

## Corporate Human Rights Benchmark 2018 Company Scoresheet



**Company Name** Adidas  
**Industry** Apparel (Supply Chain only)  
**Overall Score (\*)** 87.0 out of 100

Theme Score	Out of	For Theme
7.2	10	A. Governance and Policies
22.3	25	B. Embedding Respect and Human Rights Due Diligence
15.0	15	C. Remedies and Grievance Mechanisms
15.6	20	D. Performance: Company Human Rights Practices
20.0	20	E. Performance: Responses to Serious Allegations
6.9	10	F. Transparency

(\*) Please note that any small differences between the Overall Score and the added total of Measurement Theme scores are due to rounding the numbers at different stages of the score calculation process.

Please note also that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2018 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

### Detailed assessment

#### A. Governance and Policies (10% of Total)

##### A.1 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	2	The individual elements of the assessment are met or not as follows: Score 1 • Met: UDHR: The Company has indicated that it supports the Universal Declaration on Human Rights in its Labour Rights Charter. [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a> ] Score 2 • Met: UNGPs: It has also indicated that it adheres to the principles of the OECD MNEs and supports the 'UN Framework' in its FAQ on human rights (a document which is part of its policies documents). [Human Rights and Responsible Business Practices FAQ, Dec 2014: <a href="https://adidas-group.com">adidas-group.com</a> ] • Met: OECD: See above [Human Rights and Responsible Business Practices FAQ, Dec 2014: <a href="https://adidas-group.com">adidas-group.com</a> ]
A.1.2	Commitment to respect the human rights of workers	2	The individual elements of the assessment are met or not as follows: Score 1 • Met: ILO Core: Adidas' Labour Rights Charter indicates that its 'policies and procedures adhere to all applicable domestic laws and are consistent with core labour principles of the International Labour Organization (ILO) concerning freedom of association and collective bargaining, non-discrimination, forced labour, and underage workers in the workplace'. [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a> ] • Met: All four ILO for AP suppliers: In its Workplace Standards, the Company states it expects its suppliers to do the same and explicitly refers to forced labour, child labour, non-discrimination, freedom of association and collective bargaining as well

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>as health and safety and working hours. [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a>]</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: All four ILO Core: See above [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Respect H&amp;S of workers: It is also committed to the health and safety of its workers. [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: H&amp;S applies to AP suppliers: See above [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: working hours for employees: See above [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Working hours for AP suppliers: See above [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul>
A.1.3.AP	Commitment to respect human rights particularly relevant to the industry (AP)	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Women's Rights: The Company states on its website that Women's Rights are "protected by umbrella commitments made to ensure that employees, and workers within the supply chain, are treated equally and are free from discrimination". In addition, in its disclosure to CHRB Platform (Jul 2018) the Company indicates that it follows a "holistic approach to uphold women's rights, ensure gender equality and protect against all forms of gender-based discrimination, internally and through our business relationships". [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a> &amp; CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Not met: Children's Rights: Although the Company has a commitment addressed to labour rights referred to each one of the vulnerable groups mentioned in this indicator (Children, Women, Migrants), CHRB couldn't find a policy in which it commits specifically to respect children's rights. [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Not met: Migrant worker's rights: See above [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Not met: Expecting suppliers to respect these rights: The Company indicates in its Disclosure Form that "suppliers are contractually bound to fulfil the obligations stated in the Workplace Standards and supporting Guidelines. Our Guidelines on Employment Standards detail the relevant international conventions to be considered with respect to women's rights (CEDAW), child rights (CRC) and migrant labour rights, etc.", however there is no direct commitment for the suppliers to uphold this conventions, which are included as "Legal Basis" of the Employment Guidelines, but do not represent a commitment for the suppliers, "to be considered" does not count as a commitment. [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: CEDAW/Women's Empowerment Principles: See above. The Company is carrying out activities involving women. However, no evidence has been found regarding a specific commitment on the relevant conventions or initiatives It has guidelines on employment standards for suppliers which clearly describes what constitutes poor practices, best practices and what is considered as non compliances. It also states on its website what it currently does to work with vulnerable groups including children, migrants and women. [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Not met: Child Rights Convention/Business principles: No evidence has been found regarding a specific commitment on the relevant conventions or initiatives. See above [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Not met: Convention on migrant workers: No evidence has been found regarding a specific commitment on the relevant conventions or initiatives. See above [Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Respecting the right to water: On its website section "Environmental Approach" the Company states "...we are fully committed to respect the human right to water". In its Environmental Guidelines the Company sets some actions in order to reduce water use which cover its suppliers. [Environmental Guidelines, Jan 2010: <a href="https://adidas-group.com">adidas-group.com</a> &amp; Environmental Approach: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Not met: Expecting suppliers to respect these rights: On its website section "Environmental Approach-Human Right to Water" the Company indicates: "We expect suppliers and business partners to be aligned with our globally agreed policies and frameworks for sustainable resource use [...]". However, in order to meet this subindicator it is necessary to also commit to at least one of Migrant/Women/Children Score 2 subindicators. [Environmental Guidelines, Jan 2010: <a href="https://adidas-group.com">adidas-group.com</a> &amp; Environmental Approach: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.4	Commitment to engage with stakeholders	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Commits to stakeholder engagement: Adidas Group has built a long-standing commitment to engaging its stakeholders, reflected in its Stakeholder Relations Guideline. The definition of stakeholders included in this document is the following: 'people or organisations who affect, or are affected by, our operations and activities.' They include employees, business partners and workers in suppliers' factories among others. [Stakeholder Relations Guidelines, Jul 2012: <a href="https://www.adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Regular stakeholder engagement: The Company quotes several programs and initiatives which show how it engaged stakeholders in the development or monitoring of its human rights approach. One example is its work with the Fair Labour Association (FLA) as part in the multi-stakeholder forum Americas Group focused on freedom of associations issues or its work with the United Nations High Commissioner for Refugees (UNHCR), and the Turkish Ministry of Labour and Social Security to advocate for rights for Syrian refugees and discuss the challenges in integrating them into the labour market. [Adidas Group Assessment for Accreditation, Oct 2017: <a href="https://www.fairlabor.org">fairlabor.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Commits to engage stakeholders in design: See above [Stakeholder Relations Guidelines, Jul 2012: <a href="https://www.adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Regular stakeholder design engagement: During the past 2 years, the company has engaged its stakeholders in its Modern Slavery Outreach Programme involving them in the design of new due diligence processes to develop collaborative models to address risks. [Adidas Group Assessment for Accreditation, Oct 2017: <a href="https://www.fairlabor.org">fairlabor.org</a>]</li> </ul>
A.1.5	Commitment to remedy	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Commits to remedy: In its Human Rights FAQ document, the Company commits to remediation where appropriate. [Human Rights and Responsible Business Practices FAQ, Dec 2014: <a href="https://www.adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Not obstructing access to other remedies</li> <li>• Met: Collaborating with other remedy initiatives: In its Complaint Mechanism it makes it clear that "If an impact is occurring, Adidas will engage actively in its remediation, either directly or in cooperation with others." This document also points out third party grievance channels to tackle complaints, referring to FLA and OCED NCPs. [Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="https://www.adidas-group.com">adidas-group.com</a>]</li> <li>• Not met: Work with AP suppliers to remedy impacts: In its workplace standards, it indicates that it expects its suppliers to notify it of 'any perceived risk of a violation of human rights' and 'of the steps being taken to avoid or mitigate such a breach and, where this is not possible, for the business partner to provide for the remediation of the adverse human rights impact where they have caused or contributed to this'. The Company reports different examples of the work it has done with its suppliers to remedy non compliance (see Disclosure Form to CHRB Platform Jul 2018), however no evidence found of a formal commitment to work directly with them through the supplier's own mechanisms or collaborating with them on the development of third party non-judicial remedies. [Workplace Standards, 2017: <a href="https://www.adidas-group.com">adidas-group.com</a> &amp; CHRB Submission, July 2018, Jul 2018: <a href="https://www.business-humanrights.org">business-humanrights.org</a>]</li> </ul>
A.1.6	Commitment to respect the rights of human rights defenders	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Zero tolerance attacks on HRs Defenders (HRDs): The Company has released a strong commitment in its Adidas Group and Human Rights Defenders in 2016. One of the first of its kind. Amongst other, it refers to its 'longstanding 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'. Adidas also commits to speak out on the protection of HRDs when they are 'being threatened, intimidated or detained by the police or government officials' [The adidas Group and Human Rights Defenders, 2016]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Expects AP suppliers to reflect company HRD commitments: See above [The adidas Group and Human Rights Defenders, 2016]</li> </ul>

