strengthened our status sharing for US retailers and enhanced our outreach to strategic suppliers, also improving our tracking functionality retroactively.

Compliance with product quality and safety standards

Ensuring compliance with legal requirements and standards for product quality and safety is imperative. As a company, we must manage the risk of selling defective products that may result in injury to consumers. Non-compliance can lead to voluntary or mandatory product recalls, returned stock, penalties, fines, personal injury claims, and reputational damage. The increasing regulatory requirements, particularly in regions like the EU, pose additional challenges. These include restrictions on the use of certain chemicals, import regulations, and stringent sustainability claims.

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To address these challenges, we have implemented several initiatives. These include:

- Constant monitoring and lobbying efforts by our Legal, Social and Environmental Affairs and Government Affairs teams
- Strengthening of our Product Safety (PS) network to monitor and track regulatory PS compliance activities of business units
- Safety policies and procedures with a strong focus on business entities that market product safety-sensitive products
- An internal guidance portal on the intranet which shares insights and information on product safety recalls and on processes to efficiently manage recalls
- Creation of risk profiles for defined sourcing units/entities by the Product Safety and Compliance team

Furthermore, we updated our product compliance database, which houses mandatory product documentation such as Certificates of Compliance (COC). This proactive approach ensures that we can respond promptly to regulatory requests and maintain market access for our products.

Additional information can be found in our policies and actions section. By addressing these material risks, we ensure that our business model remains resilient and responsive to the evolving landscape of consumer expectations and regulatory requirements. Our commitment to product quality and safety is designed to mitigate these risks. ▶ [SEE S4-4](#)

Taking action on the responsible marketing practices impacts

As outlined in this chapter, our marketing practices are a crucial component of our commitment to responsible marketing. In our brand partnership marketing efforts, we strive to ensure that our collaborations and partnerships reflect our brand values and maintain consumer trust. To achieve this, we conduct thorough screenings of potential partners. We take appropriate and proactive measures to safeguard our brand, which may ultimately result in the termination of business relationships, if necessary.

We aim to prevent any negative impact on consumers from the outset through our marketing practices. However, if a negative impact occurs despite our preventive measures, we promptly seek to identify the actions needed to address the impact of our marketing practices, particularly in the areas of discriminative marketing and environmental claims (for the identification of actions needed in brand partnership marketing, please refer to section S4-2). To both prevent and respond to these impacts, we engage openly with our stakeholders. We provide multiple channels for consumers to lodge complaints or address issues, including our Customer Service team, dedicated adidas websites, or the adidas complaint system.

▶ [SEE S4-2](#)

In addition, through our Government Affairs team, we maintain relationships with legislative authorities and non-governmental organizations (NGOs) to ensure compliance with all relevant regulations and standards. Our diligent monitoring procedures allow us to integrate new requirements into our operations as soon as possible, often before they become legislated.

We are committed to addressing environmental claims responsibly. If, despite our measures and due diligence, an environmental claim does not meet our stringent standards or a product is perceived as ambiguous by our consumers, adidas will take corrective action by removing or adjusting the claim, such as revising product descriptions on e-commerce platforms to ensure accuracy and transparency.

In the context of taking action on discriminative marketing, we are employing several measures to prevent and mitigate our negative impacts concerning responsible marketing practices, and in particular brand partnership marketing. These measures include:

- **Social media:** We continuously monitor social media to track consumer sentiments and identify potential issues early.
- **Sentiment analysis:** By analyzing consumer sentiments, we gain insights into how our brand and partners are perceived, allowing us to address any negative perceptions promptly.
- **Partner escalation process:** We have established a partner escalation process to manage and resolve any issues that arise with our marketing partners, ensuring that any negative impacts are swiftly addressed.

If a negative impact occurs from brand partnership marketing despite our preventive measures, we tailor our approach to providing or enabling remedies to the specific circumstances of each case. We assess each situation individually to determine the most appropriate actions and measures. Our commitment is to act promptly and effectively as soon as a case arises, ensuring that we address our material negative impacts on consumers and end-users in a manner that is responsive to the unique circumstances of each situation. For example, in cases involving high-profile partnerships, we evaluate the specific impact and take swift action to address any issues that arise. This may involve direct engagement with the partners, issuing public statements, or implementing other remedial measures to mitigate the impact and uphold our brand integrity.

