

Company Name Adidas
Industry Apparel (Supply Chain only)
UNGP Core Score (*) 23.0 out of 26

Score	Out of	For indicators
Governance and Policy Commitments		
2	2	A.1.1 Commitment to respect human rights
1.5	2	A.1.2 Commitment to respect the human rights of workers
2	2	A.1.4 Commitment to engage with stakeholders
2	2	A.1.5 Commitment to remedy
Embedding respect and Human Rights Due Diligence		
Embedding respect		
2	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
Human Rights Due Diligence (HRDD)		
2	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
2	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
2	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
2	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
2	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed
Remedies and Grievance Mechanisms		
1.5	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
2	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
0	2	C.7 Remedying adverse impacts and incorporating lessons learned
23.0	26	

(*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: UDHR: The Company has indicated that it supports the Universal Declaration on Human Rights in its Labour Rights Charter. [Labour Rights Charter, 05/2011: adidas-group.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: UNGPs: The Company 'is committed to respecting human rights in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs).' [Human Rights and Responsible Business Practices FAQ (2020 update), 05/2020: adidas-group.com]
A.1.2	Commitment to respect the human rights of workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: ILO Core: Adidas' Labour Rights Charter indicates that its 'policies and procedures adhere to all applicable domestic laws and are consistent with core labour principles of the International Labour Organization (ILO) concerning freedom of association and collective bargaining, non-discrimination, forced labour, and underage workers in the workplace'. However, 'consistent with' is not considered formal commitment to the ILO Declaration according to CHRB wording criteria. The supporting document to this charter, the Human Rights and Responsible Business Practices FAQs, states that 'Our commitment includes all internationally recognized human rights, including those contained in [...] the international Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact Principles'. [Labour Rights Charter, 05/2011: adidas-group.com & Human Rights and Responsible Business Practices FAQ (2020 update), 05/2020: adidas-group.com] Not met: UNGC principles 3-6 Met: Explicitly list ALL four ILO for AP suppliers: In its Workplace Standards, the Company states it expects its suppliers to do the same and explicitly refers to forced labour, child labour, non-discrimination, freedom of association and collective bargaining as well as health and safety and working hours. With respect freedom of association and collective bargaining, the Company indicates: 'Business partners must recognize and respect the right of employees to join and organise associations of their own choosing and to bargain collectively. Business partners must develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives.' [Workplace Standards, 01/2016: adidas-group.com] <p>Score 2</p> <ul style="list-style-type: none"> Not met: Explicit commitment to All four ILO Core: The Labour Rights Charter states that 'policies and procedures adhere to all applicable domestic laws and are consistent with core labour principles of the International Labour Organization (ILO) concerning freedom of association and collective bargaining, non-discrimination, forced labour, and underage workers in the workplace.' With respect freedom of organization and collective bargaining, the Charter says: 'We are committed to an open and constructive dialogue with our employees and, if applicable, with their representatives. Our employees are free to join organizations of their choice that represent them consistent with local organizing laws. These organizations may, if recognized as the appropriate agent, engage in collective bargaining according to the applicable legal regulations. [...] In locations where employees have decided not to appoint representatives, we promote direct and open communication between employees and management.' However, It is not clear whether it is committed to respect these rights (freedom of association and collective bargaining) in all contexts and locations (i.e. Alternative mechanisms for those countries where there are legal restrictions to the exercise of these rights), as