## A.2 Policy Commitments (5% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.2.1	Commitment from the top	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: CEO or Board approves policy: In its submission to CHRB, Adidas indicated that 'Adidas Group's highest level of policy commitments on human rights are contained in a document called the Labour Rights Charta. The Charta is owned and approved by the Chief Executive Officer of Adidas. [Labour Rights Charta, May 2011: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Board level responsibility for HRs: Resulting mandates and tasks are clearly delegated to the responsible Board members, the Chief Human Resource Officer and the Global Legal &amp; Compliance Officer. Ultimate accountability for Human Rights for the company and its operations rests with the CEO (to whom the Chief Legal Counsel reports) and for employee matters with the Chief HR Officer, who is also an Executive Board member.' [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Speeches/letters by Board members or CEO: There are some evidence of different speeches where Adidas CEO or board member sets out the Company's approach to human rights and discusses its business importance. [Sustainability Progress Report 2016, 2016: <a href="http://adidas-group.com">adidas-group.com</a> &amp; Sustainability Progress Report 2015, 2015: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul>
A.2.2	Board discussions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Board/Committee review of salient HRs: In its submission to CHRB, the Company has described that human rights issues are reviewed by its Supervisory board, 'which oversees the activities of the Executive Board. Adidas' Global Legal &amp; Compliance Officer and the Global Director for Social and Environmental Affairs (SEA) provide regular briefings to the Supervisory Board'. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Examples or trends re HR discussion: It has added that 'the Supervisory Board requests detailed reports and regular updates from the Executive Board on corporate strategies and actions taken to ensure compliance with human rights and labour standards in the supply chain and at the company's own sites' and provides examples of 'special reports which have been submitted recently to the Supervisory Board for its consideration'. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both examples and process [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
A.2.3	Incentives and performance management	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Incentives for at least one board member: The Company's 2016 compensation report indicates that the LTIP bonus includes sustainability related improvements as well as 'an increase in the percentage of female representation in management positions within the Group'. The Group indicates that 'Compliance with human rights principles is integral element of the Adidas Group Risk and Opportunity Management [...] This is measured through holistic KPIs measuring the company performance beyond financial performance benchmark, and these are applied to Executive management's individual performances'. However, there are no details on whether specific human rights elements affect board member remuneration'. [Annual Report 2017, 2017 &amp; CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Not met: At least one key AP HR risk, beyond employee H&amp;S [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Performance criteria made public [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>

## B. Embedding Respect and Human Rights Due Diligence (25% of Total)

### B.1 Embedding Respect for Human Rights in Company Culture and Management Systems (10% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Senior responsibility fo HR (inc ILO): According to the Company's submission to CHRB 'ultimate responsibility for the Group's management of human rights impacts resides with the Group's Chief Compliance Officer/Legal Counsel. He reports directly to the CEO and to the Executive Board. Responsibility for managing employee related issues across the Group rests with Chief Human Resources Officer and ultimately with the Executive Board'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Day-to-day responsibility: In the Submission to CHRB 2018 the Company indicates how day-to-day responsibility, resources and decision-making process are allocated across the range of relevant functions of the Company and how its Social &amp; Environmental Affairs (SEA) department, within Global Legal &amp; Compliance, is managing day-to-day human rights in the Company and within the supply chain. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Day-to-day responsibility in supply chain: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
B.1.2	Incentives and performance management	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Senior manager incentives for human rights: The Company has indicated in its submission to CHRB that: 'Our Social &amp; Environmental Affairs' SVP in Europe, and VPs in Asia and America, and their subordinate Senior Directors and Directors, who are tasked with the delivery of labour and human rights programmes across the business, with our licensees, and in the global supply chain, have clear targets in our performance appraisal system which links pay with performance and the execution of our human rights policy commitments. Those commitments include a range of salient issues related to the labour rights and safety of workers in the supply chain.' [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: At least one key AP HR risk, beyond employee H&amp;S: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Performance criteria made public [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
B.1.3	Integration with enterprise risk management	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: HR part of enterprise risk system: The Company has indicated that 'due diligence is an integral part of our business decision-making and risk management systems'. It added it has a due diligence process in place 'with respect to the way we manage labour rights, health and safety and environmental risks associated with our supply chain. This extends to and includes aspects of human rights. Such due diligence includes risk mapping, compliance monitoring, remediation, measurement, and internal as well as external (i.e. public) reporting. We also have internal processes in place to protect employee rights and entitlements, through the policies and procedures of our Human Resources department, with regular reports and updates to the Executive Management team and the Supervisory Board. Compliance of Adidas Group entities with the core policies as listed in the Global Policy Manual are regularly monitored by the Group Internal Audit function.' [Human Rights and Responsible Business Practices FAQ, Dec 2014: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Audit Ctte or independent risk assessment: Although the Company describes how the Group Internal Audit (GIA) evaluates the effectiveness of risk management (by assessing whether all significant risks are identified, etc.), there is no specific information about how the GIA evaluates the adequacy of its risk management system in managing human rights.</li> </ul>
B.1.4.a	Communication /dissemination of policy commitment(s) within Company's own operations	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Communicates its policy to all workers in own operations: The Company has indicated in its submission to CHRB that: 'Our Labour Charta that contains our core commitments to human rights and the ILO standards [...] has been shared with investors, shareholders and directly with all employees. All Employees have live access to all global policies within our intranet site'. The Company indicates that the</li> </ul>

