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# Adidas ends contracts with nine suppliers over non-compliance

posted by Gurjit Degun  
in *Procurement*  
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Sportswear and equipment brand **Adidas** terminated contracts with nine suppliers in 2013 due to non-compliance issues, according to its *2013 Sustainability Progress Report Fair Play*.

The majority of the businesses were based in Asia, with two in the Americas region, and one in EMEA.

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"We work closely with our suppliers to help them improve their performance. However, where we face situations of severe or repeat non-compliance we can and do terminate business relationship with suppliers," the report said. "In 2013, we terminated agreements with nine suppliers for compliance reasons."

Last year, Adidas also issued 66 warning letters to suppliers across 14 countries. These were cautions for issues including poor management commitment, excessive working hours, non-payment of wages and benefits,

poor electrical, fire or chemical safety, poor communication and transparency problems.

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In terms of compliance, Adidas said it has “fully achieved” the majority of its goals. This includes making sure that 20 per cent of its strategic suppliers increase their compliance to the company's standards. At the end of 2013 43 per cent of Adidas’ strategic suppliers met '4C' or better – a high level of compliance. “The improvement in KPI rating was achieved through providing intense capacity building to our suppliers,” the report said. “Overall, we exceeded not only our 2013 milestone, but also our 2015 target.”

The report also noted Adidas is “on track” to meet its target to source fully sustainable cotton by 2018, known as “Better Cotton”. The company said: “In 2013, Adidas sourced more than 23 per cent of all our cotton as Better Cotton, clearly exceeding our milestone of 15 per cent. This is a huge step towards our goal of using 40 per cent Better Cotton by 2015.

“Our success is the result of clear target setting – both with suppliers and with internal teams who supported the sourcing of Better Cotton for our products.”



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