

MODERN SLAVERY PROGRESS REPORT – LOOKING BACK AT 2024

At adidas, we recognize our responsibility to respect human rights and understand the importance of demonstrating our commitment to combating modern slavery in our global supply chain.

This statement outlines the actions we have taken in 2024 to identify, mitigate, and prevent risks associated with modern slavery and forced labor in our supply chain, and to remedy actual instances where identified. The statement encompasses adidas AG and our consolidated subsidiaries as a result of our global approach to human rights and compliance, including forced labor and child labor.

This statement covers the reporting period of January 1, 2024 through December 31, 2024 and is made in compliance with applicable modern slavery laws, including the UK Modern Slavery Act, the Australian Modern Slavery Act, the California Transparency in Supply Chains Act, the Norwegian Transparency Act, and the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act.

I. Our Organization and Supply Chain Structure

adidas AG, headquartered in Herzogenaurach, Germany, is a leading global sporting goods manufacturer. As the largest sportswear manufacturer in Europe and the second largest worldwide, we operate in over 40 countries. To ensure high standards in product quality and efficiency, we outsource almost 100% of our production to independent manufacturing partners with the vast majority located in Asia. 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.

In 2024, we worked with 388 individual Tier 1 facilities of manufacturing partners (suppliers) that we have a manufacturing agreement with, and their Tier 1 subcontractor facilities, in nearly 40 countries. Strong capabilities around materials and processes have been built up in close collaboration with our core suppliers over several decades. By valuing long-term relationships, we can ensure that this expertise continues to grow: 68% of our independent manufacturing partners have worked with adidas for at least ten years, and 37% for over 20 years.

Being committed to transparency and public disclosure, we have fully disclosed our [global factory lists](#) and published detailed information including the names and locations of suppliers by country since 2007. This extends to primary suppliers, subcontractors, licensees and the material suppliers where the majority of wet processes are carried out. We strive to keep this disclosure as current as possible by updating the list twice a year. We also publish our supplier lists annually on [Open Supply Hub](#), an industry initiative that promotes open and transparent sharing of retail supply chain data.

II. Our Policies and Governance Framework

Policies

Our commitment to preventing forced labor and child labor is expressed in our Human Rights Policy, which aligns with the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises (MNE Guidelines) and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Additional policies and

guidelines which support our efforts to combat modern slavery and collectively guide our approach to respecting human rights include:

- Workplace Standards
- Policy on Responsible Recruitment
- Responsible Sourcing and Purchasing Policy
- Modern Slavery Policy Framework and Strategy Implementation

All documents listed above are publicly available on our [corporate website](#).

Governance

The Executive Board, overseen by the Supervisory Board, sets the strategic direction and allocates resources for human rights initiatives. The General Counsel, as Chief Human Rights Officer (HRO), maintains operational responsibility for our Human Rights Policy implementation. The HRO monitors human rights and environmental risks, reporting regularly to the Executive Board. Dedicated risk owners oversee human rights and environmental risks across our operations and value chain, conducting annual risk assessments, implementing preventive measures, and tracking compliance.

II. Our Human Rights and Environmental Due Diligence (HREDD) Process

We have developed a risk-based due Human Rights and Environmental Due Diligence (HREDD) 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.

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.

While there is transparency of the locations and business activities of our Tier 1, Tier 2 and part of our Tier 3 suppliers, which supports our ability to conduct risk assessments and social compliance monitoring, information about the origin of raw materials (suppliers in Tier 4 and beyond) is not yet available in a systematic and verified manner. 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 leather, natural rubber, and timber-derived materials due to their linkage with deforestation risk, followed by cotton as the largest nature-derived material used in our portfolio.

In 2024, we integrated our modern slavery risk assessment into the broader Human Rights and Environmental Due Diligence (HREDD) process. This comprehensive approach allowed us to identify high-risk areas, such as the sourcing of raw materials from regions with known human rights risks and implement targeted mitigation measures. 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.

III. Addressing Identified Risks

We have a zero-tolerance stance on forced labor – whether in the form of prison labor, indentured labor, bonded labor – and child labor, which are strictly prohibited by our Workplace Standards. 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. More information on our supplier compliance efforts and audit program can be found in our [Annual Report 2024](#).

Beyond our social compliance audit program, we also take measures to address modern slavery risks in our upstream supply chain. Recognizing the challenges of directly addressing forced labor and child labor risks in the global upstream supply chain – particularly at the raw materials level – we rely on industry-led initiatives and collaborative approaches to exert influence and create the necessary leverage to effect change. The approaches described below are examples of efforts we have taken as a company as well as industry-wide efforts to mitigate the risk of forced labor and child labor in our supply chain.

Raw Materials Traceability

In 2024, we took several measures to improve the traceability of the raw materials where human rights and environmental risks, such as forced labor, child labor, and deforestation, are greatest. By enhancing traceability of our upstream supply chain, we are better able to develop targeted initiatives that prevent such risks from materializing.