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			<p>Labour Charta is available in German and English, the official languages of the Company, adding that all employees must be competent in one or both languages. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Communication of policy commitments to stakeholder: The Company indicates that it uses different 'channels of communication to share information about its strategies, policies and procedures with respect to human and labour rights and to engage with stakeholders', most of the publications available in these channels are not translated to local languages. Although Adidas has human and labour rights complaint mechanisms and promotes a third party complaint mechanism, which is available in relevant local languages, CHRB has not identified any document which provides information about how the Company communicates its policy commitments in other language than English, so the potentially affected stakeholders can be made aware of their rights and so they use the complaints mechanisms.</li> <li>• Not met: How policy commitments are made accessible to audience: See above</li> </ul>
B.1.4.b	Communication /dissemination of policy commitment(s) to business relationships	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Steps to communicate policy commitments to BRs: The Company has indicated that its 'manufacturing partners are bound, contractually, by the Adidas Group Workplace Standards'. It has added in its submission to CHRB that 'Every supplier, licensee and agent entering into a business relationship with Adidas Group must receive, read and commit to our Workplace Standards, which details our expectations for business partners to uphold labour standards and human rights'. [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Including to AP suppliers: It has added in its submission to CHRB that 'Every supplier, licensee and agent entering into a business relationship with Adidas Group must receive, read and commit to our Workplace Standards, which details our expectations for business partners to uphold labour standards and human rights'. In addition, the Company also has 'a specific program of outreach to the extended supply chain that focuses on fundamental labour rights including forced labour, child labour, trafficking in persons and migrant labour rights.' This program includes the sharing of guidance and specific training for suppliers in Tier 2 enrolled in this program. Moreover the Company indicated in its 'Know the Chain 2016' document that 'We encourage our main business partners to share our Workplace Standards, policies and practices with their subordinate relationships, including external service providers (catering services, security firms, etc.). And where a strategic business partner achieves "self-governance" status under our social compliance KPI system, we expect that they also audit and monitor their subordinate suppliers.' [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; Know the Chain, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: How HR commitments made binding/contractual: See above [Human Rights and Responsible Business Practices FAQ, Dec 2014: <a href="https://adidas-group.com">adidas-group.com</a> &amp; CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Including on AP suppliers: In its Submission to CHRB the Company indicates: 'We seek to extend our reach by cascading responsibilities to our partners, to capture and address potential an actual human rights issues upstream and downstream of our product creation.', 'We encourage suppliers to share our Workplace standards, policies and practices with their subordinate relationships, including external service providers. And where strategic business partners achieves "self governance" status under our social compliance KPI system, we expect that they also audit and monitor their subordinate suppliers'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
B.1.5	Training on Human Rights	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Not met: Trains all workers on HR policy commitments: The Company has indicated that 'all new employees are given induction training to familiarize them with Adidas Group policies and procedures, including (...) adherence to our Labour Charter' (which covers the ILO core labour standards). However the Company has not indicated that all employees were trained on its human rights policy (it indicates it provides training on its code of conduct but the code does not cover all the core ILO standards). [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; Labour Rights Charta, May 2011: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Trains relevant managers including procurement: It has also stated that its 'Procurement employees and managers for example have received training on modern slavery global' which is a training relevant to their role. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirements under score 1 met</li> </ul>
B.1.6	Monitoring and corrective actions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Monitoring implementation of HR policy commitments: 'For our own operations and facilities we have staff in our facilities and Human Resources Management teams and on-site medical staff who conduct regular assessment and evaluation of the business performance with respect to employee safety, wellbeing and labour/human rights. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Employees: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>Met: Monitoring AP suppliers: The Company states that 'for our direct supply chain we have social and environmental KPIs that assess the effectiveness of our suppliers' management systems to protect labour rights, worker safety and the environment. For our licensee partners and agents that manage our indirect supply chain, we use a score card, that evaluates and score's a business entities performance in applying our Workplace Standards and associated guidelines'. It also indicates that 'all audits conducted in our supply chain are visible to us through the Fair Factory Clearinghouse (FFC) database'. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Supply Chain Approach: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Describes corrective action process: Regarding corrective action processes the Company indicates that for gaps in suppliers' management systems or specific non-compliance issues, 'suppliers are required to develop corrective action plans to address them in a sustainable manner within a set period of time.' The corrective action process include Warning letters, SEA team monitoring the development and implementation of corrective action plans and termination if the non-compliance persists. According to its Annual Report 2017, the Company sent 42 warning letters (38 1st warning, 3 2nd warning, 1 3rd warning) and had 4 business relationship terminations due compliance problems. SEA team members closely monitor the development and implementation of these corrective action plans through follow-up audits and record progress, and verification status in the Fair Factories Clearinghouse (FFC) database'. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Annual Report 2017, 2017]</li> <li>Met: Example of corrective action: In the Fair Labour Association there are several examples of corrective actions made in factories related with Adidas operations. The last 3 reports correspond to 2016 and included a case in Bangladesh, on in India and one in China. [Fair Labor Association - Workplace monitoring report - Adidas: <a href="http://fairlabor.org">fairlabor.org</a>]</li> <li>Met: Discloses % of supply chain monitored: According to its Annual Management Report, during 2017 1,241 factories were visited and 1.015 social compliance and environmental audits using in-house technical staff as well as external third party monitors commissioned by the Company. It added 'a total of 48 % (2016: 40%) of all active suppliers were audited in 2017. High-risk countries in Asia, the major sourcing region of the Adidas Group, received extensive monitoring in 2017 with an audit coverage that was close to 70%'. The Company reports the number of factories which received warning letters or which were terminated or rejected and a chart with non-compliances identified at supplier factories in its 2016 sustainability progress report. [Group Management Report, 2017]</li> </ul>
B.1.7	Engaging business relationships	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: HR affects selection of suppliers: Adidas's Workplace standards and related guidelines on employment include a description of which type of issues leads to the non-selection of a supplier or to the termination of the manufacturing relationship, stop-work notices, third-party investigations, warning letters, reviewing orders, and the commissioning of special projects to remedy particular compliance problems. It also provides a chart presenting 'the labour-related non-compliances identified during initial assessments and initial assessment follow-ups in supplier factories. Two-thirds of the labour-related findings belong to the top three issues: 'Basic Wages', 'Managing systems for working hours' and 'Non standardized filing system'. [Workplace Standards, 2017: <a href="http://adidas-group.com">adidas-group.com</a> &amp; Guidelines on Employment Standards - Workplace Standards, 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>Met: HR affects on-going supplier relationships: See above [Workplace Standards, 2017: <a href="http://adidas-group.com">adidas-group.com</a> &amp; Guidelines on Employment Standards - Workplace Standards, 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Both requirement under score 1 met</li> <li>Met: Working with suppliers to improve performance: In its Submission to CHRB the Company describes how it works with suppliers to improve performance: 'We</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			have a dedicated team of staff within SEA whose primary focus is on improving working conditions, labour and human rights within the supplier factories. This work is conducted on a daily basis and includes specialist advice on human resource management and occupational health and safety. Specifically on worker rights, in recent years Adidas has been running worker empowerment.' [Sustainability Progress Report 2016, 2016: <a href="https://www.adidas-group.com">adidas-group.com</a> ]
B.1.8	Approach to engagement with potentially affected stakeholders	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Stakeholder process or systems: The Company indicates: 'Stakeholder engagement is conducted at many levels, including directly with vulnerable groups and with workers in the global supply chain. We are in regular contact with a very diverse range of stakeholders, which informs the development of our labour and human rights programme. [...] This is subject to change periodically, for example due to specific issues or trends. In order to systematically identify these stakeholders, we use an extensive network of contacts - spanning across more than 60 countries - to pinpoint areas for dialogue and applicable parties to engage with. Using this feedback, we prioritise stakeholders based on criteria such as action radius, relevance, risk, willingness and capacity to engage. We also consider appropriate representation of different stakeholder groups. The prioritisation may change depending on the issue.'</li> </ul> <p>The Company also discloses different processes of stakeholder engagement (see Indicator A.1.4 ). [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</p> <ul style="list-style-type: none"> <li>Met: Frequency and triggers for engagement: See above. In addition: 'The frequency of dialogue can range from monthly, to quarterly, to annually. At an operational level, stakeholder engagement in the past 2 years has focused on six critical areas (1) quarterly engagement with labour and International human rights advocacy groups on civic freedoms. We have joined a NGO-business coalition to tackle curbs on civil society activities, especially by governments, and have supported with advocacy and by sharing our experience, policies and approach towards Human Rights Defenders (HRDs)' [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; Stakeholders relations guideline, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>Met: workers in the SP engaged: In its Stakeholders relations guideline, the Company summarizes its stakeholders: 'They are a diverse group and include the following: Employees of the Adidas Group; Shareholders and investors; Authorizers - governments, trade associations, shareholders, Board of Directors; Business partners - unions, suppliers, service providers; Workers in our suppliers' factories; Opinion-formers - journalists, community members, special interest groups; Customers - professional sports people, distributors, retailers, consumers [Stakeholders relations guideline, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>Met: communities in the SC engaged: See above [Stakeholders relations guideline, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Not met: Analysis of stakeholder views and company's actions on them</li> </ul>

