adidas GROUP

# Global Technology Centre Scheinfeld
# Environmental Statement 2013


DESMA 20
DESMA 19

# Contents


# Foreword

**At the forefront of sustainable environmental management**

As a global leader in the sporting goods industry and a responsible company, we declare our commitment to the implementation of sustainable business practices in our own company, as well as in our supply chain. We strive for all areas of our business – including our suppliers – to have consistent values and to implement them. Our aim is clear: to raise the performance of our own sites and of those in our supply chain in the areas of social and environmental responsibility, and in this way to improve the lives of the people who manufacture our products, as well as the environment in which these products are manufactured.

In the context of growing environmental challenges, progressive environmental management systems are an integral part of operational processes today. They form an important basis for the systematic and continued improvement of environmental performance. The Scheinfeld site is at the forefront of introducing groundbreaking environmental management systems, both as a part of the adidas Group and within the global sporting goods industry. The environmental management and environmental statement of the site were successfully validated for the first time according to the EMAS directive in 1998.

The 2013 Environmental Statement of the adidas Global Technology Centre in Scheinfeld, Germany, continues to pave the way in environmental responsibility and sustainability. It contains information regarding the centre's environmental performance over the past three years and describes concrete programmes aimed at continued improvement of environmental performance, as well as quantitative information regarding the environmental impact of the site.

**Example for international partners**

For companies who wish to embrace today's growing expectations in terms of social responsibility, environmental protection, health and safety and business success, the introduction of a management

system is increasingly important. adidas Scheinfeld, the only footwear production facility still owned by the Group, was successfully revalidated according to EMAS III in July 2013, along with the test centre, the training centre and the export/distribution department on the same site. This confirmed our ongoing commitment to the environment, as well as certifying our efforts to date.

With the successful implementation of an environmental and quality management system at the Global Technology Centre Scheinfeld going back to the mid-1990s, it was recognised early on that not only could the company's environmental impact be consistently reduced but that operational costs and therefore the competitiveness of the site could also be optimised as a result.
We therefore encourage our international business partners, who manufacture the majority of our products, to develop similar systems and to gain certification according to international standards for environmental protection, health and workplace safety.

Part of our global social and environmental programme includes supporting our suppliers with case studies and valuable experience to help them manage and organise their premises in an environmentally friendly manner. The experience we share in the context of environmental management systems actively helps our business partners in their journey to develop sustainable business practices. Many of our international business partners have followed the example of Scheinfeld and successfully established comparable systems.

**Creating sustainability in a concrete way**

At the adidas Scheinfeld site, we are aware of the value placed on the issues of health, workplace and environmental protection. Conserving natural resources, avoiding accidents everywhere and at all times, acting in an environmentally aware way, over and above what is legally required – the adidas Group's approach to sustainability has a concrete application at Scheinfeld, achieving durable integration of environmental issues, people's expectations and the interests of the company. The Environmental Statement represents an encouraging starting point for future activities that we see as necessary and which we will take it upon ourselves to implement.

Ulrich Bauer
Head of Footwear
Sourcing Europe

Josef Mayr
Head of Global Technology
Centre Scheinfeld

Frank Henke
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Social & Environmental Affairs

# 1 Company Portrait of the adidas Group

## 1.1 What we do

For over 80 years, the adidas Group has been part of the world of sport, delivering state-of-the-art sports footwear, apparel and accessories. Today, the adidas Group is a global leader in the sporting goods industry, are offering a broad portfolio of products that is available in almost every country in the world. Our strategy is simple: to strengthen and develop our brands and products in order to improve our competitive position and our financial performance.

The activities of the company and its more than 170 subsidiaries are directed from the Group's headquarters in Herzogenaurach, Germany. The adidas brand is also headquartered in Herzogenaurach. Reebok is based in Canton, Massachusetts, and TaylorMade-adidas Golf is located in Carlsbad, California. The company also operates Creation Centres and development departments at other locations around the world, particularly suited to the related business activity.
adidas Sourcing Ltd., a fully-owned subsidiary headquartered in Hong Kong, is responsible for worldwide sourcing. As of December 31st, 2012, the adidas Group employed 46,306 people.

The adidas Group supplies products under the following brand names:

| | |
|---|---|
| **adidas** | Sports footwear, apparel and accessories |
| **Reebok** | Sports footwear, apparel and accessories |
| **TaylorMade-adidas Golf** | Golf equipment: metalwoods, irons, putters, golf balls, golf footwear, apparel and accessories |
| **Rockport** | Dress casual and relaxed casual footwear |
| **CCM Hockey** | Ice hockey equipment and apparel |

The adidas Group is a global company in the sporting goods industry. As such, we are constantly faced with new challenges and we endeavour to maintain the correct balance between the interests of our shareholders, on the one hand, and the needs and considerations of our employees and those working along our supply chain, and environmental issues, on the other. In brief, we strive to be a sustainable company. To this end, we have developed a number of strategies in order to:

- encourage innovative thinking in product development and product design
- support our suppliers, should employment, health or safety problems arise in their factories
- improve the environmental impact of our own sites and throughout our supply chain
- encourage employee retention and development and the building of a safe, inspiring and performance-orientated workplace
- maintain an open dialogue with local communities and stakeholders, whose feedback gives us the impetus every day to improve.



## 1.2 Our Sustainability Statement

**PERFORMANCE • PASSION • INTEGRITY • DIVERSITY**

These are the adidas Group values.

They help us to create brands that our customers believe in and they commit us to playing by the rules that society expects from a responsible company.

Unlike in sport, society's rules are not always written down. We discover them by engaging with the people that our business touches, learning above all that companies are expected to be accountable for their actions. So we are committed to reporting publicly on the steps we take to have a more positive impact on society and the planet.

For the adidas Group, this means designing products that are environmentally sound, and reducing the environmental impacts of our day-to-day operations and in our supply chain.
It is about setting workplace standards for our suppliers to meet and helping them to ensure fair, safe and healthy conditions in their factories.
Importantly, it also means looking after the well-being and careers of our employees – the company's biggest asset – and making a positive contribution to the communities where we operate.

Adhering to all applicable laws, directives and guidelines is a business imperative. But that is not enough. We are continuously striving to improve our performance and our standing in society. We set ourselves ambitious targets, regularly review our progress and set ourselves new goals. That is what the world's leading athletes do, and it is what we must do as a global leader in the sporting goods industry.




**1.3 Global Technology Centre – Function within the Group**

About 40 kilometres from Herzogenaurach and the headquarters of the adidas Group lies the only production facility for sports footwear owned by the company. The site, which today employs about 130 people, was established in 1959.

The successful development of the adidas Group through the adidas brand into a global leader in the sportswear industry is closely tied to the achievements of the Scheinfeld site. Since its establishment, this footwear production facility has continually participated in the development and implementation of product and process innovations and, with their excellent skills and qualifications, the employees there actively support the construction and technical development of the production facilities of its international business partners.

The Scheinfeld site shares its core objective with that of the company and its founder, Adi Dassler – namely to supply athletes with footwear that has been specially developed for their sport, and specially produced just for them.

As well as standard production of the football boot models Copa Mundial and World Cup, the Global Technology Centre in Scheinfeld also makes made-to-measure (m2m) and designer footwear, as well as special footwear for Olympic disciplines. The Global Technology Centre produces the football boot models Copa Mundial and Kaiser Liga in series production using highly automated production methods. Models of different categories involving a large amount of manual work are manufactured on another production line by our skilled employees. Examples include Porsche Design, Running, Olympic Sports, etc. In the area of m2m custom manufacturing, projects for designers, special models and the "best service" for our top athletes are guaranteed.

The site also contains a training and education centre and hosts information events. Scheinfeld trains prospective shoemakers and accommodates the test centre for research and development, as well as finishing and distribution facilities.

The Global Technology Centre in Scheinfeld is an organisational component of the adidas Group. Besides this manufacturing facility, the Group works with other independent contractors, whose production sites are located throughout the world.

Within the global corporate organisational structure of the adidas Group, the Global Technology Centre and its production are part of global footwear sourcing operations.