A detailed description of the allocated resources and the management of material impacts has been outlined in our sustainability report for many years and is also available on our corporate website. In addition, the involved departments and teams managing the material IROs in relation to consumers and end-users are mentioned in the section S4-2. ▶ [SEE S4-2](#)

Metrics and targets

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

We establish our targets related to consumers and end-users through a structured process that involves gathering insights from stakeholders to ensure that our targets are informed by consumer insights, needs and perspectives. To assess our performance against targets as well as identify lessons or improvements, we actively engage with our consumers and end-users, ensuring that their insights and perspectives directly inform our evaluation. We track the effectiveness of our commitments and goals through audits, due diligence processes, feedback, etc. For further information on the processes and approaches, please refer to the following sections. ▶ [SEE S4-2](#) ▶ [SEE S4-4](#)

Privacy risk

Our goal is to comply with all applicable privacy laws and regulations. Although we do not have a distinct target for this ambition, we are dedicated to ensuring that our privacy practices meet the highest standards and protect the personal information of our consumers and stakeholders. This commitment is reflected in our daily operations and the continuous improvement of our privacy policies and procedures.

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Health and safety risk

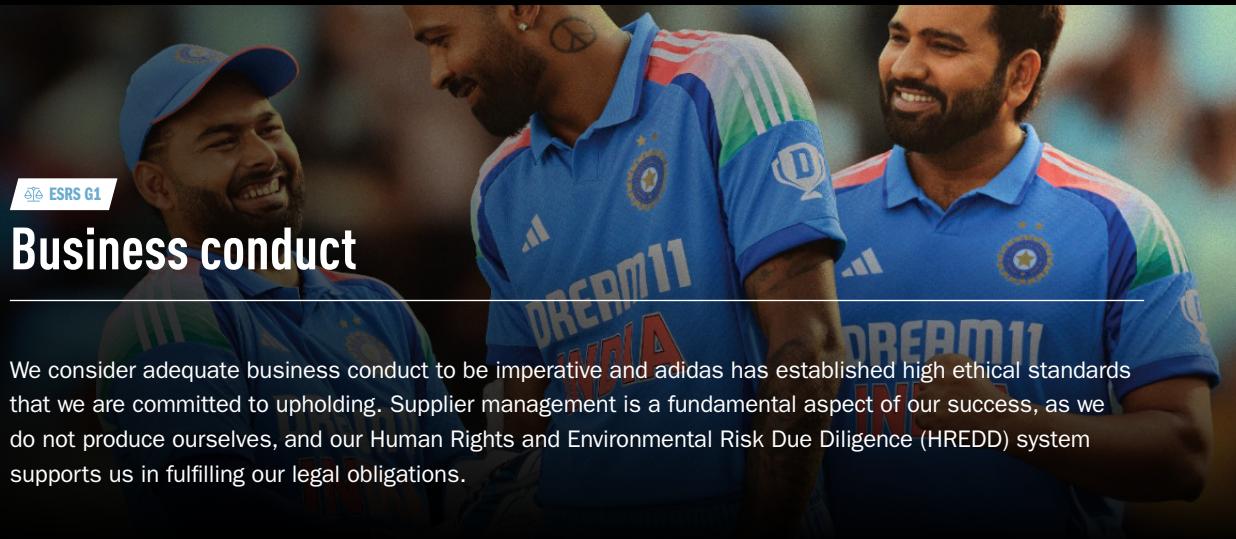
Product safety is imperative. Our ambition is to ensure that 100% of our products are safe. While we do not have a separate target outlining this ambition, we are committed to managing the risk of selling defective products that could cause injury to consumers. To mitigate this risk, we have implemented company-wide product safety policies, as mentioned above. ▶ [SEE S4-4](#)

Responsible marketing practices impacts

Ensuring responsible marketing practices is an ongoing effort that we actively pursue, with several guidelines and future directions that are currently (re-)developed. Although we do not have a separate target for this ambition, we strive to comply with current legislative requirements and ensure that our marketing strategies align with ethical standards and consumer expectations. Additionally, adidas aims to design and improve the processes to ensure compliance at all times.



Business conduct



We consider adequate business conduct to be imperative and adidas has established high ethical standards that we are committed to upholding. Supplier management is a fundamental aspect of our success, as we do not produce ourselves, and our Human Rights and Environmental Risk Due Diligence (HREDD) system supports us in fulfilling our legal obligations.