- **Leather:** Our activities related to leather in 2024 were designed around three main objectives – (1) enhancing transparency over our upstream supply chain; (2) collaboration with other stakeholders to drive industry standards and targeted actions; and (3) 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. In 2024, we engaged with indirect suppliers in our leather supply chain and also with companies from the meatpacking industry to understand how due diligence can be enabled from farm to slaughterhouse through certification and other methods.
- **Natural rubber:** In 2024, we also completed a mapping of our natural rubber supply chain, partially covering our Tier 3 rubber suppliers, which are primarily located in Southeast Asia. Due to data gaps, another mapping exercise to be carried out in 2025 will be needed to produce actionable results.
- **Cotton:** Since 2018, we have used 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 focused on 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 physically segregated Better Cotton, with traceability up to the country of origin. In parallel, we have joined the U.S. Cotton Trust Protocol, which provides chain of custody validation to the country of origin for U.S. cotton.

Responsible Recruitment and Foreign Migrant Workers (FMWs)

In 2024, adidas received information from an advocacy organization, which alleged that forced labor – per the ILO indicators of forced labor – was present at several Tier 2 textile supplier facilities in Taiwan that provide yarn and fiber inputs and materials for our products. A third-party investigation found evidence of high recruitment fees, debt bondage, retention of identity documents, excessive overtime, and abusive working conditions.

In response to the investigation, over 40 apparel and footwear brands including adidas collaborated on a remediation approach and corrective actions for these findings, coordinated by the American Apparel and Footwear Association (AAFA) and the Fair Labor Association (FLA). The AAFA and FLA also jointly issued [a letter](#) in September 2024, signed by over 50 brands including adidas, urging the government of Taiwan to implement specific regulatory and legal reforms to increase protections for migrant workers. As of the end of 2024, efforts to remediate the identified findings at the supplier facilities were ongoing.

Preventing Child Labor in our Supply Chain

Our Workplace Standards prohibit employing children under 15 or below the local compulsory education age. Over the past 25+ years, we have worked with our core suppliers to eliminate child labor in our direct supply chain, by implementing [specific guidelines](#) to manage recruitment and strengthen Human Resources (HR) systems. If in a rare instance child labor is identified at one of our manufacturing partners' facilities, we recommend immediate and medium-term measures, including verifying age, removing the underage worker from the workplace, and implementing remediation actions in the best interest of the underage worker, including considering educational and vocational training for affected individuals.

In 2024, adidas collaborated with the Fair Labor Association (FLA) to assess the risk of forced and child labor in our upstream cotton supply chain in India. A scoping study, supported by international brands and labor rights advocates, responded to a third-party investigation that found evidence of child labor, forced labor, debt bondage, and abusive working conditions on cotton farms in Madhya Pradesh.

To address the issues identified in the scoping study, adidas is participating in the FLA's three-year [Harvesting The Future](#) initiative (2024-2027) to improve conditions for cotton harvesters in Madhya Pradesh. The project brings together over 20 global apparel companies, two Indian garment and textile producers, and several local implementing partners, and aims to strengthen human rights due diligence, improve working and living conditions for farmers, and engage local stakeholders in advocacy efforts. The project activities include supply chain mapping and monitoring, training and capacity building, child protection initiatives, improved responsible recruitment practices, wage improvement initiatives, and occupational health and safety measures.

IV. Grievance Mechanisms and Access to Remedy

We have established multiple grievance channels for workers in our supply chain and external third parties to report grievances. These channels include operational grievance mechanisms like our digital worker voice tool, 'Worker Voice (WOVO)', worker hotlines managed by our Social & Environmental Affairs (SEA) department, and a third-party complaints mechanism. Additionally, as part of our membership in the Fair Labor Association (FLA), any third-party can report violations of workers' rights in adidas facilities.

The 'Worker Voice (WOVO)' platform serves as an operational grievance mechanism at all our core supplier sites. In 2024, more than 400,000 workers employed in 105 manufacturing facilities across 16 countries had access to WOV0. Close to 35,700 human and labor rights complaints were received through the platform during the reporting period, with 99% of these complaints being closed by the end of 2024. The case satisfaction rate, workers' level of satisfaction with complaint resolution, has almost doubled from 39% in 2019 to 76% in 2024.

Of the complaints received, none were linked to forced labor or child labor. 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).

In 2024, we received a total of 61 individual complaints through the SEA worker hotlines from workers in 9 countries: China, Honduras, India, Indonesia, Mauritius, Mexico, Pakistan, Thailand and Vietnam. The complaints received related to a range of labor topics, with Employment Practices (33%) being the most frequently reported issue, followed by Compensation & Benefits (15%), Discrimination & Harassment (14%), and Health & Safety and Working Hours each making up 10% of the total cases received. Other topics including Business Ethics & Corruption, Environment, and Freedom of Association & Collective Bargaining made up the remaining percentage of individual complaints received. There were no validated individual complaints related to forced labor or child labor during the reporting period.

