

DECATHLON



Modern Slavery Statement

Eric Mazillier
CEO Decathlon UK

DocuSigned by:
Eric Mazillier
CD80899354234E6...

Alberto Bottan
CFO Decathlon UK

DocuSigned by:
Alberto Bottan
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August 2020

This statement has been published in accordance with the Modern Slavery Act 2015; California Transparency in Supply Chains Act (SB 657); and Australian Modern Slavery Act. It sets out the steps taken by Decathlon during the year ending 31st of December 2019 to prevent modern slavery and human trafficking in its supply chain.



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Decathlon in Figures

102,307
TEAMMATES

46% WOMEN AND 54% MEN
+6.6% COMPARED WITH 2018

68%

SPORTS USER SATISFACTION

RATE: 4.48/5 ★

€12.4

**BILLION IN TURNOVER
(EXCL. VAT¹)**

+9.1% COMPARED WITH 2018

1,647

**STORES WORLDWIDE
IN 938 URBAN AREAS**

165 MORE THAN IN 2018

73

**WAREHOUSES AND
LOGISTICS PLATFORMS**

43

**PARTNER
SUPPLIERS (3)**

86%

**OF TIER 1 PRODUCTION SITES
RATED A, B OR C**
FOR HUMAN RESPONSIBILITY IN PRODUCTION
THE SAME AS 2018

80%

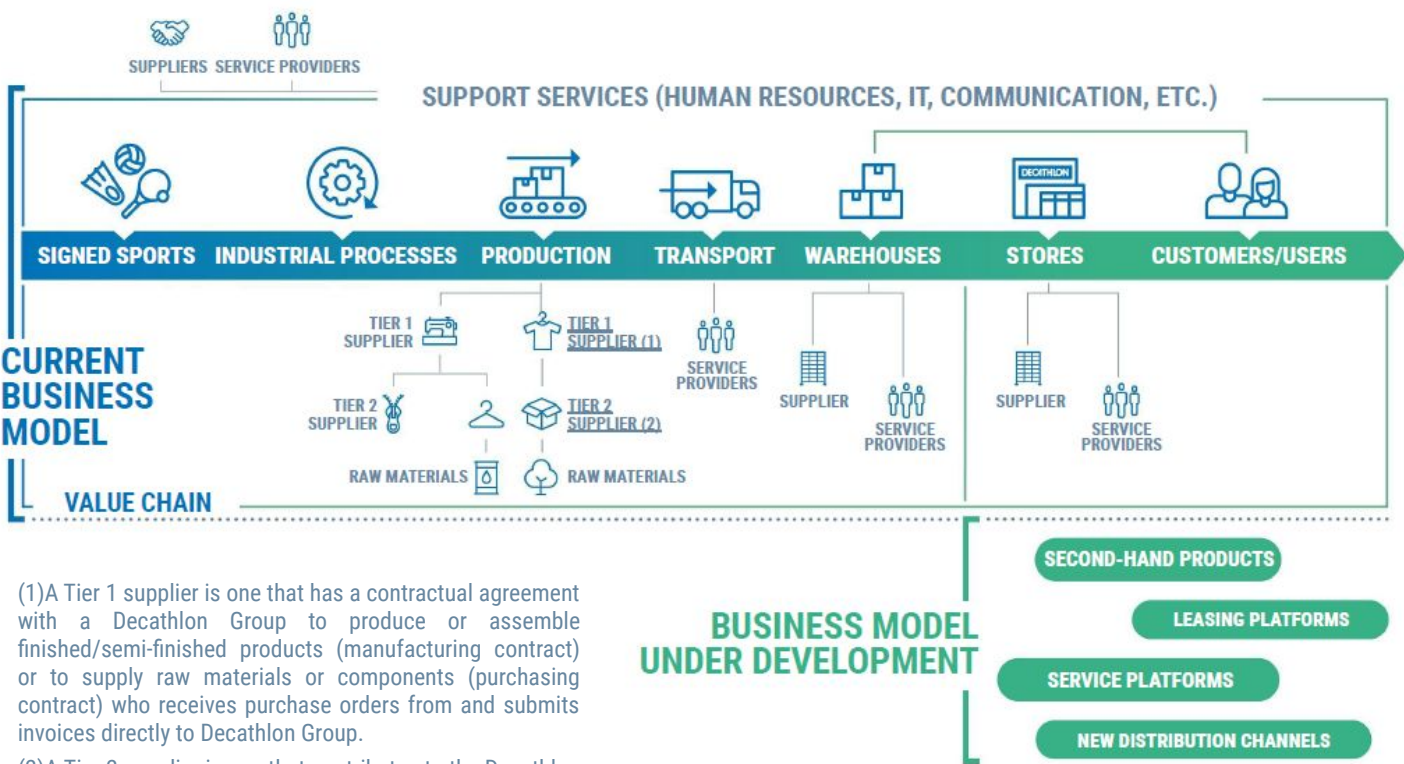
**OF TIER 1 AND 2 PRODUCTION
SITES RATED A, B OR C**
FOR ENVIRONMENTAL MANAGEMENT
+15.9% COMPARED WITH 2018