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			<p>the Company indicates that it respects these rights 'consistent with local organizing laws'. It discloses in its Human Rights FAQ that 'Where national laws restrict freedom of association, suppliers are encouraged to take steps to create parallel mechanisms to facilitate an open and effective means of communication for employees and their representatives to discuss issues and express concerns in a positive environment.' However, this only seems to cover suppliers, not own operations, which is what is looked for in this part of the indicator. [Labour Rights Charter, 05/2011: adidas-group.com & Human Rights and Responsible Business Practices FAQ (2020 update), 05/2020: adidas-group.com]</p> <ul style="list-style-type: none"> • Met: Respect H&S of workers: It is also committed to the health and safety of its workers. [Labour Rights Charter, 05/2011: adidas-group.com] • Met: H&S applies to AP suppliers: See above [Workplace Standards, 01/2016: adidas-group.com] • Not met: working hours for workers: 'We comply with all applicable laws and agreements on working time and paid leave. We respect the right to rest and leisure, including vacation with pay and the right to family life. Where possible we will aim to offer more flexible work patterns to enable our employees to balance company with personal demands manifested in our Group's work life balance statement.' However, no information found relating to maximum working hours and minimum rest periods aligning with ILO standards. [Labour Rights Charter, 05/2011: adidas-group.com] • Met: Working hours for AP suppliers: As part of its standards for suppliers, the Company requires the following: 'Employees must not be required, except in extraordinary circumstances, to work more than sixty (60) hours per week including overtime or the local legal requirement, whichever is less. A regular work week must not exceed 48 hours, all overtime work must be consensual and not requested on a regular basis. Employees must be allowed at least twenty four (24) consecutive hours rest within every seven-day period, and must receive paid annual leave.' [Workplace Standards, 01/2016: adidas-group.com]
A.1.4	Commitment to engage with stakeholders	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Regular stakeholder engagement: The Company quotes several programs and initiatives which show how it engaged stakeholders in the development or monitoring of its human rights approach. One example is its work with the Fair Labour Association (FLA) as part in the multi-stakeholder forum Americas Group focused on freedom of associations issues or its work with the United Nations High Commissioner for Refugees (UNHCR), and the Turkish Ministry of Labour and Social Security to advocate for rights for Syrian refugees and discuss the challenges in integrating them into the labour market. [Adidas Group Assessment for Accreditation, 10/2017: fairlabor.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Regular stakeholder design engagement: The Company 'launched the modern slavery outreach program in 2016 to intensify our efforts on potential risks in the upstream supply chain, looking beyond our Tier 1 suppliers, to drive greater transparency in the extended supply chain.' This includes 'Working with our Tier 2 materials suppliers and helping them identify potential slavery risks in their supply chain is a key objective of our program' (engagement in monitoring). [2019 Modern Slavery Progress report, 2019: adidas-group.com]
A.1.5	Commitment to remedy	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to remedy: The Company indicates the following: 'Where the adidas Group determines that it has caused or directly contributed to a violation it will undertake to cease or change the activity that is responsible, in order to prevent or mitigate the chance of the impact occurring or recurring. If an impact is occurring, the adidas Group will engage actively in its remediation, either directly or in cooperation with others'. In addition, in the Human rights FAQ document, it states that 'due diligence is an integral part of our business decision-making and risk management systems [...] such a due diligence process is already in place within adidas with respect to the way we manage labor rights, health and safety and environmental risks associated with our supply chain. This extends to and includes aspects of human rights. Such due diligence includes risk mapping, compliance monitoring, remediation and internal as well as external reporting'. [Third party complaint process for Breaches to the adidas Group, 11/2016: adidas-group.com & Human Rights and Responsible Business Practices FAQ, 12/2014: adidas-group.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Collaborating with other remedy initiatives: As above, the Company states that 'If an impact is occurring, Adidas will engage actively in its remediation, either

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			<p>directly or in cooperation with others.' This document also points out third party grievance channels to tackle complaints, referring to FLA and OCED NCPs. [Third party complaint process for Breaches to the adidas Group, 11/2016: adidas-group.com]</p> <ul style="list-style-type: none"> • Met: Work with AP suppliers to remedy impacts: The Company discloses the following: 'In the course of carrying out carrying out supply chain due diligence and monitoring work, adidas and its manufacturing partners may uncover breaches to our Workplace Standards. Where these breaches are identified, we are committed to working with our partners to support them in their efforts to remedy these issues and improve working conditions. This support may involve contributing relevant resources or capabilities, including training, one-on-one coaching, and consultation, where it is appropriate to do so.' The Workplace Standards includes human rights. [Workplace Standards, 01/2016: adidas-group.com & Human Rights and Responsible Business Practices FAQ (2020 update), 05/2020: adidas-group.com]

Embedding Respect and Human Rights Due Diligence

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B.1.1	Responsibility and resources for day-to-day human rights functions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to ILO core conventions: See indicator A.1.2. The Company is committed to each ILO core. • Met: Senior responsibility for HR: In its Human Rights FAQ, the Company indicates the following: 'Every employee has a responsibility to follow the company's corporate policies, as well as comply with the relevant national laws and regulations, including those that protect against the violations of human rights. Ultimate accountability for human rights for the company and its operations rests with the CEO (to whom the Chief Legal Counsel reports) and for employee matters with the Chief Human Resources Officer, who is also an Executive Board member'. The Company also indicates in its submission to CHRHB that ultimate responsibility for the Group's management of human rights impacts resides with the Group's Chief Compliance Officer/Legal council. [Human Rights and Responsible Business Practices FAQ (2020 update), 05/2020: adidas-group.com & CHRHB Submission, July 2018, 07/2018: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Day-to-day responsibility: The Company indicates how day-to-day responsibility is allocated in Social & Environmental Affairs (SEA) Department, within Global Legal & Compliance: 'SEA's work in this area is led by a Vice President who is a human rights lawyer with 30 years of experience in dealing with social and environmental issues. He acts as an in-house counsel for the business on human and labour rights topics (including all ILO core labour standards) and works with other highly qualified and experienced colleagues within SEA familiar with labour, safety and environmental issues. Other specialist lawyers within legal & Compliance lead on related topics, such as business ethics and privacy. In 2015 the company hired a full time resource for daily management of its modern slavery outreach program including forced labour and human rights reporting to the Vice President'. [CHRHB Submission, July 2018, 07/2018: business-humanrights.org] • Met: Day-to-day responsibility for AP in supply chain: The Company discloses the following: 'Day-to-day responsibility for managing human and labour rights related issues in its suppliers rests with the Social & Environmental Affairs department, within Global Legal & Compliance. The department has labour rights, safety and environmental experts located in each major sourcing country. Staff are local and speak the local language and manage local engagement with stakeholders, including worker representatives, human and labour rights monitoring in the local supply chain and supplier remediation and complaint processes. Serious issues and breaches of human rights are escalated to the regional VPs and Directors, or the in-house human rights counsel, for further action or intervention as required'. [CHRHB Submission, July 2018, 07/2018: business-humanrights.org]

