

# VITALITY AND RESPONSIBILITY

2017 Sustainable Development Report

DECATHLON

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<http://sustainability.decathlon.com>

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# CHALLENGES AND STRATEGIES



**82,171**   
teammates across the world

**69**   
Signed Sports

**1,352**   
stores worldwide  
185 more than in 2016

## EDITORIAL

*"Global warming is not happening to us, it is happening for us. It's a gift. Every system without feedback dies. This is feedback. It's an offering to re-imagine who we are, what we can create with our minds, our hearts and our brilliance." Paul Hawken*

**In 2017, the world came together to recognise the urgency of implementing more sustainable consumption and development models.** November 2017 saw 15,000 scientists, for the second time in history, issue a call to action in the face of the catastrophic destruction of our environment. The strong signals and commitments made as part of the transition to a low-carbon economy, the acceleration of digital transformations, the challenge posed by migration, and the rise in social inequality tell us that we must choose our path wisely.

**Our company is already on the right path.** Several years ago, we launched major projects within our organisation to meet these new challenges and confidently face what comes next while staying true to our values of **Vitality and Responsibility**. Vitality evokes our spirit, our strong convictions and our spontaneity, our willingness to take risks and learn from our mistakes. Responsibility evokes our desire to be practical and straightforward, encouraging each of us to make the right choices.

In 2016 we worked together to develop our 10-year corporate vision, and **in 2017 we implemented that vision and the actions that would make it a reality**, with a focus on our vital and responsible "Preserve to Protect" pillar.

For our Vision 2026 roll-out, we are launching a thoroughgoing transformation of our human and managerial resources and encouraging bold thinking thanks to an organisation built around individual roles. These commitments have helped us channel our efforts into a clearly defined plan, **in which each person has a role** to play in protecting our human values and preserving our environment throughout the world. Thanks to this spirit of responsibility and our employees' active involvement in driving company growth, 52% of the company workforce "absolutely" enjoys coming to work each morning and advancing Decathlon's goals.

The Decathlon teams in France, China and Italy have been especially successful in adapting their sustainable development strategies to their unique challenges. Hundreds of new local projects have taken shape as part of these action plans. We have developed a vast array of initiatives to help share our expertise and best practices with our teammates and our outside partners.

Our Sustainable Development in Production Managers work with our production suppliers every day to ensure that they comply with our new Code of Conduct, which lays out our health, safety, labour law and environmental protection requirements, and to make sure that our products are manufactured in accordance with these specifications.

At the same time, our teams are honing our eco-design methods to improve the performance, price and environmental footprint of our products and to further our aim of **making sport accessible to all**. In 2017 we doubled the number of Decathlon products that are labelled with information about their environmental impact.

Since 2015, we have been educating our teammates about how we contribute to the United Nations Sustainable Development Goals<sup>1</sup> to build a fairer society and improve the lives of people throughout the world by 2030, and in 2017 we began the process of updating our sustainable development priorities.

We believe in Decathlon, all united for a better world.

*Everybody can play a role !*

*The decathlonians*

1. Sustainable Development Goals: <http://www.un.org/sustainabledevelopment/>

## DECATHLON IN FIGURES

Decathlon, an international corporation employing over 82,000 teammates, has a presence in 39 countries. For more than 40 years now we have been working to make sport accessible to all, upholding two values: **Vitality and Responsibility.**

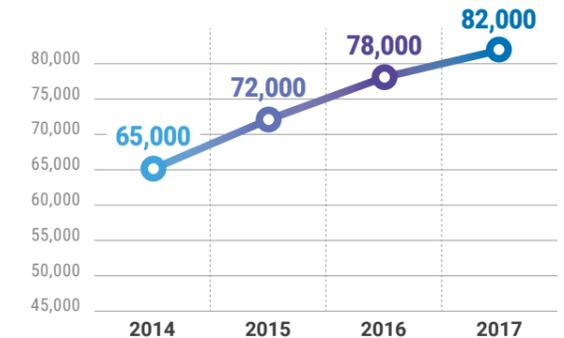
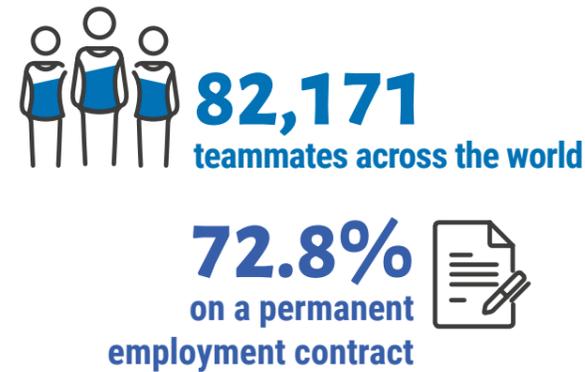
In 2017 we continued to grow our business, expanding into **10 new countries:** Colombia, Ghana, the Philippines, South Africa, Switzerland, Israel, Tunisia, Indonesia, Australia and the United States. We have opened 185 stores worldwide and we reach 250 million sports users. It was against this backdrop that the company and all of our activities generated a total turnover of €11 billion (excl. VAT) in 2017, a 10.8% increase compared with 2016.

In 2017 we continued the process of implementing the **Vision 2026** that began in 2016. The local strategies that align with the five pillars were turned into action plans, in accordance with the subsidiarity principle. At the same time, **the managerial transformation process** unleashed our energy and boosted initiative-taking and empowerment throughout the company.



All figures appearing in this report are as of 31/12/2017

## OUR TEAMMATES WORLDWIDE



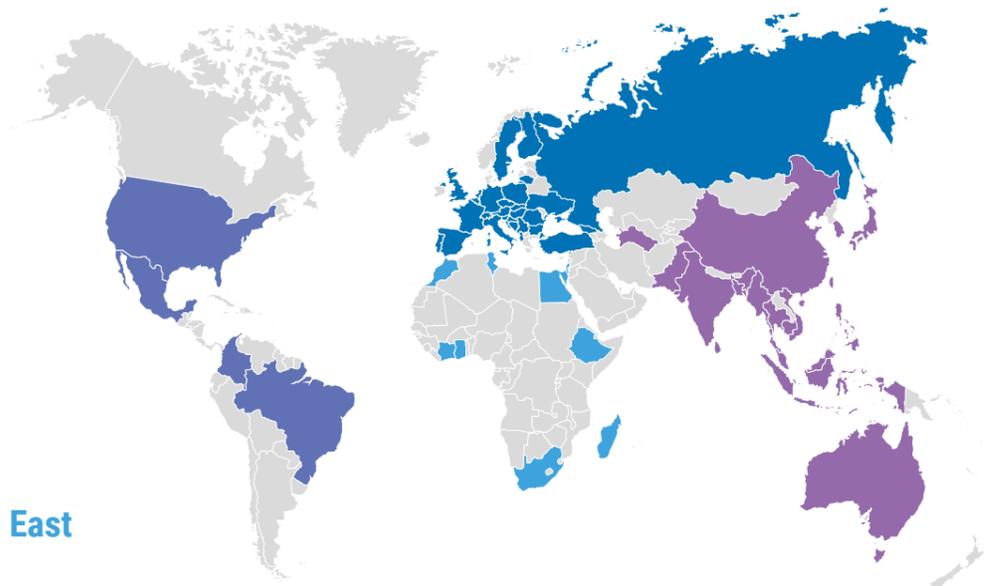
## BREAKDOWN OF TEAMMATES BY GEOGRAPHIC AREA

Europe and Russia  
**71.9%**

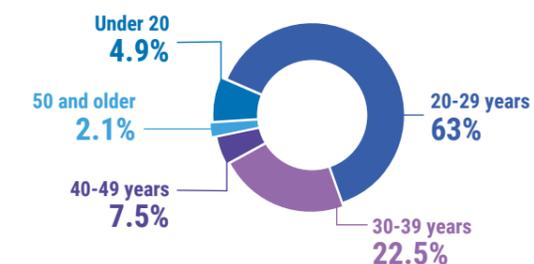
Asia  
**24.7%**

Americas  
**1.6%**

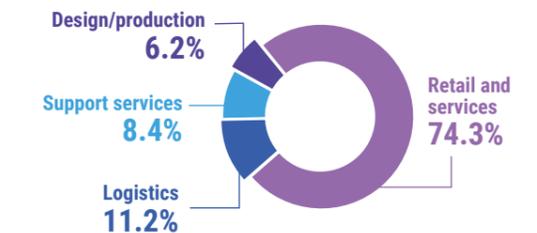
Africa and Middle East  
**1.7%**



## BREAKDOWN OF TEAMMATES BY AGE

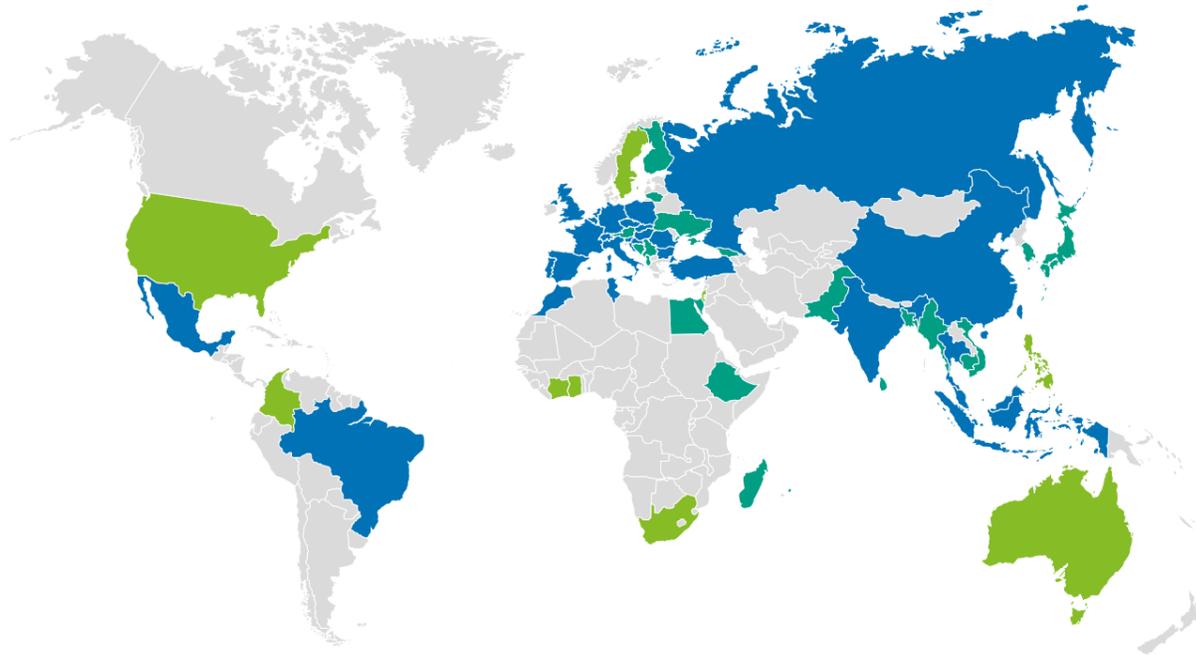


## BREAKDOWN OF TEAMMATES BY ACTIVITY



## OUR DISTRIBUTION AND PRODUCTION AREAS ACROSS THE WORLD

The Decathlon teams carry out different activities in these areas: in-store and online distribution, transport and logistics, support services, and working with suppliers to manufacture products.



### DISTRIBUTION AND PRODUCTION AREAS

**AFRICA:** Morocco and Tunisia. **AMERICAS:** Brazil and Mexico. **NORTH ASIA:** China and Taiwan. **SOUTHWEST ASIA:** India. **SOUTHWEST ASIA:** Bangladesh, Pakistan and Sri-Lanka. **EUROPE:** Germany, Belgium, Bulgaria, Croatia, Spain, France, Hungary, Italy, Netherlands, Poland, Portugal, Czech Republic, Romania, United Kingdom, Slovakia, Slovenia, Switzerland and Turkey. **CIS<sup>1</sup>:** Russia.

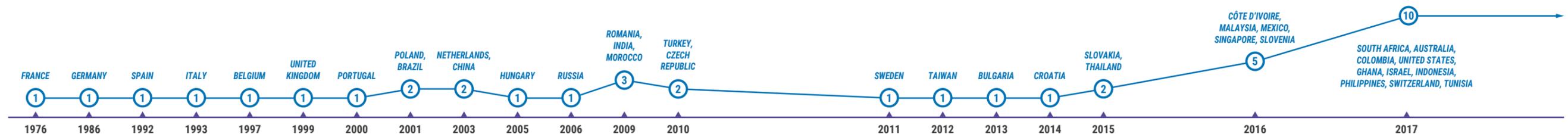
### PRODUCTION ONLY AREAS

**AFRICA:** Egypt, Ethiopia, Madagascar and Mauritius. **NORTH ASIA:** South Korea and Japan. **SOUTHWEST ASIA:** Cambodia, Myanmar and Vietnam.

### DISTRIBUTION ONLY AREAS

**AFRICA:** South Africa, Côte d'Ivoire and Ghana. **AMERICAS:** Colombia and the United States. **ASIA:** Israel. **SOUTHWEST ASIA:** Philippines. **EUROPE:** Sweden. **OCEANIA:** Australia.

## TIMELINE OF STORE OPENINGS



1. CIS: Commonwealth of Independent States.

## BREAKDOWN OF OUR POINTS OF SALE BY COUNTRY (31/12/2017)

	Total		Total		Total
South Africa	1	Hungary	23	Romania	22
Germany	50	India	60	United Kingdom	37
Australia	1	Indonesia	1	Russia	54
Belgium	29	Israel	1	Singapore	3
Brazil	23	Italy	118	Slovakia	6
Bulgaria	5	Malaysia	2	Slovenia	3
China including Taiwan	266	Morocco	10	Sweden	3
Colombia	1	Mexico	6	Switzerland	1
Côte d'Ivoire	1	Netherlands	12	Thailand	9
Croatia	6	Philippines	1	Tunisia	1
Spain	164	Poland	48	Turkey	25
France	310	Portugal	33	United States	1
Ghana	1	Czech Republic	14		



### 2017 TURNOVER



### GROWTH OF TURNOVER IN BILLIONS OF EUROS



# OUR SUSTAINABLE DEVELOPMENT CHALLENGES

Our sustainable development challenges are directly tied to the actions inherent to our business activity, which have an immediate impact on our environment, society, and on the men and women who work with us, at every point in the value chain.

**Our business model focuses on offering attractive, hi-tech, eco-design sports items at the fairest possible prices, to enable as many sports users as possible to access our products.**



## SOCIAL CHALLENGES

Teammate health and safety ■ Work scheduling ■ Teammate engagement ■ Education and training ■ Diversity ■ Sharing the value created with teammates ■ Attracting talent







- ### OUR SOCIAL ACTIONS
- Uncompromising personal safety standards
  - Recruiting people who are vital, practical and enthusiastic about sport
  - Personal fulfilment at work by sharing sporting activities with others
  - Developing skills and uncovering talent
  - Empowering teammates and leveraging subsidiarity for decisions
  - Sharing the value created and promoting employee shareholding
  - Fair remuneration for teammates in line with responsibilities



## SOCIETAL ISSUES

Working conditions ■ Human rights ■ Stakeholder dialogue ■ Consumer health and safety ■ Operational authority and social acceptability ■ Innovation






- ### OUR SOCIETAL ACTIONS
- #### FOR OUR USERS

  - Encouraging regular sporting activity
  - Ensuring Decathlon products are safe
  - Continuously improving Decathlon products based on user reviews
  - Transparency of information for our users
  - Sporting communities led by store teams
  - Online sports coaching

#### PRODUCTION

  - Regularly assessing and continuously improving working conditions at production sites
  - Increasing supplier capabilities in essential areas (safety, working hours, etc.)
  - Strategic partnerships

#### DESIGN

  - Decathlon product safety and quality
  - Decathlon product durability

#### BUSINESS

  - Organising local events to revitalise sporting communities

#### LOGISTICS

  - Unsold products managed by logistics teams (repairs, recycling, donations, etc.)



## ECONOMIC CHALLENGES

Consumer purchasing power ■ Remuneration conditions for our suppliers, sub-contractors and service providers ■ Local economic impact ■ Development in markets with low purchasing power ■ Digital transformation ■ Omnichannel




- ### OUR ECONOMIC ACTIONS
- Affordability of Decathlon products for users
  - Digitising the value chain
  - Providing free sports facilities close to stores
  - Bulk purchasing and strategic partnerships
  - Pilot projects on fair compensation for production workers
  - Digital transformation



## ENVIRONMENTAL CHALLENGES

Climate change ■ Water, air and soil pollution ■ Toxicity of chemicals ■ Waste management







- ### OUR ENVIRONMENTAL ACTIONS
- #### FOR OUR USERS

  - Eco-performance labelling for Decathlon products
  - Workshops where users can repair products
  - Selling second-hand products through the Trocathlon system

#### BUSINESS

  - Developing more eco-friendly manufacturing processes
  - Strategic partnerships
  - Optimising energy performance of existing stores
  - Eco-construction of new stores
  - Sorting and recycling waste
  - Promoting soft mobility

#### DESIGN

  - Multi-criteria analysis of Decathlon product life cycles
  - Using renewable, recycled or recyclable raw materials
  - Eco-designing Decathlon products and packaging

#### LOGISTICS

  - Reducing transport distances for Decathlon products
  - Maximising container load factors
  - Using low-impact transport methods
  - Optimising the eco-performance of logistics platforms

#### PRODUCTION

  - Continuously assessing and improving the environmental impact of our production sites



The Sustainable Development Goals were established by the United Nations in 2015 to eradicate poverty, protect the planet and guarantee prosperity for all people within the framework of a new Sustainable Development Agenda. Our challenges are inspired by these global commitments. Learn more about the goals: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

## OUR SUSTAINABLE DEVELOPMENT ORGANISATION

The Sustainable Development Team at Decathlon is a network of some 50 teammates covering all themes and countries. In 2017 we redefined our missions, ensuring that the expertise we have developed is available to as many disciplines as possible in every community at the company.

*Our mission is Preserve to Protect*

### THE GOALS OF THE SUSTAINABLE DEVELOPMENT TEAM

**Enlighten:** We set internal and external priorities to challenge our teammates to further the Decathlon vision and activities.

**Empower:** We motivate our teammates by empowering them, giving meaning to their actions, and providing them with tools, methods and training.

**Connect:** We connect people and networks by sharing actions and a common purpose.

**Measure:** We manage performance (assess, report and guide) and share key indicators to improve our sustainable development performance.

### THE PLAYERS

Each Decathlonian plays a role in our sustainable development organisation. We develop our initiatives as a network, with work and input from each and every member of our team.

**Country Sustainable Development Leaders:** These individuals work with their teams to lead the Decathlon sustainable development strategy in their countries, act as the points of contact for their stakeholders and stay up to date about local environmental and societal issues.

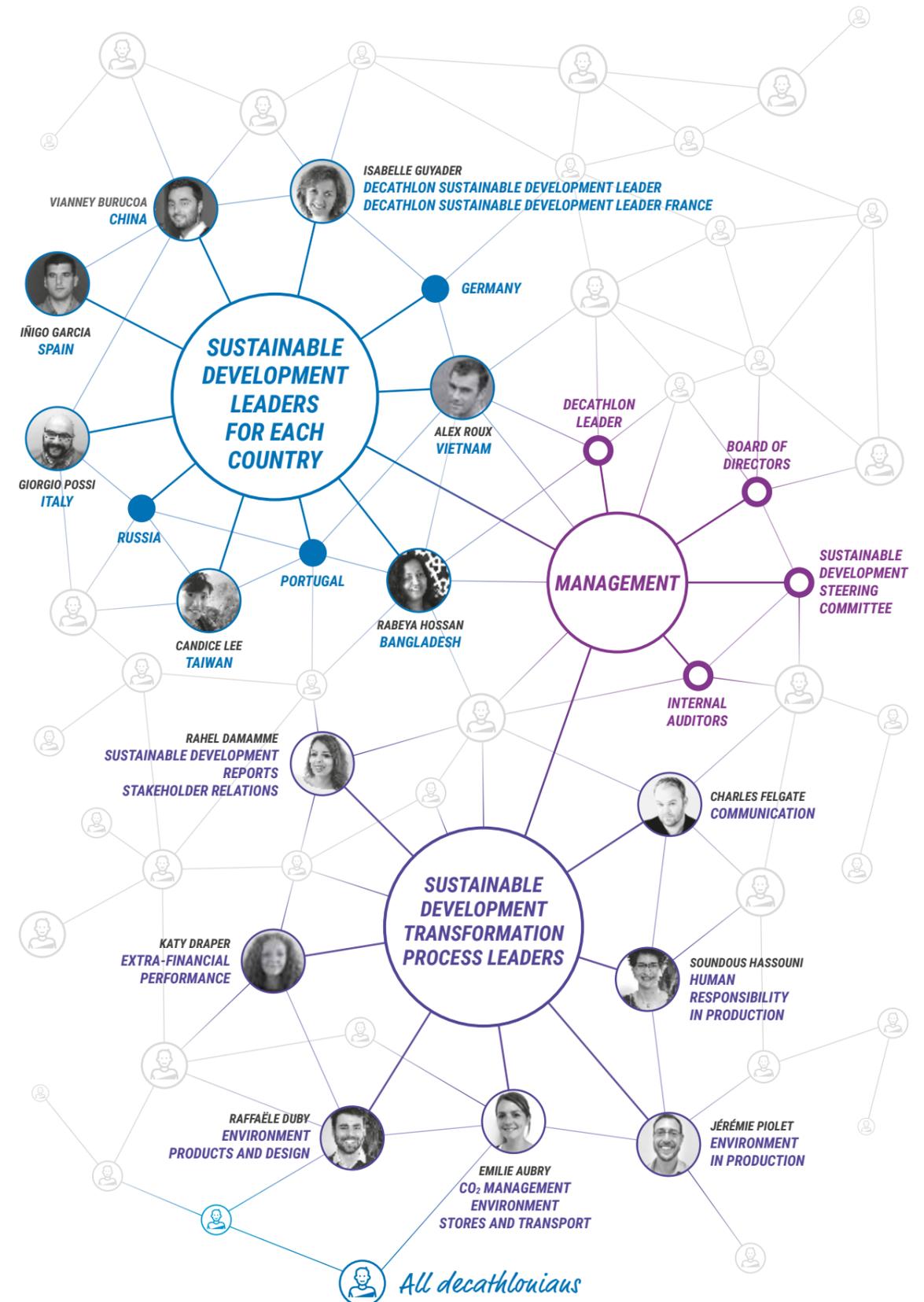
**Transformation Process Leaders:** Responsible for key themes, they anticipate the challenges and issues facing society and engage with stakeholders involved in their area of expertise. They work alongside teammates to co-create the tools and methods needed to make them self-sufficient and ensure that their processes are applied consistently across the world.

**Decathlon Sustainable Development Leader:** In conjunction with the Decathlon Leader, and in accordance with the company strategy, this leader sets out our sustainable development ambitions in line with the ideas put forward by the SD Team and teammates. She also lead a team of Transformation Process Leaders and manage the leaders network for each country.

### OVERSEEING THE SUSTAINABLE DEVELOPMENT STRATEGY

The strategy is coordinated by the Sustainable Development Leader, the Sustainable Development Steering Committee (made up of representatives from different countries and business lines), Internal Auditors, the Decathlon Leader and the Board of Directors.

*Everybody can play a role !*



# OUR RELATIONS WITH STAKEHOLDERS

**First and foremost, our teammates.** Company management aims to create a caring environment, based on responsibility and skill development. Dialogue is ongoing, punctuated by regular opportunities for discussion, such as monthly and annual reviews. Our relations are direct and genuine. Importantly, our teammates are the frontline ambassadors for our business and our products.

**Next, our users.** They are involved right from the product design stage, and their satisfaction is one of our key concerns. Our Decathlon products enable us to meet their diverse needs.

**Finally, our suppliers.** We consider our sub-contractors to be partners, support them in terms of their development and ensure that they comply with our requirements.

**In 2017, important initiatives illustrated our spirit of dialogue and transparency:**

## TEAMMATES

*(Employees and social partners)*

**"We grow through greater responsibility and freedom."**

- Satisfaction survey (Decathlon Teammates Barometer, Great Place to Work, etc.).
- Participatory vision process.
- Seminars and learning expeditions.
- Agreements and works council.

**HIGHLIGHT:** Our managerial organisation is built around the roles of each individual (see page 28)

## SUPPLIERS/ BUSINESS PARTNERS

*(Suppliers of our Decathlon products)*

**"We want to build long-term relationships with our partners."**

- Workshops.
- SD day and co-organising events.
- Training courses.
- Partnerships.

**HIGHLIGHT:** We are developing a new Code of Conduct for our suppliers. (see page 70)

# DECATHLON

**OFFERING ATTRACTIVE, HI-TECH, ECO-DESIGN SPORTS ITEMS AT THE FAIREST POSSIBLE PRICES, TO ENABLE AS MANY SPORTS USERS AS POSSIBLE TO ACCESS OUR PRODUCTS.**

## USERS

*(Customers, users, consumer groups and sports clubs)*

**"We want people who use our products to be delighted, full stop."**

- User reviews (online retail sites, satisfaction surveys, etc.).
- Customer relations centre.
- Panel.
- Customer input events.

**HIGHLIGHT:** We have opened stores in 10 new countries to better meet the needs of our 250 million users across the world. (see page 6)

## REGULATORS/ PUBLIC AUTHORITIES

*(European Commission, OECD NCPs, environment ministers, environmental organisations and communities)*

**"We are players, not spectators."**

- Meetings.
- Information sharing.
- Contributing to work on methodological standardisation and recommendations.

**HIGHLIGHT:** We are integrating the ADEME (French National Environment and Energy Management Agency) database into our eco-design tools. (see page 48)

## CIVIL SOCIETY

*(Media, NGOs, professional associations, education and research, local communities and CSR experts)*

**"We engage in pragmatic, transparent and honest dialogue."**

- Meetings.
- Responses to requests.
- Project collaborations.
- Member of committees and boards.
- Participation in forums.