For more information about Decathlon's figures and activities, the Declaration of Extra-financial Performance relating to the 2018 period is available on the following website:

<http://developpement-durable.decathlon.com/>

1. At constant exchange rates.

Value Chain



(1)A Tier 1 supplier is one that has a contractual agreement with a Decathlon Group to produce or assemble finished/semi-finished products (manufacturing contract) or to supply raw materials or components (purchasing contract) who receives purchase orders from and submits invoices directly to Decathlon Group.

(2)A Tier 2 supplier is one that contributes to the Decathlon product value chain through a direct commercial relationship with a rank 1 supplier with whom they manage all purchase orders and invoices.

The signed sports purchasing policy is based on 3 categories of suppliers:

1/ Industrial partners

Suppliers with whom we build a long term industrial project and share the same vision in terms of purpose and values, transparency and collaboration.

2/ KAS - Key Account Suppliers (4)

Essential partners that don't meet all the criteria of a partnership.

3/ Other suppliers

Suppliers with whom we keep all our requirements, and with whom we maintain relations with over several years, always based on trust and performance.

Decathlon's industrial vision is to continue to develop partnerships to strengthen relationships over the long term, collaboratively building and preparing the industry of the future.

Our Responsible Teammates



The Production Teams

Decathlon's manufacturing activity is managed at the operational level by local teams. These locally-recruited teams visit supplier production sites on a regular basis, working with them on issues such as product development, quality, production cost control, lead-times, as well as compliance with the Supplier Code of Conduct. They are also in charge of detecting critical and unacceptable situations, and immediately finding solutions or suspending production and orders to speed up resolution, where necessary. This helps to alleviate risk as soon as possible and, in conjunction, put in place a preventative action plan to find a solution to non-compliance over the long term.

These team members are given prior "Sustainable Development in Production" training to reach the required skills level. The issue around combating forced and bonded labour were incorporated in the training since 2018.



Operational Process Manager for Sustainable Development

These 34 managers are local recruits who speak the suppliers' language and understand the country's culture. This makes their work more effective and helps to identify local issues. They are constantly training the production teams and some are also in charge of continuously improving the tools and methods they use. Another 50 teammates (who are involved in industrial production and who have received special trainings) have volunteered to become involved as Assessors.



Industrial Strategic Buyers

At Decathlon, our buyers build their international purchasing policy, according to their industrial process, always including our Social Responsibility Strategy, considering the respect of Human Rights and prevention of Modern Slavery. To do so, they are trained during their induction period on those fundamentals subjects, and regularly manage their suppliers during quarterly reviews of their suppliers panel.



Country Risk Mapping

Modern Slavery has been identified as a major risk in our global risk mapping within the manufacturing activity of Decathlon. Our methodology (see example below) is regularly evolving and includes parameters such as:

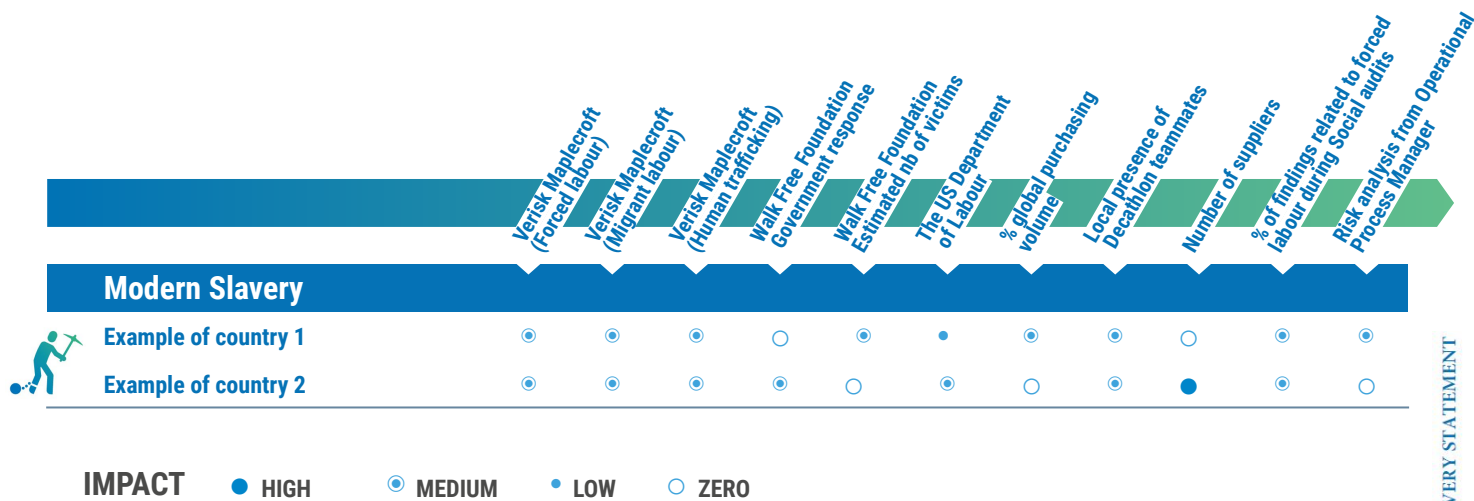
Internal data

- Decathlon worldwide expansion relies on subsidiarity for each country to become autonomous with a production team and physical office. Therefore, presence of a local team and Operational Process Manager for Sustainable Development is an important parameter.
- Decathlon purchasing policy by categories of suppliers based on long term project and purchasing volume.
- Human Responsibility in Production performance indicators (% of findings in our suppliers related to forced labour during Social audits)

External data:

- International Labour Organization (ILO)
- International Organization for Migration (IOM)
- Walk Free Foundation Global Slavery Index
- Verisk Maplecroft database on forced labour, human trafficking, modern slavery and migrant workers
- The US Department of Labour: risk on commodities
- Legal frameworks: "French Duty of Care law", "UK Modern Slavery Act", "California Transparency Act".

Materialization into Country Risk Matrix:



Skills and tools

E LEARNING & WORKSHOP :

The Stronger Together initiative (11), with which a training system has been developed since 2018. The objective is to raise awareness about the practical evidence to be able to detect the warning signs of forced labour in the field, particularly in the identified sensitive areas. Stronger Together provides additional free guidance and resources on tackling forced labour in business operations and supply chains at www.stronger2gether.org.

Stronger Together also delivered a workshop for Decathlon's manufacturing and production staff from production countries across the world in 2019 to build their capacity to implement modern slavery policies and practices and engage suppliers to take responsibility.