## B.2 Human Rights Due Diligence (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Identifying risks in own operations: The Company has clearly explained how it proactively assesses its human rights risks and impacts on an on-going basis in its submission to CHRB and through the BHRRC Company action platform. This includes processes to identify its human rights risks and impacts in specific locations or activities, covering its own operations as well as that of its suppliers. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>Met: Identifying risks in AP suppliers: See above. The Company refers to its Operational Reviews (ORs) - human rights risk mapping, 'which seeks to identify potential adverse human rights impacts arising from company-wide policies and business practices. The ORs examine both day-to-day operations, as well as broader supply chain impacts'. It also refers to supply chain compliance monitoring as part of the human rights risk identification system. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Ongoing global risk identification: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>• Met: In consultation with stakeholders: The Company also describes how, in these processes, it consults with stakeholders including internal or independent external human rights experts. Finally, it also indicates that potentially affected stakeholders feedback is also material considerations in human rights risk, as it includes interviews with on or off-site workers. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: In consultation with HR experts: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Triggered by new circumstances: It also includes how the systems are triggered by new country operations, new business relationships or changes in the human rights context in particular locations, and also includes risks and impacts to which the Company may be directly linked. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Salient risk assessment (and context): In explaining its approach to identifying human rights risks and impacts (Ind. B.2.1), the Company also explains how it assesses human rights risks and impacts. In its submission to CHRB it also states: 'Through our periodic operational reviews and stakeholder engagement the following have been highlighted as salient human rights risks: freedom of association &amp; collective bargaining, working hours, safety &amp; health, fair wages, child labour, forced labour, resource consumption, water (including chemical management), access to grievance mechanisms, diversity, mega sporting events, procurement and data protection &amp; privacy'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Public disclosure of salient risks: See above and B.2.1</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirements under score 1 met</li> </ul>
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Action Plans to mitigate risks: The Company explains the process in relation to human rights risk and impacts of its operations and the supply chain. Regarding its own operations it describes the process in relation to its sponsoring activities related to mega sporting events (salient issues are flagged in operational review, then carried out an engagement with affected stakeholders and developed a roadmap of follow-up actions). [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Example of Actions decided: The Company also reports improvements carried out in the processes for improving the social compliance programme for its supply chain (periodical review and accreditation from the Fair Labour Association) and for licensees (creation of a scorecard, which are obligated to create compliance programmes similar to those of the Company's in-house system). An example presented in its submission to CHRB for Indicator B.2.4. shows a specific conclusion reached and actions taken in order to mitigate one of its salient human rights issues: Health and safety. In 2014, the Company launched a fire risk assessment tool to map the fire and safety risk in its global supply chain, building on its experience with the Bangladesh Accord on Fire and Building Safety. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Including in AP supply chain: In relation to its supply chain and licensee partners and agents, the Company indicates that it carries out audits to evaluate social and environmental performance indicators including human rights. At the end of each month the SEA department reports to executive management 'highlighting critical issues, investigations and remedial efforts in relation to individual factories and other country-specific cases for our direct and indirect supply chains'. In addition the Company carries out actions to improve the social compliance programme for its supply chain, which are reported and accredited periodically by Fair Labour Association. The Company's fire risk assessment tool launched in 2014 (quoted above) to map the fire and safety risk in its global supply chain, is one of this actions. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; Fair Labor Association - Workplace monitoring report - Adidas: <a href="https://fairlabor.org">fairlabor.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirements under score 1 met</li> </ul>
B.2.4	Tracking: Monitoring and evaluating the effectiveness of	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: System to check if Actions are effective: The Company describes in its submission to CHRB the measures that it takes to tackle human rights risks, including systems to evaluate its supply chain and licensees' human rights</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	actions to respond to human rights risks and impacts		<p>performance, and measures taken to improve these systems. Regarding the evaluation of effectiveness of actions taken the Company indicates: 'Adidas' social compliance program is subject to ongoing and annual third party audits and public disclosure of tracking charts by Fair Labor Association, to determine whether supplier-level remediation is being effectively managed by Adidas. And at programmatic level, Fair Labor Association also undertakes a periodic accreditation process - evaluating all elements of our labour and human rights work. In October 2017, our program was re-accredited for second time'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</p> <ul style="list-style-type: none"> <li>• Met: Lessons learnt from checking effectiveness: The Company provides an example of the lessons learned while tracking the effectiveness of its actions regarding protecting the rights of children and women in Pakistan. The industrialization of the cottage industry deprived women work opportunities. The Company support the establishment of women's stitching centres, together with nurseries. This has enabled women to work. Women working provide a direct and positive impact on child wellbeing and access to education. The Company also funded school infrastructure in the community. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirement under score 1 met</li> </ul>
B.2.5	Communicating : Accounting for how human rights impacts are addressed	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Comms plan re identifying risks: According to the explanations given for indicators B.2.1 to B.2.4, the Company has demonstrated in its disclosures that it has system to identify, assess, respond and review the actions related to human rights risks. The Company indicates in its submission to CHRB that 'to ensure clear communications with local stakeholders, affected communities and other vulnerable groups, the SEA [Social &amp; Environment Affairs] department has embedded local staff in all key sourcing countries. The team operates in 18 languages, but will also employ translators where needed for special investigations, stakeholder outreach or communicating outcomes or mechanisms to improve human rights impacts'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; Sustainability Progress Report 2016, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Comms plan re assessing risks: See above</li> <li>• Met: Comms plan re action plans for risks: See above</li> <li>• Met: Comms plan re reviewing action plans: See above</li> <li>• Met: Including AP suppliers: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Responding to affected stakeholders concerns: It provides the example of contracting Arabic translators in Turkey to support communications with Syrian refugees at risk of exploitation in the supply chain. It also states that 'Communications and issues management are developed from the bottom up, through regular monitoring activities (on and off-site worker engagement) and operational complaint mechanisms, where correspondence will be in the local language'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Ensuring affected stakeholders can access communications: It states that based on engagement and feedback from stakeholders, the Company has 'defined the appropriate level of communications needed for a given target audience. Some require formal communications, a written account, etc. and others more informal channels or personalized engagement'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>