Impacts, risks and opportunities

Impacts

Corporate culture

- Unfair treatment might lead to financial loss and/or negatively impact the well-being of relevant stakeholder groups, e.g., our employees, business partners

Relationships with suppliers, including payment practices

- Clearly outlining terms and conditions in contracts helps avoid misunderstandings, and our HREDD system provides a framework for managing risks

Corruption and bribery

- Unfair market practices, such as biased partner selection and inconsistent terms and conditions might negatively impact business partners

Key metrics & actions

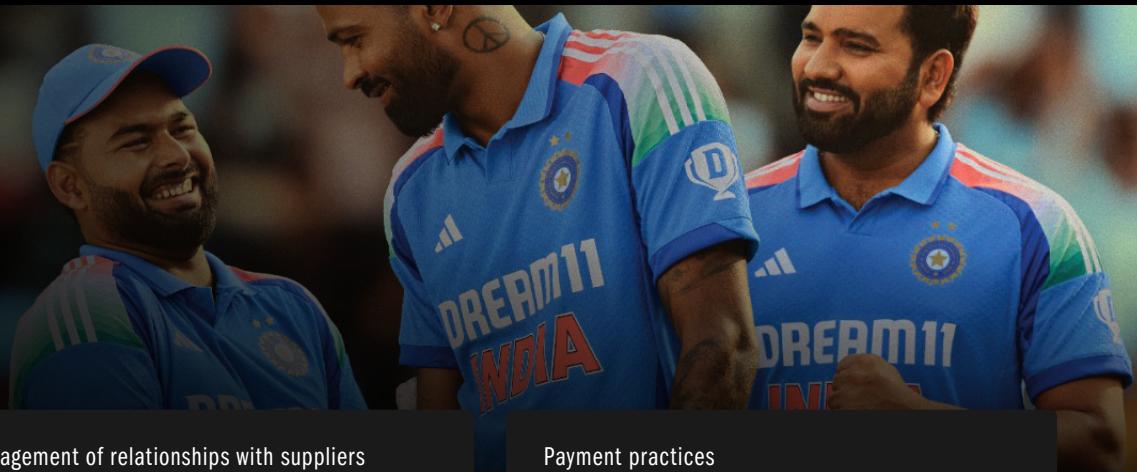
adidas maintains several standard processes, systems, and practices to ensure that we conduct our business in line with internal policies as well as external legal requirements.

Compliance management system (Fair Play)

Establishes the organizational framework for company-wide awareness of our internal rules and guidelines and for the legally compliant conduct of our business.

Prevention and detection of corruption and bribery

In line with our Code of Conduct and our Compliance Policy, adidas strictly prohibits all acts of corruption and bribery, regardless of the identity or position of the parties involved: adidas does not and will not engage in bribery or corruption or any activity that could be perceived as such.



Management of relationships with suppliers

Our HREDD framework guides internal risk assessment and risk management processes in accordance with the United Nations Guiding Principles on Business and Human Rights & OECD Guidelines for Multinational Enterprises. With various supplier assessment tools as well as our supplier selection practices, we believe we are well equipped to ensure that we select the right partner for the success of our business and to manage adverse impacts on human rights and on the environment.

Payment practices

60 days

standard payment terms

92%¹

on-time payment

0

legal proceedings currently outstanding
for late payments

¹ Out of our 51% suppliers that are in line with the 60 days of standard payment terms.

Policies

We have adopted multiple policies, guidelines and standard operating procedures that anchor our approach to business conduct in the management of our business. An overview of these policies can be found in the topical standard of G1.

ESRS 2 General disclosures

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The results concerning material impacts, risks and opportunities for matters related to business conduct from our double materiality analysis are as follows:

SBM-3 – Business conduct and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Corporate culture	Negative Impact	Actual	n.a.	Up-stream, Own Operations, Down-stream	Unfair treatment might lead to financial loss and/or negatively impact the well-being of relevant stakeholder groups, e.g. our employees, suppliers, business partners, and customers.
Corporate culture	Risk	n.a.	Short-term	Own Operations	adidas relies on its people and leaders to achieve strategic goals. Failure to create an inclusive workplace for all employees that is non-exclusionary and is non-discriminatory, could reduce creativity, innovation, employee satisfaction, and engagement. This may hinder the ability of adidas to foster a performance culture, execute its strategy, and meet its objectives, which may ultimately have negative effects on our financial performance.
Protection of whistle-blowers	Negative Impact	Actual	n.a.	Up-stream	Even with elaborate whistleblower protections in place, there can still be negative personal impacts if these measures fail in certain cases.
Management of relationships with suppliers including payment practices	Negative Impact	Actual	n.a.	Up-stream	Managing relationships with suppliers, especially SMEs, is crucial to maintaining a healthy and sustainable supply chain. Effective communication and transparency are the foundation of these relationships. It's important to maintain regular and open dialogue with suppliers, ensuring that any issues can be addressed promptly. Clearly outlining payment terms and conditions in contracts helps avoid misunderstandings and ensures that suppliers are fully aware of what to expect.
Prevention and detection including training	Negative Impact	Actual	n.a.	Own Operations	Unfair market practices, such as biased partner selection and inconsistent commercial terms (payment, price, delivery, etc.), might negatively impact business partners who have not been given a chance to present their products or services. This exclusion can lead to missed opportunities, reduced market presence, reputational damage, and financial challenges.
Prevention and detection including training	Risk	n.a.	Short-term	Own Operations	Allegations and cases of corruption or bribery could result in fines, criminal penalties and civil damage claims against adidas, its managers or employees, as well as reputational damage to the company. Allegations or cases of corruption or bribery might involve our business partners or suppliers and their respective employees, or agents acting on behalf of adidas.

