

Modern Slavery Outreach: Perfect is the enemy of good

adidas Group's human and labour rights programme has gone through various stages of development since its inception in 1997. Uniquely our operating model - which has been strongly endorsed by our Executive Board - has been driven, not by top-down or centralized policy-making, but by learning through bottom-up application.

Our Social & Environmental Affairs team is regionally empowered, with staff embedded in each major sourcing country around the world. This brings our team closer to the issues and provides us with a deeper understanding of what works and what fails to work on the ground. As an approach it enables and supports continuous improvement.

Over the years we have learned that identifying, preventing and mitigating human rights risks across our global supply chain is complex, challenging, and resource intensive. It demands expertise, outreach and the right partnerships. It also requires perseverance and a willingness to push the boundaries of what is possible and look for new ways of working. Aligned with this approach, in early 2016 we completed a risk-based assessment of our extended supply chain, that is, our Tier 2 processing suppliers and Tier 3 raw material sources that fall outside the mainstream coverage of our labour monitoring programme.

The review was triggered by a simple question: "If we are to manage the risk of modern slavery in our wider supply chain, where should we prioritise our efforts?"

In posing such a question, most enterprises are hampered by a simple fact: they are unclear as to their supply chain relationships. Full traceability - from source to final point of sale - remains an ideal, one that has yet to be realized for the vast majority of companies. Indeed, the larger the enterprise or the more diverse its product offering, the more complex the challenge. adidas Group is better placed than many, in that our Product Operations team has over the course of the past decade consolidated our supply chain, such that today over 80 percent of all products are made in fewer than 110 primary factories. Product Operations also has broad visibility into our key materials sourcing relationships, including the natural and man-made materials that flow into the manufacturing process. It is not a perfect picture, far from it, but it is a good starting point for the purposes of building a modern slavery outreach programme. And this is what we are now working towards.

Based on the risk assessment conducted early in the year, we have set three near term priorities for our Modern Slavery Outreach.

STRATEGY 1 - Tailored training including the development of a **Modern Slavery Training & Awareness Module** for Tier 2 supply chain (especially in locations of migrant labour concern) to drive awareness and provide practical guidance on good work practices. This is currently being piloted and will be progressively rolled out in 2017-18.

STRATEGY 2 - Forging **multi-stakeholder partnerships and collaborations** with the Fair Labor Association, the International Labour Organisation, civil society groups and other brands with similar agricultural supply chains, to jointly address risks associated with leather and rubber sourcing from hot spot (i.e. high risk) countries.

STRATEGY 3 – In sourcing conventional cotton, making **Turkey** our primary focus for engagement through the development of collaborative models. Given the Syrian refugee situation, Turkey currently has the highest risk profile of any of our cotton sourcing locations.

The above activities complement our ongoing and direct monitoring of child labour, forced labour and migrant labour in our Tier 1 manufacturing partners and selected Tier 2 materials suppliers and our long standing involvement with the Better Cotton Initiative, which incorporates core international labour standards, and by 2018 will account for all conventional cotton sourced by adidas Group.

Again, our aim has been to develop approaches that address modern slavery without necessarily providing a one-to-one link between our sourcing footprint and the issues at hand. In Turkey, for example, we have not sought to identify specific cotton farms in our supply chain, but have identified those key cotton growing areas where agricultural labourers, Syrian refugees, and their children, are likely to be at risk of exploitation. We have then partnered with the Turkish government, the United Nations High Commissioner for Refugees and local NGOs to design protection strategies. These efforts include the creation of booklets and posters in Arabic and Turkish to educate refugees on their rights and relevant Turkish labour laws, providing a hotline number to call and disseminating leaflets for employers and cotton farmers highlighting the risks associated with employing child labour.

A summary of our risk assessment and three-pronged strategy is posted on this website.

To help us further improve our approach we welcome feedback from BHRRRC Weekly Update subscribers. We would also welcome the opportunity to connect with potential partner organisations and not-for-profit groups, who are addressing modern slavery risks including forced labour, child labour or migrant labour in hot spot countries, especially South America in relation to the leather industry, or with respect to the natural rubber industry in Thailand and Indonesia.

If you have comments or wish to engage please feel free to contact:

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