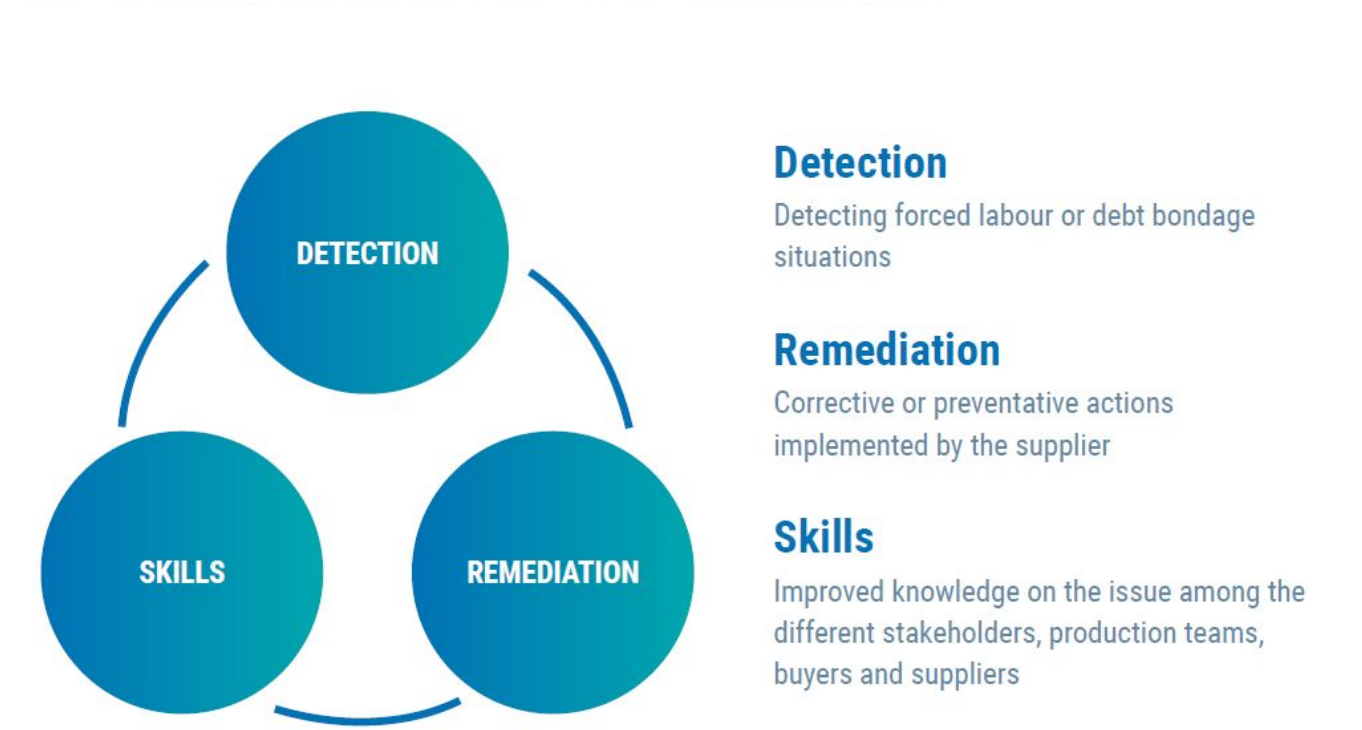


QUOTES:

JANTINE WERDMÜLLER VON ELGG, MANAGING DIRECTOR OF STRONGER TOGETHER,

"Modern slavery is a risk to any business and its supply chain and we are pleased to have worked with Decathlon on proactive steps in mitigating the risks. In 2019, Decathlon introduced Stronger Together's e-learning to raise awareness amongst the large population of Decathlon employees. Decathlon is using the e-learning as an educational tool, as well as an engagement opportunity to have conversations and build capacity with their Purchasing, Production and Sustainability teams. In October 2019, we facilitated an interactive workshop in which 35 Decathlon Operational Process Managers came together to learn more about detecting, deterring and dealing with modern slavery in order to take the next steps."

Verification & Improvement



Employment at Decathlon suppliers must be voluntary, and workers must be free to leave the workplace after completing their standard working hours, or to leave the company respecting legal and reasonable notice.

Following our Code of Conduct for suppliers, Decathlon assessment includes verification on:

- bonded labour: physically or morally bonded through loans, deposits or illegal fees
- forced labour: prison labour, forced labour under punishment or personal document confiscation threat.
- human trafficking which is totally forbidden.

Contracted labour can't be abused and any practice to facilitate or contribute to forced labour is prohibited.

PILOT : RANK 2 (2) SUPPLIERS MAPPING AND ASSESSING THEM ON SOCIAL COMPLIANCE:

In India, with one of our Rank 1 supplier in textile, we tried to map all their Rank 2 (2) suppliers. Mapping was initiated by them for all the commodities they procure for us, in order to transform our finished goods. The total commodities identified were 28, from different local suppliers. After mapping was complete, they chose the top 2 suppliers based on the volume and turnover, to assess them on their social compliance.

Then the assessment reports were shared with their Rank 2 supplier and a workshop was initiated to make them aware and understand the non conformity points.

Assessing Recruitment practices



In 2019, Decathlon has collaborated with a non-profit organization, Verité, <https://www.verite.org/> on: Verité Focused Investigation Findings and Recommendations on *LABOUR STANDARDS & THE RECRUITMENT AND MANAGEMENT OF FOREIGN WORKER*

An initial support test by VÉRITÉ was carried out within this context at a supplier site in Thailand. Following the test, more than 18 findings were identified including worker-paid recruitment fees. This supplier is now more aware of the importance of transparency and employing people without going through an intermediary, especially in the case of migrants. As a consequence, Decathlon is working with its supplier on a long term corrective action plan in order to reimburse the workers and systematically improve the capacity of the supplier to conduct fair and ethical recruitment practices. This includes that salaries and transportation are paid directly, without going through an agency, and by taking on its own responsibilities at the time of recruitment and in the working conditions.