SBM-3 – Business conduct and material impacts, risks and opportunities (IROs)

Sub-topic	Material IRO	Classification	Time Horizon	Value Chain	Description
Incidents	Negative Impact	Actual	n.a.	Up-stream, Own Operations, Down-stream	Confirmed incidents during the reporting period. Unfair market practices, such as biased partner selection and inconsistent commercial terms (payment, price, delivery, etc.), might negatively impact business partners who have not been given a chance to present their products or services. This exclusion can lead to missed opportunities, reduced market presence, reputational damage, and financial challenges.

We do not expect any presented business conduct related risks to result in any additional major risks for the forecast for the 2025 fiscal year compared to the explanations given in the Risk and Opportunity Report.

Impact, risk and opportunity management

G1-1 – Business conduct policies and corporate culture

We consider compliance with the law as well as with external and internal regulations to be imperative. The Executive Board sets the tone from the top, and every employee is required to act ethically and in compliance with the law as well as with internal and other external regulations while executing the company's business. Our Fair Play Code of Conduct establishes high ethical standards that we are committed to upholding. adidas Fair Play aims to prevent a majority of potential compliance issues. For that reason, we have specific measures to detect and respond to any concerns. We realize, however, that no compliance system can prevent all violations.

Alongside our Code of Conduct, we implement our approach to corporate culture based, inter alia, on the policies and concepts described below:

G1-1 Policies related to business conduct

Policies	Content	Scope	Senior level responsible	Third-party standards/initiatives	Stakeholder consideration	Availability
Fair Play Code of Conduct	Stipulates that every employee and our business partners shall act ethically in compliance with the laws and regulations of the legal systems where they conduct company business and provides guidance on issues including anti-corruption, anti-bribery, and whistleblowing.	Own Operations (all employees globally)	Executive Board	n.a.	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website; available for all employees
Compliance Policy	Defines i. a. adidas' global stance on anti-bribery and anti-corruption, gifts and entertainment, fraud and theft, antitrust and competition law, conflicts of interest and non-retaliation. It provides procedures for policy violates, including the Fair Play Code of Conduct.	Own Operations (all employees globally)	CCO	OECD Principles of Corporate Governance, OECD MNE Guidelines, IDW PS 980, OECD Anti-Bribery Convention and - Anti-Bribery Management Systems; UN Convention against Corruption (UNCAC); Transparency International's Business Principles for Countering Bribery	Internal content experts, adidas AG Executive Board and Supervisory Board, Works Council	Accessible on corporate website

G1-1 Policies related to business conduct

Policies	Content	Scope	Senior level responsible	Third-party standards/ initiatives	Stakeholder consideration	Availability
Global Training Policy	Outlines adidas' approach to training and its expectation that employees complete all mandatory trainings. Monitoring process: tracking of Learning Management System (LMS).	Own Operations (all employees with regular access to the LMS globally)	Executive Board member Global Human Resources, People and Culture	n.a.	Internal content experts	Available for all employees
Responsible Sourcing & Purchasing Policy	Defines adidas' approach to responsible sourcing and purchasing practices. It ensures that sourcing and purchasing decisions, and other supporting processes, do not impede or conflict with the fulfilment of the adidas Workplace Standards.	Own Operations (business units engaged in sourcing and purchasing of trade products across all brands and product categories globally)	SVP Sourcing and Product Operations, VP Social and Environmental Affairs	n.a.	Internal content experts, third-party business partners and their workers in our multi-layered supply chain	Accessible on corporate website
Global Non-Trade Procurement Policy	Outlines the global non-trade procurement (GNTP) processes, roles, and responsibilities when purchasing indirect / non-trade goods or services or engaging with third-party suppliers in scope of GNTP on behalf of adidas.	Own Operations (all employees globally), non-product related suppliers	SVP Global Non-Trade Procurement	n.a.	Internal content experts, non-product-related suppliers	Available for all employees
Workplace Standards	Contractually binding requirements applicable for our suppliers' factories, covering health and safety, labor rights and environmental protection.	Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	VP Social and Environmental Affairs	ILO conventions, model code of conduct of the World Federation of Sporting Goods Industry (WFSGI)	Revisions have taken place in direct consultation with labor rights groups	Accessible on corporate website and directly shared with suppliers
Human Rights Policy	Defines our commitment to respect human rights and safeguard the environment, alongside the measures implemented to fulfil our Human Rights & Environmental Due Diligence (HREDD) responsibilities.	Own Operations (all adidas entities globally), Upstream (supply chain business partners, incl. suppliers, licensees, sub-contractors)	Executive Board and CHRO	UNGPs, OECD MNE Guidelines, International Bill of Human Rights, ILO Declaration	Developed in consultation with stakeholders to inform the policy content and salient human rights issues	Accessible on corporate website and directly shared with suppliers; available for all employees

