

2023–2025 Cycle

Principles 1, 2, 3, 4, 5, 6

Summary

In 2023 and 2024, adidas, a Fair Labor Accredited company, has successfully demonstrated alignment with Milestone 5 evaluations for year one and two, which included Fair Labor Principles 1-6: 1 (Top Management Commitment & Workplace Standards), 2 (Responsible Sourcing Practices), 3 (Responsibility and Head Office Training), 4 (Training for Suppliers and Production Staff), 5 (Monitoring), and 6 (Functioning Grievance Mechanism). The remaining four principles will be evaluated in 2025.

adidas scored over 95% on all six principles evaluated in 2023-2024, representing the highest level of performance on implementation of FLA standards.

adidas's key strengths:

1. Top management is committed to upholding workplace standards and investing resources into social compliance (such as the company's Social Environmental Affairs policies).
2. adidas has a comprehensive factory monitoring program.
3. The company has an effective grievance mechanism through a workers' hotline in sourcing countries.

adidas's areas for improvement:

1. Further update its 2017 Responsible Sourcing & Purchasing Policy to continue alignment with FLA's requirements on the Responsible Purchasing Principle.
2. Formalize its policy on supplier incentives.

About the Fair Labor Association (FLA)

The Fair Labor Association (FLA) promotes human rights at work. It is an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being.

At the core of FLA's work with agriculture and manufacturing companies is Fair Labor Accreditation, which signifies that an FLA member company has effective systems in place that protect workers in their global supply chain. It is the only comprehensive program of its kind that is based on international standards and frameworks such as the International Labour Organization, the United Nations Guiding Principles and Sustainable Development Goals, and the Organisation for Economic Co-operation and Development.

The systems and frameworks FLA Participating Companies use in their journey toward Fair Labor Accreditation also support **compliance with human rights due diligence requirements and regulations**. Components of FLA's Principles of Responsible Sourcing and Responsible Production overlap with the [OECD's six-step human rights due diligence framework](#).

Milestone 5 Evaluation: adidas

Fair Labor Accreditation is a rigorous, multi-year process that evaluates a company's systems to improve labor conditions in its Tier One and owned manufacturers based on [five milestones](#): 1) Governance and Internal Alignment; 2) Implementation and Monitoring; 3) Review and Improvement; 4) Full Implementation and Integration; and 5) Maintenance.

Each milestone represents key building blocks of an effective social compliance program that improves working conditions and worker well-being. Once a company is admitted as an FLA member, it is expected to reach Fair Labor Accreditation within five years. Following accreditation, it must continuously work to maintain alignment with FLA's standards. For an overview of outcomes for each milestone, please see Annex 1.

A company achieves Fair Labor Accreditation after fulfilling all requirements of the first four milestones, including annual social compliance audits by independent FLA-approved assessors on a percentage of its Tier One factories; audit field observations; training observations; a three-day headquarters assessment; and approval by the FLA Board of Directors. Being recognized as a Fair Labor Accredited company indicates a company's comprehensive social compliance and demonstrated performance in protecting workers' rights at the time of accreditation.

Following accreditation, a company enters Milestone 5, in which it receives ongoing due diligence training and feedback from FLA, including factory assessments and regular evaluation of headquarters programs. Companies are required to maintain and update social compliance programs as FLA standards are updated.

As part of Milestone 5, Fair Labor Accredited companies are evaluated annually to verify that they are maintaining alignment with [FLA Sourcing and Production Principles](#).

Milestone 5 evaluations follow a three-year cycle, with three principles evaluated each year.¹

¹ In 2023, FLA started the cycle with **Principle 4: Supplier Training and Commitment to FLA Code Standards**, **Principle 5: Monitoring**, and **Principle 6: Functioning Grievance Mechanisms**. In 2024, FLA evaluated **Principle 1: Top Management Commitment & Workplace Standards**, **Principle 2: Responsible Purchasing Practices**, and **Principle 3: Responsibility & Head Office Training**. The cycle will end in 2025 with evaluation of **Principle 7: Collection & Management of Compliance Information**, **Principle 8: Timely & Preventive Remediation**, **Principle 9: Consultation with Civil Society**, and **Principle 10: Verification Requirements**.