About 19,000 m² of the approximately 51,000 m² site has been built upon. Spread across various levels in the buildings are around 24,400 m² of warehousing space, 3,300 m² of administration and office space and 4,000 m² of production space.

| | |
|---|---|
| **1959** | Construction of the footwear factory in Scheinfeld. |
| **1961** | Start of lightweight trainer and football boot production; intensive involvement in the development of innovative sports footwear concepts. |
| **1962** | Commissioning of the first facility to directly inject soles made from thermoplastic polyurethane and rubber onto sports shoe uppers. |
| **1974** | Commissioning of the first flexible polyurethane foam injection machine for the manufacture of single-colour sports shoe soles. |
| **1980** | Large-scale standard production of sports shoes with directly injected and cemented soles. |
| **1987** | Step-by-step development of the footwear factory to a facility of high innovation and technology. |
| **1997/ 1998** | The manufacturing facility in Scheinfeld receives the title "Global Technology Centre". The international training centre for sports footwear technicians, the materials laboratory for the testing of sports footwear and ball materials and the test centre for innovative product developments are integrated. |
| **1998** | Introduction of an integrated quality and environmental management system. First-time validation according to EMAS and ISO 9002 certification. |
| **1999** | Introduction of an integrated quality and environmental management system. First-time validation according to EMAS and ISO 9002 certification. |
| **2000** | Launch of the professional training programme for shoemakers – the Engineering Qualification in Shoe Technology in association with the Pirmasens FH (technical institute). The facility receives the Safety at Work Award 2000. |
| **2001** | Recertification according to ISO 9001:2000, EMAS revalidation. |
| **2002** | Installation of a new assembly line using new production technology for shoe manufacturing. |
| **2003** | Continuing automation in footwear production and use of new cementing processes leading to significant reduction in the use of adhesive materials. |
| **2004** | Recertification according to ISO 9001:2000, EMAS revalidation. |
| **2005** | Extension of football boot production; integration/relocation of the finishing division from Uffenheim to Scheinfeld. |
| **2007** | Recertification according to ISO 9001:2000, EMAS revalidation. |
| **2008** | "Connectivity" Award given to the m2m department by adidas AG for excellent customer service.<br>Resumption of training for shoemakers. |
| **2009** | 50th anniversary of the Scheinfeld site.<br>"Sustainable Environmental Practices" Award from adidas AG for its years of success in implementing sustainability ideas. |
| **2010** | Recertification according to ISO 9001:2000, EMAS revalidation.<br>„Performance Award for Manufacturing Innovation" awarded for the development of highly automated production methods using robot and laser technology. |
| **2011** | Commissioning of amir® automated football boot production ("automated material flow with integrated robots"). |
| **2012** | In November 2012, the site was audited as part of the ISO 14001 certification of Corporate Property + Services EMEA - Environment and Safety and was incorporated into the matrix certificate of adidas AG.<br>"Performance Award for Sustainability" awarded for longstanding performance in the area of sustainability. |

# 2 Group Environmental Strategy

As a global company with offices in more than 55 countries, the adidas Group has a responsibility to protect the environment and conserve it for future generations. Environmental impacts occur at all stages of the lifecycle of our products, from product design to disposal. The aim of our environmental strategy is to optimise environmental impact throughout the value chain.

The focus will always be on the following:

- sustainable use of resources
- avoidance of and reduction in emissions
- limiting risks and chemical hazards.

## 2.1 Elements of the environmental strategy along the value chain

*Marketing*

Marketing is about creating innovative concepts and determining how to make our products successful in the marketplace. Within product development, we have the opportunity to demonstrate our environmental credentials. We develop and bring to market special ranges of more sustainable products, which are made with recycled materials and with the lowest possible environmental impact.

*Design*

Our designers endeavour to create products that meet the needs of our customers – both in terms of performance and design. The decisions taken by our designers can have significant impact on the environmental impact of our products in later stages of the process. For example, the easier and more standardised we make our patterns, the less waste and emissions will result at time of production.

*Product development*

Our developers work closely with our manufacturers in order to ensure that products are made according to our standards. To achieve this, they generate detailed technical specifications, taking into consideration issues such as the environmental impact of various materials. We measure the environmental impact of the materials we use, including the resources necessary to produce the raw materials. Our aim is to only choose those materials which demonstrate the most limited use of resources. In addition, we encourage the use of recycled materials.

*Sourcing and manufacture*

Most of the environmental impact occurs during the production phase. We should emphasise that almost all production is carried out by independent suppliers, not by us. However, we support our manufacturers in reducing the environmental impact of the various production processes. Our suppliers know that we measure and track their environmental performance and that their progress is of extreme importance to our business relationship.

*Own operations*

We employ over 46,000 people in more than 170 subsidiaries throughout the world. Our own premises comprise offices and a small number of production facilities and warehouses. At these facilities, energy, water and other resources, such as paper, are used and waste is produced.

Therefore, we have set environmental targets for our own sites. For example, to reduce our relative energy use by 20% by 2015. In addition, we have created "Green Teams" made up of employees tasked with encouraging their colleagues to make a contribution towards protecting the environment.

*Transport*

The fuel used to transport products from their countries of manufacture to their respective markets creates carbon dioxide emissions, a major contributor to climate change. In order to minimise the environmental impact of transportation as much as possible, our products are shipped by sea for the most part.

*Use and disposal*

When products reach the end of their useful life and must be disposed of, they contribute to society's growing waste problem. The disposal of used products depends on local conditions and regulations. We are reducing waste by building in more recyclable parts into our shoes.

### 2.2 Group-wide environmental targets

An organisation does not become sustainable overnight. When it comes to our own operations, we have put into place Group-wide targets up to 2015 within the framework of the Green Company Initiative, which began in 2008, in order to consistently reduce the environmental impact across the entire Group. A key target is the relative reduction of energy use by 20%. On top of that, we want to reduce $CO_2$ emissions by a further 10% by using renewable energy. These objectives are in line with our overall carbon strategy that prioritises:

**1.** energy consumption and intensity
**2.** energy sources with lower carbon emissions
**3.** consideration of carbon offsetting mechanisms.

Further information on the global social and environmental programme of the adidas Group and the social and environmental reports that are regularly published can be found on our website:

**www.adidas-group.com**

In detail, this means on a Group-wide basis:

| Topic | Target | Deadline |
|---|---|---|
| Energy and Carbon [1 | Reduction of relative energy use by 20%<br>+10% relative carbon savings through greener energy sources<br>In total: 30% carbon savings | 2015 |
| Water [1 | 20% water savings per employe | 2015 |
| Resources – Paper [1 | 50% paper savings per employee | 2015 |
| Waste [1 | Reduction of household waste by 25% per employee | 2015 |
| Mobility [1 | **Business Trip Management:** [2]<br>Reduce emissions caused by business travel to 570 kg $CO_2$ per employee<br>**"Green" Company Car Policy:** [3]<br>Reduce carbon emissions caused by the company car fleet by 30% | 2015 |
| Purchasing and Canteens | No use of disposable dishes or non-compostable disposable dishes<br>Develop a Group-wide green purchasing programme | ab 2010 |
| Green Buildings | All new building projects to be assessed for their environmental impact and potential | ab 2010 |
| Employees | Green Teams – locations with more than 50 employees to establish Green Teams<br>adidas Group Green Day together with "Earth Day" at 20 locations worldwide | ab 2010 |

[1 Baseline 2008
[2 Target was removed in 2012
Short explanation: For the target follow-up of our travel emissions we rely on the data provided by third parties. The data received is not robust enough to follow-up on the target we had set. However, we will continue to track and report the CO2 emissions caused by business trips.

3) Target was removed in 2012
Short explanation: A Group-wide Green Company car directive was issued, with incentives for the use of low-carbon vehicles and public transportation. However, there is currently no data tracking system in place that allows us to monitor our progress on a global level when it comes to the car fleet.


# 3 Scheinfeld Site

## 3.1 The Scheinfeld site and its areas of operation

*Footwear production*

With currently 81 employees working partly in a multiple-shift system, the Scheinfeld site mainly produces the Copa Mundial and World Cup models, making several thousands of pairs each day. The most important steps in the process are the preparation, assembly and finish; specialised machines and automated production steps are used as much as possible. Another part of production is the "made-to- measure" (m2m) area with customisation and the manufacture of individual pairs of shoes. These include shoes for people with foot or orthopaedic problems, as well as for adidas athletes who need tailored and customised shoes for their sport.