Compliance Management System (adidas Fair Play)

Our **Compliance Management System (CMS)** is linked to both the company's risk and opportunity management system and our set of internal controls and is overseen by the adidas CCO. As part of our global 'Fair Play' concept, the CMS establishes the organizational framework for company-wide awareness of our internal rules and guidelines and for the legally compliant conduct of our business. It underscores our strong commitment to ethical and fair behavior in our own organization and also sets the parameters for how we deal with others.

Our central Compliance team works closely with Regional Compliance Managers and Local Compliance Officers to conduct a systematic assessment of key compliance risks on a regular basis.

The adidas CMS is based on the OECD Principles of Corporate Governance and complies with the OECD Guidelines for Multinational Enterprises. It is designed to:

- support the achievement of qualitative and sustainable growth through good corporate governance,
- reduce and mitigate the risk of financial losses or damage caused by non-compliant conduct,
- protect and further enhance the value and reputation of the company and its brand through compliant conduct, and
- support diversity, equity, and inclusion (DEI) initiatives by fighting harassment and discrimination.

The adidas Fair Play Code of Conduct is accessible on our website, includes guidelines for employee behavior in everyday work, and is applicable globally for all business areas. ▶ [ADIDAS-GROUP.COM/S/CORPORATE GOVERNANCE](https://ADIDAS-GROUP.COM/S/CORPORATE-GOVERNANCE)

Our CMS is organized around three pillars: **prevent, detect, and respond.**

Prevent

The Compliance team regularly reviews and updates the CMS as necessary. The management also shares compliance-related communication, and the Compliance department provides mandatory training to all corporate employees globally during onboarding and in regular, repeated cycles. The Compliance team and partners also provide targeted in-person compliance training, also including non-corporate employees. Dedicated trainings also cover anti-corruption and anti-bribery topics, thereby ensuring training-coverage of functions-at-risk with senior management and newly promoted or hired senior executives across the globe in order to further enhance the compliance 'tone from the top,' as well as the 'tone from the middle.'

The training is available both virtually (self-led course for corporate employees) and in-person, providing a foundational understanding of employee behavior and conduct. Completion rates are tracked and reported to the Audit Committee. In addition, our Regional Compliance Managers and Local Compliance Officers offer tailored training sessions for specific functions (e.g. anti-trust training for marketing and sales organization).

At adidas, we have a zero-tolerance policy against bribery and corruption. Every reported incident is investigated, and appropriate consequences are applied. We have identified that sourcing, non-trade procurement and brand partnerships pose a particularly increased risk for corruption and bribery. To mitigate these risks, we have established additional rules for brand partnerships, non-trade (indirect) procurement of non-trade goods/services, along with a robust internal control system.

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Executive Board and Supervisory Board members are upskilled on our Code of Conduct and compliance matters. This upskilling encompasses in particular:

- Their general duties as specified in the Articles of Association and Rules of Procedure of adidas AG (including those for the Supervisory Board committees and Executive Board business allocation plan),
- Regulation (EU) No 596/2014 (the “Market Abuse Regulation”) and associated responsibilities, such as insider trading, closed periods, and disclosure of managers transactions, and
- the general legal framework, including German Stock Corporation Law and the German Corporate Governance Code.

The upskilling is part of their onboarding process. Additional training sessions are provided as necessary throughout their tenure.

To ensure clarity and consistency in our operations, we further rely on our comprehensive set of rules comprising mandatory standards for all employees. They are provided via the Global Policy Manual (GPM) platform, which exists to help employees to find, read, and understand:

- the framework defining Dos and Don'ts set by the company,
- the right contacts in our organization for content-related topics, and
- regular communication of new policies and policy updates.