The key learnings and corrective actions were on the points as below:

FOREIGN CONTRACT WORKER RECRUITMENT & EMPLOYMENT PRACTICES

- IMPLEMENT RECRUITMENT POLICIES & PROCEDURES TO ENSURE: Detection of Forced Labour / Detection of Human Trafficking / HR staff to stay updated on the Recruitment Laws and Monitoring Labour Agents Licenses.
- WORKER'S ORIGIN COUNTRY: Establishing clear communication to explain workers at origin country on their various entitlements.
- RECRUITMENT PRACTICES: HR staff received insights on various Deceptive recruitment practices and Skill based recruitment by Labour Agents.

RECRUITMENT FEES & EMPLOYMENT COSTS

- RECRUITMENT FEES & VERIFICATION: Through a new policy, Implement a verification step during recruitment process to limit worker recruitment fees.

OVERSIGHT ON RECRUITMENT AGENTS

- RECRUITMENT AGENTS : Reduce the use of Labour Agents to prevent various forced labour risks.

Furthermore, in 2019 Decathlon has strengthened its Code of Conduct assessments with a toolkit from Verité (<https://www.responsiblesourcingtool.org/>), also attached to our digital training offer. It includes:

- Assessment of Labour Recruiters
- Conducting Migrant Worker Interviews
- Supplier/Subcontractor Self-Assessment

Remediation Process

At Decathlon, we believe that remediation should be managed locally to ensure efficiency and better follow up. Our objective is that Decathlon local production offices are connected with external local supporting organisations and Brand working groups. This collaboration will provide complementary expertise as caregiver in victims protection and handling process.

The working group formalisation has facilitated a collective stakeholder engagement in addressing the key issues with respect to Forced Labour.

In 2019, our local production teams used The Global Modern Slavery Directory (<http://www.globalmodernslavery.org/>) from Polaris (<https://polarisproject.org/>) as main resource to identify local supporting organisations.

Responsible Sourcing Material

COTTON

At Decathlon, cotton is one of the materials used in the majority of our goods and where the risk of forced labour is the highest. Therefore, we decided to first focus on this activity with the target to extend to other materials in the future.

We are stating our firm opposition to the use of forced labour in Uzbek & Turkmen cotton production. We commit to not knowingly source Uzbek & Turkmen cotton for the manufacturing of any of our products until the Governments of Uzbekistan & Turkmenistan end the practice of forced labour in its cotton sector. As far as the elimination of this practice is independently verified by the International Labour Organisation, Decathlon will maintain this commitment.

Whistle-blowing System

As part of a continuous improvement approach, we listen to all concerns and feedback regarding management failures around human and environmental risks, both in our own activities and those of our suppliers and service providers.

These concerns are raised by different stakeholders and internal and external stakeholders through different channels:

- **teammates;**
- **NGOs through direct contacts;**
- **customers and users;**
- **communities and local residents;**
- **partners and investors;**
- **studies and reports published by civil society and experts;**
- **the media (specialist and generalist press, TV documentaries, social networks, etc.).**

In addition to these channels, in February 2019 Decathlon set up an independent, multilingual whistle-blowing tool to:

- **guarantee the confidentiality of discussions with the whistle-blower and their protection;**
- **ensure the company's internal IT systems remain watertight;**
- **build on and manage concerns;**
- **improve the formalisation of processes and remediation best practices.**

To ensure consistency, the "Duty of Care Plan" project team worked closely with the "Compliance" team to develop and set up a shared whistle-blowing platform for raising concerns on key issues, including corruption and business ethics.

An online link to this platform is available for teammates and external personnel on Decathlon's Sustainable Development website:

<https://decathlon.whispli.com/sustainability>

DEVELOPMENTS IN 2019

The whistle-blowing tool has been set up internally across 17 countries (covering 43.5% of teammates). To compliment the setting up of this tool, teammates were contacted regarding the platform and informed about a whistle-blower confidentiality and protection. The aim was to encourage them to use the tool when traditional feedback channels – such as direct contact with managers, staff representatives and human resources – have stopped functioning or if the employee does not feel confident and would prefer to use a tool that guarantees a higher level of confidentiality.

In 2019, we received 17 messages (acceptable concerns and information requests) from our teammates about their working conditions.

Dealing with these concerns via the whistle-blowing tool lead us to rethink the management process, with a view to optimising it and making it more seamless, while capitalising on best practices and sharing them between the countries.

For external stakeholders, an online solution has been set up since May 2019. However, we are aware that we need to make this solution more accessible to those most at-risk, particularly at the level of our industrial partners and service providers.

PLANS FOR 2020 ONWARDS

We are continuing to deploy and promote the whistle-blowing tool among employees in other countries.

The structure of the whistle-blowing management system will allow concerns to be managed in a tailored and frictionless way.