### C. Remedies and Grievance Mechanisms (15% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Channel accessible to all workers: The Company has a grievance channel for workers – 'through worker hotlines in each country, manned either by internal staff or independent NGOs, who speak the workers' local language'. The Company uses new technologies to improve its grievance system and reach more people. In 2017, it has developed 'an advanced grievance platform which is apps based and can offer more functions in the platform'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; Human Rights: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Number grievances filed, addressed or resolved: Since June 2014, the Company discloses data about third party complaints received by Adidas through its website. [Human Rights: <a href="http://adidas-group.com">adidas-group.com</a> &amp; Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Channel is available in all appropriate languages: See above [Human Rights: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Expect AP supplier to have equivalent grievance systems: In its Workplace Standards the Company states: 'Business partners must develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives'. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Workplace Standards, 2017: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Opens own system to AP supplier workers: See above. In addition, the Company introduced a SMS complaint mechanism for adoption by its suppliers, and to date 'around 63 of our strategic suppliers in Vietnam, Indonesia and Cambodia, with the total workforce of around 290,000, have adopted the system'. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Grievance mechanism for community: Adidas has a third party complaints mechanism through which 'affected individuals, or communities, can bring issues directly to the attention of Adidas Group, or avail themselves of alternative channels for their complaints, including the FLA-managed Third Party Complaint system, or the OECD's Contact Point, details of which are also given in the Complaint Process'. It has added that the mechanism is available in local languages given that 'where complaints arise at a community level, these are normally directed through local Social &amp; Environmental Affairs staff, who are conversant in the local language and active at a community level, through their visits and meetings with local factory employees' [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Describes accessibility and local languages: See above [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: AP supplier communities use global system: See above [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul>
C.3	Users are involved in the design and performance of the channel(s)/mechanism(s)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Engages users to create or assess system: The Company has indicated that its 'Third Party Grievance Mechanism was originally developed with the input of trade unions, NGOs and other stakeholders involved in the London Olympics'. In addition to this, it sought the review and input of Human Rights Watch. It also indicates that the Company evaluate the effectiveness of grievance channel/mechanism of its suppliers through its KPI assessment where it has specific questions related to this topic. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Description of how they do this: See above [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Engages with users on system performance: See above [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Provides user engagement example on performance: See above [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: AP suppliers consult users in creation or assessment: See above. Moreover the Company's team carries out interviews to factory workers to verify whether the existing grievance channel is effective in addressing their complaints. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Response timescales: The Company detailed how complaints for workers and external individuals / communities are received, processed and addressed in its Third Party Complaint Process. For example, it stated its 'preferred general approach to all complaints is based on an initial assessment of the evidence, followed by an in-depth investigation, and the development of appropriate remedial action(s) in the quickest possible timeframe'. It noted however that 'it's difficult to set a predetermined fixed timetable as complaints will vary in scale, </li></ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>complexity and geographical origin but most can be dealt with in weeks, rather than months'. It also detailed what it will do upon receiving a complaint (and therefore what the complainant can expect). [Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="http://adidas-group.com">adidas-group.com</a> &amp; CHRb Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</p> <ul style="list-style-type: none"> <li>• Met: How complainants will be informed: The Social &amp; Environmental Affairs (SEA) department handles complaints. [CHRb Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Escalation to senior/independent level: In addition, it indicates how complaints for workers / all external individuals may be escalated to more senior levels or independent parties through its SEA department or through 'other forms of redress' such as the FLA's Third Party Complaint Process or the OECD National Contact Points (which it broadly describes and provides a link to). [CHRb Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
C.5	Commitment to non-retaliation over complaints or concerns made	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Public statement prohibiting retaliation: The Company's Third Party Complaint process document clearly outlines its non-retaliation policy and explains that it takes prompt action in case there is retaliation by one of its business partners (this includes investigation and remedy on a case-by-case basis according to the type of retaliation). [Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>• Met: Practical measures to prevent retaliation: See above [Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Has not retaliated in practice: In its submission to CHRb, it has also indicated that 'Adidas Group has never brought a retaliatory suit against persons or fired any workers who have brought or tried to bring a case against it involving credible allegation of human rights impacts or against the lawyers representing them and has never brought a case for defamation or similar actions against claimants or their lawyers.' [CHRb Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Expects AG suppliers to prohibit retaliation: Finally, in its document 'Workplace Standards' the Company states 'Business partners must publicize and enforce a non-retaliation policy that permits factory employees to express their concerns about workplace conditions directly to factory management or to us without fear of retribution or losing their jobs.' [Workplace Standards, 2017: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul>
C.6	Company involvement with State-based judicial and non-judicial grievance mechanisms	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Won't impede state based mechanisms: The Company has indicated it aims to facilitate a fair resolution of complaints, 'without impinging or impeding on the complainants right to access to other state based judicial or non-judicial mechanisms'. [CHRb Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Complainants not asked to waive rights: It also indicates in the Human rights FAQs document that 'whatever mechanism is adopted to address a human rights impact or violation, the Adidas Group acknowledges and upholds the rights of the affected parties to pursue matters through a judicial or non-judicial process of their choosing'. It also states that the latest version of the Complaint mechanism includes the following statement. 'Will a complainant have to waive their legal rights? No. An individual, group or community submitting a complaint are free to pursue their legal rights and access all available judicial mechanisms, in parallel with, or following Adidas Group's consideration of their complaint'. [Human Rights and Responsible Business Practices FAQ, Dec 2014: <a href="http://adidas-group.com">adidas-group.com</a> &amp; Third party complaint process for Breaches to the adidas Group, Nov 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Will work with state based or non judicial mechanisms: The company states that it is committed to working with the OECD and NCP level [CHRb Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Example of issue resolved (if applicable): The Company also provides links to examples of issues resolved. CHRb could not find information about its process by which it will co-operate with state-based non-judicial grievance mechanism complaints brought against it. [CHRb Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
C.7	Remedying adverse impacts and	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Describes how remedy has been provided: The Company provides some examples which show the approach taken to remedy its adverse human rights</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
	incorporating lessons learned		<p>impacts and some changes to systems and procedures to prevent the repetition of adverse impacts in the future: 'the introduction of water-based glues to reduce the release of harmful VOCs in footwear operations; balancing order flows to reduce the peaks and troughs in the order cycle – which impact working hours and wages; ensuring fair prices practices to ensure that all legally mandated wages and benefits were met; fixing pre-notification periods to provide suppliers with high order volumes enough pre-warning if orders are to be cut; the development of guidance for the handling of layoffs and closures, including financial and technical support to manage downsizing' [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Changes introduced to stop repetition: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Evaluation of the channel/mechanism: The Company indicates that it conducted regular reviews of its grievance mechanisms. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>