The annual Milestone 5 Evaluation Performance Summary highlights the company's overall performance against a set of key performance indicators (KPIs) for each of the FLA principles, which are summarized in Appendix 1. Each KPI is verified and scored accordingly, after which Accredited companies are required to address incomplete scores or gaps.

The Milestone 5 Evaluation: Post-Accreditation Report will be annually updated to cover all FLA principles verified throughout the three-year cycle and reflect progress of the company towards addressing its gaps identified in previous Milestone 5 evaluations.

adidas 2023-2024 Performance Summary: Principles 1, 2, 3, 4, 5, and 6

Fair Labor Accredited companies, such as adidas, are reevaluated on FLA's 10 principles over a three-year cycle. The 2023-2024 Milestone 5 Evaluation evaluated how adidas maintained the alignment of its social compliance system with the following set of principles after its accreditation:

- **Principle 1: Top Management Commitment & Workplace Standards:** Commitment to accountability and transparency through established workplace standards;
- **Principle 2: Responsible Purchasing Practices:** Alignment of planning and purchasing practices with commitment to workplace standards;
- **Principle 3: Responsibility and Head Office Training:** Identification of and training for specific staff responsible for implementing workplace standards and responsible purchasing practices, as well as training for all head office staff;
- **Principle 4: Training for Suppliers and Production Staff:** Commitment to train relevant supplier management, or all management staff and employees at owned facilities, on workplace standards and track effectiveness of supplier workforce training;
- **Principle 5: Monitoring:** Commitment to conduct workplace standards compliance monitoring; and
- **Principle 6: Functioning Grievance Mechanisms:** Commitment to ensure workers have, or provide workers with, access to functioning grievance mechanisms, which include multiple reporting channels (of which at least one is confidential).

The chart below highlights adidas's performance (in percentages) against those six principles at the time of publication. FLA expects companies to continuously work toward reaching and maintaining complete alignment with standards. FLA staff track progress in closing the gaps identified in the Milestone 5 Evaluation, which will be reflected in the following year's updated report, along with scores for Principles 7, 8, 9, and 10 (to be published in 2026).

2023-2024 Milestone 5 Evaluation Performance (Principle Average Scores in %)