For external stakeholders, particularly employees of our industrial partners, documents with information about the platform will be physically placed inside factories. This will be accompanied by training programmes for managers and employees at the sites of the 4 partners across 4 countries.

Lessons learned from these 4 partners will allow us to replicate the processes more widely across our roster of suppliers.

This initiative is designed to compliment the factories' own management systems, as well as their current staff representation and feedback systems.

After confidential and independent analysis, Decathlon informs the partner and suggests an action plan for them to implement. Decathlon then monitors the action plan or plans. In all instances, the whistle-blower's identity is protected.

Indicators for Progress

(as per the end of 2019)



86% of our suppliers meet the Decathlon Code of Conduct requirements(1)

(ISO compare to 2018)



48% of teammates validated fundamental skills to tackle Modern Slavery(2)

(+38% compare to 2018)



95% of sustainable cotton out of total volume purchased(3)

(+19% compare to 2018)

(1) This indicator is calculated using % of rank 1 production sites rated A, B ou C : no immediate risk for the health or the fundamental rights of workers

(2) This indicator is calculated using the total number of Industrial Buyers and Operational Process Manager for SD with level 2 in our skill matrix

(3) This indicator is calculated using the tonnage of organic cotton, BCI cotton and recycled cotton

Plans for 2020

Over the next twelve months, Decathlon will continue to work with suppliers and partners to embed programmes designed to prevent and tackle modern slavery.

Specifically, we will:

- Continue working with Verité to conduct complementary investigation when a doubt is raised during our Code of Conduct assessments
- Supply chain mapping to be completed with our Tier 2 suppliers
- Create a Tool Box for all our suppliers and teammates to better understand various ILO indicators of Forced Labour
- Develop Dormitory Guidelines, in order to ensure Health and Safety, freedom of movement and proper living conditions of our associated dormitory workers.
- Provide with our Code of Conduct for suppliers, an Ethical Recruitment Guidelines.
- Upskill our teammates to detect Forced Labour indicators.
- Collaborate with other buyer's to have collective remediations plan.
- Ensure 100% of all our relevant teammates complete the e-learning module 'Tackling Forced Labour in a Global Supply Chain'

COVID-19:

At the time of publishing this plan, the world is experiencing an unprecedented public health crisis in Covid-19.

The pandemic is having a huge impact on people's lives, global economic activity and supplier relationships. Faced with these crises, Decathlon is committed to maintaining focus. This complex health crisis may have repercussions for the plan's deployment.

Decathlon and all our teammates are determined to maintain our efforts over the long term to continue managing our impact on people and the planet.

Methodological Notes

(1) Rank 1 Suppliers: Rank 1 suppliers are contractually linked to a Decathlon Group to manufacture or assemble finished or semi-finished products (via a manufacturing contract), or to supply raw materials or components (via a purchasing contract) and receive purchase orders from said company, which they invoice directly.

(2) Rank 2 Suppliers: Rank 2 suppliers are suppliers that contribute to the Signed Sports product value chain. They are in a business relationship with a Tier 1 supplier with whom they organise the management of purchase orders and invoicing.

(3) Partners: Suppliers with whom we build a long term industrial project and share the same vision in terms of purpose and values, transparency and collaboration.

(4) KAS - Key Account Supplier: an essential and/or highly desirable and efficient supplier, but whose conditions for transparency and collaboration are not fully aligned with Decathlon's.

(5) International Labour Organisation: Tripartite U.N. agency bringing together governments, employers and workers to promote decent work for all:

<https://www.ilo.org/global/lang-fr/index.htm>

(6) Verisk Maplecroft: Consultancy and research firm specialised in global risk data and country risk analysis:

<https://www.maplecroft.com/>

(7) Global Slavery Index: A tool ranking all countries in relation to the number of persons in a situation of modern slavery: <https://www.globalslaveryindex.org/>

(8) VÉRITÉ: A non-governmental organisation that provides tools for combating forced labour: <https://www.verite.org/>

(9) International Organisation of Migration: Intergovernmental agency based in Geneva and linked to the UN since 2016, that helps to ensure the proper management of migrant populations and promote global cooperation on the question of migration: <https://www.iom.int/fr/>

(10) The US Department of Labour: This department provides a regularly updated list of products, along with their country of origin, that have potentially been produced from child or forced labour: <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

(11) Stronger Together: International initiative working on training, guidelines and resources for tackling forced labour: <https://www.stronger2gether.org/>

(12) Supplier Code of Conduct available at: <http://developpement-durable.decathlon.com/>