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B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Identifying risks in own operations: The Company's 'Human rights risks are managed through a layered process which includes high level Operational Reviews of potential adverse impacts on rights-holders, specific Country Risk Appraisals, supply chain compliance monitoring (both our direct and indirect supply chain), independent assurance by partner organizations (for example the Fair Labor Association programme evaluation and unannounced audits) and focused reviews or engagements, that reflect stakeholder concerns or new market entry situations.' It goes into further detail about Operation Reviews and Country Risk Appraisals: 'Operational Reviews (ORs) - human rights risk mapping, which seeks to identify potential adverse human rights impacts arising from company-wide policies and business practices. The ORs examine both day-to-day operations, as well as broader supply chain impacts. They are managed by our in-house human rights counsel. Where issues are identified, this triggers a deeper engagement with the responsible department(s) and outreach to external stakeholders to build a fuller picture, and to identify appropriate follow-up actions'. [CHRB Submission, July 2018, 07/2018: business-humanrights.org] Met: Identifying risks in AP suppliers: See above [CHRB Submission, July 2018, 07/2018: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> Met: Ongoing global risk identification: The Company indicates that 'Country Risk Assessments (CRAs) - completed annually, these CRAs include a review of salient human rights issues at a national level, they incorporate local stakeholder feedback and reference available published information from government and non-government sources, such as ILO reports, US State Department Human Rights Country Reports, etc. These assessments inform work priorities and guide prevention and mitigation strategies, especially in relation to our supply chain compliance monitoring'. [CHRB Submission, July 2018, 07/2018: business-humanrights.org] Met: In consultation with stakeholders: As above, the Company engages stakeholders in its Operational Reviews. This includes local stakeholders. [CHRB Submission, July 2018, 07/2018: business-humanrights.org] Met: In consultation with HR experts: The Company states in its Modern Slavery outreach programme (2018) that 'In 2016 we completed a risk based assessment of the extended supply chain and identified the following focus areas for tailored initiatives and strategies to prevent and mitigate Modern Slavery. These complement our ongoing social compliance and labour monitoring programme [...]. As we move forward with our programme goals and delivery, we are committed to improving and refining our approach working in close collaboration with institutions seeking to end modern slavery, such as the Bali Process Government and Business Forum on Human Trafficking, The Mekong Club, International Organization for Migration, Fair Labour Association and others'. The Company published the assessment (2016): 'we have used available internal resources, external published sources, and feedback from organisations, such as the International Labour Organisation and The Mekong Club, a non-profit that fights slavery using a business to business approach, to inform our assessment approach'. [Modern Slavery outreach Programme, 02/2018 & Modern Slavery Risk Assessment, 08/2016: business-humanrights.org] Met: Triggered by new circumstances: It also includes how the systems are triggered by new country operations, new business relationships or changes in the human rights context in particular locations, and also includes risks and impacts to which the Company may be directly linked. [CHRB Submission, July 2018, 07/2018: business-humanrights.org]
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Salient risk assessment (and context): As part of its Operation Reviews, the Company describes the following: 'Where issues are identified, this triggers a deeper engagement with the responsible department(s) and outreach to external stakeholders to build a fuller picture, and to identify appropriate follow-up actions. [...] In those cases where we plan to enter a new sourcing country, additional in-depth assessments may be warranted, as took place prior to production commencing in Myanmar. A focused review was conducted to evaluate human rights and socio-political issues and risks.' [CHRB Submission, July 2018, 07/2018: business-humanrights.org]