*Finishing*

In November 2005, finishing was relocated to the Scheinfeld site. The core task of this area is to finish nearly all available articles in the current adidas collection that have motifs, e.g. sponsorship or team logos, player names and numbers and event logos. These include textiles, sports equipment and accessories. Mainly team sport articles, such as football jerseys, tracksuits, sports bags, etc. are equipped with related symbols. The finishing processes used are transfer, direct print, pad print, embroideries and individual or special solutions. Customers are solely internal departments in the adidas Group that deal with sports people, associations and teams. About 38 employees work annually on approximately 1,000,000 articles, which are then dispatched. The finishing process is fully integrated into the EMAS environmental management of the site and all processes and materials used correspond to the adidas "Best Practice Standard", i.e. PVC-free materials, least possible use of solvents and a modern and friendly working environment.

*Training Centre*

The Global Training Centre is an educational, conference and exhibition centre, approximately 2,000 m² in area, offering rooms, facilities and equipment for

training, education and conferences of all kinds. As well as conferences, seminars and training rooms for employees of the adidas Group, there are also guest offices and exhibition rooms related to shoe production and the company's history.

*Distribution/Export*

The distribution/export department in Scheinfeld I, which has warehousing space of approximately 15,000 m², is responsible for the worldwide distribution of sports goods. Equipment for large sporting events, such as the Olympic Games, the World and European Championships, is sent to the host federations.

While considering contractual and legal stipulations, the appropriate means of transport and routes are determined so that the quality of our products is not affected during transport. Transport is carried out in a way that is as environmentally friendly as possible.

**3.2 Environmental policy of the site**

The principles, as set out in the adidas Group's Sustainability Statement, apply to all operations worldwide and are the benchmark for assessing our own progress in the areas of social and environmental responsibility. They form the basis for the environmental policy at the Scheinfeld site.

*Environmental responsibility*

Environmental responsibility is an essential part of our management principles. We constantly strive to ensure the success of our company. One means of achieving this objective is our environmental management system whereby active measures are taken to reduce the ecological footprint of our business activities.

*Legislation*

We not only meet the requirements of the relevant laws, directives and guidelines, but are also continually improving upon our own contribution to an environmentally friendly and sustainable society.

*Effective environmental management*

We operate an active environmental management policy and are continually improving it. We develop future-oriented concepts and put them into practice jointly with our own business units as well as with our business partners. We review the individual areas on a regular basis to determine to what extent the respective measures have been implemented and to monitor the effectiveness of our environmental management system.

Our objectives are:

- to investigate and assess the environmental impact of our business activities
- to establish clear and ambitious targets as the basis for action plans and for monitoring our progress.

*Employees*

We provide information and training to our employees worldwide to inform them of environmental issues and promote environmental awareness. The aim of this is to encourage our employees to think and, above all, to act in an environmentally friendly way. At the same time, we encourage positive support for our environmental policy and active participation in the achievement of the environmental targets set.

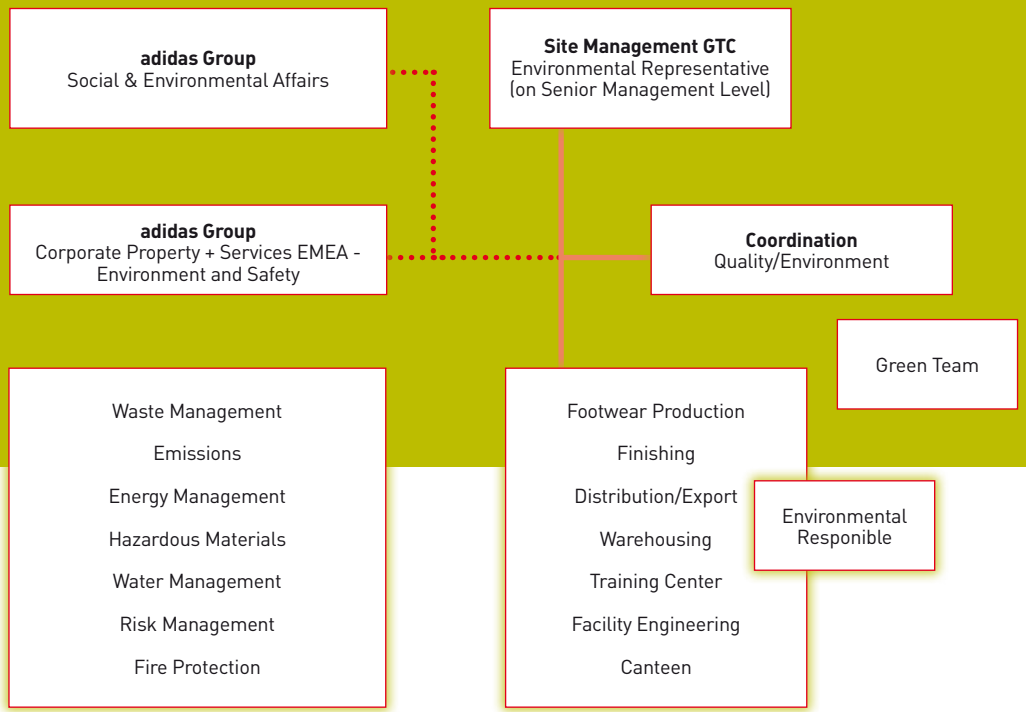
*Relationships with suppliers and customers*

We expect our suppliers to pursue their business activities in a way that is consistent with the environmental policy of the adidas Group and with all other guidelines and requirements. We work in partnership with our suppliers to promote environmental protection. We also encourage our suppliers to take proactive measures to reduce their environmental impact and to adopt environmentally friendly buying practices.

We value feedback from our customers. We also encourage our customers to take into account environmental impacts and aspects of the disposal of our products and packaging in their purchasing decisions.

*Dialogue with our stakeholders, business partners, government bodies and other interested parties*

We endeavour to maintain an open dialogue with all stakeholders, including our business partners, government bodies and other interested parties, in an atmosphere of mutual trust and respect. We provide them with information on the environmental performance of the adidas Group on a regular basis. We know that clear, effective and sincere communication with our stakeholders creates transparency with regard to our business activities and demonstrates our efforts to be a responsible partner. We exchange best practice methods and promote active, trusting collaboration in order to make a decisive contribution towards promoting sustainability in our sector.

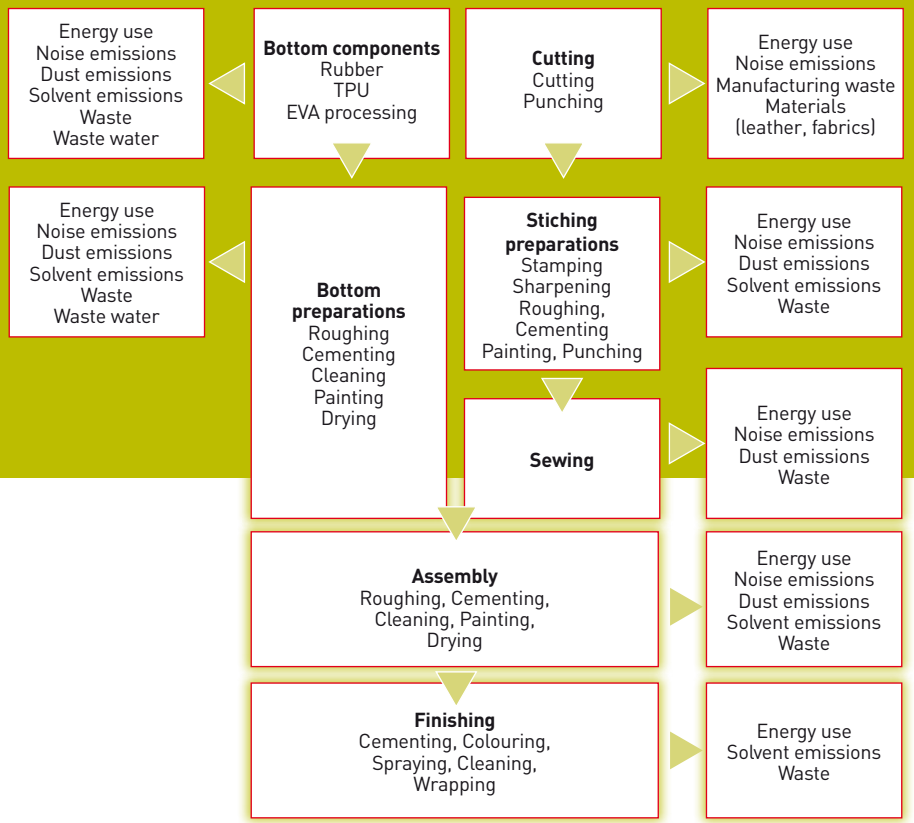




### 3.3 Environmental Management System

With the support of the Group function "Social and Environmental Affairs" and the "Corporate Property + Services EMEA - Environment and Safety" organisation, industrial environmental protection at the site is implemented by the senior management representative, the coordination function "Environment and Quality", and the environmental representatives from all relevant sectors. We know that this would not be possible without the active involvement of our employees. We have therefore introduced the concept of a "Green Team". This team is made up of committed employees who submit proposals and provide assistance to drive forward environmental protection initiatives in their workplaces.

