

Adidas Group 2007 corporate responsibility report

Pace thyself

By Aleksandra Dobkowski-Joy

Running a sustainable company is a marathon, not a sprint, according to Adidas

Adidas has bounced back to reporting form after last year's hiatus, when the German sports brand focused on integrating rival Reebok, which it bought in 2006. The company has picked up the sustainability baton where it left off two years ago, with the publication online of a full corporate responsibility report and a dynamic, magazine-style "review".

The company positions the review towards a more general audience of customers and employees, reserving the fine print in the full report for socially responsible investment analysts and other experts. The company's approach to audience segmentation goes a welcome step beyond the prevailing trend of simply summarising key points in an executive summary.

Short sentences, lively formatting, sports analogies, inspiring photographs of athletes in action and background context interspersed with relevant statistics make the review ideally suited for casual reading (and limited attention spans). In addition to a chief executive message and explanation of reporting approach, the review provides an overview of Adidas's efforts to build credibility and trust, manage involvement in major sporting events, maintain a sustainable external supply chain, and address climate change and other environmental concerns.

Adidas carries over several elements from the review to the full report. Of particular note are Adidas's "challenges". Here Adidas soberly lists the obstacles it has yet to surmount in operating as a responsible company and discusses the approaches it has taken to find solutions.

Supply chain hurdles

One obvious challenge is the company's ongoing effort to ensure a sustainable supply chain. Adidas discloses workplace standards and policies, training programmes and auditing approaches in minute detail and provides statistics on supplier performance, workplace violations, termination letters, and even the results of factory pre-screening evaluations. This wealth of information is further supported by case studies and additional documentation on Adidas's website.

Adidas holds itself accountable to stakeholders through transparent disclosure of violations in its supply chain. In 2007, 56 per cent of non-compliance with Adidas's workplace standards related to health and safety, and 18 per cent to wages and benefits, the company reports. It also publishes detailed summaries of specific supply-chain stakeholder engagements, including agenda topics, concerns raised, and proposed next steps.

On products, Adidas highlights the launch of its Grün line of more-sustainable footwear and clothing. Adidas says lessons learned around new materials and production methodologies will be carried over to other product lines, but provides no information on timelines for this shift. It is also unclear what kinds of revenues are expected from this and other "environmentally friendly products", and how Adidas will react should the Grün-style niche approach fail.

On their marks

There are also some drawbacks in the "performance" section of the full report. Meant to function as a handy, one-stop reference, the section collates quantitative data across various social and environmental indicators. Several indicators, however, are reported in isolation from any trendlines showing past performance. For example, only 2007 data is provided for energy use, waste disposal and water consumption at Adidas's administrative offices and owned facilities, making it difficult to ascertain whether performance was better, worse, or unchanged from previous years.

Adidas believes that the Global Reporting Initiative Sustainability Reporting Guidelines do not adequately address the unique impacts associated with the sporting goods industry (a drawback that has been at least partially remedied by the recent release of the draft GRI Apparel and Footwear Sector Supplement). Accordingly, the company's GRI Content Index unabashedly displays considerable gaps in disclosing certain indicators, including ones related to materials use, customer satisfaction and marketing practices.

Adidas nevertheless scores high marks for transparency, as it makes no attempt to obscure reporting gaps in order to inflate its GRI Application Level, and simply states its refusal to "superficially address issues in the report which are not backed by effective policies and programs". Although more complete reporting is desirable, many readers will appreciate this pragmatic and honest approach.

Adidas's reporting balances readability and specificity; public presence (sponsorship of sporting events, community involvement, corporate giving) and internal operations (managing supply chain, human resources, environmental performance); and narrative context with quantitative data.

As Adidas celebrates ten years since the founding of its social and environmental affairs department, its reporting ably reflects the company's understanding that achieving sustainability is a "marathon, not a sprint", requiring strict pacing, discipline and, above all, unwavering persistence. ■



Adidas: high celeb count

Snapshot: Adidas Group 2007 Corporate Responsibility Report

Follows GRI? Refers to GRI, self-declared "C" Application Level

Assured? Independent verification of supply chain only

Materiality analysis? Referenced

Goals? Yes

Targets? Yes

Stakeholder input? Yes

Seeks feedback? Yes

Key strength: Layers of data targeted at various audiences

Chief weakness: Lack of design in printable PDF report impedes readability

Pleasant surprise: Challenge/response section

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Online report www.adidas-group.com/en/SER2007