

# adidas - Our Targets

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Sustainability

## Our ambition is to become a more sustainable company.

Our commitment to sustainability has been embedded into our business practices for over two decades and is rooted in our purpose that ‘through sport, we have the power to change lives.’ To underline this commitment, in 2021, sustainability was defined as one of the strategic focus areas of our strategy ‘Own the Game.’

Consequently, we have further sharpened our focus on sustainability and defined a roadmap for 2025 and beyond that allows us to create – and drive – positive impact. As we continue to pioneer in sustainability, we will move to a comprehensive, consumer-facing sustainable article offering at scale, expand our circular services and work towards achieving climate neutrality (GHG) across our entire value chain. We will empower our employees to become sustainability ambassadors, just as we invite our consumers globally to engage and connect with us on the topic of sustainability. Lastly, we aim to uphold the highest standards of social compliance across our supply chain.

We believe that achieving our sustainability targets will set us up for future success, yet we know that we cannot achieve these alone. We will leverage our long-term relationships with suppliers to ensure they continue to move with us in alignment with our decarbonization efforts and work closely with our partners to scale innovative materials and recycling technologies.

Being a sustainable business is about striking the balance between shareholder expectations and the needs and concerns of our employees, consumers, suppliers, the workers in our supply chain and the environment. We truly believe that acting as a responsible business – one which is fully committed to respecting human rights – will contribute to lasting economic success.

## Our targets for 2025 and beyond

We have a clear roadmap, with clear targets for 2025 and beyond. These targets focus on the topics that are most material to our business and our stakeholders. Highlights include:

- **By 2025, nine out of ten adidas articles will be sustainable:** We keep pushing the boundaries of our sustainable offering, so that our consumers are able to choose from a uniquely comprehensive range. By 2025, nine out of ten adidas articles will be sustainable. We define articles as sustainable when they

show environmental benefits versus conventional articles due to the materials used, meaning they are – to a significant degree – made with environmentally preferred materials. We further aim to reduce GHG emissions per product by 15% by 2025.

- **By 2030, we will reduce greenhouse gas emissions by 30%:** At adidas, we are committed to achieving climate neutrality (GHG) across our own operations by 2025, reducing absolute GHG emissions across our entire value chain by 30% by 2030, measured against a baseline of 2017. With that, we will pave the way for climate neutrality (GHG) across our entire value chain by 2050. We will achieve this through initiatives such as driving zero-carbon within our own operations and promoting environmental programs along our entire value chain in close cooperation with our suppliers.
- **We care about people and the planet:** As part of our broader risk management processes, we will increase the scope and application of Human Rights and Environmental Due Diligence (HREDD) efforts. By 2025, we aim to have a system in place to identify and manage high risk human rights issues across the entirety of our value chain.

The following tables below provides an overview of the targets we have set for 2025, supporting our drive for positive environmental and social impact.

## Target Year 2025

Area	Target	Baseline
<b>Own operations</b>		
Emissions	Achievement of climate neutrality (GHG)	
Water	15% consumption reduction (m <sup>3</sup> / m <sup>2</sup> )	2019
Waste	95% diversion rate	2019
<b>Supply chain</b>		
Energy	Adoption of renewable energy at strategic Tier 1 and Tier 2 supplier facilities to keep emissions flat	2017
Water	40% intensity reduction at Tier 2 supplier facilities	2017
Chemicals (input)	80% of supplier facilities to achieve the highest level of compliance (level 3) with the Zero Discharge of Hazardous Chemicals  ZDHC 'Manufacturing Restricted Substances List' for 80% of their input chemicals	

Wastewater (output)	80% of suppliers that operate on-site effluents plants to achieve ZDHC 'Wastewater Foundational Level'	
<b>Product</b>		
Sustainable article offering	Nine out of ten articles will be sustainable, meaning that they are made – to a significant degree – with environmentally preferred materials	2020
Decarbonization	15% reduction of GHG emissions per product	2017

## Target Years Beyond 2025

Target year	Area	Target	Baseline
2030	<b>Entire value chain (from raw material production to own operations)</b>	30% reduction of GHG emissions	2017
2050	<b>Entire value chain (from raw material production to own operations)</b>	Achievement of climate neutrality (GHG)	

Impact area	Target
<b>Own operations</b>	
Health & Safety	Lost-Time Incident Rate (LTIR) below industry average <sup>1</sup> ; Zero fatal accidents; Zero Occupational Illness Frequency Rate (OIFR)
<b>Supply Chain</b>	
Social impact (,S-KPI')	70% of Tier 1 strategic suppliers achieve at minimum 4S; 100% of Tier 1 strategic suppliers achieve 3S or better <sup>2</sup>
Fair wages	Progressive improvement in compensation, measured by fair wage benchmarks across our strategic Tier 1 suppliers <sup>3</sup>
Gender	Achieve gender wage parity for workers and their supervisors in our strategic Tier 1 suppliers <sup>4</sup>

Entire value chain (from raw material production to own operations)	
Human Rights and Environmental Due Diligence (HREDD)	System in place to identify and manage high risk human rights issues in 100% of value chain <sup>5</sup>

1 According to US Bureau of Labor Statistics code.

2 The S-KPI measures a set of social indicators, such as accident rates, worker satisfaction and worker empowerment. The target seeks to achieve 100% adherence to/70% overachievement against these foundational social impact measures, with 3S being the minimum expected supplier performance.

3 The fair wage benchmarks include industry wages, minimum wages and living wages. These benchmarks are set and tracked through a 'Fair Labor Association' Fair Compensation Tool, which has broad industry adoption and is being rolled out progressively to strategic Tier 1 supplier partners.

4 The measurement of wage parity for production line workers and their immediate supervisors (i.e. line leaders) forms part of a broader gender strategy rollout to applicable Tier 1 strategic partners who complete self-assessments to identify and then close gender gaps in operating practices and procedures.

5 In conducting due diligence we seek to identify, prevent, or mitigate potential adverse human rights or environmental impacts, with priority given to addressing the most severe impacts.

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