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			<ul style="list-style-type: none"> Met: Public disclosure of salient risks: The Company discloses 'Through our periodic operational reviews and stakeholder engagement the following have been highlighted as salient human rights risks: freedom of association & collective bargaining, working hours, safety & health, fair wages, child labour, forced labour, resource consumption, water (including chemical management), access to grievance mechanisms, diversity, mega sporting events, procurement, ethics and data protection & privacy.' [CHRB Submission, July 2018, 07/2018: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> Met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Action Plans to mitigate risks: Regarding its own operations it describes the process in relation to its sponsoring activities related to mega sporting events (salient issues are flagged in operational review, then carried out an engagement with affected stakeholders and developed a roadmap of follow-up actions): 'we immediately followed up by running a stakeholder dialogue to canvas views on the responsibilities of sponsors with respect to the adverse human rights impacts of mega sporting events. [...] This in turn led to the appointment of our in-house human rights counsel to an independent human rights advisory board established by FIFA in March 2017'. [CHRB Submission, July 2018, 07/2018: business-humanrights.org] Met: Including in AP supply chain: In relation to the supply chain, the Company indicates that has developed 'a due diligence approach that targets those high-risk locations, processes or activities that require the closest attention and where we are able to apply influence to mitigate or remediate issues, where they occur. We also seek to extend our reach by cascading responsibilities to our partners, to capture and address potential and actual human rights issues upstream and downstream of our product creation. Finally, to complement these processes, we have put in place dedicated third-party grievance channels to tackle complaints'. At the end of each month the SEA department reports to executive management 'highlighting critical issues, investigations and remedial efforts in relation to individual factories and other country-specific cases for our direct and indirect supply chains'. In addition the Company carries out actions to improve the social compliance programme for its supply chain, which are reported and accredited periodically by Fair Labour Association. 'Ours is a continuous learning process, one where critical reviews are conducted to inform and improve our processes and approach'. [CHRB Submission, July 2018, 07/2018: business-humanrights.org & Human Rights update 2020, N/A: adidas-group.com] Met: Example of Actions decided: In relation to 'fair compensation', the Company indicates that 'we have a program of work activities which supports fair compensation and wage progression when workers achieve proficiency, performance and competencies in their jobs. In the last two years, we have deployed wage assessment tools and guidance to two dozen suppliers to progressively pay fair wages. The assessment provided suppliers with measurements of the strengths and weaknesses of the wage-setting system and highlighted the important linkages between pay and skills, pay and company performance and the need for effective social dialogue in the workplace. In the next years, we will align with FLA activities to promote supply chain fair compensation. This includes specific focus on supporting wage influencers such as collective bargaining, responsible sourcing practices, productivity and efficiency improvements and validating the data gathered in interviews with workers and managers'. [Factory Workers 2020 update, N/A: adidas-group.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Both requirements under score 1 met

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B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: System to check if Actions are effective: The Company describes in its submission to CHRB the measures that it takes to tackle human rights risks, including systems to evaluate its supply chain and licensees' human rights performance, and measures taken to improve these systems. Regarding the evaluation of effectiveness of actions taken the Company indicates: 'Adidas' social compliance program is subject to ongoing and annual third party audits and public disclosure of tracking charts by Fair Labor Association, to determine whether supplier-level remediation is being effectively managed by Adidas. And at programmatic level, Fair Labor Association also undertakes a periodic accreditation process - evaluating all elements of our labour and human rights work. In October 2017, our program was re-accredited for second time'. As indicated in previous indicator, SEA reports to the Executive Management, highlighting critical issues, investigations and remedial efforts in relation to individual factories and other country-specific cases for our direct and indirect supply chains, as well as our materials supply chain. This is the primary vehicle through which human rights concerns are shared with senior management and reported progress is tracked. [CHRB Submission, July 2018, 07/2018: business-humanrights.org & Factory Workers 2020 update, N/A: adidas-group.com] Met: Lessons learnt from checking effectiveness: The Company provides an example of the lessons learned while tracking the effectiveness of its actions regarding protecting the rights of children and women in Pakistan. The industrialization of the cottage industry deprived women work opportunities. The Company support the establishment of women's stitching centres, together with nurseries. This has enabled women to work. Women working provide a direct and positive impact on child wellbeing and access to education. The Company also funded school infrastructure in the community. [CHRB Submission, July 2018, 07/2018: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> Met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Comms plan re identifying risks: According to the explanations given for indicators B.2.1 to B.2.4, the Company has demonstrated in its disclosures that it has system to identify, assess, respond and review the actions related to human rights risks. The Company indicates in its submission to CHRB that 'to ensure clear communications with local stakeholders, affected communities and other vulnerable groups, the SEA [Social & Environment Affairs] department has embedded local staff in all key sourcing countries. The team operates in 18 languages, but will also employ translators where needed for special investigations, stakeholder outreach or communicating outcomes or mechanisms to improve human rights impacts'. [CHRB Submission, July 2018, 07/2018: business-humanrights.org] Met: Comms plan re assessing risks: See above Met: Comms plan re action plans for risks: See above Met: Comms plan re reviewing action plans: See above Met: Including AP suppliers: See above [CHRB Submission, July 2018, 07/2018: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> Met: Responding to affected stakeholders concerns: The Company reports a case of a partial closure of a factory in Vietnam: 'following a fire which destroyed a warehouse and the main production area. This led to the layoff of the majority of the workforce, including pregnant workers and workers on maternity leave. In this case, the SEA department engaged directly with the laid-off workers, the factory management, government and international labour rights groups who have been tracking the lawfulness of the factory's actions. adidas has also been liaising and communicating with other brands, who are the main buyers in the downsized factory. Worker engagement was done through one-on-one discussions with the affected individuals, as was the engagement with the factory management and government officials. Communications with the international trade unions was through email correspondence and the preparation of reports and responses to specific questions and concerns. When we heard of the reported harassment and detention of local labour advocates, who were advising the laid-off workers, a formal letter was sent to the provincial government, asking that the police cease and desist from interfering from the worker's right to freely associate with human rights defenders.' [CHRB Submission, July 2018, 07/2018: business-humanrights.org]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Ensuring affected stakeholders can access communications: It states that based on engagement and feedback from stakeholders, the Company has 'defined the appropriate level of communications needed for a given target audience. Some require formal communications, a written account, etc. and others more informal channels or personalized engagement'. To ensure clear and effective communications with local stakeholders, affected communities and other vulnerable groups, the SEA department has embedded local staff in all key sourcing countries. The team operates in 18 languages, but will also employ translators where needed for special investigations, stakeholder outreach or communicating outcomes or mechanisms to improve human rights impacts. It provides the example of contracting Arabic translators in Turkey to support communications with Syrian refugees at risk of exploitation in the supply chain. It also states that 'Communications and issues management are developed from the bottom up, through regular monitoring activities (on and off-site worker engagement) and operational complaint mechanisms, where correspondence will be in the local language'. [CHRB Submission, July 2018, 07/2018: business-humanrights.org]

Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Channel accessible to all workers: In reference to complains and non-compliances, the Company indicates on its 'Employees' section of the website 'To track complaints or cases of non-compliance, we have established a network of currently 20 compliance officers worldwide. In 2013 we installed a global hotline called the "Fair Play Hotline". With the Fair Play Hotline our employees can submit complaints also anonymously. An analysis of the number and nature of entries submitted in 2012 showed that nearly 80% of all cases related to general complaints about employee-manager relations. In the remaining cases, employees were seeking advice on specific issues.' [Employees 2020 update, N/A: adidas-group.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Company lists the number of potential compliance violations in its annual report. 'In 2019, we recorded 514 potential compliance violations'. Of these violations. 348 were behavioural and 63 were marked as 'Other', which included payroll issues, however, it is unclear the number of human rights issues filed and either addressed or resolved. The Company also offers a summary of human rights complaints, but this only seems to cover the supply chain and not own operations. [2019 Annual Report, 2020: report.adidas-group.com & Summary of Human Rights Complaints handled by adidas in 2019, N/A: adidas-group.com] • Not met: Channel is available in all appropriate languages: The Company answered the question if the Fair Play Hotline is available in different languages in its Code of Conduct (previous version): 'The company has selected an external provider that offers this service in multiple languages. However, there is a new version of the code, where supporting evidence is no longer available. No evidence found regarding this indicator in latest sources. [Fair Play Code of Conduct (update), N/A: adidas-group.com] • Met: Opens own system to AP supplier workers: The Company indicates in its Policy on Modern Slavery that 'Individuals, worker representatives and worker rights organizations, as well as other civil society groups, can access adidas' Third-Party Complaint Process, as well as the independently managed FLA Third Party Complaint Process or the OECD's Contact Point complaint mechanism, to bring issues related to the breach human rights directly to our attention. Additionally, workers in our supply chain have access to smart phone application based systems to anonymously lodge complaints and suggestions at manufacturing sites in real time.' [2020 Policy on Modern Slavery, 2020: adidas-group.com]
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Grievance mechanism for community: Adidas has a third party complaints mechanism through which 'affected individuals, or communities, can bring issues directly to the attention of Adidas Group, or avail themselves of alternative channels for their complaints, including the FLA-managed Third Party Complaint system, or the OECD's Contact Point, details of which are also given in the Complaint Process'. It has added that the mechanism is available in local languages given that 'where complaints arise at a community level, these are normally directed through local Social & Environmental Affairs staff, who are conversant in

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>the local language and active at a community level, through their visits and meetings with local factory employees'. The Company states that 'individuals and organisations can bring to our attention serious non-compliance with the adidas Group's Workplace Standards or concerns related to any potential, or actual, breach of an international human right norm that is linked to adidas Group operations, products or services'-. [Third party complaint process for Breaches to the adidas Group, 11/2016: adidas-group.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Describes accessibility and local languages: As described in the Summary of the Third Party Complaint Process mentioned above, 'A complaint does not have to be submitted in English, it can be submitted in the individual's own language'. [Summary of third party complaint process, 03/2017: adidas-group.com] • Met: AP supplier communities use global system: See above, the Company has several mechanisms available to individuals and communities to raise concerns about suppliers [Third party complaint process for Breaches to the adidas Group, 11/2016: adidas-group.com]
C.7	Remedying adverse impacts and incorporating lessons learned	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Describes how remedy has been provided: The Company provides some examples which show the approach taken to remedy its adverse human rights impacts in the last two decades and some changes to systems and procedures to prevent the repetition of adverse impacts in the future: 'the introduction of water-based glues to reduce the release of harmful VOCs in footwear operations; balancing order flows to reduce the peaks and troughs in the order cycle – which impact working hours and wages; ensuring fair prices practices to ensure that all legally mandated wages and benefits were met; fixing pre-notification periods to provide suppliers with high order volumes enough pre-warning if orders are to be cut; the development of guidance for the handling of layoffs and closures, including financial and technical support to manage downsizing'. The Company provides guidance on Handling Redundancies and Layoffs, however, this example is from 2009. No evidence found in relation to remedies provided during the last three reporting years. [CHRB Submission, July 2018, 07/2018: business-humanrights.org & Handling Redundancies and Layoffs, 01/2009: adidas-group.com] • Not met: Says how it would remedy key sector risks: The Company has provided information related to what actions it has taken to mitigate risks related to Covid-19. However, no evidence of how it would provide remedy to affected stakeholders it has negatively impacted could be found. [Adidas' Efforts to Support Workers in the Supply Chain During COVID-19, N/A: adidas-group.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition: See above [CHRB Submission, July 2018, 07/2018: business-humanrights.org] • Not met: Approach to learning from incident to prevent future impacts: The Company has provided comments to CHRB regarding this indicator. However, this document or its content has not been found in publicly available sources. • Not met: Evaluation of the channel/mechanism: The Company indicates that it conducted regular reviews of its grievance mechanisms. It also provides a summary of cases filed. No evidence found, however, on actual evidence of evaluation of the effectiveness of the grievance channel. [CHRB Submission, July 2018, 07/2018: business-humanrights.org & 2019 Case Analysis Third Party Complaints, N/A: adidas-group.com]

Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> • Headline: Adidas laborers forced to work overtime • Area: Excessive overtime • Story: On April, 14, 2017, The Sun website reported that Staff at the Apache Footwear factory in Guangdong province (who are producing Kanye West's new GBP 150 Adidas Yeezy trainers) are said to be working 10 hours a day for six days a week to manufacture the limited edition shoes. The Adidas Yeezy trainers are allegedly being made by Chinese worker who are being paid as little as GBP 147 a month. <p>It is reported that the workers are expected to arrive 15 minutes early to sing the company song and attend production meetings, which results in an hour and a half of unpaid time every week. The company argues that its supplier is able to take advantage of a loophole allowing some employers to use an average overtime figure for the year. The company also claimed that the practice of making workers arrive early for their shifts took place more than 1.5 years prior to the story being published and that the factory in question had agreed to compensate workers for working outside their regular working hours. Adidas also says the monthly take-home wage for Apache staff is £328 a month, which includes benefits such as a performance bonus, meal allowance and living allowance.</p> <ul style="list-style-type: none"> • Sources: [The Sun - 13/04/2017: thesun.co.uk][Mirror - 12/03/2017: mirror.co.uk][Hypebeast - 13/04/2017: hypebeast.com]
E(1).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: The company provides a public response addressing the specific allegations. [Mirror news story, 12/03/2017: https://mirror.co.uk] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The company said it was investigating the allegations of the early morning meeting and agreed that workers should be paid for attending meetings outside working hours. It said when bonuses and allowances were taken into account, the average take-home pay for an Apache worker was £329 a month. A spokesman said "We are fully committed to...protecting worker rights and to ensuring fair and safe conditions in our factories....We only conduct business with overseas manufacturers who work in a fair, honest and responsible manner...We have strict procedures in place to ensure employees are paid and treated fairly..." - The Mirror <p>"We also seek business partners who progressively raise employee living standards through improved wage systems, benefits, welfare programs and other services that enhance quality of life. Furthermore, all factories that work with us are subject to regular labor and health and safety audits conducted by independent third parties in association with the Fair Labor Association and Adidas's compliance team." - Hypebeast</p> <p>André Mendes, an Adidas spokesman, said the company is "fully committed to protecting worker rights and ensuring fair and safe working conditions in factories throughout our global supply chain...Our contract suppliers in China operate within the law and in accordance with those regulations working hours can reach, but not exceed, 60 hours in a week during peak production months....Legally mandated rest days, and rest periods during the working day, are strictly enforced....Also to ensure compliance we use a monthly tracking system to check the actual working hours in each of the factory producing for us...Regarding early starts, this practice took place over a year and a half ago and the factory agreed to compensate workers for the time they worked outside of their regular working hours." - The Sun [Mirror news story, 12/03/2017: https://mirror.co.uk]</p>
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The company under its 'Group Labour Rights Charter' says "The Adidas Group supports the United Nations' Universal Declaration of Human Rights. Our company policies and procedures adhere to all applicable domestic laws and are consistent with core labour principles of the International Labour Organization (ILO) concerning freedom of association and collective bargaining, non-discrimination, forced labour, and underage workers in the workplace. Promoting human rights and adhering to ILO core labour standards internally and throughout all our business operations is in line with the Group's values and principles." [Labour Rights Charter, 05/2011: adidas-group.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: Policies apply to the type of business relationships involved: The company says "Specifically, we expect our business partners to operate workplaces where the following standards and practices are implemented...Business partners must comply fully with all legal requirements relevant to the conduct of their businesses and must adopt and follow practices which safeguard human rights, workers' employment rights, safety and the environment." [Workplace Standards, 01/2016: adidas-group.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The company's policies specifically address overtime working hours and wages/compensation. The company says "Workers have the right to compensation for a regular work week that is sufficient to meet workers' basic needs and provide some discretionary income. Where compensation does not meet workers' basic needs and provide some discretionary income, business partners must take appropriate actions to progressively raise employee compensation and living standards through improved wage systems, benefits, welfare programmes and other services..." <p>"Employees must not be required, except in extraordinary circumstances, to work more than sixty (60) hours per week including overtime or the local legal requirement, whichever is less. A regular work week must not exceed 48 hours, all overtime work must be consensual and not requested on a regular basis. Employees must be allowed at least twenty four (24) consecutive hours rest within every seven-day period, and must receive paid annual leave." [Workplace Standards, 01/2016: adidas-group.com]</p>
E(1).3	The Company has taken appropriate action	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Engages with affected stakeholders: The company says it engaged with the factory who had been making employees arrive early for their shifts and that the factory had agreed to compensate workers for the time they worked outside of their regular working hours. [Mirror news story, 12/03/2017: https://mirror.co.uk] • Met: Encourages linked business to engage affected stakeholders: The company said "Our contract suppliers in China operate within the law and in accordance with those regulations working hours can reach, but not exceed, 60 hours in a week during peak production months...Legally mandated rest days, and rest periods during the working day, are strictly enforced.... Also to ensure compliance we use a monthly tracking system to check the actual working hours in each of the factory producing for us... Regarding early starts, this practice took place over a year and a half ago and the factory agreed to compensate workers for the time they worked outside of their regular working hours, according to the Company." [The Sun news story, 12/03/2017: thesun.co.uk] • Met: Provides remedies to affected stakeholders: The company said ""Regarding early starts, this practice took place over a year and a half ago and the factory agreed to compensate workers for the time they worked outside of their regular working hours." [The Sun news story, 12/03/2017: thesun.co.uk] • Met: Has reviewed management systems to prevent recurrence: The company said "All factories that work with us are subject to regular labor and health and safety audits conducted by independent third parties in association with the Fair Labor Association and Adidas's compliance team," [The Sun news story, 12/03/2017: thesun.co.uk] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims: No evidence that the compensation provided to workers who had been forced to arrive early for their shifts was satisfactory, nor was the number of workers involved in the compensation claim disclosed . [The Sun news story, 12/03/2017: thesun.co.uk] • Not met: Has improved systems and engaged affected stakeholders: The company says in response to questions about overtime hours that "All factories who work with us are subject to the regular labor Health & Safety audits conducted by independent third parties in association with the FLA and Adidas' compliance team". However it fails to provide and evidence that it has improved its systems since the allegations of forced overtime were reported [The Sun news story, 12/03/2017: thesun.co.uk]
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> • Headline: Supply chains of Kraft Heinz and others criticized for forced labor and discrimination linked to China's political assimilation ethnic Uighurs and Muslims • Area: Forced labour • Story: 16 May 2019, An investigation by the Wall Street Journal (WSJ) has identified forced labour in supply chains linked to major western brands, including apparel and food manufacturers. The article cites interviews with a number of workers of Uyghur ethnicity, who have been 'recruited' from their villages and

