

Adidas turns Indian supplier performance around

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4 May 2012 | Adam Leach

Sports equipment and clothing firm *Adidas* has achieved significant improvements in the social responsibility performance of its suppliers by working with them and setting strong targets.

The company's *Sustainability Progress Report*, published yesterday revealed between 2010 and 2011 it went from having around 80 per cent of local suppliers in India falling below its expected social compliance, to having more than 80 per cent reaching the accepted standard.

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The company's 'C-Rating' system scores supplier performance out of 100 against six key performance indicators, which include worker-management communications and industrial relations, and management systems. Last year, eight out of 10 suppliers fell below the minimum standard '2C' level - a combined score of between 30 and 59. A year later this was almost completely reversed. Further, the company said those who "failed to meet [their expectations] will be phased out in 2012".

While the shift in India was substantial, the company also reduced the proportion of low performers on a global scale. It reduced the number of suppliers in the bottom '1C' category across its supply chain from 19 per cent to 8 per cent.

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The report also showed it is making progress on its ambition to have 60 per cent of suppliers at the '3C' level - a score of 60 to 79 or better.

"In our direct supply chain, which accounts for four-fifths of our sourcing volume, nearly 40 per cent of our direct suppliers and 62 per cent of our strategic tier one suppliers were rated as 3C factories or better. So we are on track to meet our 2015 target to see 60 per cent of our direct suppliers reaching at least 3C," the report said.

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