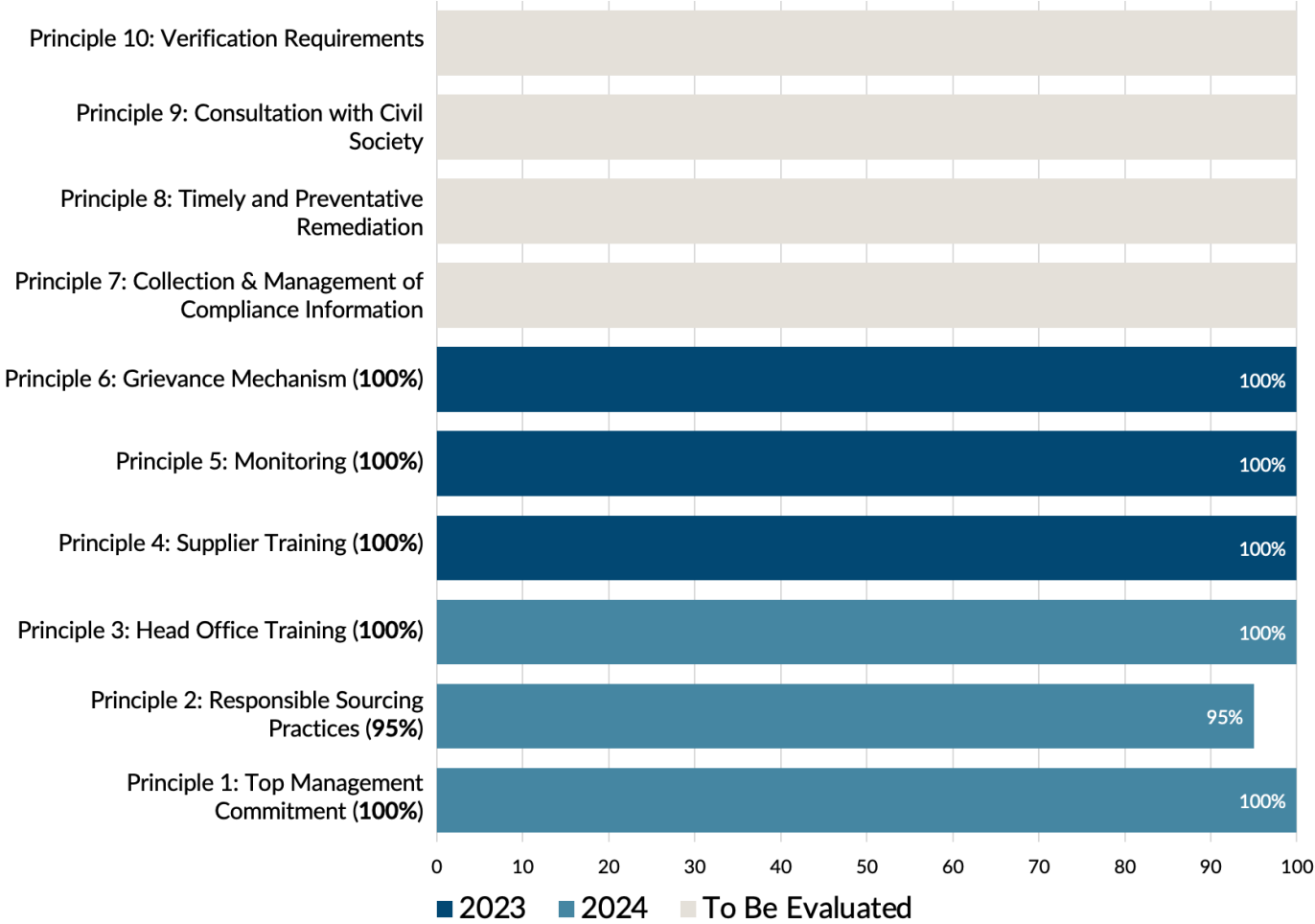


TABLE 1: COMPANY OVERVIEW

Name	adidas
HQ Location	Herzogenaurach, Bavaria, Germany
Category	Manufacturing program, sourcing principles
Product	Apparel, footwear, accessories, and sports equipment
Tier One Applicable Factories and Owned Facilities	401 Factories
FLA Accreditation(s) ²	Accredited since 2005 Reaccredited in 2008 Reaccredited in 2017 Milestone 5 Evaluation in 2023
adidas's Public Commitment	FLA aligned Code of Conduct Public commitment to fair compensation Annual sustainability report Factory list

The following table reflects adidas's participation in FLA activities, including factory-level assessments, investigations, participation in FLA governance and other projects since its latest reaccreditation (2017). All accreditation reports are available [here](#).

TABLE 2: COMPANY FAIR LABOR ACTIVITIES SINCE LAST ACCREDITATION (2017)

Fair Labor Activities (2017-2025)	Purpose
US Headquarters visit (August 2023)	Post-Accreditation headquarters visits to interview senior leadership and staff in the compliance, purchasing, production, and/or planning departments.
Timeline Factory-Level Assessments ³ (23 assessments: Bangladesh, Cambodia, China, El Salvador, Guatemala, India, Indonesia, Pakistan, Philippines, Thailand, Türkiye, Vietnam)	Identify any labor violations, assess root causes, and track remediation efforts over time. All factory-level assessment reports and corrective action plans are available here .

² Annual Milestone 5 evaluations replace FLA's previous approach of reaccreditation, and verify, on an ongoing basis, that companies are maintaining their alignment with FLA standards post-accreditation.

³ FLA conducts annual independent external assessments, also called Social Compliance Initiatives (SCIs), in 1% of the accredited company's Tier One supply chain. All assessment reports are available [here](#).

