



When Kasper Rørstad, a Dane, took over as CEO of this iconic German brand in 2016, *adidas* had a truly global footprint, with an equally strong presence on all continents. Western Europe was still the most important region accounting for 27.4% of sales, followed by North America with 17.7%. Yet about half of *adidas*' sales already came from emerging economies, including Greater China (15.6%), other Asia and Middle East (13.9%) and Latin America (9.0%). The success in China builds on two decades of brand building and a major marketing push ahead of the 2008 Olympics, featuring adverts associating *adidas* with the Chinese national team and its successes. In a highly competitive premium segment in China, global brands *Nike* and *adidas* have been challenged by local brands such as *Li Ning*. Yet, by focusing on innovation and product quality they sustained their popularity among increasingly affluent young urban people.

However, not only sales have become global; the value chain of the company also extends across the globe. In particular, the labour-intensive parts of shoes and clothing manufacturing have, since the 1980s, been moved to locations with low labour costs, often to independent suppliers. In 2018, *adidas* reported 783 primary suppliers around the world, many of which are based in emerging countries, led by China (151), Vietnam (79), Korea (74) and Indonesia (75). They were complemented by suppliers in advanced economies like the USA (77), Japan (32) and Germany (15).

With global supply chains labour relations have also become global, and consumers in Europe and North America take an active interest in where and how their shoes are made. The shoe and textile industry historically has a poor record on working conditions in its factories, especially in Asia. Therefore, *adidas* is continuously engaging with a wide range of stakeholders and developing its standards of engagement. These codes and processes cover a wide range of issues including forced labour, child labour, discrimination, wage and benefits, hours of work, collective bargaining, disciplinary practices, environmental requirements and community involvement. They are supported by auditing tools and procedures, some of which by independent third parties. Audit teams visit factories not only to monitor compliance but also to train the management in the use of the standards of engagement and to explain the likely benefits of higher standards for the business itself. The teams rate each factory on several criteria, and these compliance ratings – together with quality criteria – influence decisions on which suppliers to use. At the same time, *adidas* engages in a constructive dialogue to provide solutions to problems that occur and also to discontinue relationships with suppliers repeatedly found in violation of its standards. In the interests of transparency, since 2007, *adidas* has been publishing a full list of all its suppliers on its website, which is updated twice yearly, still a rare practice in the industry.