The GPM platform contains information on policies that are categorized as must-read policies, which are applicable to all adidas employees. All employees must be familiar with these policies. Short policy summaries are provided where no further training is available through the GPM platform.

Moreover, we communicate updates to existing policies via our intranet, and in addition, each policy owner is ultimately responsible to ensure communication and training of their policies to the relevant target audience. Such communication regularly includes emails to the respective target audience and may include dedicated Q&A sessions or other formats to familiarize them with the new rules.

Detect – The Fair Play whistleblowing procedures

To promote transparency and maintain the highest ethical standards, we encourage our employees, business partners, and customers to report any potential violations of law, ethics, or our Fair Play Code of Conduct to our Compliance department.

adidas has **whistleblowing procedures** in place, accessible to both internal and external stakeholders, to ensure timely detection of potential infringements of statutory regulations or internal guidelines. Employees can report compliance concerns internally to their supervisor, the CCO, Regional Compliance Managers or Local Compliance Officers, the relevant HR Manager, or, where applicable, the Works Council. Employees can also report externally via the independent, confidential Fair Play hotline and webform, which also allow for anonymous complaints. The Fair Play hotline and webform are available in multiple languages at all times worldwide, including the services of interpreters, if required. They are promoted digitally and with posters to reach all our locations around the world.

The adidas Fair Play Code of Conduct as well as our Compliance Policy (see above for both) and our Anti-Harassment and Anti-Discrimination Policy⁴⁵ state that any adidas employee who in good faith reports a reasonable suspicion of a (potential) compliance concern is protected against any form of retaliation, regardless of the validity of the suspicion. Conversely, any employee who retaliates or attempts to retaliate against a fellow employee who has reported or intends to report a suspected or actual compliance incident or other concern in good faith – including by pressuring or threatening the reporting employee – may be subject to disciplinary measures. Additionally, any employee found to have made a report with malicious intent may be subject to disciplinary measures. Reasonable measures to protect whistleblowers from retaliation will be decided on a case-by-case basis. This may include, among others, confidentiality assurance based on the need-to-know principle, use of external meeting facilities or secured communication media, physical relocation or protection, involvement of public authorities, collaboration with Human Resources to avoid disciplinary action or other adverse employment consequences.

Since adidas AG is headquartered in Germany, the Fairplay Whistleblower hotline and web form comply with the German Whistleblower Protection Act ('Hinweisgeberschutzgesetz') transposing Directive (EU) 2019/1937. Training regarding the whistleblowing system is part of the onboarding training and provided through various communication measures.

Respond

Appropriate and timely response to compliance violations is essential. The CCO leads all investigations in cooperation with an established team of Regional Compliance Managers and a global network of Local Compliance Officers. We track, monitor, and report potential incidents of non-compliance worldwide. Most importantly, insights gained from the investigation of past violations are used to continuously improve the CMS. Where necessary, we react promptly to confirmed compliance violations, through appropriate and effective sanctions ranging from warnings to termination of employment contracts. Together with the Employee Relations (ER) organization, a key partner in many compliance matters, especially those related to harassment and discrimination, we use a case management tool allowing both Compliance and ER to effectively document and process cases as well as report on specific developments in more detail. ▶ SEE

ESRS S1-17.103, ▶ S1-3 AR28FF, ▶ S2-3.27 AND AR27, ▶ S3-3.27 AND AR18, ▶ S4-3.25

The CCO regularly reports to the Executive Board on the further development of the CMS and on major compliance cases. In addition, the CCO reports to the Audit Committee on a regular basis.

G1-2 – Management of relationships with suppliers

Supplier management is a fundamental aspect of adidas success as we have outsourced the vast majority of the production of our products to independent manufacturing partners (**trade-related** supplier services), located mainly in Asia. Additionally, we have **non-trade-related** supplier services that support our operations but are not directly tied to product manufacturing (such as logistics services, media and marketing services, office supplies, consumer event services or store constructions etc.). With regards to all of our suppliers, the highest scored material impacts, risks and opportunities include human rights as well as environmental impacts and mainly occur in our upstream value chain and to a lesser extent in our downstream value chain. ▶ SEE ESRS S2 WORKERS IN THE VALUE CHAIN, ▶ SEE ESRS S3 AFFECTED COMMUNITIES, ▶ SEE ESRS E1 CLIMATE CHANGE TO ESRS E5 RESOUCRE USE AND CIRCULAR ECONOMY

Consequently, our human rights and environmental risk due diligence (HREDD) system encompasses our sourcing activities, as well as additional functions within our own operations, including Global Brands, Global Non-Trade Procurement, and Human Resources. Our HREDD framework guides internal risk assessment and risk management processes in accordance with the United Nations Guiding Principles on Business and Human Rights & OECD Guidelines for Multinational Enterprises, operationalizes our Human

⁴⁵ Publicly accessible here: ▶ [ADIDAS-GROUP.COM/S/SUSTAINABILITY](https://adidas-group.com/s/sustainability)

Rights Policy commitments, and meets other regulatory obligations including the German Supply Chain Due Diligence Act. Accountability for HREDD is assigned at a functional level, along with established internal risk assessment and reporting procedures.