## D. Performance: Company Human Rights Practices (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.1.b	Living wage (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Living wage in supplier code or contracts: Adidas has a 'Workplace standards' in which it has living wage guidelines. It also states 'We use the Adidas Group Workplace Standards as a tool to assist us in selecting and retaining business partners who follow business practices consistent with our policies and values. As a set of guiding principles, the Workplace Standards also help identify potential problems so that we can work with our business partners to address issues of concern as they arise.' [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Improving living wage practices of suppliers: Detailed guidelines are given to suppliers in the guidelines on employment standards which refer to ILO conventions (Minimum Wage Fixing Convention 1970; Protection of Wages Convention 1949; Protection of Workers' Claims (Employer's Insolvency) Convention 1992) and also states that: 'additionally, we recognise those business partners who contribute to employee living standards through welfare programmes and other services which enhance quality of life.' [Guidelines on Employment Standards - Workplace Standards, 2016: <a href="https://adidas-group.com">adidas-group.com</a> &amp; CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirements under score 1 met</li> <li>• Not met: Provide analysis of trends in progress made [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
D.2.2	Aligning purchasing decisions with human rights	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Avoids business model pressure on HRs: The Company has explained that its 'sourcing practices are implemented within our direct supply chain relationships and aligned with human rights considerations. These include:</li> <li>• Costing policies that acknowledge the cost of labour and time to produce the item i.e. Standard Minute Values</li> <li>• Buy Ready policy that avoids last minute changes in the development process.</li> <li>• Effective forecasting system that enables the suppliers to do effective planning</li> <li>• Systematic dialogue with suppliers on their capacity that enables level loading during peak months</li> <li>• Strategic supplier programmes developed for long-term business relationships'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>• Met: Positive incentives to respect human rights: Regarding positive incentives to respect human rights, the Company indicates that Adidas' is committed to establish long term partnerships with suppliers and consolidate the supply chain with strategic partners providing them higher volumes. Reflecting this approach, it reports that the average length of relationship with its strategic suppliers (which represent 10% of supplier) is 11 years. More than 4/5 of the total production volume and value come from these strategic suppliers. Furthermore, it has embedded social and environmental KPI's into general business partner ratings, which determine order allocations and feed into ongoing compliance focused dialogue between the Company and its suppliers. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Both requirements under score 1 met</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
D.2.3	Mapping and disclosing the supply chain	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Identifies suppliers back to product source (farm, ranch etc): The Company has mapped and disclosed its suppliers including direct and indirect suppliers as well as 'factories that have been subcontracted by our primary suppliers'. It has also defined its strategic suppliers as those 'receiving high volume orders and delivering a higher compliance performance. Strategic suppliers account for more than 81% of global order volumes'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a> &amp; Factory list: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Discloses significant parts of supply chain and why: See above [Factory list: <a href="https://adidas-group.com">adidas-group.com</a> &amp; CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
D.2.4.b	Child labour: Age verification and corrective actions (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Child Labour rules in codes or contracts: Adidas has a 'Workplace standards' in which it has child labour guidelines. It also states 'We use the Adidas Group Workplace Standards as a tool to assist us in selecting and retaining business partners who follow business practices consistent with our policies and values. As a set of guiding principles, the Workplace Standards also help identify potential problems so that we can work with our business partners to address issues of concern as they arise.' Detailed guidelines are given to suppliers in the guidelines on employment standards which refer to related ILO conventions. [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a> &amp; Guidelines on Employment Standards - Workplace Standards, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>Met: How working with suppliers on child labour: It added in its submission to CHRB that 'If direct evidence of child labour were found during our pre-screening of a factory, the supplier would fail to qualify for use by Adidas Group and we would notify the relevant authorities, or other existing brands sourcing from the factory, of our findings'</li> </ul> <p>It also describes the steps followed when an audit find underage workers in an existing supplier's factory in order take immediate remedial actions. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made: Although the Company reports some information related to child labour as a result of the analysis of compliance data from factory inspections in Tier 1, and that it is extending its monitoring activities to Tier 2, at the moment there is no analysis of trends available. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
D.2.5.b	Forced labour: Debt bondage and other unacceptable financial costs (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Debt and fees rules in codes or contracts: Adidas has 'Workplace standards' in which it has forced labour guidelines. Further guidelines on 'Indentured &amp; Bonded Labour' and on 'Recruitment Fees' in its guidelines on employment are provided to suppliers in its the Guidelines on Employment Standards. [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a> &amp; Guidelines on Employment Standards - Workplace Standards, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>Met: How working with suppliers on debt &amp; fees: Adidas has also explained to CHRB how it works with suppliers to prevent and eliminate imposing any financial burdens on workers. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made: In its submission to CHRB it indicates 'An analysis of trends will be discussed with the CBHR assessors during the assurance process.' [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
D.2.5.d	Forced labour: Restrictions on workers (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Free movement rules in codes or contracts: Adidas has a 'Workplace standards' in which it has forced labour guidelines. Further guidelines on 'restricting freedom of movement and unlawful detention' in its guidelines on employment are provided to suppliers in its the Guidelines on Employment Standards. [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a> &amp; Guidelines on Employment Standards - Workplace Standards, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> </ul>



Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>Met: How these practices are implemented and monitored for agencies, labour brokers or recruiters: Adidas has also explained to CHRB how it works with suppliers to eliminate detention of worker's documents or other actions to physically restrict movement. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made: At the moment there is no analysis of trends available to disclosure. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
D.2.6.b	Freedom of association and collective bargaining (in the supply chain)	2	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: FoA &amp; CB rules in codes or contracts: Adidas has a 'Workplace standards' it commits to freedom of association and collective bargaining and provides further guidelines and examples of non-conformance and best practice guidance related to intimidation and violence against union representatives in its Employment Guidelines. [Workplace Standards, 2017: <a href="https://adidas-group.com">adidas-group.com</a> &amp; Guidelines on Employment Standards - Workplace Standards, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>Met: How working with suppliers on FoA and CB: It has also explained how it works in countries where it has suppliers or with suppliers directly to improve their practices through providing instructions to local ILO trainers and other consultants who can assist management and workers, designing training modules. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Met: Both requirements under score 1 met</li> <li>Met: Provide analysis of trends in progress made: It also provided figures related to the identification of FOA non-compliances or the potential risk of non-conformance, where its pre-screening or Initial Assessments showed a decline between 2012 - 2015, 'plateauing at 3% of all identified threshold issues'. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul>
D.2.7.b	Health and safety: Fatalities, lost days, injury rates (in the supply chain)	0.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Sets out clear Health and Safety requirements: The Company sets out clear Health and Safety requirement on its Health &amp; Safety Guidelines document. [Health &amp; Safety Guidelines, Feb 2010]</li> <li>Not met: Injury rate disclosures: The Company does not provide quantitative data related to health and safety at suppliers. [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>Not met: Lost days or near miss disclosures: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>Not met: Fatalities disclosures: See above [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Met: How working with suppliers on H&amp;S: In its Submission to CHRB the Company indicates how it is working with suppliers on H&amp;S: trainings, provide advisory services, establishment of safety training centres in Asia (working closely with Institute for Sustainable Communities). [CHRB Submission, July 2018, Jul 2018: <a href="https://business-humanrights.org">business-humanrights.org</a>]</li> <li>Not met: Provide analysis of trends in progress made</li> </ul>
D.2.8.b	Women's rights (in the supply chain)	1.5	The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> <li>Met: Women's rights in codes or contracts: The Company provides specific guidance on Women's rights throughout its employment guidelines in which it refers to CEDAW, Equal Pay for Equal Work and, in its examples of non-compliances refer to, among others: 'providing less favourable contract terms or work conditions based on a personal characteristic. For example, not providing equal pay for equal work to women on the basis of their gender'; 'testing workers for pregnancy during recruitment or post-hiring', etc. [Guidelines on Employment Standards - Workplace Standards, 2016: <a href="https://adidas-group.com">adidas-group.com</a>]</li> <li>Not met: How working with suppliers on women's rights</li> </ul> Score 2 <ul style="list-style-type: none"> <li>Not met: Both requirement under score 1 met</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> <li>Met: Provide analysis of trends in progress made: Based on the results of worker satisfaction surveys in factories (started in 2016), the Company discloses on its Website Section 'Factory Workers-omen in the Supply Chain' the results of an analysis of trends related to fair wages and sexual harassment. The Company indicates that the results show a trend toward positive perception on the topic of fair wages and the absence of sexual harassment. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Factory Workers: <a href="http://adidas-group.com">adidas-group.com</a>]</li> </ul>
D.2.9.b	Working hours (in the supply chain)	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Working hours in codes or contracts: Working hours policy is part of contractual arrangements with suppliers (through the Workplace Standards) and specific guidelines is provided to business partners in the Guidelines on Employment. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a> &amp; Guidelines on Employment Standards - Workplace Standards, 2016: <a href="http://adidas-group.com">adidas-group.com</a>]</li> <li>Met: How working with suppliers on working hours: It added that 'excessive working hours is treated as a threshold issue in the pre-screening of new suppliers. If excessive hours are identified Adidas Group would normally work with suppliers to develop appropriate human resources and productivity initiatives, to address the working hours issues. For our strategic partners, working hours tracking reports must be submitted monthly by our suppliers and shared with SEA for our review, to check overall work patterns' [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Both requirements under score 1 met</li> <li>Not met: Provide analysis of trends in progress made: At the moment there is no analysis of trends available to disclosure. [CHRB Submission, July 2018, Jul 2018: <a href="http://business-humanrights.org">business-humanrights.org</a>]</li> </ul>