An efficient, integrated environmental and quality management system facilitates the systematic development of industrial environmental protection, since the operational activities at the Scheinfeld site naturally also have an impact on the environment. Measures are organised, coordinated and monitored based on the environmental management system to ensure that they reduce the direct environmental impact.

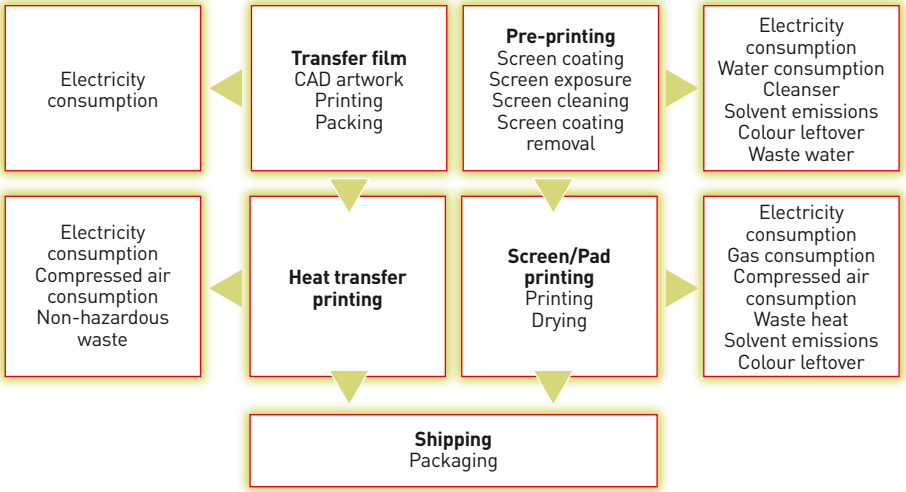



## 3.4 Footwear production and its environmental impact

Production and other activities at the Scheinfeld site have been continually adapted to the demands of contemporary environmental protection since 1998. The Scheinfeld site does not operate equipment that requires authorisation, but the continually changing (and ever increasing) statutory requirements are ensured by means of a well-structured environmental management system.

Environmental objectives and programmes are established by the site manager in cooperation with the Environmental Delegate and the members of the Eco Audit Team, and their implementation is tracked on an ongoing basis.

The manner in which the environmental management system is organised has clearly proven itself in the 15 years of its existence. Regular training sessions and constructive discussions with employees have had the effect of anchoring environmental awareness at all levels of the workforce. Regular in-house environmental operational checks firstly ensure that the effectiveness of the management system is permanently monitored and, secondly, document the functionality of the environmental programmes defined. Adherence to statutory requirements is checked regularly and validated through the ongoing support provided by the external INTECHNICA consultants.




## 3.5 Finishing and its environmental impact

**3.6 Environmentally aware behaviour at the site**

Improving environmental protection practices in our operations is an ongoing effort and we consider it important to include our employees in this process and to keep them informed.

*Safety at work*

The right of employees to work in a safe and healthy environment is our overriding priority.
A high standard of health and safety in the workplace has continued in our footwear production since our modern work safety management system was awarded first prize by the Textil- und Bekleidungsberufsgenossenschaft (Textile and Clothing Trade Association) in 2000. In 2012, for example, only four occupational accidents were reported at the site. Since the year 2000, further precautionary measures have been developed and implemented by means of regularly checking for potential dangers to health and safety in production-related working areas. For example, all cementing and finishing workplaces were adjusted and optimised to match the ergonomic requirements of each employee and the revised processes.

*Material and energy efficiency – material-efficient systems engineering*

Ongoing development of products, materials and technology means that processes are continually improved. We have analysed and compared specific equipment with regard to energy and material use and output ratios from an early stage. By introducing equipment for direct soling of the Copa Mundial football boot, and by making some necessary adjustments to improve quality, the raw material used in the sole could be reduced by 10% with improved quality. At the same time, unavoidable production waste has significantly decreased in this stage of the process.
For example, by making changes to the individual shoe components and processing steps we were able to significantly increase the efficiency of our soling machinery. Significant improvements are not always possible; however, taking into account the sum of small and large changes in the area of equipment technology, production is becoming increasingly material- and energy-efficient.

*Input materials*

By working in close cooperation with adhesives suppliers and machine manufacturers, we are continually striving to replace adhesives containing solvents. While no satisfactory solutions have yet been found for some steps of the process, for others, for example cementing insoles, the hot-melt adhesive processes have been successfully introduced. We are currently exploring new technologies, such as dispersion adhesives which, when launched in mass production, will achieve a further significant reduction in solvent emissions.



Where solvents have to be used, we always try to find less volatile substances. This reduces the impact on the environment and contributes to better workplace conditions for our employees.

*Noise emissions*

When installing new equipment and machines, we always take into account possible noise pollution. For workers employed in areas where noise cannot be avoided, we provide individually adjustable and controllable ear protection, called Variphone otoplastic. The otoplastic is adjustable depending on noise levels. The company site is located in a mixed use area; the applicable noise limits are respected and there have been no complaints from neighbours.

*Waste management*

Unavoidable waste is separated and recycled. Apart from special materials (for example, waste from exhibitions is also disposed of through our site), we try to maintain our current level and, wherever possible, instigate improvements in waste management.

*Individual traffic*

As in previous years, workers at Scheinfeld are provided with several company minibuses to help them on their daily commute to work and to limit as much as possible the danger of accidents. In 2012, the provision of this service accounted for 165,000 shuttle kilometres. This facilitated the saving of many times this amount in private journey kilometres, as well as reducing the emissions and environmental damage they would have caused.

*Energy meters and peak load management*

Power supply in the site is monitored with a Peak Load Management System so that peaks in consumption can be minimised. When replacing some energy distribution equipment, energy meters were installed. By installing more submeters, energy can be better allocated to energy consumers, providing better information on specific consumption. Currently, the production facility can be measured separately from warehouses, kitchen areas and offices.

*$CO_2$-neutral natural gas supply*

In order to bring the vision of a "zero-emission company" in the context of the Green Company Initiative a step closer, the adidas Group has moved to a $CO_2$-neutral product for its natural gas supply at its sites in Herzogenaurach, Scheinfeld and Uffenheim. In this way, we are making an active contribution against advancing global warming.


# 4 Data and Facts at the Site

The following table shows key consumption figures for the past three years.

| Materials used in footwear production | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Raw materials, shoe production** | | | |
| Leather and textile materials ($m^2$) | 340.607 | 291.559 | 306.904 |
| Granulated PU (t) | 151,5 | 129,7 | 136,5 |
| Leather dyes (kg) | 130,4 | 111,6 | 117,5 |
| Semi-finished products (t) | 172,7 | 147,90 | 155,6 |
| Small items (t) | 21,3 | 18,24 | 19,2 |
| Shoe boxes and outcartons (t) | 204,2 | 174,80 | 184,0 |
| Labels and adhesive tapes (t) | 2,50 | 2,14 | 2,30 |
| **Ancillary materials and supplies** | | | |
| Adhesives, thinners and solvents (t) | 11,38 | 9,47 | 10,0 |
| **Shoes produced (pairs)** | **798.683** | **683.654** | **724.808** |

| Material components for finishing | | | |
|---|---|---|---|
| **Raw materials for finishing** | | | |
| Plotter flock ($m^2$) | 860 | 817 | 445 |
| Plotter foil ($m^2$) | 2.447 | 1.810 | 1.814 |
| Digital printing film (since 2011 in m2) | | 169 | 312 |
| Colours (screen and pad printing) (kg) | 215,0 | 213,0 | 31,0 |
| **Additives** | | | |
| Screens (pcs.) | 117 | 125 | 0 |
| Printing plates (pcs.) | 790 | 971 | 1.590 |
| **Pieces finished** | 825.019 | 963.541 | 1.037.618 |