**HIGHLIGHT:** We helped write the standard for standardising user reviews. (see page 59)

*This outline is not exhaustive as we are still fine-tuning our approach. Initiatives are now in place and Decathlon will work to continuously improve our practices in this field.*



**Rahel Damamme**, Stakeholder Relations and Monitoring Manager for the Decathlon Sustainable Development Hub.

## A NEW STUDY LAUNCHED IN 2017 TO IDENTIFY OUR PRIORITY SUSTAINABILITY CHALLENGES

### Why did you start a new study of priority challenges, known to experts as a materiality analysis, in 2017?

We carried out our first study in 2012. There have been many changes in the field of sustainable development within the company and beyond since that time. Outside the company, the transition to a carbon-free world has accelerated. Stakeholders are more demanding and are playing a larger role. We are questioning what drives the business as we attempt to strike a balance, so that both the company and society as a whole will benefit. Regulations have evolved: the anti-corruption law, the corporate duty of vigilance and extra-financial performance reporting. Meanwhile, the United Nations has updated the 17 global goals known as the SDGs<sup>1</sup>. At Decathlon, our international growth is picking up speed. The company now follows a model that promotes autonomy, responsibility and subsidiarity. We developed and shared our 2026 business vision in 2016, with one of the five pillars focusing on sustainable development<sup>2</sup>. Our SD policy is set to expire in 2019. It was essential for us to re-examine our CSR challenges.

### What approach have you adopted?

We launched our materiality analysis, known as DSDR (Decathlon Sustainability Drivers Review), in 2017. The study covers different categories of stakeholders. Isabelle Guyader is the point person for the project at the company and she is working with two groups: the leaders (shareholders, CSR Committee, country representatives, Decathlon brands, etc.) and in-house experts. Our in-house experts gather feedback from outside stakeholders: Pascal Bizard, Industrial Performance Leader for suppliers, Cyril Kahlouche (Customer Knowledge Project Manager) for users, and Dolène Maridet, HR Legal Director for France, and Marie Devyldère, SD/HR Reporting Manager for the teammates. I am in charge of gathering feedback from the stakeholders representing civil society.

### What focus did you want to bring to the project?

The study offered an opportunity for renewed dialogue with our stakeholders, with open-ended questions and no predetermined lists. We also wanted to better represent the changes that are happening at Decathlon. The study has a global scope and takes a close-up look at five countries: China, Spain, France, Italy and India. We opened up our questions to include economic and governance issues, considering that these are inextricably linked with social, environmental and societal issues, in an integrated view of performance.

### What questions are being asked?

In essence, they are quite simple: What do you consider to be the priority challenges for Decathlon when it comes to sustainable development? How well do you think Decathlon has performed in these areas? What suggestions do you have for long-term efforts we could implement now or in the future? At the company we are exploring what types of actions to take, and whether they need to be expanded, maintained or discontinued. With this approach, we also took the impact on our bottom line into account, in terms of risks or intangible assets. We would like to attain a clear, updated view of our challenges and find new avenues to explore, which could determine the course for future policies.

### What was the process for the DSDR?

Around 40 stakeholders, grouped into categories, were interviewed in the five countries between November 2017 and May 2018. The survey was conducted in different ways for different players using interviews, online questionnaires and workshops. It got underway in September 2017 and is expected to be completed by June 2018. We will conclude the project with the next two steps: creating an in-house participatory benchmark and then establishing our new sustainable development priorities. We will publish the results of the DSDR in the next report, along with the new policy.



1. SDGs: Sustainable Development Goals.  
2. Pillar 5: Preserve to Protect.

# OUR SUSTAINABLE DEVELOPMENT AMBITIONS 2015-2019

Our sense of vitality and responsibility are key drivers of our sustainable development approach. In addition to active monitoring, we anticipate societal challenges and issues in order to innovate and direct our efforts. Our priority is to create sustainable value(s) for our teammates, users, partners, fellow citizens and shareholders.

## DECATHLON TEAMS STRIVE TO MAKE A DIFFERENCE EVERY DAY



### OUR 2019 AMBITIONS TO EMPOWER OUR TEAMMATES AND MAKE WORK MORE ENJOYABLE

ACHIEVED 2016    ACHIEVED 2017

<b>100%</b> of teammates look forward to coming to work each morning because they are working toward personal and collective goals. <i>OUR ACTION: We recruit people who are passionate about sport, vital, pragmatic and service-oriented.</i>	91%	<b>91%</b>
<b>100%</b> of our teammates can play their sport regularly, at their own pace and level. <i>OUR ACTION: We encourage everyone to play a sport.</i>	77%	<b>80%</b>
<b>100%</b> of our teammates thrive by taking on more responsibility and seeing the results of their decisions. <i>OUR ACTION: We make it possible to put the principles of subsidiarity, responsibility and autonomy into practice.</i>	88%	<b>89%</b>
<b>100%</b> of teammates feel safe in their workplace. <i>OUR ACTION: We are uncompromising when it comes to the safety of our employees in the workplace.</i>	93%	<b>94%</b>
<b>100%</b> of teammates are shareholders in the company, if they wish to be. <i>OUR ACTION: We share the value created at the company.</i>	50.7%	<b>58.2%</b>

### OUR 2019 AMBITIONS TO ENSURE PROGRESS FOR PEOPLE WORKING IN THE SUPPLY CHAIN

ACHIEVED 2016    ACHIEVED 2017

<b>100%</b> of our suppliers <sup>1</sup> are given an A, B or C score based on our audit criteria. <i>OUR ACTION: We regularly assess our suppliers to verify that working conditions comply with our Code of Conduct.</i>	68%	<b>69%</b>
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### OUR 2019 AMBITIONS TO BE A LEADER IN PRODUCT SAFETY AND LONG-TERM USER SATISFACTION

ACHIEVED 2016    ACHIEVED 2017

<b>100%</b> satisfaction <sup>2</sup> for users of our sports products. <i>OUR ACTION: We ask them to share feedback about our Decathlon products so that we can continuously improve them.</i>	52%	<b>58%</b>
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1. Rank 1 suppliers.  
2. Our objective is to have 65% of sports users awarding our products a 5 out of 5 score in 2018. See p. 105 of this report to get further.

### OUR 2019 AMBITIONS TO PROTECT THE ENVIRONMENT AND CONTINUALLY REDUCE OUR ENVIRONMENTAL IMPACT

ACHIEVED 2016    ACHIEVED 2017

<b>Stabilising</b> all our CO <sub>2</sub> equivalent emissions by 2021. <i>OUR ACTION: We create action plans for each activity based on our environmental impact assessment.</i>	7.182 million tonnes CO <sub>2</sub> eq.	<b>8.245 million tonnes CO<sub>2</sub> eq.</b>
<b>100%</b> of new company-owned sites are certified to the most exacting environmental standards. <i>OUR ACTION: We are improving the energy efficiency of our sites and reducing the CO<sub>2</sub> equivalent emissions stemming from their energy use.</i>	64 certified sites Stores: 139.5 kWh/m <sup>2</sup> Warehouses: 68.2 kWh/m <sup>2</sup>	<b>78 certified sites</b> Stores: <b>127.2 kWh/m<sup>2</sup></b> Warehouses: <b>74 kWh/m<sup>2</sup></b>
<b>100%</b> sustainable cotton for our Decathlon textile products by 2020.	14.4%	<b>55.2%</b>
<b>100%</b> sustainable polyester for our Decathlon textile products by 2021.  <i>OUR ACTION: We are reducing the environmental impact of our products by using raw materials from sustainable sources.</i>	7.35%	<b>9.4%</b>
<b>100%</b> of suppliers at risk for water, soil or air pollution assigned an A, B or C score according to our audit criteria. <i>OUR ACTION: We improve the environmental performance of our suppliers' industrial sites by helping them continuously reduce their environmental impact based on their risks.</i>	NA	<b>26.8%</b>
<b>Increasing</b> our waste sorting rates. <i>OUR ACTION: We are optimising the volume of waste sorted by our teams.</i>	Stores: 40% Warehouses: 85%	Stores: <b>39%</b> <sup>3</sup> Warehouses: <b>62%</b>
<b>OUR 2019 AMBITIONS TO COMMUNICATE RESPONSIBLY, PRAGMATICALLY AND HONESTLY ABOUT OUR SUSTAINABLE DEVELOPMENT ACTIONS</b>	ACHIEVED 2016	ACHIEVED 2017
<b>100%</b> of textile, footwear and heavy stitching products are assigned an environmental score. <i>OUR ACTION: We ensure complete transparency in labelling the environmental performance of our Decathlon products to support responsible consumption.</i>	SS <sup>4</sup> Season 2016: 7.9% AW <sup>5</sup> Season 2016: 8.7%	SS <sup>4</sup> Season 2017: <b>5.03%</b> AW <sup>5</sup> Season 2017: <b>16.49%</b>

Our ambitions are reviewed on an annual basis, in line with changing contexts and action plans, with input from all the teams involved. For more information about our strategies and results, see our 2017 Sustainable Development Report.

3. The number has decreased due to a change in the scope of calculations and the addition of new countries. As a result, it is more representative of our actual overall activity but does not take into account the positive results from Italy, Belgium and the Netherlands, which achieved rates of over 60%.  
4. SS: Spring-Summer.  
5. AW: Autumn-Winter.

## OUR CLIMATE COMMITMENT

At the COP 23 meeting in 2017, the World Meteorological Organization confirmed that "in a clear sign of continuing long-term climate change caused by increasing atmospheric concentrations of greenhouse gases (GHG), 2015, 2016 and 2017 have been confirmed as the three warmest years on record"<sup>1</sup>. Emissions levels are stabilising, but concentrations of CO<sub>2</sub> and methane in the atmosphere are still on the rise. This directly contributes to the rising sea levels and the increase in climate phenomena such as hurricanes, which are affecting all our ecosystems.

Decathlon identified greenhouse gas emissions as one of our priority challenges in 2013. In 2017 we implemented quarterly reporting on this indicator and developed training programmes to ensure that our teammates would have the requisite skills to take on these issues.

We believe that our local teams are the best equipped to manage our environmental impact, and that is why in 2017 we rolled out measuring tools and trained our teams across the world to use them. This effort enabled them to develop their own strategies and action plans to meet the overall reduction goal.



### KEY FIGURES FOR OUR CLIMATE COMMITMENT\*

\* as of 31/12/2017

**8.245 million**  
tonnes CO<sub>2</sub> equivalent emitted in 2017

**+14.8%**  
tonnes of CO<sub>2</sub> equivalent  
absolute value in 2017 compared with 2016

**6.8 kg**  
CO<sub>2</sub> equivalent  
emitted by quantity of products  
sold in 2017

**+0.5%**  
CO<sub>2</sub> emission  
by quantity of products sold in 2017  
compared with 2016

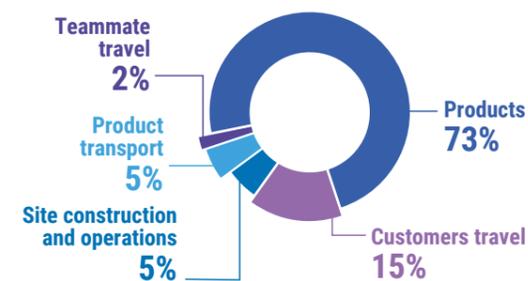
1. <https://unfccc.int/news/2017-was-among-top-three-hottest-years-on-record/>

## 2017 SUMMARY

- As our business grew, our annual GHG emissions rose compared with 2016 as we continue efforts to reduce our carbon footprint.
- The impact of our work was not uniform across all our different business activities.
- We provided more tools and training as part of our strategy of empowering our teammates at the local level, so they could work more efficiently, set their own goals and develop their own action plans.



### BREAKDOWN OF OUR GHG EMISSIONS BY ACTIVITY



### BREAKDOWN OF OUR GHG EMISSIONS BY SCOPE\*

\* Tonnes of CO<sub>2</sub> equivalent



Scope 1: direct emissions, Scope 2: indirect emissions from energetical consumptions, Scope 3: other indirects emissions (Supply, transport, use, end-of-life...)

## HIGHLIGHTS OF THE RESULTS OF OUR 2017 ASSESSMENT

Since 2013, we have counted all emissions that can be attributed to our activities in Decathlon's annual GHG assessment, including the raw materials extraction required for production, in-store sales of products and their end-of-life stage, product manufacturing and transport, and site emissions.

In late 2015, at a time when our business was growing, Decathlon committed to stabilising GHG emissions produced by our activities within five years.

In 2017 our total CO<sub>2</sub> emissions stood at 8.2 million tonnes of CO<sub>2</sub> equivalent, a 14.8% increase compared with 2016. Over the past three years, we have observed that the emissions growth curve runs parallel to that of our business growth, due to product sales and our international expansion. That is why we updated our trajectory in 2016 to take future business growth into account for the 2021 deadline.

In 2018 we hope to develop medium- and long-term goals to rely on the SBT<sup>1</sup> international initiative, meaning that they align with the two-degree trajectory established by the Paris Agreement.

This carbon trajectory is more than just an assessment tool; we can use it to actively adjust our performance in response to our growth and the strategies and tools we have put in place.

The actions we have undertaken at different levels of our organisation have produced encouraging results that we must build on by intensifying our strategic efforts.

In 2017 we:

- improved the energy efficiency of our sites: -8.8% kWh/m<sup>2</sup> (see page 88),
- reduced the carbon intensity for the transport of our products from warehouses to stores in Europe (see page 92),
- stabilised our per-item carbon performance. Our eco-design strategies for design, industrial processes and materials selection have helped us reduce the impact of certain products (see page 48),
- increased waste sorting rates in Europe by 27% (see page 90).

1. <http://sciencebasedtargets.org/>

**FOCUS**  
**Explaining CO<sub>2</sub> and its impact**

The increase in CO<sub>2</sub>, also referred to carbon or greenhouse gas, causes global warming.  
When carbon turns into carbon dioxide it becomes a greenhouse gas that negatively impacts energy exchanges between the Earth's surface and the atmosphere, causing global temperatures to rise. The pollution we create retains heat.

**MEASURING AND MANAGING CO<sub>2</sub> PERFORMANCE WHERE IT MAKES AN IMPACT**

In 2017 the international network comprised 85 Environmental Leaders, including 15 Country Environmental Leaders<sup>1</sup>, 50 Decathlon Brand Leaders and 20 Industrial Process Leaders. These local players roll out the comprehensive Decathlon GHG emissions reduction strategy by measuring and adapting their initiatives to the context and the challenges they face.

Quarterly reporting on environmental data was implemented so that the results could be tracked on an ongoing basis.

Two tools are currently being used to measure and manage the impact of our products and our sites (stores and warehouses).

In 2017 we began offering regular training sessions for local teams. Through these courses, leaders in the countries are empowered to manage their own data. Eight training sessions took place this year.

The environmental impact of our sites encompasses teammate and user travel, energy consumption, product transport, waste production, building construction, consumables purchases and air conditioning leakage.

Meanwhile, the Decathlon brands design teams now have access to an eco-design module that can be used to perform simple life-cycle analyses and measure the environmental impact of components and products.

The total impact for sites and products is then calculated. This gives us a comprehensive view of CO<sub>2</sub> emissions for Decathlon as a whole, as well as for each country, Decathlon brand or product family.

Our next priorities will be to help our suppliers manage their CO<sub>2</sub> emissions and support our teams as they develop more of their own goals locally. We want to rely on the Science Based Targets (SBT) initiative to determine our ambitions and ensure they remain consistent.



**DECATHLON** Nearly **1,400** sites (stores and warehouses) and **200** production sites **ARE MONITORED USING THE RESOURCE ADVISOR TOOL**

<sup>1</sup>. France, Spain, Italy, United Kingdom, China, Czech Republic, Belgium, Turkey, Hungary, India and Romania; some have a full-time role while others are involved on an ad hoc basis.

**FOCUS**  
**Decathlon participates in initiatives by other organisations**

In 2016 we volunteered to participate in the Assessing low-Carbon Transition (ACT) initiative as representatives of the retail sector. Decathlon seized this collaborative opportunity to take stock of our goals and actions in light of their experts' analyses. Based on their findings, the experts praised the method Decathlon uses to measure GHG emissions, counting both direct and indirect emissions, as well as our innovative approach to environmental labelling of our products.

Taking part in this initiative led us to identify areas for improvement. While our goal addresses the urgency of climate change, they encouraged us to work more closely with our suppliers to reduce GHG emissions in the production phase. They also recommended that we set a longer-term goal for reducing CO<sub>2</sub> and develop a low-carbon transition plan in line with our business model.



**Romain Poivet**, Project Manager for the ACT initiative at ADEME

**What is ACT?**

ACT (Assessing low-Carbon Transition) evaluates trends for companies that have set climate commitments in terms of their GHG emissions, as required by the Paris Agreement. This is an ADEME project, in collaboration with the CDP (Carbon Disclosure Project). In addition to a traditional reporting scheme, we assess the low-carbon strategy, human resources and investments (R&D investments, public, supplier and user commitments, product performance, management and business model) the business has put in place to attain these goals.

What makes ACT so effective is the fact that there are different methodologies for different sectors: data is correlated with scenarios and contextualised using the company's overall growth strategy, and the indicators are weighted by sector. The result reflects how well the climate commitments have been incorporated into the company culture.

The multi-factorial data yields a result that builds on the existing CDP climate survey and compares reports from year to year. While the Science Based Targets initiative focuses on the suitability of reduction targets, ACT also assesses the effectiveness of the methods implemented to achieve these goals.

**How did Decathlon contribute to the development of this new methodology?**

To develop ACT methodologies that were a good fit for the challenges facing companies, we needed to hear from businesses. Decathlon was a member of the technical working group during the entire test phase. They shared their good practices and explained how they had taken up the challenges of the low-carbon transition. These discussions helped us properly calibrate the items that needed to be included in the analyses to ensure maximum added value for the businesses. Decathlon continued working with us through the final evaluation of their own low-carbon strategy.

What makes their method so effective is matching a desire to reduce their impact with serious thinking about their product approach, which is going to deliver genuine results. On the other hand, it may be necessary to revisit the Decathlon growth strategy, as it could hamper the overall carbon reduction strategy for the business. We may also need to encourage Decathlon to consider structural changes for certain activities.



**FOCUS**  
**Finance**

We have hired an employee to focus on extra-financial performance. The CO<sub>2</sub> performance indicator has been incorporated into one of our financial reporting tools, which directly links our environmental performance to our financial results.

# PEOPLE AND MANAGEMENT



## PUTTING PEOPLE AT THE HEART OF OUR GROWTH

Workplace well-being is a powerful driver for employee engagement. A safe environment where employees can grow in a climate of trust and respect fosters an innovation-friendly dynamic that makes companies more productive over the long term. A bold, assertive human capital policy has a direct link to value creation for a company. For example, employee satisfaction can help reduce absenteeism and turnover.

Today, 52%<sup>1</sup> of our teammates say they enjoy coming to work every day.

In 2017 Decathlon France unveiled action plans on various themes relating to Quality of Life at Work (QVT), designating leaders for each topic and expanding the role of the QVT Specialists. Thanks to our well-defined and comprehensive processes, all matters are handled at the most local level possible, guided by regional priorities. Our goal is to break down silos and encourage experience sharing among different geographies.

Diversity efforts focusing on gender equality, age discrimination, disability and flexitime have been put in place so that every employee can achieve their full potential throughout their career at Decathlon.



### PEOPLE AT DECATHLON IN FIGURES\*

\* as of 31/12/2017



**3.93%**  
of teammates in France  
are living with a disability

**67.9%**  
of teammates worldwide are under 29  
and 0.5% are over 55

### 2017 SUMMARY

- Our teammates increasingly enjoy coming to work.
- Efforts to increase diversity in terms of disability and gender equality have been stepped up in France.
- We are committed to ensuring that each and every teammate in France is satisfied with their work schedule.



**52%**  
of our teammates enjoy  
coming to work every day<sup>1</sup>



**72.8%**  
of our total workforce worldwide  
had a permanent contract  
in late 2017

1. Results from the Decathlon Team Barometer survey of 60,028 Decathlon teammates from across the world in September 2017. Percentage of people who answered "yes, absolutely".

## TEAMMATES ENJOY COMING TO WORK

As part of our active commitment to our employees, Decathlon measures the satisfaction of our teammates across the world with an anonymous annual company barometer. This tool provides insight into how satisfied employees are with their work. The indicators are tracked each year in order to analyse where progress is being made and so that, if necessary, we can quickly implement action plans to correct any areas where we are falling short. Questions are asked about themes that are part of the ABCs of human resources at Decathlon: freedom to be oneself, shared values and a sense of purpose, and personal growth through empowerment.

Results are reported for each team, so that they can discuss them and find collective solutions that will help ensure that each individual increasingly enjoys coming to work.

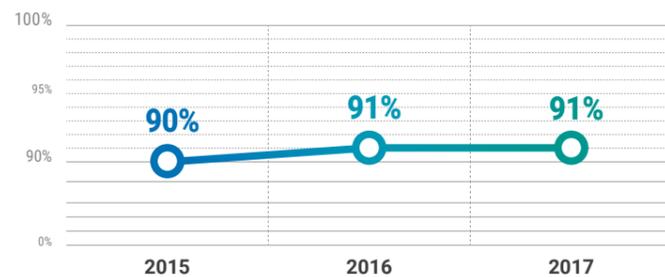


### FOCUS No. 1 in the Great Place to Work rankings

Decathlon France has been part of the Great Place to Work rankings in France for the past eight years in the category Best Workplace with over 5,000 Employees category<sup>2</sup>.

This is the leading organisation for ranking companies on their working conditions. An anonymous survey is sent out to a random selection of company employees, who are asked to evaluate their experience in key areas such as how much they trust management, their ability to act independently and whether they feel appreciated. The results are analysed by an independent panel of corporate human resources experts.

### TRENDS IN WORKPLACE SATISFACTION



91% of teammates, when asked if they "enjoy coming to work", answered "yes, absolutely" or "yes, rather".

2. <http://www.greatplacetowork.fr/meilleures-entreprises/best-workplaces-france-plus-de-5000-salaries>

## QUALITY OF LIFE AT WORK AMBASSADOR: A PIVOTAL ROLE FOR THE TEAMS' WELL-BEING

With our 2017 restructuring of human resources based on the role of each individual, in addition to our updated Quality of Life at Work (QVT) agreements, we expanded the job of the QVT Referent in France. The network, which is made up of 256 teammates and led by a human resources manager for each region, is essential for the implementation of best practices locally as well as practices identified through the DTMB<sup>3</sup>.

The role of the QVT Referent is to oversee the main themes for the Decathlon human resources policy in their area of responsibility and to ensure that preventive and corrective measures are taken. The QVT Department provides all the tools needed to address these issues. Each specialist devotes nearly 30% of their time educating, issuing alerts and working on diversity issues (gender equality, disability, age discrimination, etc.), workplace wellness, equal opportunity and the Foundation.

These contact people play a pivotal role in helping to communicate HR messages, which are best understood when shared between teammates. In addition, thanks to their understanding of local issues, the specialists know which topics should be prioritised to make a difference for their fellow teammates. The purpose of this approach is to develop the ambassadors' skills, give them greater independence and boost the sharing of best practices between the regions.



Marie Pinel,  
Decathlon France  
QVT Leader

“Workplace well-being is simply the outcome of the work our Referent do, each and every day. By focusing more on the local level, our liaisons are able to identify which issues are important to their fellow teammates and their sporting communities.”

## PROMOTING EXPERIENCE SHARING WITH INTERGENERATIONAL AGREEMENTS IN FRANCE

With these intergenerational agreements, the aim is to increase diversity through intergenerational cooperation, so that each age group in our teams can reap the benefits of the others' strengths. Sharing experiences and new ways of thinking about work creates value, improves productivity at the company and helps those on both sides develop new skills.

For younger generations, we increased the number of work-study hires in 2017. And we added measures to help older employees stay in jobs that are the best fit possible. We adjusted their responsibilities to make good use of their experience by putting them where they can be most effective, adapted their work stations and provided more hands-on career management.

To manage end-of-career transitions, procedures have been put in place to offer scaled-back working hours, medical support, and skills assessments for teammates who want them.



3. DTMB : The in-house Decathlon Teammate Barometer.

## WOMEN AT DECATHLON

Equality for men and women in the workplace is a diversity and equilibrium challenge that directly impacts our company's economic performance. It is also a means of fostering a better working environment for everyone. In France, women continue to be hit hardest by inequality in the labour market, with employment rates that lag behind those of their male counterparts by 10%, part-time employment rates that are 20% higher and an unexplained 12% wage gap<sup>4</sup>. At Decathlon, we believe it is vital for everyone to be able to fulfil their ambitions, to have an equal opportunity to drive company performance, and to work in an environment founded on authenticity and respect. Currently, we have 4,713 women managers at Decathlon, accounting for 36% of all managers.



Testimonial by Virginie, Sport Leader for the B'twin brand

<http://bit.ly/leadershipféminin>



**Alexia Brasseur**, QVT Leader in charge of Gender Equality

### How far has Decathlon come in advancing gender equality?

On the whole our teams in France are fairly diverse, but the further up the ranks we go, the fewer women we see. This is the famous glass ceiling. I believe there are three main reasons for this: male biases, women holding themselves back and work-life balance, which can be difficult to manage in retail. When it comes to equality, we all have a role to play!

### What measures have been implemented?

We have developed a "female leadership" training programme solely for women. Any of our female teammates are welcome to sign up for this three-day course. In it we talk about self-confidence, self-promotion, the importance of networks, career development and work-life balance. There is also a personal development angle, to help these women attain greater self-awareness.

In 2017 we trained 160 women in France. For those who are interested, we also have a mentoring system. The mentors, who are men and women in positions of responsibility, provide support and advice, and they challenge to women who want to jumpstart their careers. That is what empowerment<sup>5</sup> looks like.



4. <http://www.strategie.gouv.fr/publications/cout-economique-discriminations>

5. Empowerment is about someone taking their economic, professional, personal and social destiny into their own hands.

## SUPPORTING EMPLOYEES WITH DISABILITIES

The Mission Handicap programme was introduced at Decathlon France in 2016 to help improve quality of life at work for teammates living with permanent or temporary disabilities through better integration and recognition. The 256 QVT Referents are all experts in this area, having completed a special training session with a focus on job retention of employees with disabilities. For instance, whenever a disability occurs or is recognized while a teammate is employed at the company, their work station is assessed and improved by an ergonomic specialist. In all, 620 work stations have been altered to suit the needs of a teammate since 2012, including 90 in 2017.

Once again, the QVT Referent plays a vital role, as it is in the store that repeated absences or problems experienced by the teammates can be identified and messages can be shared about recognising and transforming what could be seen as a drawback into a true strength with different skills.



