

## **Answers to questions from Hana Obser, Association of Ethical Shareholders Germany**

*May 2025*

### **1. Following the reinstatement of 13 dismissed workers at Pou Chen, what concrete measures does adidas plan to take to prevent future anti-union actions?**

- We took direct action at the time and subsequently obtained reinstatement or compensation for those employees who decided not to take up reinstatement.
- We are not aware of any other redundancies.
- We have published all major cases of possible restrictions on trade union freedom that were reported to us via our central complaints mechanism.
- Local unions have direct access to our employees on the ground and we will follow up on any concerns raised in line with our approach.

*More details on our handling of this case can be found in the annual summaries of complaints received from third parties on our website (Human Rights Reporting - adidas).*

### **2. How effective is the "Workers' Voice" (WOVO) platform used by adidas, what is the actual process when a complaint is submitted? Can you tell us the current status of complaints received?**

- In 2024, more than 400,000 employees in 105 production facilities in 16 countries already had access to our WOVO platform. Our strategic manufacturers are therefore 100% covered.
- Almost 35,700 complaints relating to human and labor rights were submitted via this platform in 2024 (2023: around 42,000). The most frequently cited complaints received in 2024 related to the following topics 'Internal communication' (more than 6,700), 'Personal matters' (more than 5,800) and 'Social benefits' (more than 5,300).
- 99% of these complaints were resolved by the end of 2024.
- The case satisfaction rate - a figure that indicates employee satisfaction with the handling of complaints - almost doubled from 39% in 2019 to 76% in 2024.
- The continuous use of the WOVO platform and the high number of cases received via the app show that employees have an appropriate level of trust in the system.
- The members of the adidas SEA (Social and Environmental Affairs) team pursue regularly not only the complaints received, but also the general use of WOVO by suppliers in relation to the total number of employees in the factory. These and other details can also be found in our Annual Report 2024, page 33C.

### **3. What sanctions are imposed on suppliers who, despite agreed standards, continue to engage in wage theft and suppression of trade unions; how often have business relationships actually been terminated? Can you give specific examples?**

- In the event of any breaches of our workplace standards, we take immediate and appropriate action, which may range from warnings over three stages to termination of the business relationship if all other steps have failed to permanently resolve the problem.
- We work closely with our manufacturers to help them improve their performance. However, in the event of serious or repeated violations that cannot be resolved, we will terminate our business relationship with the relevant production facilities. When making such a decision, we always try to balance any undesirable effects with the wider consequences that such a termination may have on employees - especially if it would lead to redundancies.

- In 2024, there were no cases in which a business relationship was terminated for reasons of non-compliance with our social standards (2023: 0).

*These and other details can also be found in our Annual Report 2024, page 335.*

**4. Despite the ruling of the Federal Labor Court, does adidas plan to enable alternative forms of digital communication for trade unions, e.g. through special platforms or independent tools?**

- We will of course continue to comply with the recognized constitutional access rights of the IG-BCE and will continue to provide the same level of contact as before.
- Examples of this are the inclusion of the IGBCE in virtual employee events and the permanent link to the union's homepage on the works council's intranet page.

**5. What specific measures does adidas plan to take to promote trade union rights in countries where trade union activities are restricted by law? What are the specific procedures for adidas' freedom of association training?**

- Our training for suppliers complies with ILO (International Labor Organization) standards, addressing issues such as the freedom of workers to form unions and providing guidance on how to protect union officers and members from interference in their activities.
- In some countries, we have signed FOA (Freedom of Association) protocols that support the development of rights for minority trade unions and also promote the development of collective agreements.

*Further details and specific examples of the measures we took in 2024 can be found in the 2024 Annual Report, page 341.*

**6. Will adidas continue discussions with IG-BCE on digital access to workers in Germany and other locations? Please explain the reason for your decision.**

- In particular, the union has demanded the disclosure of the email addresses of all adidas employees based in Germany.
- There is currently no legal basis for this. This was confirmed by the Federal Labor Court. The IGBCE has therefore failed with its lawsuit.
- adidas complies with the law.
- We welcome the fact that the ruling now provides clarity on important fundamental legal issues.
- We will of course continue to comply with the recognized constitutional access rights of the IG-BCE and will continue to provide contact options as before.
- We have no influence on the legal basis required for this topic. That is the task of the legislator. This has also been confirmed by the labor courts.

**7. Why have the claims of the former Hulu Garment employees not been settled despite adidas' statements to the contrary? Why does adidas not feel obligated to pay this compensation, especially since they were still involved in a business relationship with Hulu Garment during the incidents in March/April 2020 and this was only terminated a few months later?**

- We reject the allegations.
- Investigations by an independent arbitration tribunal in Cambodia and the Fair Labor Association have found no misconduct.
- In the last year of the partnership, our licensee used about 4% of the total capacity of the producer (Hulu).