The assurance and risk mitigation activities associated with our HREDD systems support the company in fulfilling its legal obligations, reducing the risks of penalties for non-conformance with relevant laws. More importantly, it fulfils adidas' Human Rights Policy commitment to:

- take measures, based on due diligence processes, to avoid causing or contributing to adverse human rights impacts through our own activities, and to address and remediate such impacts when they occur.
- seek to prevent or mitigate adverse human rights impacts that are linked to our operations, products, or services by our business relationships, even if adidas has not contributed to those impacts.
- exercise our leverage, and increase such leverage where necessary, to address adverse human rights impacts arising out of our business relationships.

Trade-related supplier management

Our global supply chain extends through various tiers, with many diverse types of business partners, including directly contracted suppliers, as well as indirect relationships managed through intermediaries, licensee and agents.

While we provide our manufacturing partners with detailed specifications for production and delivery, they possess expertise in cost-efficient, high-volume production of footwear, apparel, and accessories and gear.

In 2024, we worked with 124 independent manufacturing partners [2023: 104] that were producing in 283 manufacturing facilities [2023: 237]. The majority (78%) of our independent manufacturing partners is located in Asia [2023: 78%]. We value long-term relationships: 68% of our independent manufacturing partners have worked with adidas for at least ten years, and 37% have a tenure of more than 20 years.

Relationships with independent manufacturing partners

	Total	Footwear	Apparel	Accessories and Gear
Number of independent manufacturing partners ¹	124	30	67	36
Relationship < 10 years	32%	40%	28%	28%
Relationship 10 – 20 years	31%	23%	34%	31%
Relationship > 20 years	37%	37%	37%	42%

1 Includes one independent manufacturing partner who produces both footwear and apparel, one independent manufacturing partner who produces both footwear and accessories and gear, five independent manufacturing partners who produce both apparel and accessories and gear and one independent manufacturing partner who produces footwear, apparel, and accessories and gear.

We have established the Responsible Sourcing & Purchasing Policy, which defines our approach to responsible sourcing and purchasing practices within ten buyer commitments we make to our suppliers. One important commitment is on fair terms of payment, including making on-time payment within agreed timeframes. Other commitments include building long-term partnerships with supply chain partners who share our values and commitment, e.g. to the adidas Workplace Standards. These ten buyer commitments are linked to the external and independent non-profit organization 'Better Buying Institute' which assesses and reports on the sourcing practices of participating brands of which we have been a member since 2019.

This subscription allows us to collect feedback from our manufacturing partners - both anonymously and openly - which in turn, helps us to improve our purchasing practices.

Non-trade-related supplier management

In 2024, we continued to embed our HREDD system across the business to identify and manage high-risk human rights issues. This included the further maturing of internal risk management procedures in the area of non-trade-related supplier services as it relates to suppliers of non-trade goods and services to adidas. This has included expanding the use of the EcoVadis sustainability assessments tool to evaluate the sustainability management systems of non-trade suppliers – both upstream and downstream – and, where required, engage prioritized partners on performance improvement plans.

adidas has a Global Non-Trade Procurement Policy that outlines and standardizes the Global Non-Trade Procurement (GNTP) processes and roles and responsibilities when purchasing indirect/non-trade goods or services or when engaging with third-party suppliers in the scope of GNTP on behalf of adidas. Its objective is to optimize budget usage, ensure efficient purchasing processes, enhance transparency, minimize legal risks and improve supplier performance. To provide services to adidas, suppliers must have their data registered in our main Enterprise Resource Planning (ERP) system before any purchases or invoice payments can be processed. adidas' standardized GNTP processes and policy thus create fair and equal opportunities as well as a stable business environment for all GNTP-related third-party suppliers, in particular for small and medium-sized enterprises that rely on contractual payments due to limited financial flexibility.

