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Looking at the Challenges and Opportunities in the Supply Chain

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Harmony, or overcoming adversity



The Environment & Supply Chains



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adidas Group

- German headquartered, **USD12 billion** company
- World's **No.2** sporting goods company
- January 2006 USD3.2 billion **acquisition of Reebok**
- Brands:
 - adidas
 - Reebok
 - Rockport
 - TaylorMade
- Sponsored World Cup and partner for Beijing Olympics

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Supply chain

- **Suppliers** – over 1,000 manufacturers world wide
- **Combined Workforce** - 700,000 workers
- **China** – 307 factories, 300,000 workers
- **Scale** - largest supplier 56,000, smallest 10
- **Compliance staff** – 61 globally, 35 in Asia

The Environment



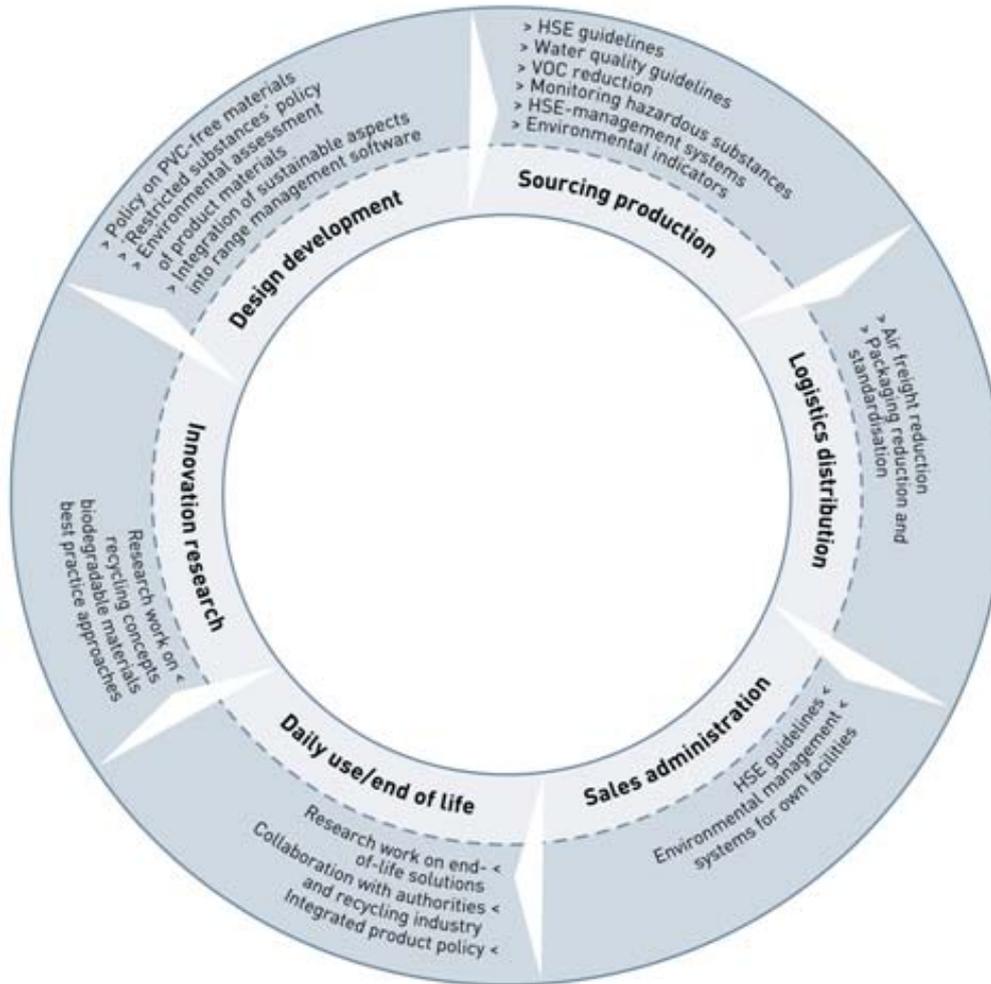
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Increased environmental footprint

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**Greater responsibility to manage impact on
environment**

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Our greatest impact is at the product design stage and the supply chain.

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Partnership: Supporting the Supply Chain

- **Work closely with key partners to drive change**
- **Guide to Best Environmental Practice**
- **Conduct specific needs assessments**
 - **Energy management; wastewater treatment; hazardous waste management**
- **Monitoring**
 - **Reduction of VOCs**
- **Experience sharing**
 - **Best practice, based on cost savings**

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Energy Management and Savings

- **In-depth training on various aspects of energy management including improvement suggestions for factory managers and their facilities.**
- **Illustrate economic potential for industry and business and tangible benefits to the environment.**
- **Achieved through:**
 - *regularly engaging suppliers in discussions on environmental best practices and delivery of Energy Workshops.*
 - *sharing of information, data and sources amongst suppliers.*

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Case Study – Evervan Footwear Co., Ltd.

- **Invested 1.03M RMB to install energy saving equipment (on stitching / cutting machines, compressor, etc.);** *achieved 15% reduction in power consumption (monthly).*
- **Invested 70,000 RMB to install system to recycle steam from boiler for cooking;** *achieved 400kg/day reduction in use of LPG.*
- **Invested 30,000 RMB to recycle condensed steam from boiler;** *achieved 814ton/month reduction in water usage and 15.1 ton/month savings on diesel consumption.*

Energy Savings Through Recycling

Recycling of steam from Boiler



Recycling of condensed steam from Boiler



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Focusing on supply chain partnerships

- Assist suppliers in identifying alternative solutions / programmes which move towards win-win situations
- Encouraging further exchange of experience amongst like-suppliers

However, there remain challenges to be overcome

- Changing / educating the culture of thinking / mindset of factory management
- Financial “barriers”
- Lack of technical knowledge within the factories to self-support / implement initiatives

Questions?