In 2024, we handled a total of 17 cases through our third-party 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. There were no reported cases or concerns related to forced labor or child labor.

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.

V. Performance Evaluation and Effectiveness Review

We are committed to continuous improvement in identifying, preventing and responding to risks of modern slavery in our supply chain. Our public ambition for 2025 is to have a system in place to identify and manage high-risk human rights issues across 100% of our upstream value chain and own operations.

We are committed to transparency and to independent assurance, to inform and improve the performance of our due diligence program. To evaluate the effectiveness of our policies and procedures in preventing forced labor and child labor within our own operations and global supply chain, we regularly review the outcomes of our HREDD efforts, supplier audits, remediation measures, and the number and nature of complaints received through the grievance mechanisms and third-party complaints mechanisms made available.

Our human rights due diligence program – including those elements related to monitoring risks of forced labor and child labor – are also independently verified by the FLA through an [annual assessment process](#). 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, remained accredited based on the FLA's annual evaluations, in which adidas was rated as a top performer.

VI. Stakeholder Engagement and Collaborative Initiatives

We acknowledge that certain risks related to modern slavery, including forced labor and child labor, cannot be effectively addressed alone. Collaboration is critical to our effective application of human rights due diligence across our supply chain. We actively seek partnerships and participate in industry and multi-stakeholder initiatives to understand, assess and mitigate forced labor and child labor risks, and to address systemic issues and drive positive change. Detailed information on our stakeholder engagement approach, and our key memberships and collaborations are available on our corporate website: [Engagement & Governance - adidas Group](#)

Throughout the year, we continued to engage with external stakeholders from government, investors, international organizations, and civil society. Examples of stakeholder engagement during the year:

- In November 2024 we hosted a stakeholder dialogue in Zurich, Switzerland, chaired by the General Counsel and Human Rights Officer. The dialogue focused on human rights and environmental due diligence, biodiversity and deforestation, and human rights in sports sponsorships, with input 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.
- We continued to contribute to several working groups within 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 human rights and the environment.
- We continued our membership in the [Yarn Ethically and Sustainably Sourced \(YESS\)](#) initiative, which aims to eliminate forced labor in cotton production by training and assessing fabric and yarn manufacturers to implement due diligence and address the risk of cotton produced with forced labor within their own supply chains. In 2024, we nominated two mills, one in India and one in Pakistan, for participation in the YESS initiative.
- We continued to regularly engage with the [American Apparel & Footwear Association \(AAFA\)](#) as a member of their Social Responsibility Committee, which meets regularly to provide apparel and

footwear member companies with a forum to discuss developments related to forced labor, global and U.S. HREDD and modern slavery legislation, and other regulatory and topical developments.

- Through our membership in the AAFA, we also engaged in the joint Forced Labor Working Group, composed of supply chain and sustainability professionals from the AAFA, the National Retail Federation (NRF), the Retail Industry Leaders Association (RILA), and the United States Fashion Industry Association (USFIA). The Working Group convenes to discuss forced labor issues for the retail industry, and aims to enrich technical knowledge and leadership skills, and share leading practices in addressing forced labor risks.

VII. Training and Capacity Building

We are working to build greater awareness among our employees of the risks of modern slavery – including forced labor and child labor – through online training modules. In 2024, we launched a targeted online learning curriculum for all global corporate employees, which includes a module on our Human Rights Policy, as well as three modules on preventing forced labor and child labor in supply chains and human rights due diligence. Over 250 corporate employees completed the Human Rights Policy training.

VIII. Looking Forward

We seek to make year-on-year progress in identifying, preventing and responding to modern slavery in our supply chain. In 2025, we will focus our efforts on the following key priority areas:

- We will increase our participation in industry-wide collaborative efforts to improve responsible recruitment practices in our global supply chain and will continue to engage with our suppliers in Taiwan to respect the rights of foreign migrant workers (FMWs) and recruit FMWs responsibly in accordance with our Policy on Responsible Recruitment and our support of the [AAFA/FLA Commitment to Responsible Recruitment](#).
- We will enhance our internal standard operating procedures (SOPs) for sustainable and responsibly sourced materials to include measures to reduce the risk of adverse human rights impacts – which may include land rights, Indigenous Peoples rights, and livelihoods – linked to materials production.
- We will continue to improve traceability and transparency in our upstream raw materials supply to support compliance with current and planned regulations – including on deforestation – in conjunction with our broader HREDD efforts.
- We will also continue to closely monitor developments related to the European Union Forced Labor Regulation, and engage in discussions with the European Commission on the development of guidance to implement the regulation.
- We will update and refresh our Modern Slavery training to reflect the most recent regulatory requirements and risk landscape. In its initial launch in 2016, the training was targeted at our Global Operations division. In 2025, we will make this online training available to all corporate employees globally.