Thonon-les-Bains (France) Decathlon Teammate

“ My store employs 10 teammates with various disabilities. Some of these are visible, while others are not (limited mobility, dyslexia, Crohn's disease, scoliosis, etc.). These employees are fully integrated into our team and receive daily support. I fully believe that having a diverse range of people in the store brings many benefits and provides real growth opportunities for all of us. ”

**Vincent Estève**,  
Thonon-les-Bains (France)  
Decathlon Store Manager,  
Mission Handicap and  
QVT Referent

## ORGANISING WORK SCHEDULES: WHEN EMPLOYEES CHOOSE TO WORK PART-TIME

In 2017 Decathlon had 7,425 part-time employees on permanent contracts in France.

In 2016 we conducted a survey to find out if our teammates were satisfied with their hours. It found that nearly 30% of our teammates would like to change their work schedules.

Knowing that unwanted shifts can cause dissatisfaction and problems day-to-day, Decathlon France made some changes to our part-time policy in 2017, taking steps to ensure that employees' hours were chosen rather than imposed.

During the hiring process, the candidate's desired work schedule is noted so that the future teammate's needs and career plans are taken into account. Then over the course of the working relationship, the manager regularly checks to see how the employee's short-, medium- and long-term plans are progressing.

We will continue to improve on our action plans in 2018 so that the number of teammates who are satisfied with their part-time work schedules increases each year.



## READY FOR RESPONSIBILITY AND FREEDOM

Since Decathlon was founded, empowering each employee has been central to our human resources approach, illustrated by managerial guidelines like "Daring" or the right to make mistakes, which is necessary for skill development. Our 2026 business vision reaffirms this policy, expanding on the "Do what I love" component that encapsulates our company's desire to employ fulfilled teammates who are committed to success in their endeavours.

This managerial policy was further developed in 2017 in an effort to help everyone make the best use of their talents through a new role-based organisational structure. This structure ensures everyone has a clear frame of reference for their work that reflects their responsibilities as well as their freedom to take their own decisions. The roles also clarify cooperation between teammates.

Thanks to the digital transformation, this vision of autonomy is realised through a variety of tools available to teammates, such as a digital platform where everyone can give voice to their talents and ambitions and find the job that will help them best fulfil their potential.



### RESPONSIBILITY AND FREEDOM AT DECATHLON IN FIGURES

\*as of 31/12/2017

In 2017, **89%** of Decathlon teammates<sup>6</sup> stated that "responsibility helps them grow"

**1,133** company openings have been filled thanks to Job Offers since 2014, including 442 in 2017

**31,229** teammates have filled out their profile on the company "Talent" platform

Nearly **5,400** searches have been performed on the "Projects"<sup>7</sup> platforms, for nearly 10,000 visits

### 2017 SUMMARY

- The countries are continuing to develop their own versions of the Vision 2026 with their takes on the five pillars.
- We created a role-based structure for teammate positions, making the "Do what I love" pillar a reality.
- We used the principle of subsidiarity to ensure that decisions are taken as close to the action as possible.
- We provided transparent communications about skills and projects and made this available to everyone across the world.



## MAKING THE VISION 2026 A REALITY ACROSS THE WORLD

The Decathlon Vision 2026 has been in development since 2015. It contains five pillars that were chosen in 2016 through an innovative collaborative process involving 38,000 teammates and partners from outside the company.

The Vision has now been rolled out in about 40 countries. It features five causes that were chosen with input from local players and ensures that every country can adapt the action plans in line with the priorities that matter to them.



#### CAUSE 1

Do what I love

Example: Creating the Maskoon Branded Sport for canyoning.



#### CAUSE 5

Protecting the planet and its inhabitants to protect our purpose

Example: Producing Forclaz polar fleece using 39 million plastic bottles for 8.5 million units sold.



#### CAUSE 2

Co-creating unique products

Example: Creating the Fresh & Black tent by Quechua.



#### CAUSE 3

Making @store a fantastic experience

Example: Creating a multichannel experience with the "Wechat" digital environment for stores in China.



#### CAUSE 4

Being there when we are needed

Example: Opening more hi-tech stores in Germany that fit the local user culture.

The Vision is an iterative process that draws on all the advances made daily at the company. Teammate roles are one way that we make the Vision a reality in our day-to-day work, motivating everyone to take on more responsibility.<sup>8</sup>

6. Results from the Decathlon Team Barometer survey of 60,028 Decathlon teammates from across the world in September 2017.

7. See the definitions for the terms talent, job offers and projects on page 28

8. To learn more about the process for developing the Vision 2026, see the 2016 SD report.

## CREATING A FRAMEWORK OF ACTION FOR EACH ROLE

At Decathlon, our teammates are the heart and soul of our organisation. Creating a role-based organisational structure has helped us put our focus on empowering our teammates to take their own decisions. This autonomy, promoted in every country where Decathlon operates, is a driver for subsidiarity, the ability to coordinate and lead a project at the level where the value is actually being created.

Roles are divided into four main categories: **Leaders**, who are responsible for making the project a success, **Resource** Teammates, who are assigned their own tasks, **Coaches**, who support the personal development of one or more teammates, and **Specialists**, who are recognised experts in their field.



**LEADER**  
Project Leaders may work independently or with a team, serving an in-house client that funds the project and expects a return on their investment (measuring how much value is created).

**COACH**  
Coaches help others make progress by regularly providing caring yet rigorous feedback over the long term and by meeting with teammates face to face to address their concerns fairly. This is a three-part commitment.

**REFERENT**  
Individuals are assigned as Specialists on a topic in which they excel and for which we are recognised by the community.

**RESOURCE**  
We are all teammates working to further the Decathlon purpose.

The goal is for everyone to find the best way to live up to their potential and enjoy their work to the fullest, ensuring that each teammate can actively oversee their own projects, recognise their own skills and talents, and be in a position to make good use of them.

## TRANSPARENT COMMUNICATIONS TO HELP EMPLOYEES TAKE OWNERSHIP OF THEIR CAREER PATHS

The transparency project that came out of the Vision 2026 promotes better communication, especially when it comes to personal career plans and skills. At any time, any employee should be able to view available opportunities and projects and identify specialists who can help them acquire new skills.

The platform is built on a three-part system that promotes internal mobility, knowledge and project sharing. It puts teammates in contact with one another according to their skills, talents and aspirations.



### GOING ON STAGE TO RAISE AWARENESS AND EXPLORE THE TRANSFORMATION OF THE COMPANY: "AND WHY NOT?"

Jean-Sébastien Tronchon, "Englos en Bleu et Vert" Project Leader, and Hervé Nieuwjaer, In-house Communications Project Manager.

#### How did you come up with the idea for "And Why Not?"

With the opening up of the company and the development of the Vision 2026, new momentum was unleashed at every level of the business and with the involvement of 38,000 teammates. When Decathlon was founded we had only 100 employees! This sweeping change gave rise to many different reactions from employees, and we witnessed that.

Outside of work, we are big theatre fans. We know that humour and satire can be used to convey almost any message.

#### What are you looking to communicate?

Our main aim with the show was to foster a shared sense of purpose around the plan for France that came out of the Vision 2026. Although there are 38,000 of us, we can all learn to take risks again, and assume more responsibility. Recommitting to this goal has helped us understand the new role-based managerial structure, inspired us to fully engage with the "Do what I Love" cause, and given us the confidence to speak our minds and clear up misunderstandings.

#### How was it received by your fellow teammates?

Very well! Talking about corporate culture and managerial changes is something that impacts everyone, and it gives people a chance to express their opinion. We also touch on the broader changes that are taking place in society: older teammates can talk about what they don't understand, younger ones about what they hope to see in the future, and so on. That opens up a space for discussion on some unexpected topics.



35 show dates in France

Reaching 4,000 teammates across the country

## DEVELOPING SKILLS AND UNCOVERING TALENT

Public authorities, businesses and employees all have a responsibility when it comes to career-long continuing education to ensure that they can adapt to changing conditions. First, training employees on new practices helps them stay employable, especially given the growing importance of the digital transformation. More broadly, this also helps give employees a sense of purpose in their work.

Our skill-building policy, which aims to help employees continuously improve the know-how required for their jobs and enhance their personal skills, has been a part of Decathlon since it was founded. Today, 81% of our teammates feel they are supported in their personal development and 85% feel they are supported in growing their know-how.

Through a system based on self-assessment, feedback, making new contacts and networking, the goal is now to teach employees about new roles and give them access to new skills on an ongoing basis.

Decathlon supports employees at every stage of their career and makes certain that teammates can find the resources they need to grow their potential when they are ready. By emphasising both subsidiarity and roles<sup>12</sup> at the company, we have expanded general knowledge-sharing opportunities. Everyone is now responsible for their own learning, meaning they can take on more responsibility and become more self-reliant.



### TRAINING AT DECATHLON IN FIGURES\*

\*as of 31/12/2017

**1,154,105**  
hours of in-person training  
and 240,588 hours of e-learning  
courses completed by teammates worldwide

**5** Decathlon Exchange  
training centres worldwide

**89%** of teammates stated  
that responsibility helps them grow,  
+1% compared with 2016<sup>10</sup>

### 2017 SUMMARY

- Multiple training platforms have been combined to form Decathlon Academy, facilitating access to information and putting teammates in charge of their own learning.
- There are now five Decathlon Exchange training centres<sup>11</sup> focusing on corporate values and personal development across the world.
- Decathlon encourages teammates to put their business skills to work for company projects.



9. Roles at the company: see explanation on page 28

10. Results from the Decathlon Team Barometer survey of 60,028 Decathlon teammates from across the world in September 2017. Percentage of people who answered "yes, absolutely" or "yes, rather".

11. Decathlon Exchange training centres worldwide: China, France, India, Brazil and Vietnam (opened in 2017).

## PIVOTING FROM CAREER PATHS TO KNOWLEDGE BASES

To help all our teammates assess their own performance, acquire the skills they need to advance and take control of their own careers, Decathlon has several tools that can be tailored to fit individual learning needs.

At the heart of the human resources transformation, self-assessments enable employees to determine the scope of their roles and responsibilities so that they can evaluate where they are successful and what they need to improve through questionnaires and interviews. Empowering employees to take charge of their own development encourages independence and leads to a sense of fulfilment with each assignment.

Decathlon Academy was built to provide a single platform bringing together several e-learning and face-to-face training modules to help employees improve their expertise over the course of their careers. This new ecosystem provides a single point of entry to allow teammates to take control of their careers with visibility of all the skills available for each job, to promote increasing collaboration between sectors and a shared vocabulary.

What makes the system work is teammate autonomy: every employee can perform a self-assessment based on the responsibilities associated with their activity and manage their own progress, whether or not it is in their initial field of expertise.

Learner satisfaction is integral to this skill-based system: each course is evaluated so that it provides the greatest amount of satisfaction and exemplifies the principle of educational innovation.

Our goal is to increase the number of teammate training courses and to make the in-house learning process seamless.

In 2017 employees completed 1,154,105 hours of in-person training and 240,588 hours of e-learning courses worldwide. In France 3.98% of the yearly payroll was invested in training our teams.



## DECATHLON EXCHANGES FOSTERS PERSONAL DEVELOPMENT

In addition to a careers strategy, Decathlon encourages teammates to think about how their personal development allows them to unlock new skills and create novel products. The Decathlon Exchanges, which exist in five countries<sup>15</sup> worldwide, have supported teammates on the topic of empowerment-based management since 2005.

This work has helped strengthen the company's cultural identity throughout the transformations that have taken place and ensured that each teammate could live out their own values through their work.

This approach is part of the human resources transformation at Decathlon, dovetailing purpose and values and helping each teammate fulfil their potential within the context of our accelerated international expansion and our efforts to ensure that decisions are as closely aligned as possible with needs.

12. Decathlon Exchange: China, France, India, Brazil and Vietnam (opened in 2017).

## PROMOTING ENTREPRENEURSHIP AND CREATING ALTERNATIVE SUCCESS STORIES

Decathlon promotes skill building at every level. This motivates teammates who have big ideas to develop them and make them available within the company in hopes of eventually taking them mainstream. That is how Allan Ballester developed "Decathlives", a corporate couch surfing programme that connects teammates who are willing to host their colleagues and those who want a new experience when travelling for business.



Allan Ballester

### How did you come up with the idea for Decathlives?

This project grew out of multiple personal experiences involving connections with others, sharing and above all my belief that we should rid ourselves of the material things we do not need. This is more than just a booking platform for Decathlonians; it is a chance to make a new human connection through trust and sharing. Everyone has their own talents and culture, and these are within reach during every business trip. Sharing in this abundance is part of the Decathlon ecosystem!

### How did Decathlon help you make this project a reality?

The company helped me by deciding to invest once the solution was ready to be used, with active users and nights that were already being booked without the platform. We had to do the groundwork, acquire the tools, meet with people, code, pitch and communicate. Creating a business is not as easy as it looks! Decathlon never stood in the way and the company's investment was enough to sustain us for the first two years until Decathlives finally developed its own business model.

### KEY FIGURES FOR DECATHLIVES\*

\* Find us on Facebook/Instagram/LinkedIn: @decathlives

**1,046 nights** hosted by Decathlives in 2017

**1,413 hosts** opened their homes in nearly 200 cities and 35 countries

**8,745 teammates** signed up (more than 10% of teammates worldwide)

**17 tonnes of CO<sub>2</sub> eq.** saved thanks to the platform in 2017

### FOCUS

**Training courses put sustainable development on the syllabus**



In 2017 a company barometer<sup>13</sup> found that nearly 60% of Decathlon teammates across the world were aware of sustainable development, but 45% of them did not know how they could get involved with this issue.

That is why the topic was made a part of the Decathlon Academy platform in December 2017 through training sessions for every level. Now any employee can learn about the subject and develop new skills in keeping with their professional goals and their level of expertise.

13. SD Barometer with 2,163 respondents, conducted in June 2017 in six countries.

## DELIVERING HEALTH AND SAFETY

Health, safety and sustainable development are all interconnected. We cannot imagine a brighter future without providing a safe environment for everyone at the company. We are committed to making safety a priority for our sports users and our teammates.

Countries and local players have access to tools they can use to verify that each teammate experiences safe working conditions and to make improvements when necessary.

In every one of our stores, warehouses and head offices in France, health and safety are monitored by QVT Specialists<sup>17</sup> and safety captains who apply safety guidelines as dictated by their local needs and regulations.

In addition to the physical health and safety rules for work stations, Decathlon also recognises the psychosocial risks related to workplace well-being. Efforts in this area can help reduce stress, absenteeism, workplace accidents, turnover and more.

In 2017, 94% of our teammates felt safe in their work environment and 80% said that they play their sport regularly<sup>14</sup>, which is a source of health and well-being.



### HEALTH AND SAFETY AT DECATHLON IN FIGURES\*

\*as of 31/12/2017

**80%** of teammates play their sport regularly, +3% compared with 2016

**256 Quality of Life at Work Ambassadors** in France

**94%** feel safe in their workplace, +1% compared with 2016

### 2017 SUMMARY

- The safety of our teammates is a priority, so there is now a safety captain in every store in France.
- Agreements on arduous working conditions were signed in France.
- Efforts to mitigate psychosocial risks were stepped up in France with the Be + project.



14. QVT: Quality of Life at Work, see page 23.

15. Results from the Decathlon Team Barometer survey of 60,028 Decathlon teammates from across the world in September 2017. Percentage of people who answered "yes, absolutely" or "yes, rather".

## DEVELOPING SOLUTIONS TO PREVENT PSYCHOSOCIAL RISKS

In 2017 efforts to improve physical and mental well-being for employees were expanded. To achieve quality of life at work, it is essential to strike a balance between one's personal life and professional life.

Work exploring psychosocial health risks began in 2016, and it found that companies were not focusing on this issue despite multiple incidents. Finding meaning in their work, clearly understanding the roles of each individual, and projecting into the future are all factors that can influence employees' sense of satisfaction and productivity.

That is why in France Decathlon provides teammates with multiple forms of support, ensuring that everyone can find the right solution for their needs through the Be + project. The project has four pillars:

- **Mental wellness:** providing audio resources, relaxation sessions and meditation, "how I perform with positive thinking", the importance of breathing and heart coherence techniques.
- **Preventing incidents through awareness and training:** educating HR Liaisons and QVT Specialists<sup>16</sup> about warning signs (burnout, violence at the company or elsewhere, stress, etc.) and developing active listening skills.
- **Supporting others and being supported in times of crisis** via contacts inside and outside the company: a hotline was created in 2016 to reach social workers so that any employee can reach out, anonymously, to receive medical or psychological help. Another mental health option available to all employees and HR Liaisons provides psychological expertise and guidance on developing better habits<sup>17</sup>. In addition, outside counsellors<sup>18</sup> are brought in for isolated events, primarily after trauma, and 24/48-hour psychological response units are set up in the event of a death, a hold-up, etc.
- **Promoting interactions with fellow sports players:** coming together and sharing ideas as a community on topics related to well-being at work through sport.

### FOCUS The right to disconnect

On 23 November 2017, management and social partners signed an agreement expanding the right to disconnect to all French teammates with "employee" or "supervisor" status; previously, this right had been granted to teammates with "manager" status following an agreement dated 8 December 2016<sup>19</sup>.

A new agreement on the right to disconnect was signed for logistics teams on 7 December 2017 and the support services teams signed the Happy Connected Charter.

The company agreements affirming Decathlon employees' right to disconnect aim to prevent their professional lives from spilling over into their personal lives, something that has become increasingly common since the advent of the digital revolution.

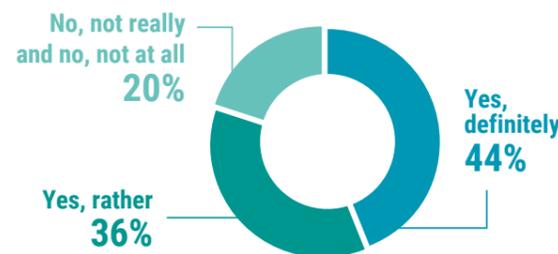
The agreements are intended to protect time off and holidays so that everyone can maintain a good work-life balance for themselves and their families.

The agreements contain three main themes:

- Protecting time off and holidays
- Best practices for using communication tools
- Awareness and training

An Oversight Committee has also been created to monitor the progress made on the actions set out in this agreement.

### TEAMMATES WHO STATE THAT THEY PLAY THEIR SPORT REGULARLY



16. QVT Specialists: see definition on p. 25.  
 17. Service provided by: JLO Conseil.  
 18. Service provided by: Préventis.  
 19. Agreement covers stores and logistics operations.

## RISK PREVENTION: ARDUOUS WORKING CONDITIONS

As part of a risk prevention process, Decathlon has identified the occupational risk factors that are likely to affect the health and safety of our teammates.

These risk factors are associated with different areas, such as working conditions (night shifts or repetitive tasks), the physical environment (presence of hazardous chemicals, temperatures, noise, etc.) or physical demands on teammates (posture, load handling, etc.).

A pair of specialised training courses<sup>20</sup> have been developed for our teammates in France to better identify risks and, when necessary, correct working conditions.



## HOW CAPTAINS HELP MANAGE SAFETY IN OUR STORES

Decathlon's uncompromising attitude toward safety is a global commitment. As part of our empowerment and subsidiarisation efforts, safety is now handled locally by those most familiar with the regional context. Decathlon maintains high safety standards by giving each country and each store the tools and materials to ensure that safety is a priority, with specific criteria for each region of the world.

In France, safety captains are the local specialists in charge of keeping our teammates and users safe in our stores and warehouses. They receive regular training about handling evacuations, accidents and other topics and undergo evaluation using a variety of metrics, from self-assessments at the site to sessions with outside companies or internal audits.

Throughout the world, the safety measures put in place at our Decathlon stores comply with the safety guidelines in force in the countries where they are located.

In accordance with the idea of autonomy that is central to the subsidiarity principle, each country has developed its own local safety standards that comply with local regulations and insurance requirements. These are made even stronger through an analysis of risks specific to that country (for instance, less stringent local safety regulations, the geopolitical context, natural disaster risks, etc.).

The local safety guidelines proposed by Country Leaders are submitted to experts from the global Decathlon United network, who provide expertise and suggestions for continuous improvement.

20. For teammates working in stores or warehouses: "Movements and Posture" and "Preventing Work Risks".

## ATTRACTING, REWARDING AND MOTIVATING TEAMMATES

As part of a broader human resources policy of managing skills and developing new strategies, businesses are crafting compensation programmes that continually motivate their teams and attract new talent.

At Decathlon, our compensation package has three goals: supporting company strategies, fairly compensating employees for the value they create, and paying wages that are commensurate with salaries paid to other teammates and with labour market rates.

This approach empowers all our employees and encourages them to play an active role in our business performance, purpose and values.

Taking local differences into account, we aim to share the value created through employee shareholding and to offer global packages that are competitive in the labour market.



### COMPENSATION AT DECATHLON IN FIGURES\*

\*as of 31/12/2017

**€2.03 billion**  
Total worldwide payroll,  
an increase of 13% compared with 2016

**58.2%** of teammates  
are Decathlon shareholders

**59%** of teammates feel  
that their salary is fair compensation  
for their responsibilities,  
the same number as in 2016<sup>21</sup>

### 2017 SUMMARY

- 24 countries have an employee shareholding scheme.
- Teammates have access to a company digital platform that allows all employees to better understand shareholding and receive the same quality of information.
- A programme has been introduced in France to give teammates a voice in how they are compensated.



21. Results from the Decathlon Team Barometer survey of 60,028 Decathlon teammates from across the world in September 2017. Percentage of people who answered "yes, absolutely" or "yes, rather".

## GIVING TEAMMATES A VOICE IN THEIR COMPENSATION

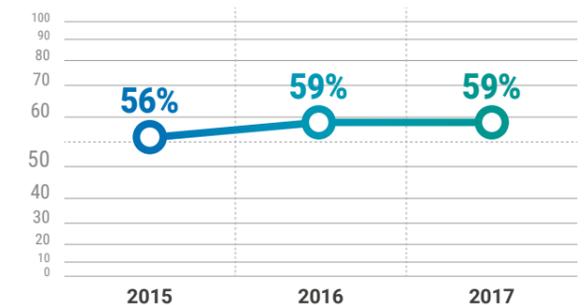
Pay packages at Decathlon are designed to compensate employees fairly for individual and collective contributions to value creation. Compensation is customised according to the professional performance and expertise of each teammate. Value created through group performance is shared through incentive and shareholding schemes. Total compensation is a comprehensive package that includes elements that are both fixed and variable, monetary and non-monetary (benefits, pensions, etc.).

In 2017, a programme was introduced in France to give teammates more of a voice in how they are compensated. Recognising that it can be challenging for individuals to get a clear, accurate picture of their salary, internal and external data has been made available to teammates so that they can see how their compensation measures up. We are also providing support so that each teammate can not only gain a better understanding of their pay package, but also ask questions about the value they created for their group project, their store or their region.

In 2017 we tested a platform for providing even more information through an e-learning course. All our support services and five stores offered to take part, overseen by human resources, with 4,000 teammates participating in all.

### OUR TEAMMATES FEEL THAT THEIR SALARY IS FAIR COMPENSATION FOR THEIR RESPONSIBILITIES\*

\*In %



## PARTAKING IN THE VALUE CREATED THROUGH SHAREHOLDING

Shareholding represents an opportunity for teammates to share an experience and play an active role in the company's financial performance. This commitment helps employees better understand the economic drivers that impact us and makes them feel that they are involved in our company-wide strategies.

For those in a secure financial position, this provides a way to set aside savings in parallel to earning wages. In that sense, shareholding is an added benefit for new talent when they are thinking about joining the company.

Efforts were made in 2017 to provide clearer, more efficient information when communicating with the teams in order to improve the transparency of this process. Whatever their level of involvement, all shareholders have access to information from the teams in charge of this initiative. Within the company, each teammate can contact their Shareholding Liaison who will explain in detail how the process works. Regular updates relayed through a digital ecosystem help streamline the process and make the information as easy to understand as possible.

This scheme is now available to employees in 24 countries<sup>22</sup>. In countries where laws prohibit employees from being direct shareholders, an intermediate option has been put in place in agreement with local authorities and banking institutions.



22. For the newly updated 2017 CSR scope for this data point: Belgium, Brazil, Cambodia, China, Czech Republic, France, Germany, Hungary, Italy, Mexico, Morocco, Netherlands, Poland, Portugal, Romania, Russia, Singapore, South Korea, Spain, Sri Lanka, Taiwan, Thailand, Turkey and United Kingdom.

## DECATHLON FOUNDATION: ACCESS TO EMPLOYMENT THROUGH SPORT

"Reducing inequalities and paying special attention to vulnerable populations" is a global challenge and the 10th United Nations Sustainable Development Goal<sup>23</sup>. True to the Decathlon purpose and values, the Foundation has been supporting teammates who wish to donate their time and energy to sport-based employment projects since 2005.

The efforts funded by the Foundation help people in difficulty by promoting equal opportunity, tolerance, and inclusive social and economic development.

By using sport to drive access to employment, the Foundation is clearly illustrating how teammates are motivated to become more involved. The teams receive in-country coaching that prepares them to work independently to select and approve their own local projects in line with the Foundation's mission<sup>24</sup>.

By focusing on the local dimension, these projects foster close ties between the participating teams and the beneficiaries.

The Foundation is an integral part of Decathlon's corporate social responsibility approach. In 2017 we followed through on our efforts to maximise the social impact of our stores in India by ramping up the project launched in 2015<sup>25</sup>.



### KEY FIGURES FOR THE FOUNDATION\*

\*as of 31/12/2017

**21,463** direct beneficiaries  
of our projects in 2017 in 6 countries

**33** projects funded in 2017

**4** Foundation teams are autonomous  
(Spain, Italy, India, Brazil)

### 2017 SUMMARY

- The Foundation is conducting a study of our regional impact in India.
- Foundation teams in Brazil have grown and acquired the autonomy to set up their own local committees.



23. <https://sustainabledevelopment.un.org/sdg10>

24. Brazil became autonomous in 2017 with a Foundation board and the ability to select and coordinate their own projects.

25. A project that measures the economic, social, societal and environmental impact for stakeholders (employees, users, civil society, suppliers, etc.) in India.