Social and ecological criteria in supplier selection

With our HREDD system, various supplier assessment tools such as the EcoVadis sustainability assessment tool, the Exiger legal compliance tool as well as our trade-related supplier selection practices, we believe we are well equipped to ensure that we select the right partner for the success of our business and to manage adverse impacts on human rights and on the environment. At the same time, these tools are also used to ensure that existing suppliers comply with human rights standards and environmental protection. In the case of suppliers not meeting the standards and/or not responding on critical assessment results within an appropriate timeframe – typically three months, depending on the case – adidas reserves the right to terminate the collaboration with the supplier.

Our Code of Conduct for suppliers, the Workplace Standards, are contractually binding requirements applicable to our suppliers' factories, covering health and safety, labor rights and environmental protection. They are also applicable to our non-trade-related suppliers where relevant. The Workplace Standards draw from international law and the International Labour Organization (ILO) conventions and follow the World Federation of Sporting Goods Industry (WFSGI)'s Code of Conduct.

Supporting guidelines make the Workplace Standards understandable and provide additional guidance for our suppliers, to find effective solutions to workplace problems, including material risks and impacts such as occupational health and safety. These Guidelines provide practical guidance on how to implement the Workplace Standards e.g. in a factory. The Guidelines on Employment Standards, together with the Guidelines on Health & Safety and Environment, remain our essential guidance for business partners on managing issues regarding labor conditions and workplace practices.

G1-3 – Prevention and detection of corruption and bribery

In line with our Code of Conduct and our Compliance Policy, adidas strictly prohibits all acts of corruption and bribery, regardless of the identity or position of the parties involved: adidas does not and will not engage in bribery or corruption or any activities that could be perceived as such. This means that all employees must abstain from any acts of corruption or bribery, whether directly or indirectly via the means of any intermediaries.

This commitment is further reinforced by our Fair Play Code of Conduct and the related onboarding training, that all employees are required to complete. Therefore, 100% of the corporate employees, which include the material functions at risk, are covered by Fair Play Code of Conduct onboarding training (completion rate for new joiners in 2024: 97%). In addition, we offer comprehensive global training modules as well as specialized training on anti-bribery and anti-corruption topics by Regional Compliance Managers and Local Compliance Officers. Please refer to G1-1 for more information on the training. ▶ [G1-1](#)

As anti-corruption and anti-bribery are integral components of our CMS for detecting and addressing such cases, the established procedures (based on the three pillars prevent, detect, respond) also apply to incidents of corruption and bribery. Detailed information on our CMS can also be found under G1-1. ▶ [G1-1](#)

We conduct trend analyses to ensure that we learn from cases, provide necessary interventions, and strengthen our internal processes to prevent any reoccurrences. Additionally, we continuously update our training programs to reflect lessons learned.

We empower our Compliance teams to manage all cases, including allegations against senior leaders. Investigations are conducted with the highest level of professional skill, ensuring independence, including leveraging external resources where required.

The Compliance team is committed to conducting fair investigations with impartial investigators, ensuring that all parties involved are treated with respect. Any potential conflicts are managed promptly, and our CMS also includes built-in controls to restrict access of anyone who may be involved, including members of the Compliance team.

The Compliance team reports all cases of corruption and bribery to the CCO, the Executive Board, or the Supervisory Board/Audit Committee as appropriate.

Metrics and targets

G1-4 – Incidents of corruption or bribery

There were no convictions and no fines for violation of anti-corruption and anti-bribery laws in the reporting period.

We are constantly reviewing our procedures to prevent, detect, and combat allegations or incidents of corruption and bribery, including our procurement process.

Data on fines, penalties or convictions related to violations of anti-bribery and anti-corruption laws as well as any legal proceedings for late payments has been collected and confirmed by the Local Compliance Officers of each legal entity.

The entity-specific information on the potential compliance incidents is listed in the Risk and Opportunity Report and included here by reference. ▶ [SEE RISK AND OPPORTUNITY REPORT](#)

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G1-6 – Payment practices

adidas values the relationship with all of its suppliers and we aim for a balanced approach to meet market conditions with regards to payment terms for all our suppliers. Consequently, we do not have the capability to identify small- and medium-sized suppliers in our systems at this point in time. We are working on a solution but considering the size and scope of our business, as well as the number of suppliers, this might take some time. Until then and to still comply with ESRS requirements, we are working with the assumption to report the payment terms that more than half of our suppliers have, which should cover a significant portion of small- and medium-sized suppliers as well:

adidas standard payment term is 60 days from the invoice receipt date and 51% of our suppliers are aligned with these terms. These 51% are paid in average within 68 days and 92% of the payments to these suppliers are processed on time.

For all of our suppliers, there were zero cases of legal proceedings for late payments registered in 2024.