| Drinking water consumption | 2010 | 2011 | 2012 |
|---|---|---|---|
| Sanitation purposes ($m^3$) | 1.797 | 1.766 | 2.055 |
| Sprinkler checks ($m^3$) | 14 | 170 | 15 |
| Total consumption ($m^3$) | 1.811 | 1.936 | 2.070 |
| **Energy consumption** | | | |
| Electricity (kWh) | 1.762.144 | 1.773.447 | 1.692.038 |
| Natural gas (kWh) | 4.146.200 | 2.906.527 | 2.937.585 |
| EL fuel oil (kWh) | 288.330 | 313.910 | 97.770 |
| Total consumption | 6.160.674 | 4.993.884 | 4.727.393 |
| **Waste for recycling** | | | |
| Paper and cardboard packaging (t) | 128,00 | 128,30 | 123,20 |
| Films (t) | 7,44 | 12,70 | 11,03 |
| Wood (t) | 38,15 | 29,06 | 31,40 |
| Green waste | 1,40 | 0,63 | 1,20 |
| Grease separator contents (t) | 2,00 | 2,00 | 1,00 |
| Waste for thermal recovery (t) | 26,44 | 63,94 | 79,36 |
| Metal (t) | - | 2,78 | 16,72 |
| **Waste for disposal** | | | |
| Used solvents, adhesive residue* (t) | 0,27 | 0,40 | 1,00 |
| Compressed gas cans (t) | - | 0,04 | 0,02 |
| Chemicals (t) | - | - | 0,04 |
| Obsolete varnishes and paints* (t) | 0,24 | - | 0,90 |
| Liquid hazardous waste (small amounts) | - | - | 0,46 |
| Artificial mineral fibres * (t) | - | - | 0,31 |

* Waste requiring special monitoring

### 4.1 Key Performance Indicators (KPIs)

According to Annex IV of Regulation (EC) No. 1221/2009 (EMAS III), the environmental statement should include certain defined key indicators, which relate to the same reference value (gross value added in euros or total output volume in tonnes). Due to the great variation in the activities and processes which take place at the site, this manner of measuring our environmental performance is not possible. In terms of the Regulation, the key indicators for the last three-year period are nevertheless stated as follows. As a reference value, the gross weight – including packaging materials – of the football boots and sports shoes produced has been used.

As in the environmental statements of the past 15 years, we will continue to track the most important specific key figures and, where it is practical and possible, we will present and discuss other key figures.

| Reference Output (t) | 679,24 | 581,41 | 616,41 |
|---|---|---|---|
| **Key performance indicators KPI** | **2010** | **2011** | **2012** |
| Energy efficiency [kWh/t] | 9.070 | 8.589 | 7.669 |
| Renewable energy [kWh/t] | 940,3 | 1.037,1 | 933,3 |
| Material efficiency of packaging [t/t] | 0,30 | 0,30 | 0,30 |
| Water [$m^3$/t] | 2,67 | 3,33 | 3,36 |
| Non-hazardous waste [t/t] | 0,299 | 0,411 | 0,428 |
| Hazardous waste [t/t] | 0,00075 | 0,00075 | 0,00448 |
| $CO_2$ emissions [t/t] | 1,33 | 1,14 | 0,99 |
| VOC emissions [kg/t] | 0,0089 | 0,0115 | 0,0080 |
| | | | |
| Use of total area (51.000$m^3$) | 37,3 % | 37,3 % | 37,3 % |

| Consumption data | 2010 | 2011 | 2012 |
|---|---|---|---|
| Energy consumption [kWh] | 6.160.674 | 4.993.884 | 4.727.393 |
| Renewable energy [kWh] | 638.673 (37%) | 602.972 (34%) | 575.293 (34%) |
| Packaging materials consumed [t] | 206,7 | 176,9 | 186,3 |
| Water consumed [$m^3$] | 1.811 | 1.936 | 2070 |
| Non-hazardous waste [t] | 203,4 | 238,8 | 263,9 |
| Hazardous waste [t] | 0,51 | 0,44 | 2,72 |
| $CO_2$ emissions [t] | 904,2 | 662,9 | 612,9 |
| VOC emissions [kg] | 6.043 | 6.666 | 4.938 |
| | | | |
| Sealed area [$m^2$] | 19.000 | 19.000 | 19.000 |



### 4.2 Water/waste water

The company's low water consumption rose by 6.9% compared to the previous year to 2,055 m³.
Since no water is used in the production process, this relates solely to consumption for sanitation purposes and to the small amount required for sprinkler checks.

Our goal is to maintain the level of water consumption and to continue to motivate our employees to use water economically. The fluctuations in the specific water consumption are due to the varying number of events at the Training Centre. In 2012, 118 events were held, in some cases over several days, with 1,300 participants. If participants at training events are disregarded, the water consumption currently amounts to around 47.2 litres per employee per day. Taking into account participants at training events, the specific daily water consumption is 44.6 litres.

### 4.3 Energy

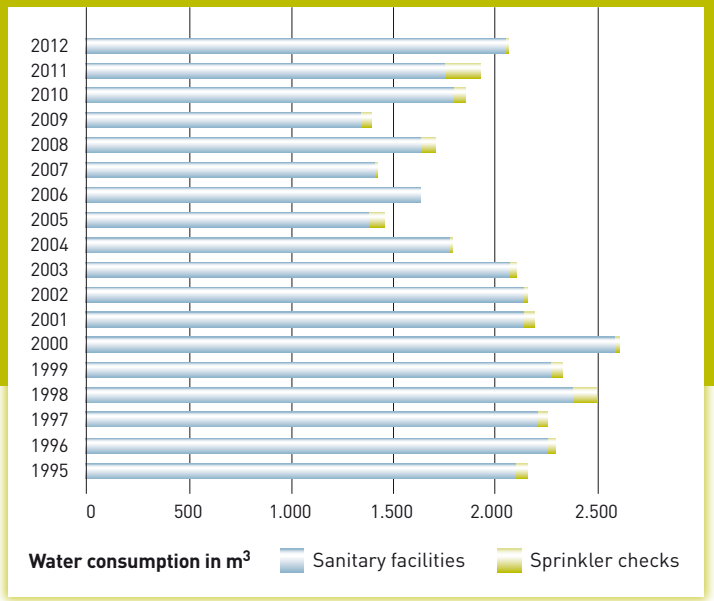
Total energy consumption fell by approximately 6% in the period 2009 to 2012. The use of gas and a small amount of fuel oil for heating purposes fell by about 15.6%, but electricity consumption rose by 16.5% due to further increases in automation.

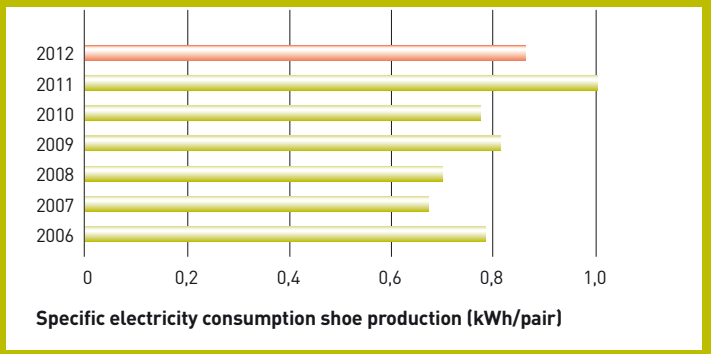
The changing use of halls in previous years makes comparisons difficult, so we have been trying to separate energy consumption data according to halls and therefore use in order to have a better basis of information for evaluating specific consumption. Average energy consumption to make a pair of football boots was 0.86 kWh in 2012. The technological development involving the introduction of the amir® manufacturing system and the commissioning of additional equipment and machinery, with the typical start-up problems, led to a significant worsening of the specific electricity consumption in 2011. The capacity of the equipment improved significantly in 2012, leading to a reduction in the specific consumption of 14% compared to the previous year.