## CHANGING PEOPLE'S LIVES BY MAKING THEM MORE EMPLOYABLE

In 2015 the Foundation's mission was modified to focus on helping people re-enter the workforce. The work of the Decathlon project sponsors involves introducing their beneficiaries to the joys and benefits of sport and providing practical support to help them find work (help writing CVs, conducting mock interviews, and presentations on jobs with a view to internships, work-study placements, and temporary and permanent employment contracts) at an organisation of their choosing. This is how the Decathlon Foundation promotes diversity, including within our own teams<sup>26</sup>.

## THE FOUNDATION'S INTERNATIONAL ACTIVITIES: FOCUS ON OUR PROJECT IN INDIA

In 2014 the Decathlon teams launched their efforts to develop a win-win solution that would keep pace with the changes in the booming Indian market, recognising that less than 15% of the local population could afford to shop in one of our Decathlon stores. Bearing this in mind, the Immersion project came into being with the aim of helping Decathlon make a positive impact on society and furthering the development of teammates and future users.

A study on our regional impact in India was initiated in November 2014<sup>27</sup> in the city of Bangalore, with support from the Decathlon Foundation and an outside firm<sup>28</sup>.

Around 30 Decathlon team members<sup>29</sup> were assigned to eight different locations<sup>30</sup> (rural, suburban, slums, etc.) for the project. The teammates met with over 400 people ranging in age from nine to 50 years old.

This innovative experiment enabled us to observe local playing fields, assess the needs of local populations, perform product tests, introduce people to new types of sport and hold sporting events. The goal was to share the universal values of sport and at the same time meet the needs of India's growing middle class.

These efforts involved local populations in a project known as Sports for Schoolchildren, co-developed and launched as part of the sport curriculum by schools in India, in hopes of improving the lives of people in local communities and providing access to sport for children of all ages. As a result, by 2020 there will be 55 stores in India sponsoring programmes to promote sport in nearby schools with support from the Decathlon Foundation.

Leveraging sport to drive innovation, the project fosters interactions between different communities, promotes diversity within our teams, supports access to education and improves employability.



26. The beneficiaries choose the type of work environment and the business of their choice, including Decathlon.

27. The study initially looked at two Decathlon stores and a warehouse, along with two production suppliers.

28. Prophil: <https://prophil.eu/en/>

29. Production, stores, design, logistics and sustainable development teams.

30. Breakdown: Karnataka, in Jharkhand, New Delhi and Rajasthan over 18 days from mid-January to the end of February 2016.



**Annie George,**  
Communications and Sustainable Development Leader for India and Head of the Sports for School Children Programme

“Sports for School Children involves a one-hour commitment once a week, working with children from a government school or an NGO. The project volunteers are members of our stores teams who want to share their passion for sport and community development. The main goal of the programme is to use sport to bring about changes in social behaviour and to help children develop life skills, such as leadership, team building, discipline, engagement and achievement, to build a better society and to find growth opportunities for the marginalised communities around our stores and factories. Decathlon works with a variety of NGOs and partners to develop professional skills and create employment opportunities for beneficiaries.”



<http://bit.ly/fondationdecathlon>



**Fabio Siqueira,** Foundation Leader in Brazil

**THE FOUNDATION'S INTERNATIONAL ACTIVITIES ILLUSTRATING BRAZIL'S AUTONOMY**

**Can you explain what it means for Brazil to work autonomously on Foundation projects?**

We have been working with Jean-Pierre Haemmerlein (founder of the international Decathlon Foundation) and other Foundation members since 2016 to learn about, understand and structure the processes for guiding, analysing and approving Foundation projects directly in Brazil. In 2017 the first committee was created in Brazil with input and support from the Foundation teams, who have helped us prepare to work autonomously as we develop our own committees.

**How were projects approved in 2017?**

The Brazilian office of the Foundation has handled nine projects since it began and seven of these are still active. In 2017 we received 13 project proposals and four of these were approved. The first stage of the selection process involves working with the Project Managers to coordinate, structure and plan the project. When the project is ready to be presented, the Project Managers contact the committee for review. If the project is approved, it is presented to the national committee. In 2017 the committee was made up of Cédric Burel (Decathlon Brazil Director), Anita Malavasi (Foundation member in Brazil), Gwenaëlle Maître (an outside professional and social projects specialist in Brazil) and myself (Foundation Leader in Brazil)<sup>31</sup>.

**What are the Foundation's future projects for Brazil?**

We have had a team of seven volunteers from the Foundation since 2017. We are working to present the Foundation more effectively within the company, to monitor and assist with active and inactive projects, and to guide and support new Project Managers. We want to improve our processes, promote new project development and build stronger connections between active projects and the Decathlon spirit by hiring those who participate in our community projects and improving their job skills.



<sup>31</sup>. Active projects: Miratus (since 2007): Rio de Janeiro (badminton); Gol de Letra (since 2014): Rio de Janeiro (team sports, racquet sports, dance, ballet, martial arts and more); Querubins (since 2014): Belo Horizonte (team sports, dance); Sociedade Crescer (since 2017): Curitiba (team sports, table tennis, ballet, judo and more); Arca do Crescer (since 2017): São Paulo (team sports, dance, capoeira, judo and more); Constua você mesmo (since 2017): São Paulo (Skating); Corujinha Golfe (since 2017): Louveira-SP (Golf).

# PRODUCTS AND SERVICES



**+43%** products repaired in our workshops with 70% of returned products successfully repaired

**58%** of users were delighted with their Decathlon products compared with 52% in 2016

**16.5%** of Decathlon products have an environmental label



## DELIVERING INNOVATION AT EVERY LEVEL

Innovation is a driver of sustainable economic growth. From the very beginning, Decathlon has placed innovation at the heart of its product and services offering, creating new, competitive product ranges to support the stability and resilience of our business activity.

We give our work meaning by constantly listening to feedback from our users. Today, they want products that better fit their needs – products that are simple, useful, responsible and accessible.

In 2017, Decathlon decided to integrate innovation at every level of the value chain using several different methods. This choice required that we constantly question our design processes and ask ourselves: How can we inspire and facilitate change, use fewer materials and reduce production costs, and make the product cost less and perform better? How can we ensure it is less polluting and more responsible? To meet these challenges, we chose a strategy of incremental innovation focused on frugality and eco-design. Our design and engineering teams are thus trained to rethink an idea to its simplest expression, even if that means abandoning it.

This integrated approach allows us to continuously improve our products by remaining focused on the users' needs, so that Decathlon products will be increasingly accessible, ingenious, distinctive and sustainable.



### INNOVATION IN FIGURES\*

\*as of 31/12/2017

**3,000** prototypes created by our Decathlon Campus teams in Villeneuve-d'Ascq (France) every year

**421** engineers and **180** designers work to design Decathlon products



### 2017 SUMMARY

- In 2017, innovation efforts focused on making our methods more pragmatic.
- Teammates formed multidisciplinary communities that promote collective intelligence, the transmission of knowledge, and process efficiency.
- The Decathlon SportsLab research and development laboratory celebrated 20 years of research into the interactions between an athlete's body and the products we design.



## ALIVE: DEDICATED TO INSPIRATION AND EXPLORATION

Alive by Decathlon, which stands for "All Living Innovation Values Everyday", is a dedicated space located next to the Decathlon Campus store in Villeneuve-d'Ascq (France). It is open to all: sports users, outside companies and teammates. Designed to promote sharing, inspiration and creation, Alive helps people work through the first phases of project incubation in an atmosphere that encourages big-picture thinking.

More than just a space, Alive is also a broader innovation concept focused on the human dimension of product and service design. It drives us to learn to think and work differently, to cooperate more, to "dare to be ourselves", to overcome divisions and allow ourselves to push long-held company ideas to their breaking point.

Once their first conceptualisation phase has been completed, creators can compare their project with internal teams or bring together different categories of testers to gather initial feedback and continue their process of improving a product or service.

Different teams offer different opportunities for exchanging ideas within this multi-process innovation centre: inspiration events, lectures, workshops, training sessions, incubator services and exhibitions. This range of opportunities ensures that every need finds a suitable solution.

Among the ideas that the Alive teams focused on this year included rethinking the vision of Subea's people organisation<sup>32</sup>, developing a range of women's products for Kipsta<sup>32</sup> and setting up a sensory testing workshop to make zips that are easier for children to use.

## THE JUGAAD METHOD: LESS BUT BETTER

The Jugaad innovation initiative is focused on inventing radically new solutions that consume less energy and raw materials. It tries to answer the question: How can we meet users' needs for a product to be functional while limiting insofar as possible the resources that we use (raw materials, technical handling, water during the production process, and so on)? The first step is rethinking product design, with an in-depth analysis of the materials used and special adaptations to meet sport-specific needs.

The goal is to create a user-essential product by employing simple, clever solutions.

### The Jugaad method adopts three main strategies:

- Product simplification: using a production automation mindset to limit handling, change materials, reduce the number of materials used, rethink assembly methods, etc.
- Rethinking design: product functionality is paramount, drawing inspiration from emerging countries and their way of thinking.
- Using local resources: identifying resources that are inexpensive and plentiful as well as local know-how and manufacturing opportunities insofar as possible, while repurposing existing injection moulds, products and materials.

This method has produced several highly successful products.



### ARPENAZ 10 BACKPACK:

**ACTION:** total redesign of the backpack by using gathers and reducing assembly steps as much as possible. The backpack's graphic design was also completely revamped to take on board these improvements.

### RESULTS:

- 70 items now fit into a shipping box, up from 30.
- A 10-year warranty for the backpack.
- Decreased environmental impact compared with the former model.
- Price reduced by 25%<sup>33</sup>.

This focus on frugal design came from a collaboration with Sikana, an external learning and knowledge sharing platform. Decathlon helped create nine videos about using inexpensive and often repurposed materials so that anybody can create a homemade DIY product and sport becomes more accessible for everyone<sup>34</sup>:

<https://www.sikana.tv/fr/sport/jugaad>

<sup>32</sup> Subea and Kipsta are Decathlon brands.

<sup>33</sup> Internal prices used between our Production and Sales Departments.

<sup>34</sup> DIY: Do It Yourself.

## MAKERS: DO IT YOURSELF FOR A BETTER GRASP OF MANUFACTURING PROCESSES

The Makers are an in-house community of teammates who teach other Decathlonians to make things themselves, promoting ingenuity and stimulating creativity. Making something yourself gives you a concrete grasp of each step of the manufacturing process: starting off by rethinking how the product is used, choosing materials, understanding the design and production phases. Discussions with engineers and experts from other departments also help to identify limitations, giving participants a 360° view of their project idea from the start.

In 2017, 40 new contributors joined the community. They share their know-how during regular workshops (how to sew, how to use creation software, how to make your first template, etc.) and have trained over 1,000 teammates.



Makers welding workshop



**Julien Littler**, Internal IT Auditor, Amateur Freediver

### Why did you get involved with the Makers programme?

*I'm an avid freediver and I mostly do dynamic apnoea training at a local pool. People like me who are interested in this sport need to wear special weights to make themselves stable and aquadynamic<sup>35</sup>. Often, freedivers will make their own gear independently (using recycled inner tubes full of lead shot, for example). This kind of gear is uncomfortable and above all, not very safe. So, I wanted to make myself some more suitable equipment. I didn't know where to begin, but when I saw a Makers newsletter, I signed right up.*

### What has this community meant to you?

*It really was amazing to get support from the Makers, to explore and learn to use the industrial prototype workshops, to learn more about product engineering, to meet and talk with the people in charge of making templates, raw materials, sewing, etc. It was so different from my job!*

*I was certain that this product would become part of any freediver's kit. I was so proud when it caught the attention of the Subea teams! I was lucky enough to see my idea become a reality during a workshop with a designer and an engineer from this Decathlon brand. The entire Makers community supported me as I moved along at my own pace to develop my product.*

### What do you think will happen next?

*Above all, what I wanted was to create a product that is safe, easy to use, and comfortable. The Makers Team and I created and tested three prototypes, all of which went through an improvement process. Discovering this universe makes me want to develop other products for my sport, support the Decathlon community of sports users, and share my insights with them, share my ideas and help develop any products we dream up.*



<sup>35</sup> Aquadynamic: producing little drag in the water.

## SPORTSLAB: 20 YEARS OF EXPERIENCE OBSERVING THE HUMAN BODY

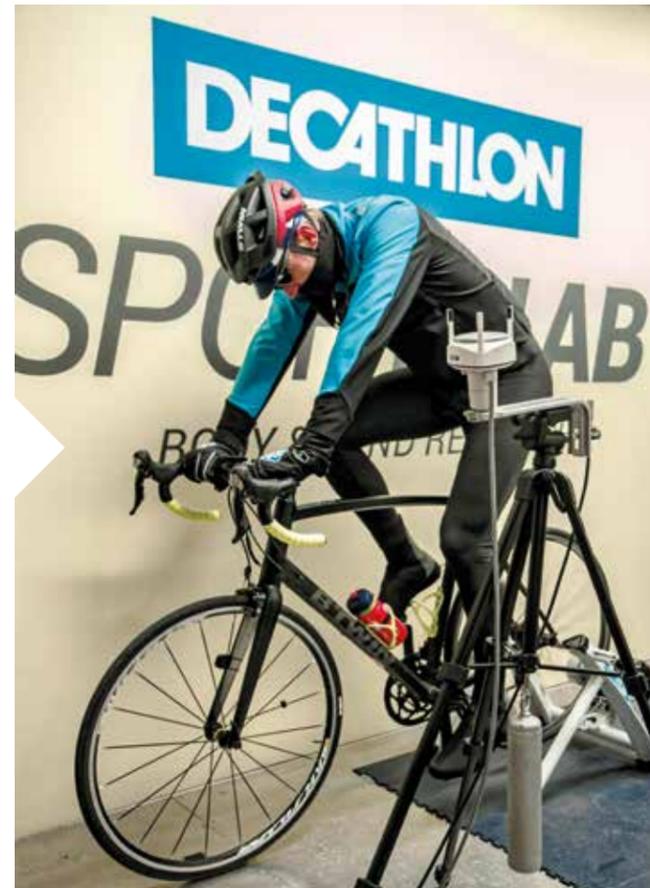
The SportsLab is one of Decathlon's centres of expertise. Created 20 years ago<sup>36</sup> to conduct research on the human body, it is a key part of Research and Development processes.

All of the products dreamt up by our sport teams are subject to rigorous laboratory testing throughout the design process. The goal is to make products easier to use and to ensure user safety and well-being so that sport remains a source of joy.

There are four laboratories with 50 specialist engineers who study everything about the human body:

- **The "Morpho" Team** measures people's bodies for the duration of their sports activity, giving us a unique international edge.
- **The Movement Team** studies how the body moves and interacts with our products.
- **The Thermal Comfort Team** analyses how the human body behaves under different climatic conditions.
- **The Affective Science Team** looks at how users perceive and feel about products when they use them, as well as how easy they are to use.

These teams drive innovation and contribute their knowledge of the athletic body in its environment to product design. In 2017, the SportsLab improved the fit of all Quechua<sup>37</sup> models and youth tennis shoes to improve comfort: the lab had observed intensive training sessions for several weeks to try and reduce the risk of injury.



**Alexis Herbaut,**  
SportsLab Research and  
Development Engineer

“Since 2011, I've been working with Artengo to help them design products that meet the needs of each and every user. In 2014, we started with the observation that children aren't just mini-adults, we needed to adapt youth tennis shoes to their specific needs. After three years of testing in the laboratory and during use, we developed a new shoe that takes how children grow into account, protecting them as much as possible from tennis-related injuries.”

[http://blog.decathlon.com/decathlon\\_sportslab/les-projets-dont-nous-sommes-fiers/](http://blog.decathlon.com/decathlon_sportslab/les-projets-dont-nous-sommes-fiers/)

36. 1997: Decathlon's Research and Development Department is created.  
37. Quechua is one of Decathlon's own brands.

## EXPANDING ECO-DESIGN FOR OUR PRODUCTS

Since the Industrial Revolution, the production of consumer goods has put increasing pressure on the world's ecosystems. Global warming, resource scarcity and water stress are some of the signs of environmental degradation.

In order to take action and find solutions, among 17 Sustainable Development Goals drafted by the United Nations is Goal 12: "Ensure sustainable consumption and production patterns"<sup>38</sup>.

Before Decathlon can make the changes it wants to in this area, we need to raise awareness and undergo significant transformations.

In 2017, we celebrated the 10th anniversary of our Decathlon product and component eco-design initiative. This year saw even more attention focused on this issue with the implementation of Decathlon's Vision 2026 and ownership within the company.

Thanks to our teams' commitment, we have increased the number of projects and initiatives at every level. Following an initial learning phase, the eco-design approach has entered a phase of autonomy and widespread adoption – in particular through training our teams, creating high-performance calculation tools, and beginning to rethink how we use raw materials.

These efforts are already making a visible impact, allowing us to provide sports users who care about these issues with high-quality environmental information.

### ECO-DESIGN IN FIGURES\*

\*as of 31/12/2017

**16.5%** of products with eco-labelling

**28 Environmental Leaders** are part of the process teams for 25 industrial processes

There are **48 Environmental Leaders** on the design teams, covering 40 Decathlon brands

**55.2%** of our cotton supply comes from more sustainable sources

**206 engineers** are qualified to evaluate the environmental impact of products

**9.4%** of our polyester supply comes from more sustainable sources

### 2017 SUMMARY

- **The Eco-design Team** is helping Decathlon's design teams become more self-sufficient by training teammates, improving calculation methods, and integrating environmental impact information into our design tools.
- **We will continue to favour an approach** to reduce environmental impact, especially by using raw materials that come from more sustainable sources.
- **We are hosting more events** that focus on environmental awareness to inspire people and encourage action at every level of the company.



38. <http://www.undp.org/content/undp/fr/home/sustainable-development-goals/goal-12-responsible-consumption-and-production.html>

## ACCELERATING ECO-DESIGN AT DECATHLON

Eco-design means taking environmental issues into account starting with the design phase of a product or service. The goal is to reduce the environmental impact of products throughout their life cycle using a multi-stage and multi-criteria approach.

In 2017, the Eco-design Team focused its efforts on making company product designers more self-sufficient. To this end, three major directions were established:

- **Integrating environmental issues into Decathlon brands' strategies and industrial processes:** Developing key performance indicators that allow us to improve our environmental impact in every area, creating a "Sustainable Development collective" that brings together leaders from Decathlon brands and industrial processes and supports their decision-making processes.

- **Harmonising and reinforcing our methods** by using the ADEME database for calculating product environmental impact, with two major outcomes: new datas for production processes and a wider range of products.

- **Automating environmental impact calculations** by building them into the product design tool. (This information should be used to assign an ABCDE environmental rating for the user).

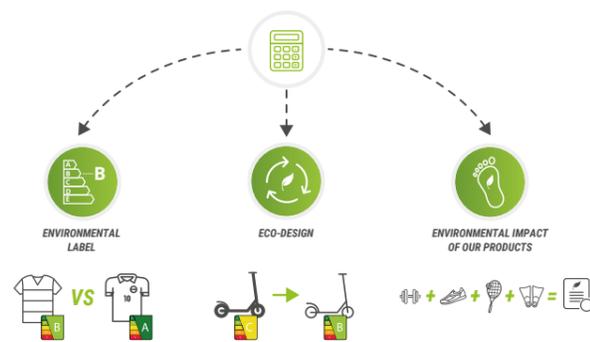
In late 2017, 59.4% of our engineers received training and are able to evaluate the environmental impact of the products they develop.

By the end of 2017, **16.5%** of Decathlon brand products had their environmental label posted in the webstore. The number of products with an environmental label doubled between 2016 and 2017.

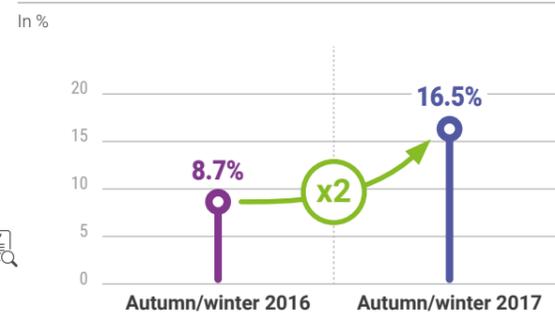
This growth was made possible by increasing employee training, adding a new database, setting up e-learning modules, and providing guidance to the Decathlon Brand Leaders.



### Environmental assessment of our products



### CHANGE IN THE NUMBER OF PRODUCTS AVAILABLE WITH ENVIRONMENTAL LABELS



## MOBILISING TEAMS TO USE MORE SUSTAINABLE MATERIALS

Decathlon's environmental impact is tied to its various activities: design, production, transport (products and users), distribution, and product end-of-life.

Starting with the design of its own brand products, the company can have a significant impact by favouring components with less impact on the water, soil and air and by selecting more sustainable materials. Today, our database includes almost 15,000 textile components, of which more than 8,500 have undergone an environmental impact assessment.

The most frequently-used materials in our "textile" and "heavy stitching" ranges<sup>39</sup> are cotton and polyester. They account for a large part of our CO<sub>2</sub> emissions.

39. Textile-based materials for backpacks, tents, sleeping bags, etc.

## COTTON: MORE SUSTAINABLE SOURCING

Our textile products use the same proportion of cotton as the market in general (about 30%). This raw material has significant environmental and social impacts, which is why we pay particular attention and have committed over the last few years to adopt a more responsible approach for the procurement of cotton.

Decathlon is continuing to use raw materials from more responsible sources to help reduce the environmental impacts of conventional cotton production and improve social conditions.

Along with our teams, in 2015 Decathlon made a commitment to use more sustainably produced cotton exclusively in its textile products by 2020. This cotton comes from three sources:



- **Organically farmed cotton:** In 2006, we began to use organically produced cotton. The market for organic cotton is very tight, accounting for only 0.4% of global production. We use it mostly in our yoga-related products: leggings, t-shirts, capri pants.

**1,685 tonnes used in 2017 compared with 1,013 tonnes in 2016, so that 4% of our total cotton consumption came from organic sources.**

- **Recycled cotton:** While the industry has shown interest in recycled cotton, there are still technical issues preventing the development of systems capable of recycling old clothes at the end of their life cycle. To overcome these technological barriers, Decathlon launched the REWIND project. This project, which began in 2016, is working with a consortium to create a new "recycled" textile industry in France. Several major industrial players have become involved: TDV Industries, Decathlon, the textile equipment manufacturer Laroche, and two research and innovation entities: the European Centre for Innovative Textiles (CETI) and the ICAM engineering school. This project received funding from ADEME<sup>40</sup>.

**88 tonnes of cotton recycled in 2017 compared with 36 tonnes in 2016, representing 0.2% of our total cotton consumption.**

- **Better Cotton Initiative:** Since 2012, we have been supporting the Better Cotton Initiative (BCI), which issues best practices guides for reducing the environmental impacts of conventional cotton production, taking into account social factors as well. We know that the BCI's supply system can continue to improve and we have asked the organisation to improve its system of traceability.

**19,394 tonnes of BCI cotton used in 2017 compared with 4,206 tonnes in 2016, representing 51% of our total consumption.**

The results from 2017 show a significant increase in the use of more sustainable cotton, which went from **14.4% of total consumption in 2016 to 55.2% in 2017**. Our efforts have mostly been focused on reducing the use of conventional cotton, replacing it with BCI cotton. Throughout 2017, the Decathlon industrial process operational teams and brand teams worked hard to keep on track to meet the 2020 target.

In October 2017, for the first time, Decathlon was added to the "Sustainable Cotton Ranking 2017", a list of cotton-consuming companies. This study, conducted by the NGOs PAN UK, Solidaridad and WWF International, ranks 75 companies based on sustainable cotton use, including organic cotton, recycled cotton, BCI cotton, "Cotton Made in Africa" label cotton, fair trade cotton, etc.

Decathlon was placed in the "Starting the Journey" category<sup>41</sup>.

In 2016, we also began a dialogue with the NGO WWF France that continued throughout 2017. WWF is an important stakeholder that challenges us and helps us define larger strategies for using more sustainable resources.

Our teammates are committed to reaching our goal of 100% more sustainable cotton by 2020, especially over the next two years by increasing the amount of recycled cotton that goes into our products.

40. Project realised with public funds from the Investments for the Future - Circular economy, recycling and waste recovery fund through ADEME.

41. The "Cotton Ranking 2017" categories are: 1) Leading the way 2) Well on the way 3) Starting the journey 4) Not yet started.

## POLYESTER: A NEW COMMITMENT TO SIGNIFICANTLY REDUCE OUR IMPACT

Polyester, which is derived from fossil resources, is used in several of our industrial processes, and especially in textiles and heavy stitching<sup>42</sup>. This material has a significant CO<sub>2</sub> footprint, and producing it contributes to resource exhaustion. It is important that we become less dependent on fossil resources, anticipate future regulations and respond to sports users' environmental concerns by making innovative choices when it comes to our industrial processes, recycling and the circular economy.

That is why, in December 2017, Decathlon decided that by the end of 2021, all textile products sold in France would be made from 100% more sustainable polyester, coming from three sources:

- Recycled polyester
- Dope-dyed virgin polyester<sup>43</sup>
- Dope-dyed recycled polyester

At the end of 2017, **9.4% of our polyester supply came from more sustainable sources.**

In October 2017, Decathlon was listed in the "Preferred Fiber & Material Report"<sup>44</sup>, an international ranking of companies based on their use of sustainable textile raw materials (organic cotton, recycled polyester, Lyocel, etc.) that is compiled by the NGO Textiles Exchange.

This study reports how well 95 companies performed when evaluated on their use of responsible raw materials. Decathlon came in third place among brands and distributors who used the most recycled polyester by volume (millions of tonnes) in 2016.



## PACKAGING: APPLYING THE ENVIRONMENTAL APPROACH AT EVERY STEP IN THE VALUE CHAIN

Decathlon's Packaging Team follows the "No Pack" approach, which entails asking how necessary packaging is for each product, and if it is needed, how we can reduce it to the bare essentials.

This approach focuses on packaging volume, the source and quantity of the material used, the energy consumed to produce packaging and the impact of manufacturing on the water, soil and air<sup>45</sup> as well as the impact on logistics, etc.

The following examples illustrated the approach:

**Raw materials:** Decathlon seeks to create a controlled and responsible supply chain, going as far upstream as the sources for the fibres used in producing the paper and cardboard for our packaging.