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>forced to work in factories as part of the Chinese government's 're-education' program focused in the Xinjiang region, which many NGO and human rights groups have criticised as amounting to situations of discrimination and coercion. In early 2017, the Communist Party began a new incarceration campaign, rounding up, detaining and forcibly indoctrinating Uyghurs and other Muslim minority ethnic groups in the far-western region. Islam has effectively been outlawed in the far-western region, with people routinely labelled as extremists and imprisoned for practising their religion. A UN committee describes the province as resembling a "mass internment camp", with estimates more than 1 million Uyghurs have been sent to prison or re-education camps. The article observes that "The gray yarn made by Huaifu [Huaifu Fashion Co.] in Xinjiang goes to factories elsewhere in China and in Bangladesh and Cambodia that weave T-shirts for Hennes & Mauritz's H&M retail chain, two people familiar with the company say. The yarn also turns up in the supply chains of Adidas and Esprit Holdings Ltd., although the brands don't buy directly from Huaifu, according to the companies." In response to queries, Adidas told the WSJ it has advised its suppliers to suspend yarn purchases from Huaifu pending its investigation. The WSJ notes that Adidas had already banned its suppliers from hiring workers through Xinjiang government agencies in 2016, saying it was concerned about forced labor and discrimination.</p> <ul style="list-style-type: none"> • Sources: [Wall Street Journal - 16/05/2019: wsj.com][BBC - 13/11/2019: bbc.co.uk][BHRRC - 16/05/2020: business-humanrights.org]
E(2).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: In response to the WSJ the company said it has advised its suppliers to suspend yarn purchases from Huaifu pending its investigation. In a subsequent communication to the Business & Human Rights Resource Centre the company said "As a company, we strictly prohibit the use of all forms of forced labor, including prison labor, in our supply chain. Moreover, we do not permit our suppliers to hire dispatch workers, or any other forms of labor, through government-managed schemes in China, including those operated by the XUAR authorities. This has been our approach for more than a decade. Based on our investigations to date we can confirm that we hold no direct contractual relationship with any of the named businesses. In spring 2019, we explicitly required our materials suppliers not to buy yarn from the Xinjiang region. That included a prohibition on sourcing yarn from Huaifu Top Dyed Melange Yarn Co. Ltd, which produces in that region. We can confirm that Haoyuanpeng Clothing Manufacturing Co. Ltd is neither an active nor authorized entity in our supply chain. We have engaged directly with the factory's management team and they have issued adidas with an apology, for having falsely displayed adidas logos on their website and building. These have now been removed. We do not produce goods in Qingdao Jifa Huajin Garment Co. Ltd. It is not an approved or authorized supplier for adidas. We have reached out to the parent company, Jifa, to understand more. The above actions form part of our ongoing efforts to ensure that there are no supply chain linkages to XUAR, or to the export of labor from this region. Those efforts include close engagement with the Fair Labor Association, which has called on its affiliates to develop timebound plans to address forced labor risks related to Xinjiang". [Response to BHRRC, 16/03/2020: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The companies response provides sufficient detail on the allegations. [Response to BHRRC, 16/03/2020: business-humanrights.org]
E(2).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The company's 'Workplace Standards' prohibit the use of forced labour saying "Business partners must not use forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views." [Workplace Standards, 01/2016: adidas-group.com] • Met: Policies apply to the type of business relationships involved: The company's 'Workplace Standards' state "We use the adidas Group Workplace Standards as a tool to assist us in selecting and retaining business partners who follow business practices consistent with our policies and values. As a set of guiding principles, the Workplace Standards also help identify potential problems so that we can work with our business partners to address issues of concern as they arise...Specifically, we expect our business partners to operate work places where the following

