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MODERN SLAVERY STATEMENT

FINANCIAL YEAR 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 2020 to prevent modern slavery and human trafficking in its supply chain.

**This statement was approved by the
Principal Governing Body of Decathlon on 30th of JULY 2021**



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1 Introduction

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Introduction

Decathlon in Figures

93,710

teammates

8.4% less than in 2019

46.5% women
and 53.5% men

69%

of delighted
sports users

1% more than in 2019

1,697

stores
worldwide

84 stores openings
in 2020

€11.4 Billion

in turnover (excl. VAT)

5.8 % less than in 2019*

69

warehouses
and logistics
platforms

45

partners
suppliers

84%

Rank 1 production sites
were given A, B or C ratings for
their human responsibility
in production

2% less than in 2019

80.4%

Rank 1 production sites
were given A, B or C ratings for
their environmental
management

0.4% more than in 2019

*At constant exchange rates.

Introduction

Our vigilance during the Covid-19 crisis

2020 is known for an unprecedented sanitary crisis, and Decathlon has shown good resilience.

We have protected our collaborators and our customers, adapted our activities while respecting our business partners and contributed to the collective effort through actions of solidarity.

Specific measures towards our suppliers responsible for manufacturing our Decathlon products and stores furniture:

We first established and shared guidelines (*SD Guidelines Corona crisis for suppliers*) to help our suppliers keep the guarantee of safety for their employees, but also to maintain their wages, Rights, etc.

- Regular digital communications have been set up to keep the conversation open with our suppliers and listen to their operational difficulties in order to support them when possible. Therefore, volume adjustments, supply difficulties, logistics shortage have been shared.
- Operationally, all orders with materials already supplied or goods already produced have been paid, and in specific situations, we proceeded payments in advance.

1,07 Bil

Of products sold in 2020

compared to **1,28 Bil** in 2019

-27%

of days opened in
store due to Covid-19 restrictions.

To know more about our actions towards our teammates, customers, and communities, explore our Declaration of Extra-Financial Performances:
sustainability.decathlon.com

Introduction

Scope of this statement

This statement concerns the manufacturing supply chain of our “signed sport” products through:

- DECATHLON SE (manufacturing activity), and its production subsidiaries
- Component suppliers, finished goods suppliers branded with our “signed sports” (1) owned by DECATHLON SE, with whom DECATHLON SE or its subsidiaries have an established commercial relationship (2).

For other company activities modern slavery and human trafficking will be dealt with in depth over a second phase.

Taking this into consideration, if our risk mapping identifies important stakes beyond this scope, we would voluntarily undertake appropriate actions and management systems.

This statement provides information on the strategies implemented by Decathlon to prevent risk as per the definition below:

- MODERN SLAVERY : It refers to situations in which individuals are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities (International Labour Organization)
- HUMAN TRAFFICKING : Human Trafficking is a crime against humanity. It involves an act of recruiting, transporting, transferring, harbouring or receiving a person through a use of force, coercion or other means, for the purpose of exploiting them. (United Nations Office on Drugs and Crime).

(1): Signed sports are brands owned by Decathlon totalling 85 by the end of 2018.

(2): The notion of established commercial relationship falls under the definition provided by the french law, which characterises as “followed, forecasted and usual”

Our Value Chain

Production and industrial process

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

- **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.

- **KAS – Key Account Suppliers**

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

- **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.



(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.

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 Value Chain

Deep-diving in the value chain: focus on metal process

Decathlon designs its product and uses suppliers to produce various types of sporting goods, using several industrial sectors, with different depth of value chains. Managing Rank 2 suppliers will be progressively adapted to better integrate the risk level (sector/country), its respective impact and the notion of leverage.

In 2020 : 4 pilots of industrial processes have continued to work their Rank 2 policy. **The metal process** managed to finalize its own policy, starting from the supplier inventory, risk analysis, until decision and management..

In 2021 : 3 additional industrial processes are setting up their Rank 2 policy.

Focus on metal Industrial Process :

- **136 Rank 2 and Rank 3 suppliers** have been identified including **46 hotspots**
- **4 levels of risk** have been identified following the methodology described above.
- This **framework** is now used **bi-annually** during the our Purchase **"Panel Review"**⁽¹²⁾ to follow-up progress

Metal Process Rank 2 Policy

Risk level	Number of Rank 2 suppliers	2021 Actions plan
1	4	<ul style="list-style-type: none"> • Incorporation into SDB⁽¹⁴⁾ • Signature of Decathlon Code of Conduct • HRP Assessment every 2 years
2	34	<ul style="list-style-type: none"> • Signature of Decathlon Code of Conduct • Incorporation into SDB⁽¹⁴⁾ • Self-Assessment
3	1	<ul style="list-style-type: none"> • Incorporation into SDB⁽¹⁴⁾ • Signature of Decathlon Code of Conduct
4	7	<ul style="list-style-type: none"> • No management

4 corresponds to the highest level of risk and 1 the lowest level of risk

Country Risk Mapping

The process to evaluate the risk in a Country Risk

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 each country becoming autonomous with a production team and physical office. Therefore, a 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".