**Design and logistics:** The teams are trying to reduce the quantities of material used as much as possible. For example, the 2017 redesign of our walkie-talkies allowed us to reduce not only the product packaging but also the size of the user manual: thanks to a ground-up review of the instructions, we were able to shrink the manual from 344 pages to 8 pages while also making it easier for the consumer to understand the product. This kind of packaging optimisation also allows us to ship more products in a single unit, reducing the environmental impact of transport.

**Point of sale and customer use:** Our "No Pack" strategy has allowed us to create a new in-store user experience. Sales information about Outshock protective equipment<sup>46</sup> has been integrated into the start of the design phase. Products like boxing gloves and martial arts belts are now sold with minimum packaging. The impact of greenhouse gas emissions associated with packaging for the Outshock range of accessories has been reduced by 81%. Products are now more visible and the packaging solutions are easier and more efficient for the in-store teams and for users who want to try products out.



42. Heavy stitching: for example, tents, backpacks and sleeping bags.

43. Dope-dyed polyester: polyester fabric that is coloured during the thread production process. This eliminates the conventional dyeing step, which consumes energy and produces wastewater that needs to be treated.

44. <https://textileexchange.org/downloads/2017-preferred-fiber-materials-market-report/>

45. Part of Project Greenway, see page 78

46. Outshock: Decathlon's martial arts brand.

## INSPIRING EVERYONE TO WORK AT THEIR OWN LEVEL

### "PRESERVE TO PROTECT" PROVIDES A CLEAR ILLUSTRATION OF VISION 2026

In June 2017, 150 teammates met to discuss the importance of environmental challenges and avenues for action during for the second Preserve to Protect event, held at the Kipstadium (Tourcoing, France).

Presentations were given on 14 initiatives developed by our teammates to inform, inspire, motivate and connect people who want to be agents of change: unsold merchandise donation projects, biodiversity projects (vegetable gardens, beehives, etc. near warehouses and stores), cleaning and picking up litter while playing sport, etc.

The goal is to encourage environmental commitments and to get teammates excited about taking initiative in the sectors where they work, promoting intrapreneurship. The major development that came out of this event was that action is being taken across a wide variety of company activities: logistics, production, warehousing, etc.

### FOCUS ON ENVIRONMENTAL INNOVATION AT THE THIRD QUECHUA INN'SPIRE DAY

In September 2017, the third Inn'spire Day was held at Decathlon's Mountain Store in Sallanches (France). This year's theme was environmental innovation.

Three hundred people attended a range of lectures and debates where they exchanged ideas and worked together on building solutions. Participants included:

- Gunter Pauli, entrepreneur, author of *The Blue Economy*
- CEEBIOS, a Biomimetics centre of excellence
- Circul'R, a consultancy firm focused on the circular economy
- Air, a consultancy firm specialised in eco-innovation

The event included "learning moments" and "battles" that led participants to reflect on themes such as: "Can we design sport products without using chemicals or petroleum-based materials? How? What innovation pathways can we follow? What new materials and technologies can we explore?" and "What's the difference between communicating about our eco-design products and greenwashing?"



### AN INTERNAL FORUM FOR SHARING BEST PRACTICES

For the second year in a row, the "Component Forum" was held on 13 and 14 September, with close to 200 teammates in attendance. The purpose of the forum is to present, describe and promote new components and industrial processes internally. Sustainable Development played a central role in this two-day event, both in terms of how it was organised (setting up stands, handling key moments of the day, etc.) and what was discussed: eco-responsible materials and more sustainable transformation processes that use less energy and fewer natural resources.



**Raffaele DUBY**  
Product and Design  
Environment Leader

“It's our job to help teammates put sustainable development principles into action and live their convictions out every day with Decathlon.”

## OFFERING PRACTICAL AND ECO-FRIENDLY SERVICES

The natural resources the Earth can produce in a year are being consumed more and more quickly. Human consumption is directly related to this state of affairs and Decathlon is aware of its responsibility.

Since 2016, Decathlon has started talking about 'sports users' instead of users. This decision reflects our desire to place value on playing sports and interacting with products, rather than on permanent possession.

Today, our teammates are working to increase product durability, thinking about reparability and product end-of-life from the design phase onward. We can reduce the strain our company places on natural resources by expanding initiatives such as designing sturdy and easily repairable products, creating a new life for products through the second-hand market and providing collection points to make recycling easier.



### OUR ACTIONS FOR OUR PRODUCT RANGES, IN FIGURES\*

\*as of 31/12/2017

**+43%** products repaired in our workshops in 2017, with 70% of returned products successfully repaired

**90%** of users were satisfied with workshop-repaired products in 2017

**250,000** unsold products were donated across France and Spain to 48 associations

### 2017 SUMMARY

- We continue to pursue our global strategy of making our products more durable and avoiding the destruction of articles.
- We are rethinking the Trocathlon model to better meet our users' needs.
- We are creating a product donation approach in line with legal requirements.



## WORKSHOPS FOCUSED ON PRODUCT SUSTAINABILITY

We operate 20 regional workshops around the world and every Decathlon store has its own repair workshop.

These workshops are intended to support sports users in the use and upkeep of their products, to make the most of their investment, and in the process extend the products' durability.

We believe that most repairs could be avoided with better product maintenance. That is why we encourage sportspeople to come in and learn how to care for their equipment from our technical experts.

To make sports users more independent and help them learn to do things themselves, we sell spare parts through our online portal and provide explanatory tutorials to help them through the repair process on our website: <https://support.decathlon.fr/>.

Workshops are also a great place to see how users actually use our products. That is why workshops offer support to Decathlon brands and work in close collaboration with a workshop technician.

Starting this year, the Decathlon brand teams are also responsible for listing the components needed to repair their products.

Both actions serve a single purpose: to improve overall product design by thinking about reparability from the very beginning.

#### Key project figures:

In 2017, repair solutions were found for 253,000 products, 43% more than in 2016.

Users reported their satisfaction by rating service quality a 4.4/5 (compared with 4.3 in 2016).



## THE REWIND PROJECT: DOING BETTER BY ADOPTING THE CIRCULAR ECONOMY PRINCIPLE

In 2016 Decathlon launched "Rewind", a circular economy project, providing the perfect illustration of one of the four 'R's (reduce, reuse, repair, and recycle).

Still in its pilot stage, this project involves collecting end-of-life clothing, reducing it into fibres, and using these fibres to make thread, fabric, and ultimately new products<sup>47</sup>.

In 2017, we sold 2.9 million pairs of tennis socks made from industrial fabric scraps based on this idea.

The project group is a consortium of five members who represent the different stages of the cotton value chain in France: Laroche, a manufacturer of recycling machines, TDV, a spinning/weaving company, the European Centre for Innovative Textiles (CETI), the Catholic Institute of Arts and Trades (ICAM) and Decathlon.

In 2017, the consortium received public funding from ADEME, the French Environment and Energy Management Agency, to continue its work.

<sup>47</sup>. See the Eco-design section, page 47

## RESOURCE RECOVERY: OPTIMISING OUR USE OF MATERIALS TO INCREASE THEIR LIFESPAN



**Romain BIELAIRE**, Production Leader for Heavy Stitching Processes, Euromed Region and **Marco DARIOLI**, Quality Manager of the OQS Team (Operational Quality Solutions).

### How did the “punching bag”<sup>48</sup> project get its start?

**Marco:** In February 2017, we realised we had a quality problem with our ski socks. The finished product did not meet our requirements. We couldn't sell them, so we had to destroy them.

**Romain:** At that time, I was working with a supplier in the Czech Republic, Gala, that was filling their punching bags with textile scraps from the automotive industry, which we purchased. When I heard that, I realised we had an opportunity to use the defective socks to fill these punching bags.

### What challenges did this project face?

**Romain:** To make this reuse strategy possible, we needed to create a warehouse/supplier stream to collect and store defective products. In order to comply with the punching bag specifications, we worked with Chloé Bousquet, a Product Engineer, to adjust the product design and production tools so that we could use a wider range of scraps as filling.

### What opportunities did this situation create?

**Marco:** Any time we have a quality problem, we do everything we can to repair the products in question, but sometimes it's too expensive or not technically possible. Non-repairable products that cannot be donated are recycled as much as possible. I'm a big nature lover and I really want to be able to express my personal convictions in the work that I do. When I'm able to help reduce waste as part of my job, I feel like I'm being useful and acting as a good citizen.

**Romain:** This project also benefitted my department because it increased our production capacity. We wanted this to be more than a one-off success, so we worked with the legal teams to make this project reproducible anywhere in the world. We also made an amendment to our contract with our supplier to make this decision official.

**55 tonnes of product have been recovered and turned into punching bags since the project began**

## UNSOLD MERCHANDISE: CHOOSING TO DONATE RATHER THAN DESTROY



**Florence CONDETTE**, Inventory Management Project Leader, **Audrey LEURENT**, Quality Advisor and **Romain CODRON**, Legal Advisor explain Decathlon's donation process for unsold products.

### How did this project to donate to associations get its start?

**Florence:** There were several factors that sparked this project. We started with an observation: we had too much old stock just sitting in our warehouses. These were new products from previous seasons that could not be sold. They took up space but because they were in perfect condition, we had no reason to get rid of them.

When we were creating Vision 2026, in particular the “Decathlon Blue and Green”<sup>49</sup> section, many of our teammates felt inspired and asked to become involved at their own level.

48. A punching bag designed for boxing, Muay Thai, kick-boxing, etc.

49. “Decathlon Blue and Green”: Decathlon France company project.

**Audrey:** Sometimes products don't meet specifications, or the quality of brand products is not up to our standards. In these instances, the first thing we do is try to repair the products so that they can be sold under new conditions. Until now, any products that couldn't be repaired had to be destroyed; there was no other option. This bothered us. We wanted to make a change and donate the products rather than destroy them.

**Romain:** We looked into many different initiatives in France and abroad and saw that there were potential legal risks involved. We wanted to make donating a more common practice, though, so we worked together to ensure that donations could be structured, standardized and above all, part of a routine process.

### What goes into donating products to an association?

**Romain:** We created an internal best practices guide that gives a basic universal framework to meet the specific needs of the different parties who get involved. We wanted to make donations as simple as possible. Donations should be easy to make, whether you're in a warehouse, store, or in the central office.

We have some associations with whom we've built up very strong partnerships and signed agreements. In general, we sign an agreement once and then can make as many donations as we need.

### What types of products do you donate?

**Audrey:** We don't donate any “safety” products or personal protective equipment because we don't want to risk the end user's safety. We donate products that work as intended that won't put the users in danger.

### What are some of the difficulties you've encountered?

**Audrey:** We often work with large quantities, so it's sometimes difficult for local associations to find enough recipients or to store these products. They generally don't have the infrastructure to do so. Therefore, we chose to donate to larger organisations that handle this kind of distribution to local associations based on the time of year, target populations, specific needs, etc.

**Romain:** So far, we've written our best practices guide that will need to be tested out in France. Later, we hope to disseminate it more broadly in the other countries where we have distribution operations.

## TROCATHLON: COMING CLOSER TO USERS' NEEDS THROUGH TARGETED EVENTS

Trocathlons are events where sports users can buy and sell used equipment.

While the concept was launched in 1986, 2017 marked a turning point for this initiative: we redesigned the format for Trocathlon events and the online platform ([occasions.decathlon.fr](https://occasions.decathlon.fr/)) to better meet sports users' needs. Our goal was to make it simpler to purchase and reuse second-hand sporting goods and also to improve the system's reliability and technical features.

Until recently, Trocathlon events were open to all sports, creating both logistics and human limitations, and they did not fully address all of our sports users' needs. We therefore decided to change how often we held Trocathlon events so that we could organise them on demand. Now, sport-specific events are held throughout the year all across France. The Decathlon second-hand platform<sup>50</sup> was also improved, allowing users to sign up for events and get in touch with each other. We evaluate the equipment that's on offer and organise events to reflect current needs.

Besides undergoing thorough testing, products beginning their second lives are now guaranteed to be like new: they are subject to Decathlon's 365-day return or refund policy.

More than 500 Trocathlon events were held across France in 2017.



50. <https://occasions.decathlon.fr/>

## CREATING SAFE, HIGH-QUALITY PRODUCTS

Lasting user satisfaction is one of Decathlon's primary concerns.

As a designer and thanks to regular visits to our suppliers, we pursue our goal of continuously improving the quality of our Decathlon brand products.

In 2017, the Quality teams launched a new collaborative initiative, confirming their role as "risk identifiers" and "solution co-creators".

Decathlon created training courses for suppliers to help them better control toxicological risks with a clear aim: to act pre-emptively to protect people and the environment and improve product quality by monitoring the chemicals used during manufacturing processes.

In addition, we updated Decathlon's standards in 2017 with the new Restricted Substances List (RSL), which provides our suppliers with a precise list of hazardous chemicals whose use we prohibit, as well as tolerance thresholds for those that are permitted. This list is based on the latest regulations, toxicological studies and improved testing methods that allow us to optimise tolerance thresholds.



### DECATHLON PRODUCT QUALITY AND SAFETY IN FIGURES\*

\*as of 31/12/2017

**58%** of users were delighted with their Decathlon products compared with 52% in 2016

**1.05** days taken to address a complaint in the event of a question of adverse skin reaction

**1,158** products per million were returned due to defects or user dissatisfaction compared with 1,269 in 2016

**7,800** Decathlon brand products have been tested for toxicological compliance compared with 5,941 in 2016

**83.3%** of suppliers are involved in managing chemical substances by signing Decathlon's Restricted Substances List

### 2017 SUMMARY

- We launched a new Quality project developed with our teams and adapted to local conditions.
- The design teams have greater autonomy to evaluate risks and devise action plans.
- We are stepping up chemical substance management training for our suppliers in order to better anticipate and prevent risks.



## THE NEW QUALITY PROJECT: GREATER AUTONOMY FOR MORE LOCAL RESPONSIBILITY

Decathlon teams are taking an integrated approach to ensuring quality across the company, at every stage of the value chain. While the scope of the Quality teams' work is global<sup>51</sup>, it is also adapted to local conditions to ensure the lasting satisfaction and safety of the sportspeople who use our products worldwide.

The new Quality project, which is aligned with Decathlon's Vision 2026, was launched in January 2017 and is based on the principles of subsidiarity and collaboration. It aims to increase knowledge transfer, promote responsibility sharing across our processes and support individuals as they gain greater autonomy. The Quality teams at the head office support the teams in countries where Decathlon operates, helping them take on board their specific needs.

This is possible largely thanks to a point person on the ground who ensures easy access to tools and key contacts. The goal is for each country to be responsible for creating the right conditions for their users' satisfaction and for providing locally relevant solutions.

This objective, which produced five strategic areas, resulted from brainstorming involving representatives from more than 18 countries, teammates who sit on study committees and take part in different working groups<sup>52</sup>. The objective was shared outside of the department to increase visibility and highlight its strengths and weaknesses. To ensure project success in 2017, special emphasis was placed on communication, comprehension and integration by local teams. Efforts were made to implement operational development plans, increase team skill levels and confirm that the new skills had been properly acquired. Self-evaluation is one of the tools that allows each individual to assess knowledge and skills acquisition using the means of their choice.



### ROLLING OUT THE NEW QUALITY PROJECT: TURKEY'S STORY

In 2017, after the Quality teams had carried out their reflection process, the Turkish design, production, logistics, and in-store teams received training. The first step was a complete risk assessment that provided a detailed overview of the current situation. After this diagnostic stage, an action plan was adopted and a Country Quality Leader was appointed.

In order to guarantee the initiative's success and involve local teams, the quality teams carried out regular follow-ups to ensure that skill levels were rising, teammates were learning and that the actions they were taking were sound. The Quality Leader plays an essential role, working on the ground to tailor the project to meet local needs and to suit the desires of the local teams.



**Ayhan ALGUR**, Quality Leader for Turkey

**What were the main factors that motivated you while implementing a Turkey-specific Quality project?**

To me, it was very clear that there was a need for a basic Quality organisation, and I wanted to use my potential, my experience and my motivation to meet that need. My primary motivation was a desire to create something new that hadn't existed before but that the company really needed.

**How would you describe your role as Quality Leader for Turkey?**

The work that I did in Turkey followed three basic steps:

- helping the teams improve their skill levels
- clarifying the risks of non-quality specific to the country<sup>53</sup>
- controlling these risks using quality problem-solving tools<sup>54</sup>



51. In 2017, nearly 1.2 million products sold in 39 countries.

52. Teammates from France and abroad (India, China) worked on this project.

53. Design, production, logistics and stores.

54. DPS: Decathlon Problem Solving (a methodology that aims to find the root cause of a problem in order to solve it).

**QUALITY RETURN RATES FOR DECATHLON PRODUCTS\***

\*per million products



RPM\* (returns per million) is a quality indicator for our products. An RPM that is getting worse (with more products returned over time) may be a symptom of a larger problem with design or production, or it may indicate user dissatisfaction with the product. We study changes in this indicator over time rather than its value at any given moment in order to make our analysis as useful as possible.

\*RPM = (number of units returned / units sold) \* 1,000,000

**RECOVERING DEFECTIVE PRODUCTS, ANALYSING THEM AND CONTINUOUSLY IMPROVING OUR PRODUCT QUALITY**

If a product that is available in our stores is defective or if its quality is called into question, there are several solutions that can help us protect users and get back to selling products that meet our standards as quickly as possible: RED (Returned for Defect - *Retour en Défectueux*) is an indicator we can use as part of these solutions.

It is important for users to bring or send in their defective products so that we can work on improving product quality. Some of these defective products are sent directly to our design teams for analysis: by being proactive, our teams can make a well-informed decision about what corrective actions need to be taken (taking a product off the shelves, making repairs, returning products to the supplier, destroying or recalling products if there are quality or safety issues).

Returned products actually provide valuable information about why a product's quality was insufficient so that we can continuously improve product quality in general.

**43,673 products** returned for in-store quality analysis to the Decathlon brand departments

**DECATHLON IS COMMITTED TO STANDARDISING ONLINE CONSUMER REVIEWS**

Since 2013, there has been a French standard in place for online consumer reviews<sup>55</sup>. To comply with this standard's requirements, Decathlon launched<sup>56</sup> a country-wide standardisation process in cooperation with AFNOR to actively improve practices on the ground.

To go even further and share the requirements born of our experience, Decathlon also became involved with the international standards commission and was named Chair of the International Online Reputation Committee<sup>57</sup>.

In 2017 the final touches were put on this ISO standard. A decree dated 5 October 2017<sup>58</sup> was published in France. It will go into force on 1 January 2018, providing a framework for online consumer reviews.

55. ISO standard 20488.

56. The vice presidency of the AFNOR "Sports, Leisure and Consumer Goods" Strategic Committee has been held by Stéphane Jock (Legal Counsel at Decathlon) since January 2015.

57. ISO/TC 290 overseen by Laurent Petit (Marketing & Communications Director, China).

58. Implementation decree for the Law for a Digital Republic (decree no. 2017-1436 on information requirements for online consumer reviews).

The French standard and the future international standard are voluntary: it remains to be seen if both standards will be maintained, or if the international standard will supersede the French one. The five-yearly revision of the international standard is another opportunity for Decathlon to maintain a presence on the ISO Committee and to continue to propose improvements for consumer review collection and tracking practices.



“  
  
 Nicolas MARCQ, ISO/TC 290 Committee Secretary

**What is your view on Decathlon's commitment to standardise consumer review practices?**

Decathlon has pioneered consumer review tracking and analysis and is one of the first large companies to have created an international consumer review handling system that focuses on reliability. Decathlon has been an engaged and active participant in this standardisation initiative since the beginning. They have served as Committee Chair and oversaw the International Technical Committee that is about to publish a new standard, ISO 20488 "Online consumer reviews – Principles and requirements for their collection, moderation and publication".

**How would you characterise this collaboration and what work remains to be done by Decathlon?**

The Chair of the International Technical Committee, Laurent Petit, has managed to coordinate and create an effective roadmap among the international key players of online reviews. This is no small feat, since the great diversity of the entities involved made the project very complex. ISO 20488 is a big first step, but it should be followed by other standardisation initiatives, focusing firstly on online reputation.

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## SUPPLIERS: KEY ACTORS IN OUR CHEMICAL RISK MANAGEMENT STRATEGY

At Decathlon a six-person team dedicated to chemical risk management leads the way on this topic across all divisions. It provides tools and training courses and is in charge of determining substances that pose a risk, how often controls are carried out, testing methods and tolerance thresholds.

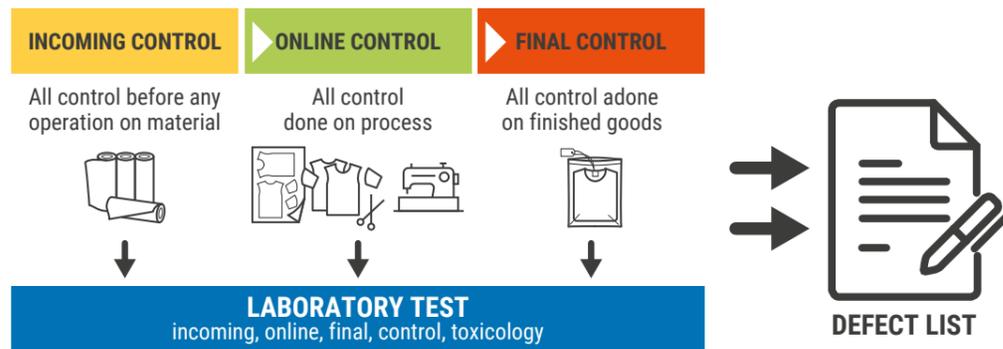
With the creation of training sessions for suppliers to help them better anticipate risks and adopt a prevention mindset, 2017 marked a turning point. Similar to the Quality project, the goal here is to make suppliers more independent by raising their chemical risk management skill levels. Chemical substance management will improve further when our suppliers become more demanding of their own suppliers. This new operational model helps to ensure that information about chemical substances is shared throughout the supply chain.

An internal network of trainers in our main production areas helps to support suppliers as they come into compliance with our requirements.

In 2017, we focused on finalising various tools (training materials, progress roadmap, supplementary documents) and sharing best practices with our other production areas.

### CHEMICAL TESTS MADE AT DIFFERENT STAGES, AMONG SUPPLIERS, ON BASIC MATERIALS AND CHEMICAL PRODUCTS

#### CONTROL PLAN & supplier defective rates



## “TOXI DAYS” PROVIDE TRAINING FOR COUNTRY REPRESENTATIVES

“Toxi Days” are support sessions designed to help our point people improve their knowledge of toxicology so they can identify and remedy instances of non-compliance in their areas of responsibility. In each country, these point people (who devote between 10% and 20% of their professional hours to this role) work as part of the production teams and implement the approach in the field and with suppliers.

Two sessions were held in 2017 (one in France and the other in China). In addition, 12 point people learned how to train suppliers during “Toxi Day” events.

In 2017, teammates from Decathlon’s Customer Relations Centres (CRC) who handle user relations in matters involving chemical substances also participated in these events. Their job is to ensure the quality of customer relations in the event of a complaint<sup>59</sup> and they are trained to provide clear answers to any questions our users may have about chemical products.

Starting in January 2018, we will be sending the latest version of our chemical risk requirements (Restricted Substances List, RSL) to all of our suppliers for their signature. We set up a comprehensive regulatory watch throughout the year with a focus on new substances of concern and new regulatory updates.

59. Since 2014, a specific procedure has been in place to address complaints and provide users with satisfactory solutions.



**Jones CHEN,**  
Quality Production  
Leader (QPL) for the  
Weaving Process

“This professional training course gave us a good roadmap, a clear evaluation and a standard we can trust. I learned that Quality Production Leaders and suppliers need to work together to improve processes. The most important thing is having a clear standard that helps us determine whether our actions are relevant and effective.”

## PRIORITY RISK SUBSTANCES

### PFCs<sup>60</sup> are not a thing of the past:

The European Chemicals Agency has listed PFCs as substances of “very high concern”. Our teams working on textiles, heavy stitching and footwear processes have made considerable progress in developing PFC-free solutions. Moreover, the mountain sport division<sup>61</sup> has reaffirmed its 2016 commitment to eliminate PFCs from its textile products by 2020.

### Benzyl benzoate:

Benzyl benzoate, which may be used to manufacture textiles, is suspected of causing adverse skin reactions. This substance has been part of our inspection plan since 2017 and we test for it during quality inspections of all textile products.

If it is detected in our textiles, we notify the supplier directly and take the necessary steps to protect our users’ health (product recall, substitution with another agent, destruction of inventory).

### A broad review of sensitising and irritating substances:

Allergies are increasingly common today. While there are extensive regulations for CMR (carcinogenic, mutagenic, and reprotoxic) substances, this is not the case for allergenic substances. In order to better protect our users, we have studied several allergenic substances, such as isothiazolinones for example, that will be included in our next version of the RSL<sup>62</sup>.

Today, more than 5% of people are sensitive to isothiazolinones. These substances are recognised as being highly allergenic, meaning that when they come into prolonged contact with the skin they may cause cutaneous allergic reactions. These substances are not regulated in all consumer goods, but we put them on our RSL in 2018 so that we could monitor their presence in our textile and leather products.



60. Perfluorinated compounds (PFCs): chemical compounds used for waterproofing textiles.

61. The Quechua, Wedze and Simond brands are part of this division.

62. Restricted Substances List.

# RESPONSIBILITY IN PRODUCTION



**88%** of our suppliers are rated A, B, or C using our social evaluation criteria, at the end of 2017

**115** production sites underwent environmental management assessment in 2017

**1,090** rank 1 suppliers (suppliers of finished products and components with whom we have direct contractual relations)

**314** rank 2 suppliers (suppliers to our rank 1 suppliers, who have no contractual relations with Decathlon)

## MAINTAINING LONG-TERM RELATIONSHIPS

Decathlon entrusts the production of its sports articles to a panel of suppliers organised by industrial process. Our local production teams, operating from Decathlon's production offices and organised in a similar way, are in charge of day-to-day supplier relationships. Together with our suppliers, we share a desire to deliver the best possible value for money by working closely together using a common framework:

- Relationships built on mutual respect
- People development through empowerment, trust, training and a management style focused on creating a pleasant working environment
- Compliance with our standards and any legislation in force relating to labour law
- Achieving the highest levels of quality
- Raising price competitiveness by continuously making improvements to work efficiency
- Building a reliable, dynamic supply chain
- Using interconnected information systems
- Protecting the environment

The very broad diversity of our product categories (textiles, footwear, heavy stitching, metal and plastic equipment, electronics, etc.) and the large number of associated manufacturing processes means that our supply chain is extremely complex.