## E. Performance: Responses to Serious Allegations (20% of Total)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> <li>Area: Trade union rights in the supply chain</li> <li>Headline: Illegal firings or forced resignation at Petralex, Honduras</li> <li>Sources: FLA report, 13/07/2015 - <a href="http://fairlabor.org">fairlabor.org</a> Sustainability report 2015, Company website</li> <li>WRC Letter, 23/06/2018 - <a href="http://workersrights-test.org">workersrights-test.org</a></li> <li>FLA report -<a href="http://fairlabor.org">fairlabor.org</a> FLA, Independent Verification, February 2016 - <a href="http://fairlabor.org">fairlabor.org</a> Adidas 3rd party complaint document - <a href="http://adidas-group.com">adidas-group.com</a></li> <li>Allegation: The Fair Labour Association (FLA) has alleged that between November 2014 and March 2015, the Petralex factory in Villanueva, Honduras, illegally fired or forced the resignations of at least 19 garment workers. They included nine SitraPetralex union leaders and 10 union affiliates or relatives of union leaders, according to an independent investigation by the FLA in April 2015. Petralex manufactures Outerstuff garments as well as garments for other retailers. Outerstuff is a licensee for Adidas.</li> </ul>
E(1).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Public response available</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Response goes into detail: The Company has responded through a public document which indicates, in a footnote, that the complaint was 'filed under the Fair Labor Associations (FLA) Third Party Complaint Mechanism' and 'related to a supplier making apparel for an Adidas Group' Licensee Outerstuff in Honduras. Details of the complaint and its resolution are detailed in the FLA report at <a href="http://fairlabor.org">fairlabor.org</a>. Outerstuff directly managed the complaint as a participating member of the FLA, engaging with the complainant, Workers Rights Consortium, and the FLA to resolve the case'. Further details can also be found on the WRC letter dated June 2015. [<a href="http://workersrights-test.org">workersrights-test.org</a>]. <a href="http://adidas-group.com">adidas-group.com</a></li> </ul>
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>Met: Company policies address the general issues raised</li> <li>Met: Policies apply to the type of business relationships involved</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>Met: Policies address the specific rights in question: The Company has published its Workplace Standards for suppliers, and supporting guidelines, on the corporate website. The Standards state: 'Business partners must recognise and respect the right of employees to join and organise associations of their own choosing and to</li> </ul>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			bargain collectively. Business partners must develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives.'
E(1).3	The Company has taken appropriate action	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> <li>• Met: Engages with affected stakeholders: Petrallex, according to the June 2015 WRC letter, has engaged with affected stakeholders. Indeed, it indicated that 'On May 21, the union and Petrallex management finalized a written agreement in which the company committed to take key specific remedial actions called for in the joint remediation plan and to continue meeting regularly to agree on, and implement, additional steps to satisfy the remaining elements of the plan. The fact that the company and the union have begun, and continued, meetings to discuss the remediation plan is, in itself, a significant step forward, given the factory's history of refusing to engage with the union'. It added: 'As part of the union-management agreement, the factory committed to reinstate the workers who were terminated or pressured to resign in retaliation for their own or their family members' union activity. Fifteen workers chose to take advantage of this opportunity to return to the factory; the union reports that all fifteen are now back on the job. Factory management also committed not to engage in any further retaliation against workers for union activity, to provide the union with a bulletin board at the factory to post union messages and information, and to provide union leaders with paid leave to engage in union activities'.</li> </ul> <p>Source : <a href="http://workersrights-test.org">workersrights-test.org</a> .</p> <ul style="list-style-type: none"> <li>• Met: Provides remedies to affected stakeholders: A remediation plan is in place according to the WRC letter, dated June 2015. According to the WRC letter, it includes, amongst other: 'the company developed a statement regarding its respect for freedom of association, in consultation with the union. The statement was read over the factory's public address system, read to each production line by its supervisors, and posted on bulletin boards'; 'the union further reports that they are in the process of planning the recommended freedom of association trainings'; reinstatement of 15 workers, 'each worker who returned to work received some amount of money. Most of the workers, who had received severance benefits at the time that they were terminated, received 4,000 lempiras (USD 184) at the time of reinstatement. Five workers who did not receive severance benefits at the time of termination received larger payments when they were reinstated; the WRC has not been provided with detailed calculations as to how these payments were determined. In addition, two workers who elected not to return to the factory did not receive even partial back pay'.</li> <li>• Met: Has improved systems and engaged affected stakeholders: The Company has joined relevant initiatives dealing with supply chain labour standards in its sector. In addition, Petrallex, the supplier has begun regular meetings 'to agree on, and implement, additional steps to satisfy the remaining elements of the plan'. According to the WRC 'The fact that the company and the union have begun, and continued, meetings to discuss the remediation plan is, in itself, a significant step forward, given the factory's history of refusing to engage with the union.'</li> </ul> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Met: Remedies are satisfactory to the victims: The organisation which made the accusation has confirmed that it is satisfied each alleged breach has been remedied.</li> <li>• Met: Has improved systems and engaged affected stakeholders</li> </ul>

## F. Transparency (10% of Total)

Indicator Code	Indicator name	Score	Explanation
F.1	Company willingness to publish information	3.9 out of 4	Out of a total of 40 indicators assessed under sections A-D of the benchmark, Adidas made data public that met one or more elements of the methodology in 39 cases, leading to a disclosure score of 3.9 out of 4 points.
F.2	Recognised Reporting Initiatives	0 out of 2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 2</p> <ul style="list-style-type: none"> <li>• Not met: Company reports on GRI</li> <li>• Not met: Company reports on SASB</li> <li>• Not met: Company reports on UNGPRF</li> </ul>
F.3	Key, High Quality Disclosures	3 out of 4	Adidas met 6 of the 8 thresholds listed below and therefore gets 3 out of 4 points for the high quality disclosure indicator. Specificity and use of concrete examples

Indicator Code	Indicator name	Score	Explanation
			<ul style="list-style-type: none"> <li>• Met: Score 2 for A.2.2 : Board discussions</li> <li>• Met: Score 2 for B.1.6 : Monitoring and corrective actions</li> <li>• Met: Score 2 for C.1 : Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers</li> <li>• Met: Score 2 for C.3 : Users are involved in the design and performance of the channel(s)/mechanism(s) Discussing challenges openly</li> <li>• Met: Score 2 for B.2.4 : Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts</li> <li>• Met: Score 2 for C.7 : Remedying adverse impacts and incorporating lessons learned Demonstrating a forward focus</li> <li>• Not met: Score 2 for A.2.3 : Incentives and performance management</li> <li>• Not met: Score 2 for B.1.2 : Incentives and performance management</li> </ul>

## Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2018 Key Findings report for more details of the research process.

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As CHRB Ltd, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.