Risks mapping model



SOURCING COUNTRY

Country n°1	●	●	●	●	○	○	●	●	○	○	○
Country n°2	●	●	●	○	○	○	●	●	○	○	○
Country n°3	●	●	●	●	●	●	●	●	●	●	●

IMPACT

● HIGH

● MEDIUM

● LOW

○ ZERO

Result => Level 1 Countries

As a result of our Risk Mapping (Combination of External + Internal data = Risk Score), we have classified 10 procuring countries as risky, they are called as "Level 1 risky countries", meaning all our actions on this topic will be prioritized to Level 1 countries first, then to the rest.

2 Our teammates

A shared responsibility among key actors in the value chain



Our Responsible Teammates

A shared responsibility among key actors in the value chain

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 MANAGERS FOR SUSTAINABLE DEVELOPMENT

These 31 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.



FIGURES

- **68 INDUSTRIAL STRATEGIC BUYERS**
- **2 178 PRODUCTION TEAMMATES.**
- **31 OPERATIONAL MANAGER FOR SUSTAINABLE DEVELOPMENT**
- **6 EXPERTS** to optimize the process and support the network the competencies and tools according to the evolution of the stakes in productions.

3 Verification & Improvement

Continuously improving the process

Detection

Evolution of our assessment grid to tackle Forced labor

Providing innovative solutions

Whistleblowing platform

Remediation

Skills

Strengthening our learning catalog

Building capacity for more autonomous suppliers

Verification & Improvement

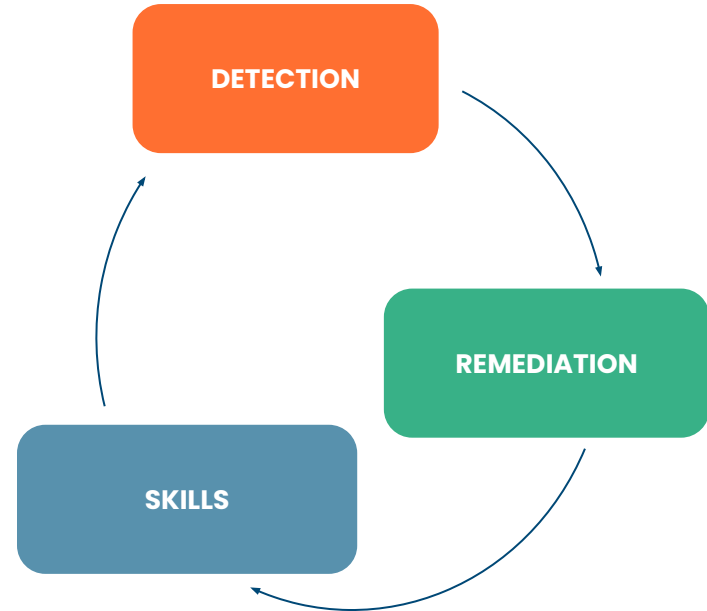
Continuously improving the process

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

Following our Code of Conduct for manufacturing 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.

In 2020, Decathlon Rank 1 suppliers were evaluated through **818 assessments** (Internal team : 506 / External contractor : 312). During COVID19 period, in some countries where governmental restrictions did not allow assessments, we asked the concerned suppliers to take a self assessment through our digital tool Assess GO



For more information, consult our Decathlon Code of Conduct for Manufacturing suppliers **"Code of Conduct"** : sustainability.decathlon.com/legal-documents

Detection

Evolution of our assessment grid to tackle Forced labour

Covid-19 introducing us to new challenges , adaptability & resilience remains key.

Thanks to past learning , we have elaborated our assessment scope especially with regard to freedom of movement & recruitment of migrants. Our prime learning were through :

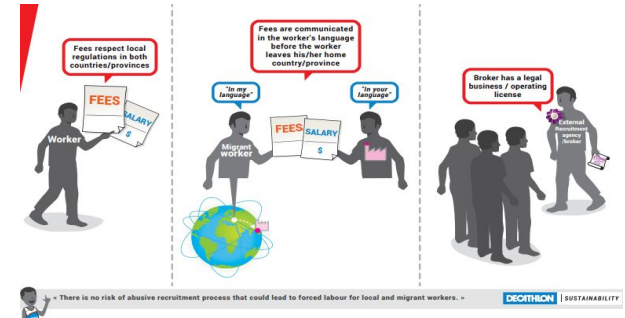
- Internal & External audits at our Rank 1 suppliers
- External learning's from real cases (NGO Reports)
- Focus Assessment with Vérité
- Country Risk Mapping