By 2023, we hope to address this complexity by sourcing 80% of our products from 100 partner suppliers. We already had 35 by the end of 2017.



### DECATHLON SUB-CONTRACTING IN FIGURES\*

\*as of 31/12/2017

**1,943** production teammates working with suppliers on a daily basis

**35** partner suppliers, 13 partnerships in progress

**9** years average length of service for top 100 suppliers in terms of volumes purchased

### 2017 SUMMARY

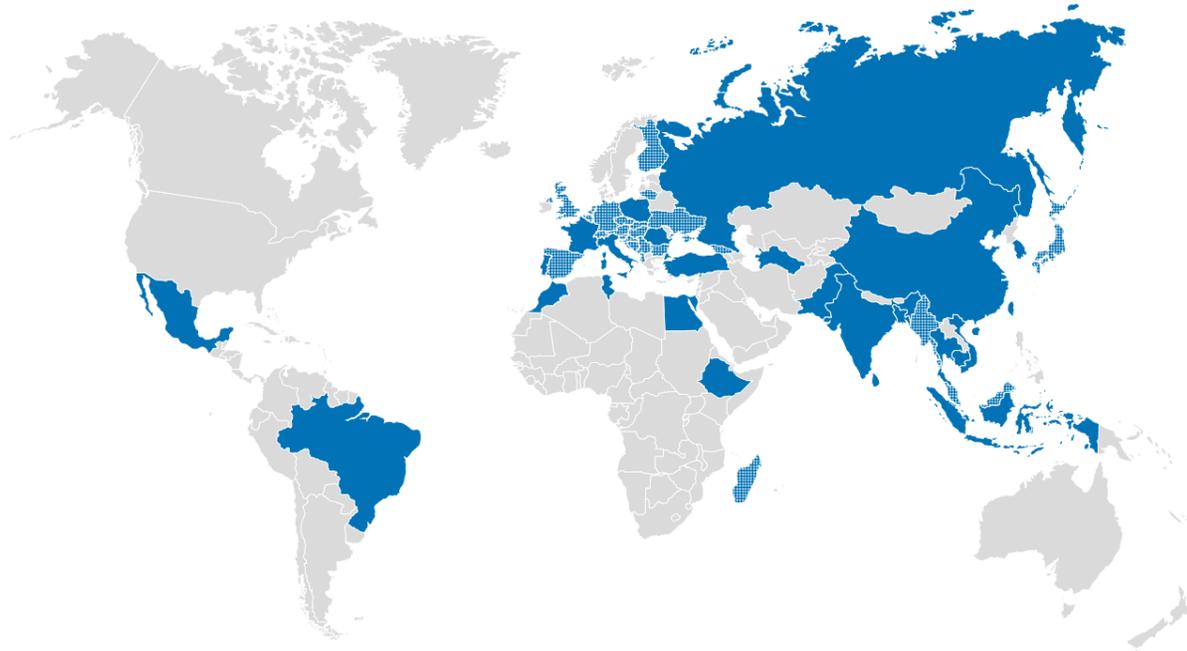
- We're further pursuing our industrial partnership strategy, for example by opening new ambassies on our partner premises<sup>63</sup> to work with our partners.
- We organise the World Partner Forum, a major event that brings together all of our suppliers and partners.
- We're opening new production offices in Poland, Ethiopia and Pakistan.



63. Embassy : our teams work directly in the partner office.

## MAP OF PRODUCTION COUNTRIES

Decathlon has 43 production offices in 25 countries and works with suppliers in another 24 countries. Teammates may coordinate production in the country where they are located or in that country and several neighbouring countries as well.



### COUNTRIES WITH A DECATHLON PRODUCTION OFFICE

**AFRICA** : Egypt, Ethiopia, Morocco, Tunisia. **AMERICAS** : Brazil, Mexico. **NORTH ASIA** : China, Taiwan, South Korea. **SOUTHEAST ASIA** : Cambodia, Indonesia, Singapore, Thailand, Vietnam. **SOUTHWEST ASIA** : Bangladesh, India, Pakistan, Sri Lanka. **EUROPE** : France, Italy, Poland, Portugal, Romania, Turkey. **CIS (Commonwealth of Independent States)** : Russia.

### COUNTRIES WITHOUT A DECATHLON PRODUCTION OFFICE

**AFRICA** : Madagascar. **NORTH ASIA** : Japan. **SOUTHEAST ASIA** : Malaysia, Myanmar. **EUROPE** : Albania, Austria, Belgium, Bosnia, Bulgaria, Croatia, Czech Republic, Finland, Georgia, Germany, Hungary, Lithuania, Netherlands, Serbia, Slovakia, Slovenia, Spain, Switzerland, Ukraine, United Kingdom.

#### FOCUS

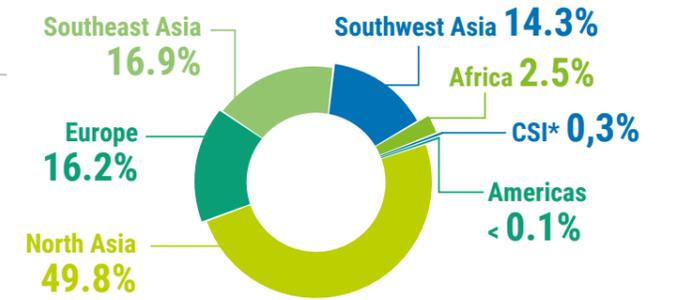
### Production Team member: a key role

Production teams forge relationships with suppliers on a daily basis working in areas such as quality, supply, industrialisation, sustainable development and continuous improvement.

Because they are in close touch with our suppliers, our production teams are responsible for maintaining the kind of collaborative, transparent relationship we want with all of our suppliers.

## BREAKDOWN OF VOLUMES PURCHASED BY DECATHLON BY PRODUCTION AREA\*

\*from 1/01/17 to 31/12/2017



\*CSI : Commonwealth of Independent States

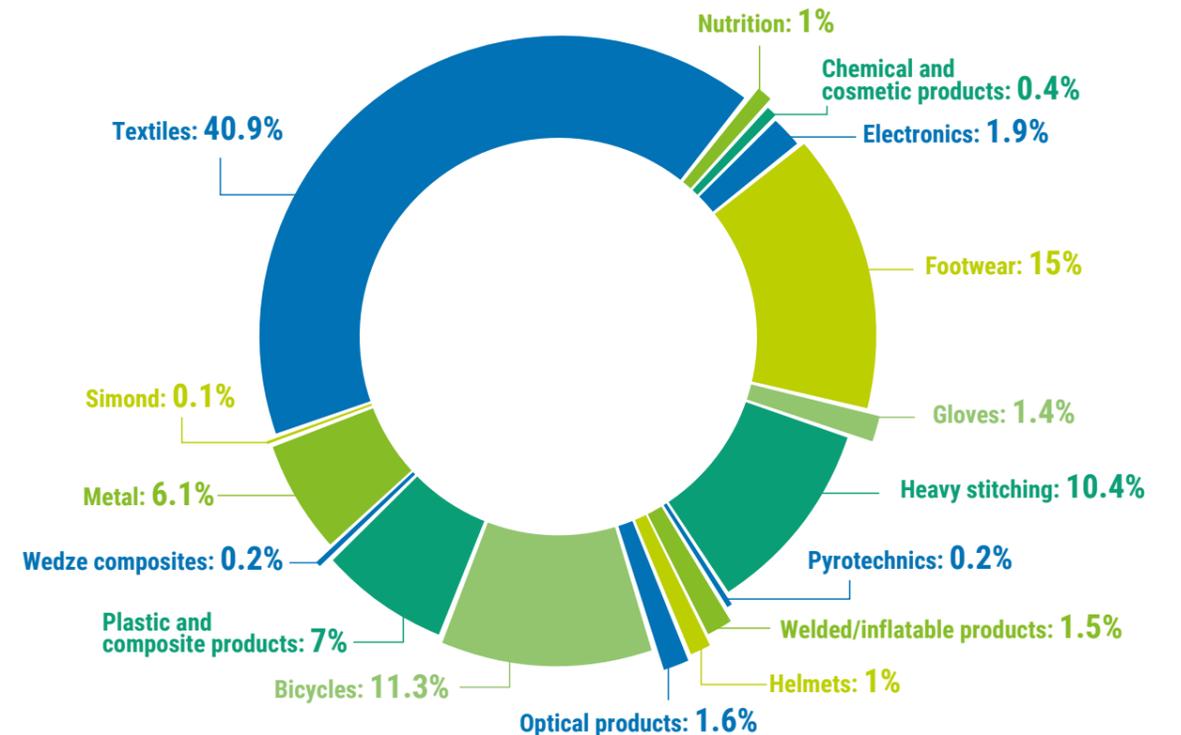
## DECATHLON: A WIDE ARRAY OF PRODUCTS, INDUSTRIAL PROCESSES AND COUNTRIES

We sell thousands of articles meant for use in a wide array of different sports. These products have multiple components and they are manufactured using multiple industrial processes. This means that we need suppliers who can not only manufacture products to our specifications, but who also meet our corporate responsibility and environmental requirements.

We distribute everything from tennis socks to metal golf clubs and electronic fitness trackers. The wide range of industrial processes and partners that are a part of our value chain creates a level of risk that we must identify, anticipate and control.

## BREAKDOWN OF VOLUMES PURCHASED BY DECATHLON BY PRODUCTION PROCESSES\*

\*from 1/01/17 to 31/12/2017



## ORGANISATION OF THE SUPPLY CHAIN FOR DECATHLON PRODUCTS

Our purchasing strategies have prompted us to create and coordinate a panel of suppliers with three categories:

- Our own production sites
- Our partner suppliers
- Our suppliers

### Continuously improving production methods in our own factories:

Decathlon has 10 production plants where it manufactures some of its articles. The goal for these wholly-owned sites is to adapt our production methods and gradually develop industrial best practices (human resources management, continuous improvement working methods, organising flows, etc.). Along with our partners, these plants help create the Decathlon Manufacturing Way (DMW), which aims to develop an industrial standard to guide our teammates and industrial partners towards operational excellence. Our own sites are subject to the same requirements as our other suppliers.

### Building long-term trust-based relationships with our partner suppliers:

The challenges facing the world today call for collaboration and transparency among people and organisations that share the same goals and vision.

"Decathlon partners are industrial entrepreneurs who share our vision, values and purpose. Their vision manifests as an industrial project in a region where we have long-term ambitions. When we work closely with these partners and build up trust, it motivates them to give us preferential and competitive advantages with an end goal of complete exclusivity.

Their sense of responsibility and drive to achieve continuous improvement, deeply anchored in their corporate culture, produce operational excellence with maximum independence. We include such partners in our in-house efforts and delegate a number of decisions regarding our users and customers," explained Lionel Dias, Purchasing Department Process Organisation Leader and Olivier Desbats, Process Organisation Manager.

### PART OF QUANTITIES OF PRODUCTS MADE BY OUR INDUSTRIAL PARTNERS



In 2017, our 35 partners were not all at the same point in fulfilling these criteria, but our progress is encouraging:

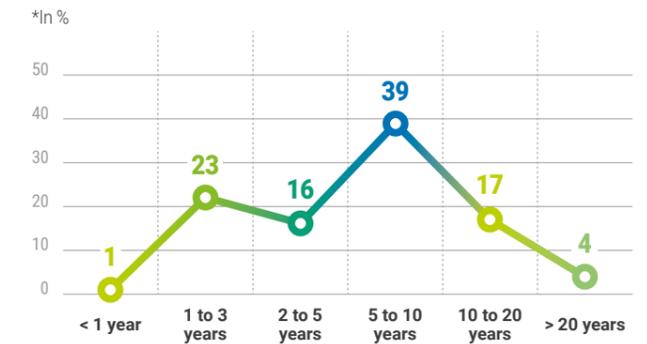
- More and more supplier projects are defined jointly;
- Human resources management has improved, individual and collective skill levels have gone up both for our teams and for our partners;
- Development time has been reduced, costs have improved, prices have gone down, supply chains are more reliable and reactive, etc.;
- Our relationships with suppliers are increasingly transparent and based on sharing, with healthy reciprocal demands.

As a result, an ever-growing portion of our overall purchases go through our partner suppliers. By 2023, we hope to source 80% of our products from 100 partner suppliers.

### Our suppliers: collaboration with high standards and performance.

These are suppliers who meet our requirements but with whom we do not pursue a strategy of exclusivity. We maintain relationships with them over several years based on continued trust and performance.

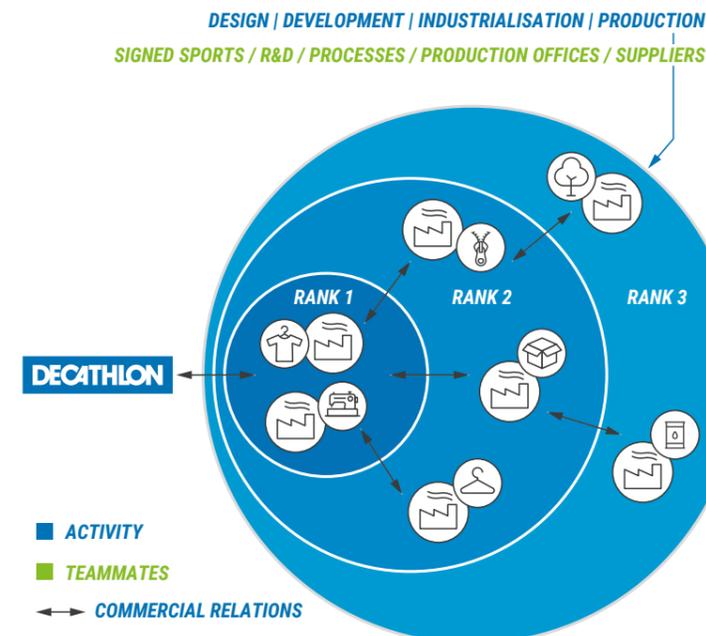
### AVERAGE LENGTH OF SERVICE FOR SUPPLIERS ON OUR PANEL



At the same time, we pursue our local production development strategy with our suppliers so that we can better react to local market demand and reduce transport costs and environmental impacts. Our supplier panel and our distribution of volume follow total cost principles (also called TeCO: Total Environmental Cost of Ownership). The combination of these two strategies (local production and TeCO principles) allows us to build a supplier base that addresses our company's global and local challenges.

- Made In Brazil for Brazilian Retail: Not Available<sup>64</sup>
- Made In China for Chinese Retail: 93%
- Made In Europe for European Retail: 20%
- Made In Russia for Russian Retail: 10%
- Made In India for Indian Retail: 45%

With the goal of designing and being proficient in the manufacture of increasingly satisfying sports equipment, Decathlon works not only with our suppliers (rank 1) but also with our suppliers' suppliers (rank 2).



### For Decathlon:

A Rank 1 supplier is one that has a contractual agreement with a Decathlon group company 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 that company.

A Rank 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 Decathlon group reserves the right to participate in the selection or approval of a rank 2 supplier while not intervening in the commercial and legal relationship between the rank 1 and rank 2 suppliers.

64. N/A: Purchases made by Brazil for Brazil are no longer entered directly into our information system. It was therefore not possible to include the 2017 data.

## NEW LEGISLATION IN FRANCE PROVIDES AN OPPORTUNITY TO INTEGRATE CORRUPTION PREVENTION AT THE HIGHEST LEVELS OF OUR COMPANY

In December 2016, the French government passed a law addressing transparency, anti-corruption and economic modernisation, known as the Sapin II Law. This new legal anti-corruption framework is modelled on systems that have existed in the United States (FCPA<sup>65</sup>) since 1977 and in the United Kingdom (UKBA<sup>66</sup>) since 2010. Decathlon must implement eight corruption detection and prevention measures starting on 1 June 2017.

These measures include an obligation for Decathlon to map out corruption risks, to train and inform teammates about corruption issues and to create an alert system for company employees to report corruption.

For several years, Decathlon has been committed to addressing risks across all its activities. In 2016, at the time when the French Parliament was debating on the subject, we began to consolidate and expand our risk mapping and risk management strategies. We need to address the challenges of being a multi-national company with many different business lines.

A team is focusing on this issue. We believe that incorporating prevention and the fight against corruption at the highest levels of the company represents an opportunity to develop internal governance best practices and to strengthen our culture of risk detection and prevention.



## THE FIGHT AGAINST UNDECLARED OUTSOURCING

Undeclared outsourcing by our suppliers is difficult to detect. Despite our formal opposition to this practice, as signified by a contractual clause that all suppliers sign, and even though our teams make frequent site visits, some suppliers could still turn to outside companies to help manufacture our products without our prior consent. To fight against this phenomenon, we have trained our teams to be able to determine a supplier's precise capacity at different stages of product development and during batch production. The number of products delivered is regularly checked against actual capacity to minimise these risks.

## CELEBRATING LONG-TERM PARTNERSHIPS AT THE "WORLD PARTNER FORUM"

In October 2017, the "World Partner Forum" was held for the third time at the Kipstadium in Tourcoing, France.

The purpose of this event is to promote transparency, alignment, and exchange to help us build solid and lasting relationships with our partner suppliers, improving our joint performance.

Thirty-five partner suppliers and 13 future partners from 12 countries were in attendance. They discussed topics such as hyper-growth, industry 4.0 and best practices.

We were also able to present our Sustainable Development strategy and talk about the key role that suppliers play in its success.



**Lionel Dias**  
Purchasing Department  
Process Organisation Leader

“These are genuine human relationships, based on trust, and we want to make them last. We took this opportunity to thank our partners and confirm our wish to work with them even more intensively in the years to come.”

65. FCPA: Foreign Corrupt Practices Act <https://www.justice.gov/sites/default/files/criminal-fraud/legacy/2012/11/14/fcpa-english.pdf>  
66. UKBA: United Kingdom Bribery Act, <https://www.legislation.gov.uk/ukpga/2010/23/contents>

## PUTTING PEOPLE FIRST

Forced labour and child labour continue to be an international concern. According to the International Labour Organisation (ILO), in 2016, there were 40.3 million victims of modern slavery around the world<sup>67</sup> with 152 million children forced to work, almost half of them between the ages of 5 and 11.

The UN's 17 Sustainable Development Goals, part of its roadmap for significantly changing the world by 2030, include Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

Decathlon products are manufactured in more than 49 countries with widely varying national standards and regulations on health and safety, labour law and environmental impact, and where the issues identified by intergovernmental organisations (ILO, OECD<sup>68</sup>, etc.) are addressed at different speeds. In light of this context, our responsibility, regardless of where manufacturing takes place, is to ensure that working conditions comply with regulations and with our own requirements in the following areas:

- Human Rights: child labour, modern slavery and forced labour, freedom of association, discrimination, etc.
- Health and safety: decent pay, management environment, building safety, etc.
- Chemical substances
- Respect for the environment
- Responsible materials
- Corruption
- Management and communication

These categories have been part of our Social Charter<sup>69</sup> since 2003 and they are regularly monitored<sup>70</sup>. In 2017, 69% of our rank 1 suppliers had brought human-related risks to an acceptable level<sup>71</sup>, and our goal is to reach 80% by 2019.



### HUMAN RESPONSIBILITY IN PRODUCTION IN FIGURES\*

\*as of 31/12/2017

**69%** of rank 1 production sites rated A, B, or C according to our assessment criteria

**49%** of rank 2 production sites rated A, B, or C according to our assessment criteria

**25** SD in Production Managers handle most of these assessments, with support from 37 delegated evaluators

**66%** of assessments handled by Decathlon teams out of a total of 1,018 assessments conducted

**57%** of teammates working in production acquired Sustainable Development in Production skills

67. <http://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>

68. OECD: Organisation for Economic Co-operation and Development.

69. Social Charter based on the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organisation and social responsibility standard SA 8000.

70. See our 2015 Sustainability Report (pp. 106-112) to learn more about our assessment methods, frequency of inspections and measures in the event of non-compliance.

71. At least a C rating in our scale.

## 2017 SUMMARY

- We are expanding the requirements of our Code of Conduct, especially those related to environmental and societal issues.
- We are seizing the opportunity presented by the Corporate Duty of Vigilance Law, which identifies social and environmental risks associated with our activities and those of our sub-contractors and suppliers, allowing us to consolidate our risk management practices.
- We are strengthening our SD in Production Management Team to better implement our strategy to improve conditions as part of trust-based partnerships.



## INCORPORATING NEW ISSUES INTO OUR HUMAN RESPONSIBILITY IN PRODUCTION APPROACH

Human Responsibility in Production got its start at Decathlon in 2003 when the first Social Charter was adopted. Since then, the social and environmental issues associated with our supply chain have changed significantly and several major international events have gradually caused a shift in the wider context.

- The California Transparency in Supply Chains Act was passed in the United States in 2010<sup>72</sup>
- The United Nations published its "Guiding Principles on Business and Human Rights" in 2011<sup>73</sup>
- The OECD published its "Responsible Business Conduct" Guidelines in 2011<sup>74</sup>
- The Rana Plaza factory collapse in Bangladesh in April 2013
- The "UK Modern Slavery Act" was passed in the United Kingdom in 2015<sup>75</sup>
- The "Duty of Vigilance of Parent Companies and Instructing Companies" law was passed in France in 2017

In light of all of these changes, Decathlon reviewed its own supplier requirements and issued a completely revised and expanded Code of Conduct<sup>76</sup> to take on board new environmental and societal issues.

All of the suppliers who help to manufacture Decathlon brand products are contractually bound to follow our Code of Conduct. They have committed to follow the standards and principles we set forth.

Our teams had several objectives in mind when updating the Code of Conduct:

- Realigning our requirements with "soft law"<sup>77</sup> guidelines
- Incorporating new issues in the Code of Conduct
- Strengthening the commitment to work on topics such as forced labour, freedom of association, wages and human resources management

To apply the new Code of Conduct, it was necessary to update the relevant audit criteria and clarifying the scope of audits. For example, the audit will now cover not only production sites, but also dormitories and transport provided by suppliers.

We also made changes to the format and structure of audit criteria to make it easier for suppliers to take them on board and use them for a practical internal management and monitoring tool.

We used participatory methodologies throughout 2017 while these changes were underway, relying on both external benchmarks and consultations with internal stakeholders: the network of SD in Production Managers, dedicated auditor teammates and the production teams.

With this collaborative approach, the goal was to involve local operational teams, increase their skills and grant them greater autonomy.

After testing under real-life conditions for three months, the new audit criteria have been in force since September 2017.

72. <https://oag.ca.gov/SB657>

73. [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

74. <https://www.oecd.org/corporate/mne/48004323.pdf>

75. <http://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>

76. Download the Decathlon Code of Conduct for Suppliers here: <http://developpement-durable.decathlon.com/?ymm-file=1668>

77. "Soft Law" refers to rules that are not strictly binding.

## DUTY OF VIGILANCE: USING THE REGULATORY FRAMEWORK TO IMPROVE INTERNAL MANAGEMENT

With the new laws on anti-corruption, on the publication of extra-financial performance declarations and on the new corporate duty of vigilance<sup>78</sup>, the regulatory environment in France is changing.

The aim of the duty of vigilance law, which applies to so-called instructing companies, is to make respect for human rights and environmental protection central concerns for multi-national companies.

Under this law, Decathlon must devise and implement a vigilance plan to prevent social and environmental risks associated with its activities and those of its sub-contractors and suppliers.

Although Decathlon has had a responsible purchasing approach in place since the early 2000s, this new regulation has led us to review our risk mapping, preventative measures and risk protections.

Taking as our base the terms of the various laws, standards, and international frameworks that apply to our activity, Decathlon wishes to go beyond these requirements and leverage them to create a new internal management tool.

Internationally, applying duty of vigilance laws to the supply chain marks a major shift, with an increase in many binding national regulations and standards currently in force or on the horizon. For Decathlon this is not a regulatory obligation but an opportunity to take responsibility and continuously improve our practices.

We have voluntarily chosen to begin with our supply chain before expanding our review subsequently to our other activities.



## HELPING TO STANDARDISE METHODOLOGIES

Since 2014, Decathlon has been a member of the Advisory Committee that is writing an OECD guide on due diligence for textile and footwear supply chains. This guide was published in January 2017 with the title "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector"<sup>79</sup>.

## REGULAR MEETINGS BETWEEN OUR TEAMS AND OUR SUPPLIERS

Our teams visit our suppliers' premises regularly:

- On a daily basis: because they regularly visit our suppliers' sites, our production teams can detect any situations that pose a risk and create an action plan with the supplier.
- During assessments: 25 Sustainable Development in Production Managers conduct most evaluations. These 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 37 teammates (who are involved in industrial production and who have received special training<sup>80</sup>) have volunteered to become involved with this initiative.

In 2017, 66% of assessments were carried out by our internal teams<sup>81</sup>. The remaining assessments were carried out by an external firm<sup>82</sup> using the same criteria. The Decathlon teams and the external teams meet regularly to ensure compliance with our requirements met.

78. <https://www.legifrance.gouv.fr/eli/loi/2017/3/27/2017-399/jo/texte>

79. <http://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm>

80. Internal HRP trainers have successfully completed the SA 8000 standard and the associated assessment techniques training courses.

81. Representing 672 evaluations as of 31/12/17

82. SGS.

## HOW OUR SUPPLIERS PERFORMED

Among the rank 1 production sites involved in our programme, 69% had A, B or C performance ratings (1% more than in 2016) as did 49% of our rank 2 production sites (no change from 2016). In total, 1,018 assessments were carried out in 2017.