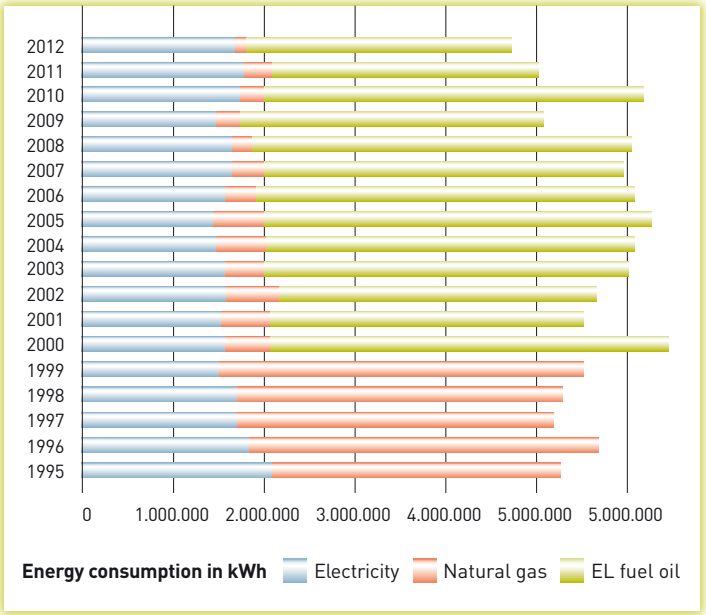
In a comprehensive package of measures, the Schlaraffia building dating from the 1960s has undergone an energy-saving refurbishment process. The main changes are the installation of a new boiler, a new heating control system, the installation of high-speed doors and, as a first stage, the replacement of the glass facades on the north- and west-facing sides of the building. The aim to reduce the amount of heating required by 15% has been substantially exceeded. In a comparison of the years 2012 and 2011, we can report a reduction for the Schlaraffia building of 19.6%. This rises to 40% when 2012 is compared with 2010.

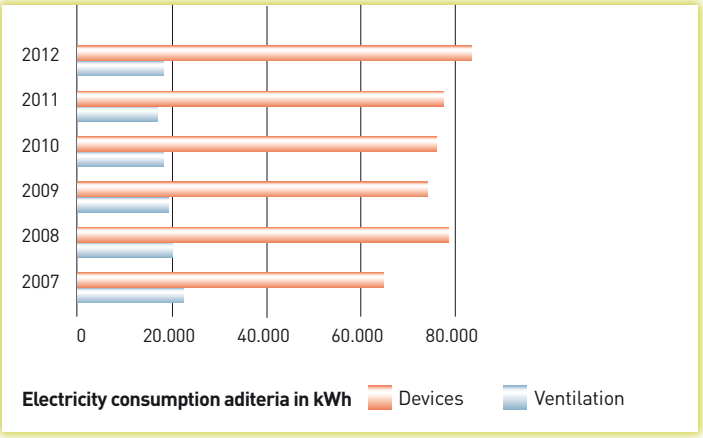
Further improvement potential can be identified as a result of the increasingly precise recording of individual users. For example, consumption measurements for our kitchens show that measures to optimise ventilation are effective, but over the years more meals are being cooked and prepared.

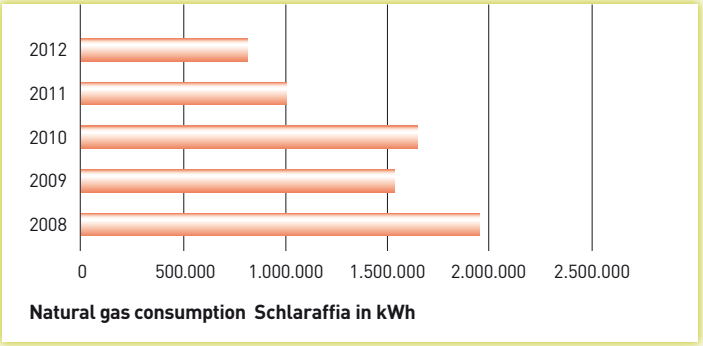
Targets and measures to make further energy savings in heating and electricity consumption are being rigorously pursued. The focus in the coming years will be on the fabric of the manufacturing buildings.


2012
2011
2010
2009
2008
2007
2006
2005
2004
2003
2002
2001
2000
1999
1998
1997
1996
1995
0
500
1.000
1.500
2.000
2.500
Water consumption in m3
Sanitary facilities
Sprinkler checks


2012
2011
2010
2009
2008
2007
2006
0
0,2
0,4
0,6
0,8
1,0
Specific electricity consumption shoe production (kWh/pair)


2012
2011
2010
2009
2008
2007
2006
2005
2004
2003
2002
2001
2000
1999
1998
1997
1996
1995
0
1.000.000
2.000.000
3.000.000
4.000.000
5.000.000
5.000.000
Energy consumption in kWh
Electricity
Natural gas
EL fuel oil


2012
2011
2010
2009
2008
2007
0
20.000
40.000
60.000
80.000
Electricity consumption aditeria in kWh
Devices
Ventilation


2012
2011
2010
2009
2008
0
500.000
1.000.000
1.500.000
2.000.000
2.500.000
Natural gas consumption Schlaraffia in kWh

### 4.4 Emissions

By using fossil fuels for heating purposes, further air pollutants besides $CO_2$ are emitted at the site. The following emissions due to consumption have been calculated. The trend here consistently follows the consumption of fossil fuels and was already explained in section 4.3.

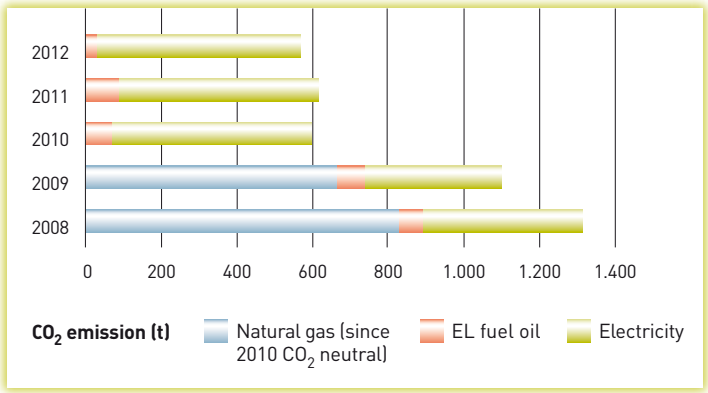
Although the use of "$CO_2$-neutral" natural gas (see the consolidated environmental statement 2010, page 18) means that $CO_2$ (587.5 t) and other air pollutants are emitted at the site, as the $CO_2$ emissions are compensated for elsewhere, we no longer report this $CO_2$ amount in relation to the site.
Air pollutants are also emitted when electricity is generated. Due to our electricity consumption in 2012 there were 548 t (324 g/kWh according to data from the energy provider) of indirect $CO_2$ emissions. The proportion of renewable energy in our current electricity mix is 34%.

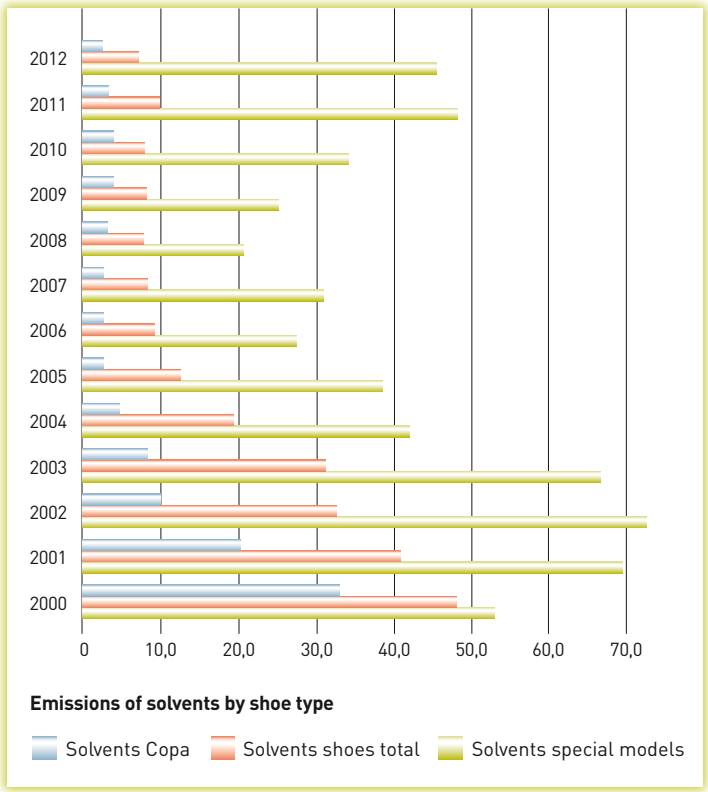
### 4.5 Emission of organic solvents

Solvent-based adhesives and pure solvents are used in shoe production. The volatile components are released into the environment through extraction. Total emissions of organic solvents for the year 2012 amounted to 4,938 kg.