We have **introduced several unacceptable** points in relation with:

- **Brokers / Intermediaries**
- **Pre & post arrival orientation for country migrants**
- **Freedom of movement for workers at dormitory & workplace.**

Adding , in virtue of strengthening our systems we have **introduced 10 new questions specific to our supplier's recruitment practices** , agreeing to the fact that **"No worker should pay for his / her work"**

The above changes come with a pictorial representation to better understand the sense & consequence behind every question.We call them Tool box and it is to support our supplier's in aligning with our new requirements.



For more information, consult our Decathlon Code of Conduct for Manufacturing suppliers **"Code of Conduct"** :
sustainability.decathlon.com/legal-documents

Detection

Providing innovative solutions



Collaboration with Mekong Club



Decathlon has collaborated with The Mekong Club, a Non Profit Organization which will help our network with necessary skills & tools to combat forced labor and human trafficking. Through our collaboration, we capitalize on their expertise to empower our team mates & suppliers in the fight against Modern Slavery.



Apprise Audit Application

Apprise is an application for screening vulnerable populations with the potential to unmask situations of forced labor and human trafficking.

This Innovative tool will help us bridge the gaps and better hear our worker's voice

Also, with this tool we firmly believe that, we have taken a step forward to better connect our workers with assessors when on-field in identifying potential forced labor situations & conditions, if any.



Proof of Concept

In 2020, with Apprise tool we did a pilot in four countries.

A total of 35 workers took the questionnaire to test key functionalities of the application, such as:

- If the response from workers were recorded confidentially, securing their anonymity
- The questions from Apprise and its relevance to the country risks
- Assessor Interpretation and Analysis & other interface functions



Perspectives for 2021



This tool will be deployed & to be used by all our assessors in Level 1 risky countries from 2021

In a continuous improvement mindset we will focus every year on providing effective tools to help production actors to prevent, detect, and mitigate the risks of forced labour.

Quote from Phoebe Ewen, Programme Director of Mekong Club :

"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 such risks. In 2020 Decathlon piloted the Apprise Audit Tool, which helps to uncover potential indicators of forced labor during the worker interview process through the use of technology. Furthermore, our engagement with Decathlon has facilitated knowledge sharing and the sharing of tools to build capacity with their Purchasing, Production and Sustainability teams. During Aug 2020, Apprise was successfully piloted in four countries: Taiwan, Vietnam, Bangladesh & India. Apprise Audit will be deployed in all risky Level 1 countries in 2021"

Detection

Whistleblowing platform

In the spirit of continuous improvement and responsiveness, we have implemented a reporting system, better known as the whistleblowing platform, for breaches on human and environmental risks in both our own operations and the ones of our suppliers, subcontractors and service providers..

These alerts are risen by the actors of our business ecosystem, our stakeholders: teammates, customers, users, NGOs, neighboring communities, civil society, experts, medias and social networks, shareholders and funders.

It could be about studies and reports, publications, directs contacts or notifications from the whistleblowing platform.

Since february 2019, Decathlon has implemented **a multilingual and independent whistleblowing tool** to:

- Guarantee the confidentiality and protection of the whistleblowers;
- Ensure the technical independence against our corporate internal IT systems.
- Pilot alerts, from submitting to closing;
- Improve the process, capitalize good practices of remediation;
- Access to a 360° view;
- Comply to all different national regulations on ethics (corruption, Human Rights, etc.)



*The access to this platform "Whispli" internally (teammates) is possible through our intranet And externally (customers, suppliers, civil society...) On both websites sustainability.decathlon.com and **whistleblowing platform***

Deployment

Whispli is deployed in 36 countries in all languages of the country, meaning **60,9 %*** of our teammates.

The internal deployment does not only means the possibility to access the tool which, is today granted to all, but also means communication and awareness campaigns targeting our teammates on:

- The link with our values of responsibility ;
- All the options to report a breach (ex : contact through management, use of the platform) ;
- The confidentiality and the protection of the whistleblowers when using the platform.

*Percentage calculated on a scope of total staff on the 31.12.2020 reported in the Extra-Financial report of 2020.

Remediation

Building the 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.

Since 2019, our local production teams used The Global Modern Slavery Directory (globalmodernslavery.org) from Polaris (polarisproject.org) as main resource to identify local supporting organisations.

This year , **Decathlon partnered with IMPACTT & SAVE through our suppliers in India.** Further , we also plan each year to conduct focus assessments with VERITE in Level 1 risky countries to have a tab on the risks and its different shapes and forms.