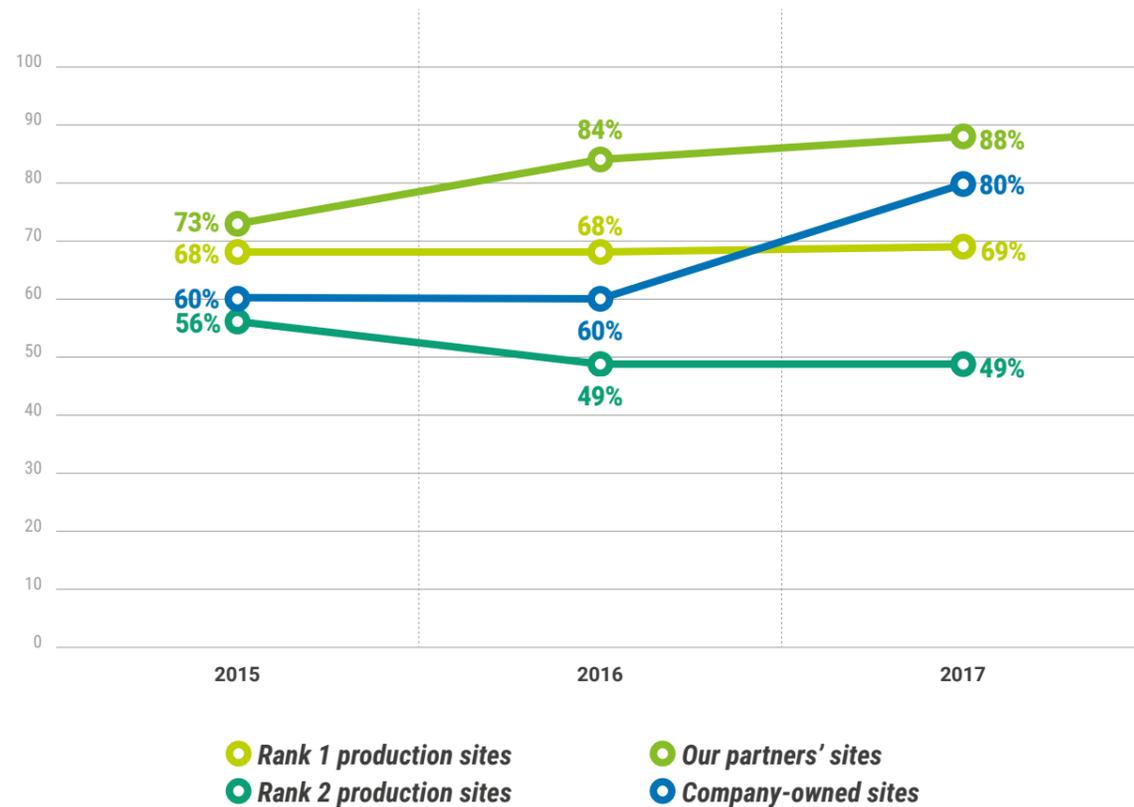
Our suppliers' performance levels rose slightly, and we are aiming for 80% of production sites with A, B or C ratings by 2019. We have noticed that while some of our suppliers have improved, others have gone down in performance because the results of the improvement action plans have not had a lasting effect. We are therefore seeing the same problems in successive evaluations<sup>83</sup>.

In 2018, our process management teams will require more sustainable action plans from our suppliers and evaluator training courses will also highlight this need.



## COMPLIANCE AT PRODUCTION SITES THAT MANUFACTURE OUR PRODUCTS\*

\*In %, "A, B or C"



83. See our 2015 Sustainability Report (pp. 106-112) to learn more about our assessment methods, frequency of inspections and measures in the event of non-compliance.

## EXPERIMENTING WITH PILOT PROJECTS THAT GO BEYOND COMPLIANCE

Every country has its own regulatory framework. Sometimes, Decathlon's requirements are stricter than the local laws currently in place. In order to meet our commitments around the world, we hold regular internal training sessions at production sites that are either led by local Decathlon teams with support from the home office, or by the relevant teams themselves. These pilot initiatives allow us to experiment, explore, learn and improve our methods so that we can later share the good practices we develop and collaborate with outside stakeholders. Here are three examples taken from among many showing how teams were able to transform risks into opportunities.



### HEALTH AND SAFETY DIALOGUE IN CAMBODIA

**Makara PICH**, Sustainable Development in Production Manager for Cambodia and Leader of the Health and Safety Dialogue Pilot Project

#### What does the Health and Safety Dialogue project entail?

This pilot project was launched in 2017 to provide support for three factories in Cambodia. We also received help from SUS-A<sup>84</sup>, an organisation that specialises in social dialogue in the factory setting. Above all, our approach was based on involving both employees and managers in the information, communication and decision-making processes. Training sessions that brought together all of the different stakeholders allowed us to raise general awareness areas for improvement when it comes to health and safety. Training allows everyone to have more of a say about the actions to take. Each factory faces its own challenges that we can identify using this dialogue process and then address as part of our continuous improvement initiative.

#### What were some concrete results you saw in 2017?

There were so many! For example, the JIT Textiles Limited plant provided all of its employees with new, more comfortable personal protective equipment. The New Wide Garment plant worked to improve cleanliness and hygiene throughout the site. Employees had also been complaining about it being too hot inside the factory. A cooling system was installed to solve this problem and we encourage employees to drink plenty of water.



**Jason Hung**,  
Director of the New Wide  
Garment Co.,  
Ltd plant (Cambodia)

“After we had five training sessions throughout 2017, I observed tangible results at my plant, starting with fewer workplace accidents. People changed their behaviours and the entire staff gets involved and takes responsibility for any safety problems. They also suggest solutions proactively. This has helped improve the level of trust between site employees and managers. We've learned a lot about how to identify problems within the factory, how to understand their root causes and how to implement action plans. We're also now better prepared to identify and stop dangerous behaviours.”

84. <http://www.sus-a.com/>



## LE PROJET TOGETHER FOR SUSTAINABLE BUSINESS (TSB) INITIÉ AU BANGLADESH, TESTÉ EN INDE ET EN CHINE

Since 2014 we have participated in Impactt's "Benefits for Business and Workers"<sup>85</sup> programme, which allows us to work with supplier volunteers and their employees to co-create organisational and HR structures that involve employees in the company's vision and focus on motivation, communication and more caring management practices. We have taken the lessons we have learned from this programme to develop our own methodology, based on three goals: better supplier production efficiency, employees that are engaged, motivated and paid better, and more stable business partners for Decathlon.

The first pilot project was overseen by Rabeya Hossan, Sustainable Development in Production Manager for three suppliers: AJ Super Garments Ltd, Snowtex Outerwear Ltd, Tarasima Apparels Ltd. in Bangladesh in 2015. The goal was to understand how a more engaged human resources organisation that communicates with and motivates employees can contribute to a more lasting performance.

Since the project was launched, Rabeya has continued to work with these two suppliers who have become Decathlon partners.

In particular, she helped them take concrete action to create job description sheets, review bonus practices, improve communication with regular events and meetings that bring together employees and managers, etc. Tangible results soon followed: in all three factories, absenteeism fell to less than 2% in 14 months.

In 2017, we rolled out the project in China and India after adapting some of the motivation factors to these new contexts. When it began in India in 2017, the project's goal was to implement new human resources policies in production plants. This initiative was meant to address the problems of absenteeism and employee turnover, which can reduce productivity. Various actions were taken, including the implementation of a new policy on how leave is communicated and more in-depth exit interviews to find out why employees were leaving.

When we instituted the new dialogue system, absenteeism stabilised. Planning out worker leave helps the plant anticipate productivity spikes and employee turnover slowed after we realised that workers did not understand some policies (retirement conditions, for example).

In China, our suppliers were mostly concerned with reducing employee turnover. Our local Sustainable Development Team worked with Impactt and the Decathlon China Human Resources Team to share best practices with our partner suppliers: how to improve recruitment practices, how to onboard a new employee, how to reduce unplanned absenteeism through better communication, etc.

<sup>85</sup>. Referred to as "TSB" internally



## ANIMAL WELFARE: USING CERTIFIED NATURAL FEATHERS

**Ronan LE MOGUEN,**

Sustainable Development in Production Manager for Human Responsibility in Production

### How did the duck feather certification project get started?

Over the last few years, we've had several questions from customers about our use of feathers in our products. Some were worried about animal mistreatment, such as live plucking. We fully understand our users' desire for transparency on this topic.

We began with an assessment of our supply chain. The challenge with this particular material is how many people are involved in producing it. We had to go all the way to the hatcheries and slaughterhouses in China and Vietnam to make sure conditions respected animal welfare. I went to evaluate the situation myself, visiting farms, slaughterhouses and other links in the supply chain up through the product finishing. We already had a traceability system in place, we just needed to certify it.

### What were some of the major commitments you made in 2017?

Duck and goose down are by-products of food production. We recover these materials and use them in some of our winter jackets and sleeping bags because they are light weight and retain heat well.

As part of our Human Responsibility in Production approach, we decided we would work only with RDS (Responsible Down Standard)<sup>86</sup> certified suppliers who guarantee that their feathers and down come from ducks and geese that were raised for their meat in a cruelty-free environment. We spoke with various internal and external stakeholders (brand associations, industrial partners, NGOs) before choosing this certification.

We're now considering improving traceability for other raw materials.



Ronan, Responsable de processus opérationnel Développement Durable chez Decathlon

<http://bit.ly/OPMDéveloppementDurable>

<sup>86</sup>. <http://responsibledown.org/>

## NETWORKING AND INSPIRING ACTION

### TO STRENGTHEN OUR SUSTAINABLE DEVELOPMENT NETWORK, "OPM SD" WEEK

In July 2017, Sustainable Development in Production Managers met in China. Nearly 40 teammates from Vietnam, Taiwan, Portugal, Italy, Spain, Cambodia, Bangladesh, Africa, India, China, and France met for OPM<sup>87</sup> Sustainable Development Week.

The goal of this event was to continue to strengthen a solid and united international Sustainable Development network. The participants used this time to learn, share best practices and to discuss the difficulties they experience day to day.

These annual encounters are remarkably productive thanks to the cultural diversity of the network's members and the real-world experience and insights they provide.



### PEOPLE FIRST: AN INSPIRING EVENT FOCUSED ON HUMAN IMPACTS

One of the roles of the Sustainable Development Team is to build collective awareness so that employees can make a difference individually, at their own level. The People First event was held in 2017 to present and share information about the corporate social responsibility challenges facing the company. Nearly 150 participants discovered projects presented by speakers from within and outside the company:

- Francesca Bonelli of the United Nations High Commissioner for Refugees spoke to participants about the challenges created by migration, in particular a heightened risk of forced labour.
- The organisation BSR presented HERproject, which aims to develop the potential of women working throughout global supply chains. This might be, for example, through programmes in the workplace to promote healthcare, financial inclusion and gender equality.
- Decathlon teammates also had an opportunity to present projects with a human impact and achievements that they contributed to: sport lessons in Indian schools led by Hubli shop teammates, corporate responsibility initiatives at the Kipstadium site, etc.<sup>88</sup>



87. OPM: Operational Process Manager = Sustainable Development in Production Manager.  
88. See page 85 for more information about these initiatives.

## ROLLING OUT ENVIRONMENTAL MANAGEMENT

In 2017, we had used the equivalent of all of the natural resources the Earth can renew in a whole year by 2 August<sup>89</sup>. Overuse of our ecosystems and the emission of greenhouse for manufacturing and economic development paradoxically endangers human activity as a whole. In addition, according to a 2016 World Health Organisation report, pollution causes 3.2 to 7 million deaths<sup>90</sup> each year around the world. We need to address all the challenges related to the production of Decathlon products: the use of natural resources, industrial pollution of water, soil and air, the impact of the waste we produce and its effect on global warming and the health of local populations.



As part of our commitment to Responsibility in Production, Decathlon targets actions as close as possible to impacts, in particular by asking any suppliers who produce industrial wastewater to comply with a specific set of requirements and to respect anti-pollution measures.

Suppliers are now evaluated using environmental audit criteria (receiving an A, B or C score depending on their pollution risk) and our teammates at production sites are trained and encouraged to ensure that these requirements are met on a day-to-day basis.

### ENVIRONMENTAL MANAGEMENT IN FIGURES\*

\*as of 31/12/2017

**6** environmental management point people support the operational teams

**26.8%** of rank 1 production sites were rated A, B, or C using our assessment criteria  
12.9% of rank 2 production sites were rated A, B, or C using our assessment criteria

**294** rank 1 and rank 2 suppliers were concerned by this approach in 2017

**115** production sites underwent environmental management assessment in 2017

### 2017 SUMMARY

- We are rolling out the Greenway environmental audit project to identify our suppliers' water, soil and air pollution risks.
- We are closely monitoring suppliers who received an "E" score based on our audit criteria and we are committed to finding rapid solutions in the event of a problem.
- We are increasing the number of opportunities for production sites to exchange good practices to increase their autonomy, allow them to take responsibility and encourage them to replicate effective solutions.



89. Earth overshoot day, <https://www.overshootday.org>, calculated every year by the Global Footprint Network NGO.  
90. <http://www.who.int/mediacentre/news/releases/2016/air-pollution-estimates/>

## PROJECT GREENWAY, BRINGING OUR AMBITIONS TO LIFE

In 2017, a new initiative, entitled Greenway was launched to help prevent our suppliers' pollution risks.

This project focuses on protecting water, air and soil resources:

- **Water pollution:** Ensure that industrial wastewater respects Decathlon's standards. When local standards and our specifications differ, we respect the stricter criteria.
- **Air pollution:** Ensure that we do not emit hazardous particles into the air.
- **Soil pollution:** Ensure that hazardous waste is not leached by rain and does not damage the water tables that are used for drinking water.



Environmental audits allow us to analyse a situation we observe based on criteria developed by our in-house teams. The findings of our audits are used to assign a score to each supplier:

- A Exemplary:** Anticipation of risks
- B Effective systems:** Effective risk management
- C Consolidation:** Risk management system under construction
- D Basic:** Risk of pollution within six months
- E Unacceptable:** Confirmed pollution posing a genuine danger to the health of local residents

When the results of an evaluation do not meet our requirements ("E" score), the supplier is given six months to identify and correct the problem, with support from our on-site teams. We will not begin a new commercial relationship with any non-compliant suppliers.

In 2017, we made a priority of supporting suppliers who received an "E" score so that they could move quickly up to a "D" and then gradually improve their risk management systems. To this end we approved six trainers internally to work in China, India, Vietnam, Bangladesh, Africa and Europe to help suppliers improve environmental management conditions at their sites.

Deciding to outsource environmental management audits to SGS Consulting helped make this possible, allowing us to roll out this strategy faster and increase our supplier evaluation capacity sevenfold. Our collaboration with SGS Consulting meant our teams could focus on supporting audited suppliers as they developed action plans.

Ultimately we plan to have in-house teams perform these environmental audits.

### FOCUS Special "Wastewater" specifications provide a tool to guide treatment practices

Our specifications cover most water pollution-monitoring criteria. They are based on the international wastewater discharge quality standards established by the World Bank<sup>97</sup> and the Zero Discharge of Hazardous Chemicals programme, whose work serves as a reference for some hazardous substances<sup>98</sup>.

97. <http://www.worldbank.org/en/topic/water>  
98. <http://www.roadmaptozero.com/>

### FOCUS Local populations and the environment

We concentrate the bulk of our efforts on factories that use industrial processes whose potential risk of water, soil and air pollution is high because they use large quantities of water, chemicals and energy for processes such as dyeing, leather tanning, textile printing, surface treatments and metal paint processes.

Industrial wastewater volumes are a meaningful risk indicator, because the more water a plant uses, the more it generally uses chemicals and heat. In order to prioritise our actions, we set a threshold above which an audit becomes mandatory for suppliers who use these risk-related industrial processes: more than 50 m<sup>3</sup> of industrial wastewater needing treatment per day. We have identified about 300 suppliers for whom this is the case.

## HELPING OUR SUPPLIERS REDUCE THEIR CO<sub>2</sub> EMISSIONS

We are now getting our suppliers involved in our goal of stabilising greenhouse gas emissions by 2021. In 2017, we began an initial review and provided our partners with our Resource Advisor environmental impact calculator so that they could assess their CO<sub>2</sub> footprint.

Our priority for 2018 is helping our 35 partner suppliers improve their practices, especially our 18 partners in China. To make progress in reducing CO<sub>2</sub> emissions at production sites, our approach begins with training sessions so that suppliers will be able to measure their carbon footprint independently. We will then help them implement emissions reduction action plans with a focus on energy efficiency.



Mamun Talukder RAJIB, SD in Production Manager for Bangladesh

### SHARING GOOD PRACTICES: SENSIBLE ADVICE THAT WORKS

#### As a trainer, what do you do to support our suppliers who use dyeing processes?

In Bangladesh, we currently have 58 active suppliers (both rank 1 and rank 2). Eighteen of them underwent environmental audits in 2017.

Since this initiative began, we have explained to our suppliers the reasons for our actions – this is a priority for us.

The "wastewater colour" parameter did pose a problem because Decathlon's requirements are much stricter than local regulations.

Even so, some of my suppliers had already set up very good wastewater treatment systems. We decided to try and copy good practices that had paid off elsewhere. We looked to factories with solid results in pollution prevention and reduction, and we applied their good practices to other factories. First we carry out a feasibility study, then we work closely with plant managers.

#### To what degree have these factories reduced their environmental impact?

In 2017, we identified four instances of suppliers who failed to comply with our requirements.

By working together, we were able to take immediate corrective actions, such as adding a chemical decolouration step to the wastewater treatment system.

Long-term measures were also put into place and these have begun to make a difference by reducing operating costs and increasing efficiency. Factories that comply with Decathlon's standards are better able to anticipate future local legislation, which will be stricter. They are more sustainable.



# STORES AND TRANSPORT



Decathlon store - Taiwan

**19%** of company-owned premises worldwide are eco-certified

**127.2 kWh/m<sup>2</sup>** consumed by stores on average, -8.8% compared with 2016

## ECO-DEVELOPING OUR GLOBAL NETWORK

Making our products accessible for everyone is an important part of our growth strategy. To ensure that all users will be able to access the sporting equipment they need, we are improving our infrastructure development across the world.

That is why we are exacting when it comes to store locations, scrutinising the catchment area and the physical accessibility of the site (public transport, cycling lanes, etc.). We know that constructing new buildings has an impact on the surrounding environment. We think about how to preserve the local environment and, whenever possible, we aim to increase the use of renewable energy at our sites.

At the same time, we encourage the use of digital technology to make it easier for people to access our products. We are also studying the consequences of this aspect of our business development and measuring the environmental impact of the increased use of computing equipment in connection with our expansion.



Decathlon store - Niort (France)

### ECO-DEVELOPMENT IN FIGURES\*

\*as of 31/12/2017

**1,352** stores across the world, **185 more than in 2016**  
10 openings in new countries in 2017

**78** sites certified for their environmental performance worldwide, compared with 64 sites in 2016

**4,928 MWh** of renewable energy produced in 2017

**6.5%** of our commercial activity takes place online

### 2017 SUMMARY

- We increased our purchases of green energy across all our sites in France (stores, warehouses, branded sites, etc.). Sites produced renewable energy for their own use in four countries: Italy, Spain, Belgium and the Netherlands.
- We promoted eco-construction approaches to protect local environments.
- We analysed the impact of our increasing use of digital technology.



Decathlon store - Avignon, Le Pontet (France)

## RENEWABLE ENERGY INITIATIVES AND EDUCATION



Mountain Store - Marque à Sallanches (France)

Throughout the world, we promote efforts to use eco-building methods for the stores we own. Decathlon currently recognises four certifications: LEED, DGNB, HQE<sup>93</sup> and BREEAM. All our company-owned stores in France are certified and in Italy 100% of new stores have been LEED-certified since 2012. For stores where we are tenants, we have a policy in place to manage our consumption of energy and use of resources: we have now equipped every store in France with LED lighting and centralised building management systems that regulate temperatures and equipment operating times<sup>94</sup>. We regularly provide training on this policy to our teams and have an environmental handbook available in every store.

We are aware of the impact our activities can have and in 2017 we decided to switch to purchase green energy in France, the United Kingdom and Italy, despite the higher price tag. Our energy consumption is covered by certificates guaranteeing the origin of the energy and attesting to the fact that our supplier has the renewable energy production capacity (wind, hydro, solar, etc.) to meet our needs.

To further contribute to this approach and to pivot to local energy sources, two solar power systems have been installed at our stores in Le Pontet (Haute-Garonne) and Toulon (Var), which produce more than enough power for the stores (lighting, heating, air conditioning needs, etc.).

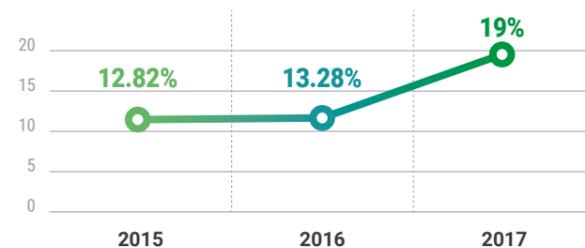
Worldwide, we are choosing the best energy options for our new stores, based on their geographic location and local regulations.

We are committed to maintaining this approach to renewable energy over the long term, and we have created a position to oversee it.

**Our goal is to consume 80 kWh/m<sup>2</sup>/year on average to operate our stores in 2019.**

### CHANGE IN THE CERTIFIED SURFACE OF OUR COMPANY-OWNED SITES WORLDWIDE

In % of m<sup>2</sup>



93. HQE (Haute Qualité Environnementale standard) is from France, BREEAM is a method developed in the United Kingdom, DGNB is the German standard and LEED is the North American system.

94. The "Essentials" stores are the only ones that are not equipped with centralised building management systems.

## OUR SAINT-MALO STORE: EXPERIMENTING WITH ECO-DESIGNED STORES

The Saint-Malo store in France is a model for how Decathlon would like to manage all our stores. The store has crafted a comprehensive corporate social responsibility policy covering every aspect of its operations, not just the building itself.

Preserving biodiversity is addressed with a habitat for bees: a biodiverse garden maze with nectar-producing species was created so that hives could be installed, increasing the amount of pollination activity for the local environment. The store has also addressed water issues, putting a rainwater recovery system in place and making changes to the car park to improve ground permeability.

All these initiatives are shared with the community through eco-walks led by the store for sports users and regular educational presentations in local schools.

Eco-hikes are also organised, where participants from community organisations and local schools pick up trash along the trails.



Decathlon store - Saint-Malo (France)

## GREEN IT: DESIGNING A SUSTAINABLE DIGITAL TRANSFORMATION

In 2017 we decided to calculate the impact our IT activities have had on the environment. The ongoing digital revolution has brought with it a proliferation of technological devices and an uptick in the energy we use to power them and to securely store the data we work with every day.

That is why we drew up an inventory of all the different types of IT equipment at our company: laptop and desktop computers, screens, tablets, registers in stores, mobile and landline phones, servers and so on, for every Decathlon activity (stores, logistics and services) in order to calculate the total carbon footprint.

We combined this data with the average electricity consumption for these devices from 2016 to 2017<sup>95</sup>. We then took into account the life cycle for IT equipment, from their production and use through to the end of their service life.

This report helped us identify several priority areas where improvements could be made, and we implemented these actions in our activities in 2017:

- **Devices:** the manufacturing of IT equipment accounted for around 80% of its impact, so we are focusing on recovering, repairing and using refurbished and second-hand devices. After the devices have been used, we recycle the salvageable components by donating them to various organisations.

- **Data storage:** we calculated the impact from our use of datacentres and it is considerable. We issued a guide to all our stores that contains good practices for optimising the use of the email, internet and storage applications that consume the most energy.

In our stores, digital technology has also helped us find ways to reduce energy consumption. We are now testing digital receipts for our users and we have automated the system for powering off all our registers and mobile electronic equipment for teammates.



95. Some of the data is extrapolated.

## SUPPORTING LOCAL COOPERATION



All our Decathlon stores are part of a local environment. Working with civil society in already existing or developing commercial zones, they contribute to the life and growth of the surrounding community. By building communities of sports players, local organisations and users of sports fields, and helping to protect the environment, each and every site, store or warehouse develops a life of its own. Through its promotion of sport, each of them can make a positive impact on local stakeholders: users, residents, institutions, schools and more. They also benefit local economies, jobs and procurement.

### 2017 SUMMARY

- Kipstadium, our branded site for team sport, analysed its regional footprint.
- We increased waste collection near our sites and got our users and teammates involved.
- We continued to grow, offering new products and interacting with local communities near our locations.



## KIPSTADIUM: CREATING CONNECTIONS TO THRIVE AND SHARE EXPERIENCES THROUGH SPORT

Kipstadium is a Decathlon branded site for team sports. It is located in Tourcoing, France in the Union neighbourhood, where more than 45% of residents under 25 are out of work. The sport facilities and playing fields are on the site of a former brewery, which had once been a powerhouse for the regional economy. Decathlon wanted to make the most of this opportunity by forging ties with local residents and paying to tribute to the history of the community while also revitalising the site and creating a facility that combines economic and social progress.

We initially focused on ties to local organisations, then we created sporting partnerships with other companies and finally with schools. Around 350 students visit the site each week.

In addition to selling sports products, Kipstadium is active in many different areas:

- **La Maison des Sports:** a programme we developed in collaboration with a foundation called *Agir contre l'exclusion* (fighting exclusion). Participants are encouraged to make the connection with core subjects at school (maths, history, French, etc.) through team sports. These educational sessions are combined with sport training to motivate the participants to work as a team and challenge themselves to achieve personal excellence. Having formed partnerships with companies from the surrounding area, the project aims to help the participants join the workforce through two internships lasting two weeks each.
- **Partnerships with civil society:** councils, schools, police authorities, job placement organisations, and so on.



- **Kipstacadémie:** in an effort to make sport accessible to all, Kipsta created a football club for children who were unable to join other clubs due to their skill level or disabilities, or who wanted to discover sport for the pleasure of playing the game.
- **Partnerships with organisations dedicated to working toward the greater good:** FACE<sup>96</sup>, Réseau Etincelle<sup>97</sup>, founding Trait d'Union<sup>98</sup>, etc.
- **Reaching out to the local community:** working with users, getting residents involved, educating young people, bringing in other companies and participating in the Heritage Days event.

In 2017 the teams decided to evaluate the social impact<sup>99</sup> of Kipstadium to translate their impressions into hard data and measure the impact and intangible value of all the experiences made possible by the centre. It was found to be quite significant, especially given the complex challenges that Kipstadium addresses.

### IN FIGURES

**90%** of unemployed youths that joined "La Maison des Sports" found jobs

**100** young people who were not accepted into the Union neighbourhood clubs joined Kipstacadémie

**4.45** out of **5:** satisfaction score sports users gave for their Kipstadium experience

96. FACE foundation: <https://www.fondationface.org/>  
 97. Réseau Etincelle: <http://reseau-etincelle.org/>  
 98. <https://assotraitsdunion.wordpress.com/a-propos/>  
 99. Score awarded by Prophyl: 4.11 out of 5, a very strong impact.