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>standards and practices are implemented:....Forced Labour" [Workplace Standards, 01/2016: adidas-group.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The company's Policy on Responsible Recruitment contains prohibitions on the imposition of financial burdens and restriction of movement, saying "At adidas we are committed to eliminating the practice of migrant workers paying recruitment costs and fees to secure their employment. We support the Dhaka Principles for Migration with Dignity to enhance respect for the rights of migrant workers from the moment of recruitment, during employment and through to further employment or safe return....No recruitment fees or related costs should be charged to, or otherwise borne by, workers. A clear definition on the types of fees and costs can be found in our Migrant Labor chapter of the Guidelines on Employment Standards...Freedom of workers to move within a country or to leave a country should be respected. Workers' identity documents such as passports, land title deeds, diplomas, employment contracts and so on should not be confiscated, destroyed or retained." [Policy on responsible recruitment, 2019: adidas-group.com & Guidelines on Employment Standards - Workplace Standards, 2016: adidas-group.com]
E(2).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Denies allegations, but has engaged affected stakeholders: In its response to the BHRRC, Adidas says "Based on our investigations to date we can confirm that we hold no direct contractual relationship with any of the named businesses. In spring 2019, we explicitly required our materials suppliers not to buy yarn from the Xinjiang region. That included a prohibition on sourcing yarn from Huafu Top Dyed Melange Yarn Co. Ltd, which produces in that region. We can confirm that Haoyuanpeng Clothing Manufacturing Co. Ltd is neither an active nor authorized entity in our supply chain. We have engaged directly with the factory's management team and they have issued adidas with an apology, for having falsely displayed adidas logos on their website and building. These have now been removed. We do not produce goods in Qingdao Jifa Huajin Garment Co. Ltd. It is not an approved or authorized supplier for adidas. We have reached out to the parent company, Jifa, to understand more". However its is not clear whether the company has engaged with the affected stakeholders or representatives of those groups [Response to BHRRC, 16/03/2020: business-humanrights.org] • Met: Denies allegations, but reviewed systems to prevent such impacts: In its response to the BHRRC, Adidas provides evidence of having reviewed its systems, saying "Based on our investigations to date we can confirm that we hold no direct contractual relationship with any of the named businesses. In spring 2019, we explicitly required our materials suppliers not to buy yarn from the Xinjiang region. That included a prohibition on sourcing yarn from Huafu Top Dyed Melange Yarn Co. Ltd, which produces in that region. We can confirm that Haoyuanpeng Clothing Manufacturing Co. Ltd is neither an active nor authorized entity in our supply chain. We have engaged directly with the factory's management team and they have issued adidas with an apology, for having falsely displayed adidas logos on their website and building. These have now been removed. We do not produce goods in Qingdao Jifa Huajin Garment Co. Ltd. It is not an approved or authorized supplier for adidas. We have reached out to the parent company, Jifa, to understand more". [Response to BHRRC, 16/03/2020: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Denies allegations, but implements review recommendations: In response to the BHRRC the company says " In spring 2019, we explicitly required our materials suppliers not to buy yarn from the Xinjiang region. That included a prohibition on sourcing yarn from Huafu Top Dyed Melange Yarn Co. Ltd, which produces in that region." [Response to BHRRC, 16/03/2020: business-humanrights.org] • Not met: Denies allegations, and ensures systems prevent such impacts: In response to the BHRRC the company says "The above actions form part of our ongoing efforts to ensure that there are no supply chain linkages to XUAR, or to the export of labor from this region. Those efforts include close engagement with the Fair Labor Association, which has called on its affiliates to develop timebound plans to address forced labor risks related to Xinjiang (see Link), and our collaboration with industry associations in North America, who have recently issued a Statement (see Link) on this matter." However its not clear if the changes made will ensure systems prevent such impacts from occurring in the future. [Response to BHRRC, 16/03/2020: business-humanrights.org]

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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As WBA, we want to emphasise that the results will always be a proxy for good human rights management, and not an absolute measure of performance. This is because there are no fundamental units of measurement for human rights. Human rights assessments are therefore necessarily more subjective than objective. The Benchmark also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.

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