The limit value of the European VOC guideline and the 31st provision of the German law on pollution control, which had to be achieved by 2007, was 25 g per pair of shoes. We achieved our target to reduce diffuse solvent emissions to 20 g per pair of shoes some years ago. The current value for 2012 is 6.8 g per pair of shoes. Specific solvent emissions have therefore been significantly reduced in recent years. A closer examination of the consumption of solvents in auxiliary materials and materials central to the process of shoe production shows why our many efforts in the mass production of the Copa Mundial football boot model are only having a slow effect.

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| $SO_2$ [kg] | 274 | 286 | 233 | 298 | 313 | 194 | 192 | 146 | 164 | 177 | 176 | 75 |
| $CO_2$ [t] | 829 | 784 | 851 | 925 | 1003 | 913 | 873 | 895 | 737 | 75 | 82 | 25 |
| $NO_x$ [kg] | 693 | 650 | 723 | 775 | 843 | 788 | 752 | 782 | 634 | 784 | 564 | 541 |
| CO [kg] | 894 | 843 | 921 | 997 | 1083 | 993 | 948 | 976 | 800 | 984 | 718 | 671 |
| Dust [kg] | 1,4 | 1,4 | 1,2 | 1,5 | 1,6 | 1,1 | 1,0 | 0,9 | 0,9 | 1,0 | 0,9 | 0,5 |
| NMVOC [kg] | 55 | 53 | 54 | 61 | 66 | 54 | 52 | 51 | 44 | 53 | 42 | 33 |

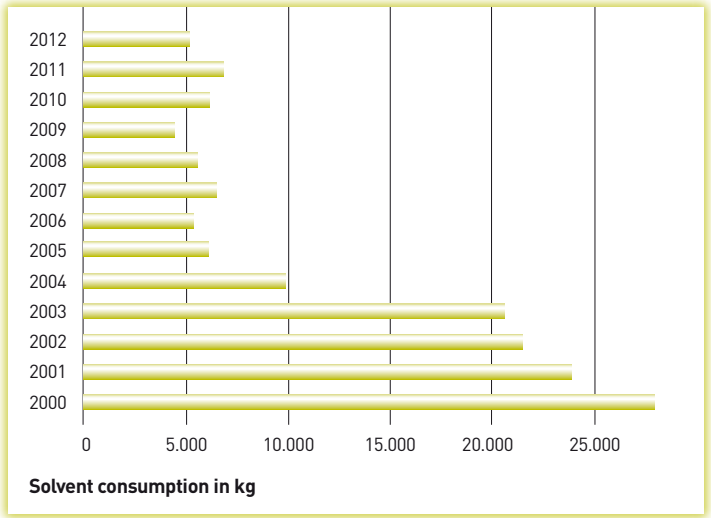


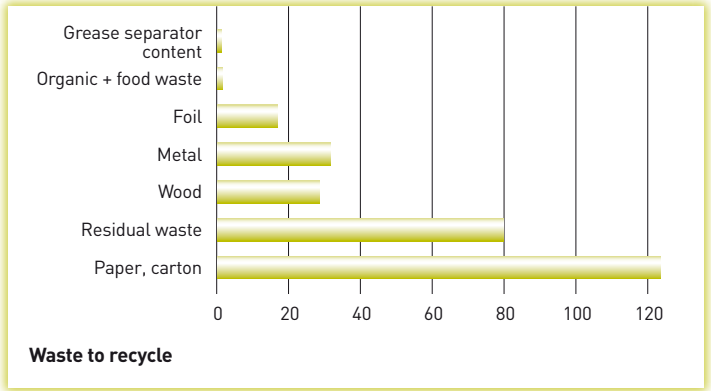
Due to the remaining production of special models and runs with very few pieces, it is difficult to move to water-soluble adhesives and hot-melt processes. Moreover, especially custom-made models are in part very complex in their individual sole construction, requiring more use of adhesives than the Copa Mundial football boot. The move to using alternative adhesive processes when making this model is over 90% complete and more efforts in this direction are being made continuously. A product-related breakdown (excluding solvent waste and solvents used for cleaning purposes) results in the following solvent emissions in 2012:

**Copa Mundial:** 2.2 g solvent/pair of shoes
**Others:** 45.4 g solvent/pair of shoes
**Average:** 6.8 g solvent/pair of shoes

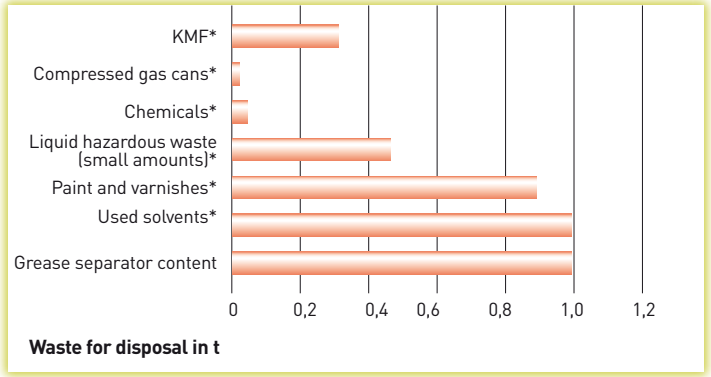
The objective is to completely eliminate adhesives containing solvents in the production of the Copa boot and to reduce them significantly for special models.



**Solvent consumption in kg**



**Waste to recycle**

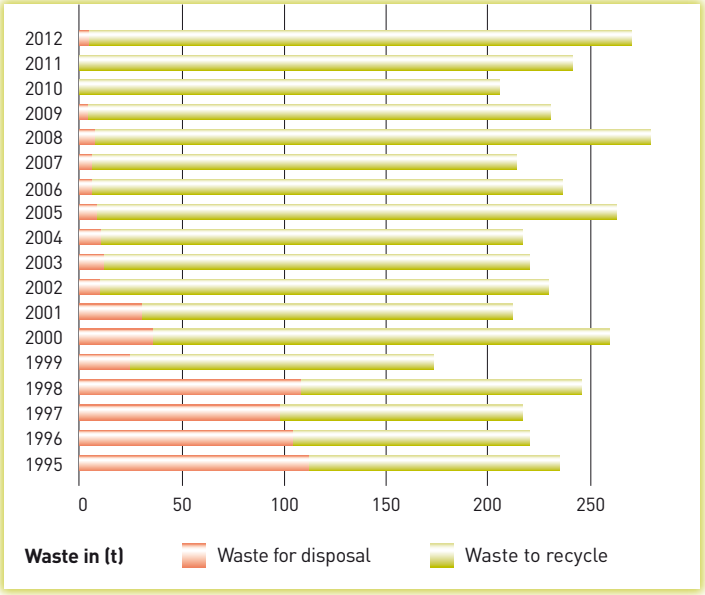


**Waste for disposal in t**

### 4.6 Waste

The waste management concept facilitates good separation of accrued waste ratios. Total waste quantity in recent years has remained at the same level. The target to continually reduce the proportion of waste to be disposed of was again achieved. The recycling ratio, i.e. the amount of waste that is recycled expressed as a proportion of total waste, was again almost 99% in 2012. This is especially worth mentioning because waste from other sites/activities (e.g. exhibitions) is also disposed of at this site. However, since these quantities are independent of the production process and cannot be recorded individually, a more detailed evaluation is not possible.

Our fundamental goal is to at least maintain the current level and therefore follow further measures to improve waste management at the site. In 2012, during the course of clean-up operations, large amounts of waste subject to verification procedures were taken for safe disposal. At 2.72 t, this quantity was significantly above the average for the last few years. The proportion of waste subject to verification procedures is 0.73%.