Fair Labor Activities (2017-2025)	Purpose
Completed Fair Labor Investigations El Salvador, Mauritius and Türkiye (2022) Honduras and India (2019) India (2018)	Investigate supplier for alleged non-compliance, report follow-up on remediation, and engage with union. All ongoing and completed investigations reports are available here .
Participation in FLA's Governing Body and Advisory	• Board of Directors (since 2001) • Executive Board (since 2021) • Manufacturing Committee (since 2001) • Living Wage Practitioner Working Group (2016 - 2022) • Responsible Licensing Principles Working Group (2018 -2021) • Communications Committee (2019-2021) • Fair Compensation Dashboard Taskforce (since 2022)
Participation in FLA Projects	• Rubber Mapping project in Vietnam • Improving Employment Practices in the Turkish Cotton Sector • Piloting Strategies to Support Workers Beyond Tier 1 • Living Wage Pilot (Current) • Prep 4 Change (Current)
Joint Advocacy	Responsible Recruitment in Taiwan

Annex 1: Manufacturing Milestones Toward Accreditation

Milestone 1: Governance and Internal Alignment
The company receives FLA training on standards, tools, and initial recommendations for meeting subsequent milestones. Outcomes: • Alignment of the company's commitment to workplace standards with FLA's Code of Conduct and Benchmarks; and • Development of headquarters-level systems for factory monitoring, grievance mechanisms and remediation.
Milestone 2: Implementation and Monitoring
Outcomes: • Implementation of headquarters-level systems for factory monitoring, grievance mechanisms, and remediation; • Development of systems for staff training, responsible retrenchment, and remediation • Collection and analysis of wage data; and • Assessments at sample factories.
Milestone 3: Review and Improvement

Outcomes: • Ongoing improvement of a company's monitoring and training systems; • Formalized systems for responsible purchasing and production and civil society engagement; • Implementation of feedback and recommendations from FLA to improve monitoring, remediation, and business practices; • Development of a fair compensation blueprint to improve wages in the supply chain; and • Ongoing assessments at sample factories, as well as assessments of audits and trainings.
Milestone 4: Full Implementation and Integration
Outcomes: • Confirmation that the company's daily business processes and decisions uphold FLA standards; • Public company commitment to uphold fair compensation in its factories; • Final assessment of company headquarters by FLA; and • Ongoing assessments and evaluation of remediation activities.
Accreditation: <i>After fulfilling all requirements, the company's progress is reviewed by FLA's Board of Directors. If a company is fully aligned, the board will vote to grant the company Fair Labor Accreditation, indicating comprehensive social compliance and demonstrated performance in protecting workers' rights.</i>
Milestone 5: Maintenance
• The company moves to ongoing maintenance of the systems developed and verified in Milestones 1 to 4. • The company receives ongoing due diligence training and feedback from FLA, including factory assessments and regular evaluation of headquarters programs. • The company is expected to maintain and revise its programs as FLA standards are updated.

Annex 2.1: 2023-2024 Milestone 5 Evaluation KPIs – Sourcing Principles 1-6

Principles of Fair Labor and Responsible Sourcing

In 2023-2024, FLA evaluated Fair Labor Accredited companies against a set of more than 130 KPIs for **Principle 1: Top Management Commitment & Workplace Standards**, **Principle 2: Responsible Purchasing Practices**, **Principle 3: Responsibility & Head Office Training**, **Principle 4: Supplier Training**, **Principle 5: Monitoring**, and **Principle 6: Functioning Grievance Mechanisms** of the [Principles of Fair Labor and Responsible Sourcing](#). Those KPIs are summarized [here](#).

Annex 2.2: 2023-2024 Milestone 5 Evaluation KPIs— Production Principles 1-6

Principles of Fair Labor and Responsible Production

In 2023-2024, FLA evaluated Fair Labor Accredited companies against a set of more than 180 KPIs for **Principle 1:** Top Management Commitment & Workplace Standards, **Principle 2:** Responsible Production Practices, **Principle 3:** Responsibility & Head Office Training, **Principle 4:** Production Staff Training, **Principle 5:** Monitoring, and **Principle 6:** Functioning Grievance Mechanisms of the [Principles of Fair Labor and Responsible Production](#). Those KPIs are summarized [here](#).