- These orders were processed and paid for in full. In addition, we would like to point out that adidas last met with a representative of the factory union immediately after the 2024 Annual General Meeting to explain our views in detail.

**8. Did you only terminate the business relationship in order to successfully refuse payment, given that the Cambodian Arbitration Council often rules in favor of employers in such cases?**

- The collaboration between the manufacturer Hulu Garment and one of our licensees expired in August 2020 in accordance with contractual agreements.

**9. What criteria were used in the decision not to pay compensation to the dismissed workers in Cambodia?**

- Our own investigations and investigations by an independent arbitration tribunal in Cambodia and the Fair Labor Association have found no misconduct.

**10. Is there any consideration of using an independent mediator or ombudsman to resolve the conflict with the former Hulu Garment employees?**

- No. The case was examined and a decision was made by a judicial authority – the Court of Arbitration in Cambodia, which is made up of an independent tripartite body.
- The Fair Labor Association has conducted an independent review of all information, including the results of our own investigations, and also found no wrongdoing.

**11. What specific criteria are used in the unannounced audits to assess working conditions and trade union freedom? Can you find the results of these audits somewhere or can you tell us what the status of these audits was in the last financial year?**

- We published annually the results of violations identified in our Annual report.
- In our audits, we categorize violations of our standards into zero-tolerance issues and borderline cases, among others, in accordance with our guidelines for employment and workplace safety that we have developed.

*We publish these guidelines on our corporate website (Guidelines - adidas). We report the results of identified violations in the Annual Report 2024, page 344/345.*

**12. To what extent do the results of the SLCP and Better Work assessments feed into adidas' business policy? Why are the results not published comprehensively? Can you share the results with us here?**

- The results of these assessments complement our own due diligence activities, and we encourage our suppliers to participate in Better Work's technical training and remediation programs where available.
- As a rule, the aggregated results of Better Work's activities in certain countries are published annually. See e.g. Better Factories Cambodia .
- We do not publish information on our day-to-day monitoring activities and planned remedial measures by suppliers, but only make it available to our suppliers confidentially via a data platform.
- However, we publish the results of the violations identified annually in our Annual report.
- In addition, we publish all major cases of any restrictions on trade union freedom that have been reported to us via our central complaints mechanism.
- When complaints are received through the Fair Labor Association's independent third-party complaint system, the results of our own investigations and audit findings are made public.

*We report the results of identified violations in the Annual Report 2024, page 344/345. Summaries of our handling of complaints received can be found on our corporate website (Human Rights Reporting - adidas).*

**13. Will adidas publish the full results of all audits, including those with negative findings, in the future? Why are the audits in the Fair Factories Clearinghouse (FFC) database not made fully publicly available?**

- We do not publish information on our day-to-day monitoring activities and planned remedial measures by suppliers, but only make it available to our suppliers confidentially via a data platform.
- However, we publish the results of the violations identified annually in our Annual report.

*We report the results of any breaches identified in our Annual Report 2024, page 344/345.*

**14. How does adidas justify the massive dividend payout in the face of unresolved human rights violations in the supply chain?**

- We reject the allegations.

**15. How exactly can adidas financial performance and sustainability goals be reconciled with the fact that you allow these faux-pas to happen? How much profit (in figures please) have you made from the cases I have mentioned?**

- We reject the allegations.

**16. To what extent were employees in the supply chain involved in the design of the wage benchmarking program?**

- The wage benchmarking should be as objective as possible, based on the available benchmark data and the wages paid in the individual factories.
- We chose the Anker Research Institute's living wage benchmarks because they are transparent and employees are consulted as part of living wage studies.
- We conduct an annual survey of employees that covers various aspects of working conditions in the factories, including questions on pay equity. In 2024, we gathered the opinions of 46,000 employees.

**17. You plan to implement a comprehensive system for identifying and managing human rights risks in the supply chain by the end of 2025. However, you have not yet explicitly mentioned specific long-term targets for wage adjustment. Does adidas plan to develop long-term targets to increase wages in the supply chain and communicate these publicly?**

- Our current 5-year strategy focuses on the gradual improvement of remuneration. We measure progress against a number of benchmarks, including statutory minimum wages and the living wage benchmark developed by Anker.
- We published the results in our 2024 Annual Report. They show that wage levels at our main production sites are consistently above the minimum wage, with many factories in selected countries where benchmarks are available having wage levels above the living wage.
- We are currently working on our next 5-year strategy, i.e. up to 2030, which will be based on the findings of this first phase and will focus on the countries where we see the greatest wage gap and want to use appropriate levers to make any necessary adjustments to wages.

*Please see all results of our wage benchmarking in our Annual Report 2024, page 352f*