Every year, the learnings from remediation are capitalized to build a stronger process. This year , having the guidelines & tools , we are one step ahead than we were in 2019.

Other example of remediation

Taiwan : Implementation of corrective actions (passports given back to workers) and preventive actions (random monthly verification that employees held their passports) - regular awareness campaign to the supplier and decathlon teams about the ILO Indicators of Forced Labour.

Perspectives for 2021

From our past experiences, Decathlon is convinced by the efficiency of a Brands collaborative approach to support remediation process in a shared supplier. Therefore Decathlon is fully opened to engage in collaborative remediation process & methodologie.

Skills

Strengthening our learning catalog



E-LEARNING & WORKSHOP

During 2018, Decathlon has collaborated with the UK based not-for-profit organisation Stronger Together (www.stronger2gether.org), to provide training through e-learning titled "How to tackle forced labour in global supply chains". After deploying the E Learning in 2019, today we have 67% of our team mates in production trained on how to detect forced labor.

A complementary toolkit from www.responsible sourcing tool.org is also available and attached to this training. It includes:

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



WEBINAR

To prevent any type of Forced Labour, we updated our training catalogue with a specific webinar on "Tackle Forced Labor" targeting our key actors in production countries.

This skill focuses on :

- To make everyone understand on the different Indicators to Forced Labor;
- The shape & form it takes with examples adapting to manufacturing sector.

Each ILO Indicator were illustrated with concrete examples for participants to understand the connection with their working environment at supplier factory.

During 9 sessions, more than 87 production team members were trained from India, China, Pakistan, Vietnam, Taiwan, Bangladesh, Italy, Romania, Mexico & France.



Perspectives 2021

This skill will be defined as one of our fundamental for every team mate in production

Targeted population is Purchase teams to take this training followed by every production team member in Level 1 risky countries.

We will collaborate with VERITE & MEKONG CLUB to capitalize on the skill needs and adapt to the new risks caused by the recent pandemic.

Skills

Building capacity for more autonomous suppliers

Past learning showed a few examples of bad living conditions & unethical recruitment practices endured especially by migrants. Understanding the impact caused by these issues in today's vulnerable environment, we concretely believed on the shared responsibility we have with our partner's in eliminating them. This drove us firmly to establish two support guidelines , which were on :

- **Dormitory Management**
- **Ethical Recruitment**
-

These guidelines had been developed in alignment with the target we had for 2020 , also to upskill our suppliers on the requirements and proportionate consequences from this topic



Ethical recruitment guideline lays out minimum standards that our suppliers should follow when recruiting their workers.



Dormitory guideline lays out minimum standards that our suppliers and their 3rd-party brokers should follow to ensure safe and healthy living condition for their workers

Comment

The objective of both these guidelines is to raise awareness , meet legal standards, respect human rights, and also ensure that the recruitment agencies do not exploit workers. This will also empower our supplier's in realizing their responsibility, to understand the requirements and progress in their Human Resources policies.

Perspectives 2021

- These guidelines to be deployed in Level 1 risky countries and integrated both guidelines in our grid for our assessors to use , any Code of Conduct assessment will integrate those standards
- When concerned, all our assessors (internal & external) will perform dormitory assessment against our guidelines.

4 Conclusion

Indicators of Progress
More perspectives for 2021



Indicators of Progress

Monitoring the efficiency of the process



89% of our suppliers meet the Decathlon Code of Conduct requirements(1)
(+4% compare to 2019)

% OF SUPPLIER'S MEET COC



67% of teammates validated Fundamental skills to Tackle Modern Slavery(2)
(+36% compare to 2019)

E LEARNING ON MSA



Additional indicators for 2021



Nb. of suppliers assessed through Apprise tool
(Measure of suppliers in Level 1 risky countries)



Nb of suppliers with deployed Toolkit on "Indicators of Forced Labor"

(Toolkit + Deployment of Dorm and Ethical Recruitment guidelines : Level 1 risky countries)

(1) This indicator is calculated using % of rank 1 production sites rated A, B and 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

Conclusion

More perspectives for 2021

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
- Strengthen our Supply chain mapping through innovative pilot.
- Supplier ToolKit deployment in Level 1 risky countries
- Deploy Dormitory Guidelines in Level 1 risky countries , in order to ensure Health and Safety, freedom of movement and proper living conditions of our associated dormitory workers.
- Deploy Ethical Recruitment Guidelines in order to ensure ethical recruitment practices
- 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.

5 The Glossary



The glossary

(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.globallslaveryindex.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/>

(13) Panel Review : Bi-annual review of the supplier performances conducted from Strategic Purchase teams

(14) SDB – Supplier Database : Digital database used to reference all industrial suppliers, production sites, and monitor performances, including the ones for sustainable development.