# 5 Environmental Programme – Objectives and Measures

A number of measures have contributed to the continuous improvement of operational environmental protection at the site. In coming years, further activities are planned, geared towards our environmental policy, the global targets of the adidas Group and site-specific circumstances. Responsibilities and the methods required are established internally.

| Objectives | Measures | Deadline |
|---|---|---|
| **Energy management** | Further development of a system for measuring consumption and generation of further key figures | Ongoing |
| Reduce heating energy consumption | Optimisation of manufacturing processes and methods for better equipment efficiency | Ongoing |
| Increase energy efficiency | Continuing adaptation of hall ventilation and aeration | Ongoing |
| Reduce electricity consumption | Needs-based adaptation of the hall lighting | Q4 2013 |
| | Assessment of the use of LED lighting<br>- Specific reduction in consumption of approx. 75% by lighting hall 3 entirely using LED technology | Q4 2014<br>Q4 2013 |
| | Energy-saving refurbishment of the Schlaraffia warehouse – south- and east-facing glass facades | Q4 2014 |
| | Energy-saving refurbishment of the production building<br>- Replacement of 30 windows and 4 doors<br>- Stock-take of the roof areas<br>- Preparation of a refurbishment concept and design | Q4 2016<br>Q3 2013<br>Q3 2013<br>Q2 2014 |
| | Assessment of the use of movement sensors to control lighting | Q4 2013 |
| | Conversion of the outdoor advertising to LED technology | 2014 |
| **Emissions** | Updating the annual solvent balance sheet | Q1 following year |
| Complete elimination of solvent substances in Copa production | Increased use of hot melt technology and water-soluble adhesives | Ongoing |
| | Reduce the specific use of solvents in a special model by ~20% by using dispersion adhesives | Q2 2014 |
| **Input materials** | Ongoing tests and studies on the use of environmentally friendly substances in the production process (e.g. water-soluble adhesive, hot melt) | Ongoing |
| Introduce environmentally friendly raw materials, Reduce the use of hazardous substances | | |
| **Waste management** | Recycling of packaging | Ongoing |
| Stabilisation at the current level<br>Further improve waste separation | Introduction of a new colour-coded waste separation system | Q1 2014 |
| **Water management** | Continuous metering of consumption in the kitchen | from Q2 2013 |
| Stabilisation at the current level | | |
| **Resources** | Preparation of online information on the economical use of paper | Q3 2013 |
| Reduce paper consumption by 50% | Introduction of a new printer and copier system | Q3 2013 |
| **Environmental management system** | Hold an annual environment day | Ongoing |
| Ongoing further development | Regular training on relevant environmental aspects as part of routine employee training | Ongoing |
| | Development and creation of instruction guidelines | Ongoing |
| | Green Team to hold 6 scheduled meetings | from Q4 2012 |

# Achievements 2010 – 2013

Since the last comprehensive environmental statement, numerous environmental measures have been put into place at the site. Many small steps have contributed to reaching our environmental targets.

| Objectives | Measures | Deadline | Status |
|---|---|---|---|
| **Energy management** | Further development of a system for measuring consumption and generation of further key figures | Ongoing | |
| Reduce heating energy consumption | Energy-saving refurbishment of the Schlaraffia warehouse with a reduction in the specific heat consumption of 15% compared to 2009 | 2012 | ✔ |
| Increase energy efficiency | Optimisation of manufacturing processes and methods for better equipment efficiency | Ongoing | ✔ |
| Reduce electricity consumption | Continuing adjustment of hall ventilation and aeration | Q2 2011 | ✔ |
| | Conversion of the washrooms from hot water storage tanks to instant water heaters | Q4 2012 | ✔ |
| | Needs-based adaptation of the hall lighting | Q4 2012 | (1 |
| | Assessment of the use of LED lighting | Q4 2013 | ✔ |
| | Based on the results, conversion to LED lighting in appropriate areas | | |
| **Emissions** | Updating the annual solvent balance sheet | Q1 following year | ✔ |
| Complete elimination of solvent substances in Copa production | Increased use of hot melt technology and water-soluble adhesives | Ongoing | |
| Reduce $CO_2$ emissions by 20% | Increase in use for heel counters from the current level of 20% to 100% | Ongoing | ✔ |
| | Further development of alternative production technologies | 1.1.2010 | ✔ |
| | Use of $CO_2$-neutral natural gas for heating | | |
| **Noise (in the workplace)** | Use of different technologies for attaching insoles | Q4 2010 | ✔ |
| Reduce noise levels | | | |
| **Input materials** | Ongoing tests and studies on the use of environmentally friendly substances in the production process (e.g. water-soluble adhesives, hot melt) | Ongoing | |
| Introduce environmentally friendly raw materials | Replacement of the exposure process during finishing in the production of printing plates for pad printing by laser technology. | Q3 2010 | ✔ |
| Reduce the use of hazardous substances | Use of digital printing technology in finishing, thereby reducing the input materials used in the pre-press stage (screen production). | Q4 2010 | ✔ |
| **Waste management** | Recycling of packaging | Ongoing | |
| Stabilisation at the 2006 level | Use of a laser process (fewer dust deposits) | Q4 2010 | ✔ |
| Reduce specific production waste | Shoe production from the lasting process to the attachment of the sole without changing the last (waste reduction) | Q1 2011 | ✔ |
| | Reduction of excess when attaching soles through the use of a new type of last | Q1 2011 | ✔ |
| | Introduction of a new colour-coded waste separation system | Q2 2012 | (2 |
| **Water management** | Installation of a water meter to measure consumption in the employee canteen (aditeria) | Q4 2010 | ✔ |
| Stabilisation at the 2006 level | Continuous metering of consumption in the kitchen | | ✔ |
| **Further development of the Environmental Management System** | Hold an annual environment day | Ongoing | |
| | Regular training on relevant environmental aspects as part of routine employee training | Ongoing | |
| | Development and creation of instruction guidelines | Ongoing | |
| | Establishment of a new Green Team | Q4 2010 | ✔ |
| **Risk management – fire prevention** | Change one step in the manufacturing process – reduction in the fire risk during grinding of the lasting edge | Q4 2010 | ✔ |

(1 See new Environmental Programme 2013 - 2016

(2 Adopted due to the introduction of a new waste disposal system in 2013

✔ In progress or ongoing progress

# 6 Contact for Environmental Issues

If you have any questions or require further information, please contact us at the following address

adidas AG
Nicole Sieverding
Corporate Communication
World of Sports
Adi-Dassler-Strasse 1
D-91074 Herzogenaurach

Tel.: 00 49 (91 32) 84 – 0
E-Mail: nicole.sieverding@adidas-group.com

# 7 Publication of the next Environmental Statement

The next environmental statement will be published in August 2016. For 2014 and 2015, the site will provide updated environmental statements.

# 8 Environmental Verification Organisation

KPMG Cert GmbH
DE-V-0328
Barbarossaplatz 1a
50674 Cologne
Germany

Michael Sperling
DE-V-0097

# 9 Validation

KPMG

## Environmental Verifier's Declaration

**Environmental Verifier's Declaration on Verification and Validation Activities**

Michael Sperling, the undersigned, with EMAS environmental verifier registration number DE-V-0097 accredited or licensed for the scopes NACE 15.2 and 32.3, on behalf of KPMG Cert GmbH, with registration number DE-V-0328, declares to have verified whether the site(s) or the whole organisation as indicated in the updated environmental statement 2013 of the organisation

**adidas AG**
**Global Technology Centre**
**Adi-Dassler-Straße 24-26**
**91443 Scheinfeld**
with registration number DE-158-00048

meet all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

By signing this declaration, it is declared that:

- the verification and validation has been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,
- the data and information of the updated environmental statement of the site reflect a reliable, credible and correct image of all the organisations activities, within the scope mentioned in the environmental statement 2013.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

Done at Cologne on 24/07/2013

Michael Sperling
*Environmental Verifier*

KPMG Cert GmbH
Barbarossaplatz 1a
50674 Cologne
Germany

## Certificate of Registration

EMAS
VERIFIED ENVIRONMENTAL MANAGEMENT

adidas AG

sports products

Adi-Dassler-Straße 24-26

91443 Scheinfeld

Registration-No.: DE-158-00048

Date of first registration
21st September 1998

This certificate is valid until
31st August 2016

This organisation has established an environmental management system according to EU-Regulation Nr. 1221/2009 and EN ISO 14001:2004 section 4 to promote the continual improvement of environmental performance, publishes an environmental statement, has the environmental management system verified and the environmental statement validated by a verifier, is registered under EMAS and therefore is entitled to use the EMAS-Logo

IHK Nuremberg Chamber of Commerce and Industry

Nuremberg, 16th September 2013

Markus M. Lötzsch
General Manager

This Environmental Statement was made with the cooperation of INTECHNICA Consult GmbH, Nuremburg: www.intechnica.eu

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**Germany**

Members of the adidas Group