**adidas submission to the Committee on International Trade and Development, Dutch House of Representatives**

We thank the Committee on International Trade and Development for the opportunity to submit information on how we conduct human rights due diligence and prevent the use of forced labour in our supply chain. Please allow us to answer your questions in one response.

adidas is a global leader in the sporting goods industry, headquartered in Germany, with locations in over 70 countries and a presence in the Netherlands for more than 20 years.

At adidas, we run a comprehensive supply chain due diligence program that is fully integrated into our business model and is based on dialogue and transparency. With our adidas Workplace Standards, we apply a consistent set of standards based on international norms and conventions, including the prohibition of forced labour, in all countries where we have business operations. Our Workplace Standards can be accessed here: <https://www.adidas-group.com/en/sustainability/reporting/policies-and-standards/>

To ensure compliance with our standards, we monitor workplaces through our own team and independent organizations and take steps of enforcement, where necessary. We have been recognized as a leader in sustainability, supply chain due diligence and transparency, for example, by the Dow Jones Sustainability Index, the Corporate Human Rights Benchmark and KnowTheChain.

**Preventing forced labor**

adidas has never sourced goods from the Xinjiang Uyghur Autonomous Region (XUAR) of China. Moreover, in Spring 2019 we required our material suppliers to stop buying yarn from Xinjiang and we supported the Better Cotton Initiative in its decision, taken in early March 2020, to suspend the supply of Better Cotton from that region. https://bettercotton.org/where-is-better-cotton-grown/china/announcement-bci-suspends-licensing-in-western-china/

To be clear, adidas does not permit its suppliers to hire dispatch workers, or other forms of labour, through government-managed schemes in China. This has been our approach for more than a decade and is an integral part of our labour monitoring practice in the PRC.

In addition, we have engaged extensively with our China suppliers and reiterated our strict prohibition on all forms of forced labour, including prison labour. We have conducted due diligence to ensure that suppliers are not linked to entities suspected of involvement in serious human rights harms or forced labour.

In general, for our direct supply chain, where we monitor our contract manufacturing partners’ Tier 1 production facilities, the use of forced labour by any of our partners will result in the termination of the partnership. If there are any findings or indications of forced labour, triggered through audits or third-party complaints, we follow-up with in-depth investigations to determine the facts and possible remedial steps. Our Enforcement guidelines can be found here: <https://www.adidas-group.com/media/filer_public/2013/11/25/enforcement_guideline_nov_2013_en.pdf>

We recognize that the potential risks of forced labour can also be found in the upstream supply chain, where we have no direct contractual relationships. We have therefore focused on targeted modern slavery trainings and capacity building programs for our Tier 2 fabric mills, and other materials suppliers, to help them identify and remedy unscrupulous employment practices. A great deal of our work around forced labour risks is focused on migrant labour and fair recruitment processes. These activities have been undertaken in partnership with the IOM – the UN’s International Organisation for Migration.

We have also conducted assessments of our Tier 3 raw material sources, such as leather, rubber and cotton, and have worked with industry partners and civil society, to identify and address risks of modern slavery. Our roadmap for addressing such risks - through a rolling three-year ‘modern slavery outreach program’ – and progress against targets has been shared publicly. See Business & Human Rights Resources website which provides links to all reports: <https://www.business-humanrights.org/en/latest-news/adidas-invitation-for-stakeholder-engagement-on-modern-slavery-risks-in-hot-spot-countries/>

The above actions form part of our ongoing efforts to ensure that there are no supply chain linkages to forced labour, including in XUAR or to the export of forced labour from this region. We continue to work diligently towards that goal and through our regular program of China-based audits, we have found no evidence of Uyghur workers employed in the factories making our finished goods, or fabrics.

**Human rights due diligence**

adidas has a long-standing commitment to uphold the OECD Guidelines for Multinational Enterprises and we have modelled our human rights due diligence approach on the OECD’s revised 2011 guidelines.

Our human rights due diligence approach targets those high-risk locations, processes or activities that require the closest attention and where we are able to apply influence to mitigate or remediate issues, where they occur. We also seek to extend our reach by cascading responsibilities to our partners, to capture and address potential and actual human rights issues upstream and downstream of our product creation. Finally, to complement these processes, we have put in place dedicated third-party grievance channels to respond to complaints.

Core to our human rights approach is adidas’ commitment to ensuring fair labour practices, fair compensation and safe working conditions in factories throughout our global supply chain. Our active efforts are guided by the adidas’ Workplace Standards and our supply chain code of conduct. adidas regularly rates factories on their ability to comply with these standards by means of conducting announced and unannounced audits. According to the results, and the nature of the issues to be addressed, we then decide on the appropriate course of action, ranging from the determination and implementation of training needs or other improvements, to applying enforcement actions up to termination of contracts. When non-compliances are identified, we normally give suppliers a certain timeframe for remediation.

Further detail on our human rights due diligence approach is described here. <https://www.adidas-group.com/en/sustainability/managing-sustainability/human-rights/#:~:text=Core%20to%20the%20human%20rights,supply%20chain%20code%20of%20conduct>

**Government engagement**

Through our Government Affairs team we maintain relations with government departments and local trade associations in each of our key sourcing countries, including China. As part of our regular engagement, we also use the good offices of the Delegation of the European Union, as well as the German Government, in our outreach to senior officials.