## COMMITTED TO PROTECTING THE LOCAL ENVIRONMENT

Initiatives all over the world are being organised to encourage teammates from Decathlon stores to spend time picking up rubbish.

### Spain Clean Up Day:

This event was created in 2015. Since then, each year thousands of users and teammates come together to pick up rubbish and plant trees in deforested areas.

Over 4,500 people participated in 2017 at 94 different locations all across Spain. More than 32,000 tonnes of waste were collected and 1,000 trees were planted. Decathlon aims to keep this initiative going and take it global. That is why we will be participating in World Clean Up Day on 15 September 2018.



<http://bit.ly/DecathlonWCUP-FR>



Anne Lagier, Subea Days Leader

### What are Subea Days?

Subea is the Decathlon brand for scuba diving. Through our constant interactions with nature, we can clearly see that damage is being done to the environment and the sea floor is becoming increasingly polluted. We wanted to do something collectively that would make a real difference. Each Decathlon store has the chance to hold its own Subea challenge by asking its teammates, sports users and the entire community to take part and collect as much rubbish as they can.

### How do you make this happen?

On the day of, we hand out the nets and form three pick-up teams: one group in scuba gear, one group with snorkels and one team on land. We make sure everyone is safe. We collect rubbish in the morning and in the afternoon the participants get to test our products.

For us, this event is a concrete example of the "Do what I love" motto. It makes me feel like my work has a purpose, it gives my team and me a boost, and it forges a priceless bond with the users of our products.



### FOCUS

## Introducing our users to new sporting activities

All across the globe, Decathlon puts on events for sports users. In Italy, more than 90,000 users took part in just under 10 events throughout the country, giving them an opportunity to learn a new sport or step up their game with tips from the pros. Cardholders can use the loyalty points they earn to book sessions in one of the 1,100 participating clubs. More than 11,600 reservations have been made since May 2017.



### HOW TO LEVERAGE OUR VALUES AND STRENGTHS TO TARGET OUR USERS' NEEDS?

Jean-Marc Lemière, Talent incubator for Decathlon

### Decathlon decided to open sites that would build relationships in 10 new countries in 2017. How are we integrating into these new regions?

Our ambition has always been, above all, to be a local business in every region and every city where we find ourselves in an effort to make sport accessible to as many people as possible. We have no interest in being a top-down company out to conquer the world. To realise this ambition, we must observe and immerse ourselves in the culture and respect the practices of our local teammates. We bring our values with us, but we have deep roots in the local culture. In every part of the world, our goal is the same: to forge ties with sports users and provide them with the best equipment. For this to work, we must hire local employees so that they can build genuine, lasting ties.

### At a time when omnicommerce and the digital revolution rule everything, how can a multinational company be a local business?

Our products must be accessible to everyone and advances in digital technology offer an incredible opportunity to deliver these sporting experiences across the globe. We are still responsible for taking note of our users' needs so that we can meet their expectations and offer the products they want. That is the secret to a lasting and mutually beneficial relationship. That is why locals are leading these efforts: they build their own partner networks and develop their own product ranges. That is how we ended up developing ice-fishing kits in Russia and badminton teams in China several years ago!



## OPTIMISING OUR ENERGY AND WASTE MANAGEMENT

"Ensure access to affordable, reliable, sustainable and modern energy for all" is Goal 7 of the UN Sustainable Development Goals.

To rise to this global challenge, Decathlon has a role to play in conserving the resources we consume, especially when it comes to raw materials and energy.

In every country where our stores are located, an Energy Leader is responsible for reducing energy consumption at our sites. This management helped our stores cut consumption by 8.8% in 2017.

The large number of new site openings resulted in an increase in waste production in 2017. Many of our users and teammates are increasingly concerned about this, which has prompted a growing number of initiatives throughout the world. Clearly we have room to improve in this area: we must capitalise on the good practices that have already been identified so that we can implement a broader approach to sorting and recycling the waste we produce.



Solar panels, Decathlon store - EVERE (Belgique)

### ENERGY AND WASTE MANAGEMENT IN FIGURES\*

\*as of 31/12/2017

**39** Country Energy Leaders responsible for reducing energy consumption at Decathlon sites, 14 more than in 2016

**1,575** tonnes of hangers recycled, 63% more than in 2016

**Energy consumption:**  
**127.2 kWh/m<sup>2</sup>** in our stores, -8.8% compared with 2016  
**74 kWh/m<sup>2</sup>** in our warehouses, +8.5% compared with 2016

**707** stores equipped with LED lighting, i.e., 55.3% of all stores (company-owned & leased)<sup>100</sup>

### 2017 SUMMARY

- The network of Country Environmental Leaders continued to grow and evolve as more and more countries developed their own local strategies.
- The sorting rate for our waste was down worldwide, but at the same time it improved at the store level in European countries.



100. This number refers to leased and company-owned buildings equipped worldwide.

## A WORLDWIDE NETWORK DEDICATED TO MANAGING ENERGY

To answer the global imperative to reduce energy consumption, we put in place a network of Energy Leaders who strive to effect change on this issue. Each quarter, the teams provide information about consumption in their country.

They report on the energy consumed by the networks of stores and warehouses in each country. They collect environmental data (electricity use, renewable energy, natural gas, and waste production and sorting), develop the local strategy for their areas in line with regional needs and resources, and implement the resulting action plans.

The data they collect gives them accurate information about the environmental impact of their sites, so they can take stock of the main emissions sources and use this information to design their action plans.

Using this network-based structure means that we can target our local efforts more closely. Each country has different needs, due to the local climate (heating or air conditioning, more or less lighting, etc.), and different available resources (energy produced from solar panels in places with sufficient sunlight, for instance).

This makes it possible for us to exchange good practices for the benefit of all, and to increase our expertise in this area for more flexible and effective decisions and faster local implementation.

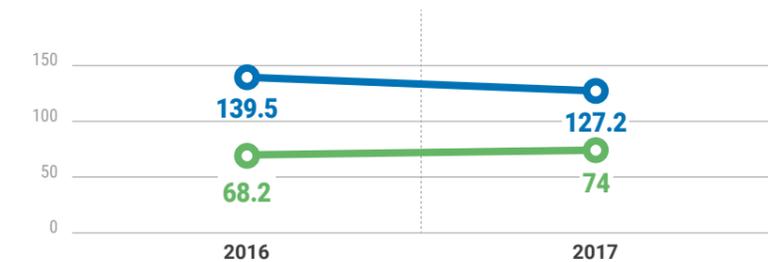


Decathlon store Calais (France)

### CHANGE IN ENERGY CONSUMPTION\*

\*kWh/m<sup>2</sup> per year for stores and warehouses worldwide

- Stores
- Warehouses



## A COMPREHENSIVE ENVIRONMENTAL POLICY: SPAIN'S STORY

Decathlon Spain began drafting their environmental strategy in 2014. A Country Leader was named in 2015 to roll out an energy and waste management action plan for the entire country in order to reduce their carbon footprint and conserve energy resources by optimising their processes.

Hands-on projects were created, such as Spain Clean Up Day, where users and teammates pitch in and collect rubbish<sup>101</sup>, soft mobility solutions were rolled out for employees (carsharing, providing bicycles and bicycle parking areas for users), circular economy initiatives were introduced (with in-store collection and recycling points to turn tennis balls into flip-flops), hunting cartridges were collected (270,000 cartridges in all, equalling two tonnes of plastic and metal), and the Zero Decote (zero waste) programme was developed to encourage teammates to ensure that no items are thrown away unnecessarily. For instance, special reference numbers were created (for canteen stoppers, packaging components, etc.) so that these products could be easily located in the aisles and we would not have to order new ones. This programme helped save nearly 2.8 tonnes of CO<sub>2</sub> equivalent.

All these actions are listed on the external sustainable development website: <http://www.decathlonmedioambiente.es/>

101. See additional information about Spain Clean Up Day in the Committed to protecting the local environment section on page 86

## WASTE TREATMENT: BROADENING THE SCOPE OF OUR POLICY

Our business activities all produce waste, which is managed every day by teams in our stores, branded sites, central services and warehouses. The waste is mainly paper, cardboard, plastic, metal scraps and wood from our packaging materials, defective products and everyday consumables.

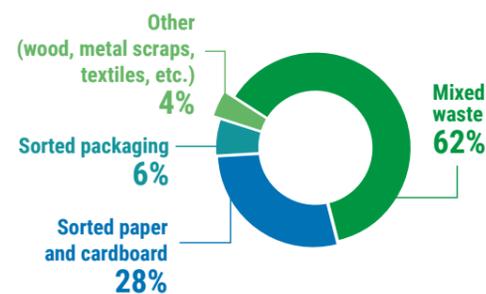
In 2017 over 88,002 tonnes of waste were generated by our sites.

While some countries have developed an organised waste management approach in partnership with service providers, many others have not yet reached this point, as Decathlon is heavily reliant on existing recycling streams and local regulations. We are well aware of the progress we have left to accomplish and we intend to build a network of independent and responsible leaders like the ones who manage our energy consumption.



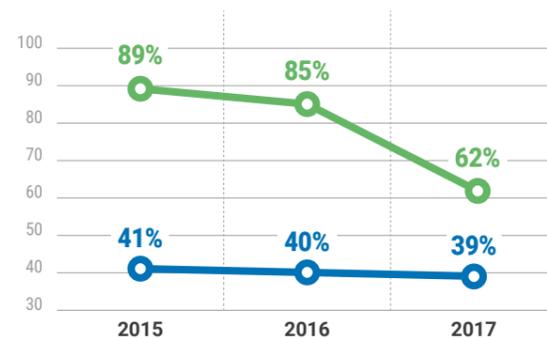
### TYPES OF WASTE GENERATED BY OUR SITES WORLDWIDE\*

\*Decathlon stores, branded sites and company-owned warehouses



### TRENDS IN WASTE SORTING BY TEAM\*

● Stores ● Warehouses



## APPLYING THE 3RS STRATEGY TO OUR HANGERS (REDUCE, REUSE AND RECYCLE)

In 2014 we launched a project for putting Decathlon products on hangers at the production stage. All our clothing has arrived at the store on hangers since 2015. We wanted to create a closed collection loop to reduce our waste and our GHG emissions.

Now, teams in eight countries collect hangers so these can be recycled and used to make new hangers for Decathlon. In 2017 we recycled 1,575 tonnes of plastic hangers, an increase of 63% over the previous year (964 tonnes in 2016). In addition, all the hangers purchased this year were made from 50% recycled plastic.

In addition, we put a system in place to collect hangers in Belgium, the Netherlands and Germany so that they can be reused as is, without the recycling step. In 2017 the 200,000 hangers we collected helped save 19 tonnes of CO<sub>2</sub><sup>102</sup>.

102. Savings calculated based on hanger production and transport.

## TRANSPORTING OUR PRODUCTS AND ENCOURAGING ECO-MOBILITY

The World Health Organisation has reported that unhealthy environmental conditions, especially air pollution<sup>103</sup>, cause 12.6 million premature deaths each year.

In addition, the United Nations Environment Program has concluded that transport is largely responsible for air pollution, which is a major source of greenhouse gas emissions.

In the face of this environmental crisis, today we must find alternatives to limit our impact and promote sustainable transport. Whether by rail, air, road, sea or other means, transport is a priority focus to improve air and water quality and combat noise pollution in cities.

Decathlon is working on three areas:

- The transport and storage of merchandise
- Travel by users and employees to reach our stores, logistics platforms and offices
- The promotion of soft mobility in users' daily lives

To ensure user satisfaction, we must maintain our high standards for product availability in stores while respecting cost and time constraints.



### TRANSPORT AND MOBILITY IN FIGURES\*

\*as of 31/12/2017

**54.91 m<sup>3</sup>** : per-lorry filling rate between major import warehouses and distribution warehouses in Europe, compared with 54.04 m<sup>3</sup> in 2016, an increase of 1.61%

**385 g. CO<sub>2</sub> equivalent emitted per Decathlon product delivered in Europe**, 2.4% more than in 2016

**21.86%** post-shipment multimodal transport in Europe, +3.31% compared with 2016

## 2017 SUMMARY

- We seek to use means of transport with a lower environmental impact, namely rail and maritime shipping, to transport our goods.
- We have committed to significantly reducing the use of air transport, which is the most polluting method, for deliveries in France distributed in European stores. We hope to reach our goal of having 0% of our products transported by plane as soon as possible.
- We maximised the number of products transported with streamlined packaging and optimised product placement inside containers.

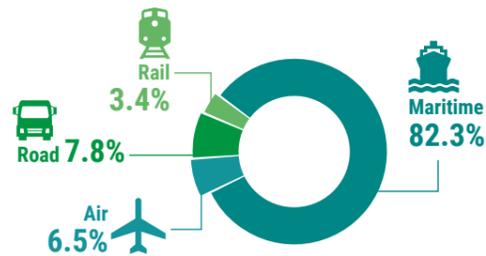


103. <http://www.who.int/mediacentre/news/releases/2016/deaths-attributable-to-unhealthy-environments>

## BREAKDOWN OF TRANSPORTED PRODUCTS BY TRANSPORT METHOD IN EUROPE

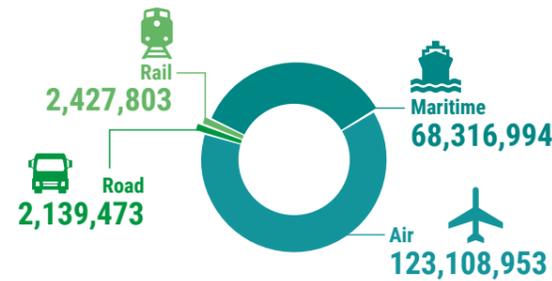
### BREAKDOWN OF PRODUCT VOLUMES TRANSPORTED BY TRANSPORT METHOD\*

\*as of 31/12/2017



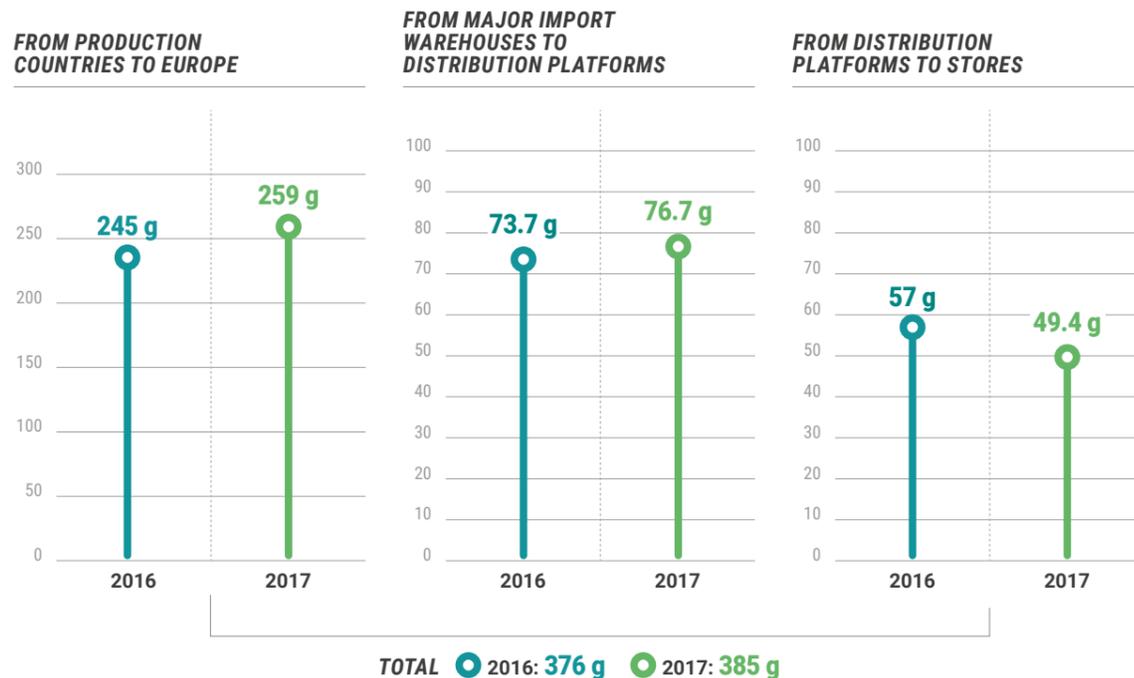
### CO<sub>2</sub> EMISSIONS BY TRANSPORT METHOD\*

\*in kilos of CO<sub>2</sub> equivalent



## CHANGES IN THE ENVIRONMENTAL IMPACT OF OUR PRODUCTS DELIVERED TO STORES IN EUROPE\*

\*in grammes of CO<sub>2</sub> equivalent per item



## STORING AND TRANSPORT

Our logistics teams are always adapting to new company strategies and ambitions to satisfy our users and deliver to our stores on time. That is why they strive to reduce the distances our items travel and optimise loading for the different transport methods.

We have identified multiple ways of addressing the transport methods used to ship our products:

- On 20 November 2017, the first train from Wuhan, China arrived at the Dourges multimodal platform to supply our Decathlon stores.



In 2018 the Dourges platform in France will receive shared trains and block trains<sup>104</sup>. Currently, containers shipped by rail are part of trains shared by different companies. By making use of these shared trains, Decathlon was able to increase our annual rail freight volume by 300%.

The Dourges warehouse will handle 30 containers per week on average, or around 460,000 items. Products arriving at Dourges are sent on to regional warehouses throughout Europe<sup>105</sup> and from there to European stores.

A portion of our air and maritime shipping will be switched to rail transport now that we have this direct link between factories in China and continental warehouses in France, halving the transport time for the products (compared to maritime shipping) and the number of lorry trips.

Overall, the use of rail transport will help cut our CO<sub>2</sub> emissions generated by transport by 36%.

- Decathlon France is committed to phasing out air transport so that, as soon as possible, no products sold in French stores will be shipped by air.

- At the same time, we are continuing to prioritise maritime transport and we only work with shipping companies that are part of the Clean Cargo Ranking Group<sup>106</sup> initiative.

Loading optimisation remains a top priority. When it comes to packaging design, we have developed boxes that are as streamlined as possible and we have optimised container filling.<sup>107</sup>

The Optibox project that got underway in 2016 helped us make improvements in our choice of cardboard and our filling practices. We have optimised the containers for 79 million products, thereby saving 575 tonnes of CO<sub>2</sub> equivalent, 4,322 m<sup>3</sup> of water and nearly €10 million.

In 2017, thanks to the work and leadership of our operational logistics teams, the average filling volume reached 54.91 m<sup>3</sup> for each lorry, an increase of 1.61% over 2016, for an average of 14,666 items per lorry.



Grégoire GENEAU,  
Supply & Logistics International  
Financial Controller

“ Since trains are a great eco-friendly alternative to air transport and also happen to be fast and cost-effective, we are stepping up our use of trains. ”

## ENCOURAGING ECO-MOBILITY FOR PEOPLE

As a designer and seller of soft and carbon-neutral mobility solutions at an affordable price, such as bicycles and scooters, Decathlon plays an important role in promoting sustainable mobility throughout the world. In 2017 Decathlon sold close to four million bicycles worldwide (all types, including road, hybrid and multimodal bicycles) to every age group. By making maintenance and repairs easier, we hope to encourage regular use of bikes over the long term.

- Our workshops repaired 685,000 bicycles across the world, an increase of 11% compared with 2016.
- The market for spare parts grew by 10% compared with 2016.

104. Block train: a full train of merchandise that is carried directly from the point of departure to the destination without being handled in between.

105. France, Spain, Italy, Belgium, Romania, Hungary, Germany, the United Kingdom and Poland.

106. <https://www.bsr.org/en/collaboration/groups/clean-cargo-working-group>

107. See the Eco-design section on page 47

## DECATHLON FRANCE LEADS THE PACK IN REIMBURSEMENT PER KILOMETRE CYCLED

When we instituted a 25-cent reimbursement for each kilometre travelled by an employee (with a limit of €200 per year per employee), we had three goals in mind: promoting cycling and sport, caring for the health and well-being of our employees, and reducing the environmental impact caused by urban mobility.

According to the French observatory for kilometre cycled reimbursement<sup>108</sup>, we are the company in France with the most employees receiving these payments. Today, 723 of our employees, or 3.2% of our employees in France, have received this reimbursement

## MOBILITY CHALLENGES IN HAUTS DE FRANCE AND ITALY

Our French teams took part in a "mobility challenge" in Hauts de France that was designed to promote alternative modes of transport for going to work.

Decathlon came in first place in the "best public transport usage rates" and "best active methods usage rates" rankings<sup>109</sup>.

In Italy, for the second year in a row, an event known as the "fortnight of mobility" was held in September<sup>110</sup>. This challenge went out to all the Decathlon stores in the country with the aim of encouraging employees to use their bicycles to commute to work. During the two-week period, we clocked 700 bicycle trips from our employees for a total of 35,000 kilometres.



## FOCUS ON BELGIUM

A "federal mobility survey" was conducted in 2017 among teammates from Decathlon Belgium. The findings revealed that at the end of June 2017, of the 3,400 employees participating in the survey, 64% drove to work, 24% took public transport and only 2% commuted by bicycle.

To promote the use of public transport, Decathlon Belgium went above and beyond the minimum legal requirement by paying 100% of the cost for train passes for employees on permanent contracts who commit to taking the train to work.

108. <http://www.villes-cyclables.org/?mode=observatoire-indemnite-kilometrique-velo>

109. <http://www.challenge-mobilite-hdf.fr/blog/d%C3%A9couvrez-les-r%C3%A9sultats-de-l%C3%A9dition-2017-du-challenge>

110. <https://www.lovetoride.net/italia/companies?locale=en-GB>

# INDICATORS AND METHODOLOGY



## OUR PERFORMANCE INDICATORS



### CHALLENGES AND STRATEGIES

COMPANY FACTS AND FIGURES	2016	2017
Decathlon turnover	€9.97 billion	€11 billion
Growth in turnover Y/Y-1	+9.5%	+10.8% (Note 1)
Number of sports users (in millions)	225	250
Number of Decathlon retail outlets in the world	1,176	1,352
Number of new retail outlets Y/Y-1	+164	+185 (Note 2)
Number of distribution countries	29	39
Number of warehouses and logistics platforms	45	58
Number of branded sports (Decathlon brand products)	50	69
Quantities of products sold (in billions)	1.054	1.204
Number of production countries:		
• with physical presence of Decathlon teams	22	25
• with no Decathlon teams physically present	27	24
Number of Decathlon production offices	39	43
Number of suppliers for Decathlon products	1,213 Rank 1 suppliers (finished products and components) 109 Rank 2 suppliers	1,090 Rank 1 suppliers (finished products and components) 314 Rank 2 suppliers
Number of teammates responsible for maintaining and coordinating relations with suppliers	1,644	1,943
Number of Decathlon-owned production facilities	10	10
Resources allocated to the prevention of environmental risks and pollution	0	0

#### 2017 SDR methodological notes

Note 1: At constant exchange rates.

Note 2: Openings alone, not taking closings into account.

#### CLIMATE CHANGE

2016

2017

#### GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions in tonnes of CO <sub>2</sub> equivalent emitted by scope (from 1/01 to 31/12) (from 1/01 to 31/12)	7,181,737 T CO <sub>2</sub> eq. (Note 3)	8,245,543 T CO <sub>2</sub> eq. (Note 4)
• Scope 1	21,661 T CO <sub>2</sub> eq.	27,806 T CO <sub>2</sub> eq.
• Scope 2	165,717 T CO <sub>2</sub> eq.	177,970 T CO <sub>2</sub> eq.
• Scope 3	6,994,359 T CO <sub>2</sub> eq.	8,039,767 T CO <sub>2</sub> eq.
Breakdown of greenhouse gas emissions by activity (from 1/01 to 31/12)		
• Product manufacturing	72% (Note 3)	73%
• User travel	17%	15%
• Product transportation	4%	5%
• Construction and operation of sites	5%	5%
• Teammate travel	2%	2%

#### 2017 SDR methodological notes

Note 3: These perimeters correspond to scopes 1, 2 and 3 in the GHG Protocol method. It should be noted that the figures used in the 2016 global report and the 2017 global report are given to the nearest thousandth.

We reviewed the greenhouse gas emissions report for the 2016 financial year:

- For scope 1, natural gas consumption was missing for 2016 and was added in 2017.

- For scope 3, the product impact was updated as a result of a new method for automated data extraction and new product impact modelling performed in 2016. This was used to refine our product impact results, and explains why the impact of scope 3 increased.

Note 4: We expected a peak of 7.8 million tonnes of CO<sub>2</sub> in 2017. We ultimately reached 8.2 million tonnes of CO<sub>2</sub>, for a discrepancy of 5%. The variation was +15%, in lieu of the forecasted 10% (accounting for the restating of the 2016 data). The evolution of our business growth (turnover and volume) continued to parallel our CO<sub>2</sub> emissions curve.



### PEOPLE AND MANAGEMENT

#### EMPLOYMENT

2016

2017

TOTAL PERSONNEL AND BREAKDOWN OF EMPLOYEES BY GENDER, AGE AND GEOGRAPHICAL AREA (WORLDWIDE)	2016	2017
Total personnel (situation as of 31/12)	World: 78,267	World: 82,171 (Note 5)
Workforce by gender (situation as of 31/12)		
• Women	49%	48.5%
• Men	51%	51.5%

EMPLOYMENT	2016	2017
<b>Workforce by age</b> (situation as of 31/12)		
• under 20	3.9%	4.9%
• 20 to 29	65.6%	63%
• 30 to 39	21.8%	22.5%
• 40 to 49	6.9%	7.5%
• 50 and over	1.8%	2.1%
<b>Workforce by geographic area</b> (situation as of 31/12)		
• Europe & Russia	73.6% (Note 6)	71.9%
• Asia	23.5%	24.7%
• Africa & Middle East	1.4%	1.7%
• Americas	1.5%	1.6%
• Oceania	n/a	n/a
<b>Workforce by activity</b> (situation as of 31/12)		
• Business and services	76.2%	74.3%
• Logistics	11%	11.2%
• Design/production	6.1%	6.2%
• Support activities	6.7%	8.4%

**2017 SDR methodological notes**

**Note 5:** This indicator takes into account teammates on permanent contracts and non-permanent contracts and those on internships.  
**Note 6:** The 2016 data was recalculated in light of the redrawing of the geographic regions for the 2017 Sustainable Development Report.

EMPLOYMENT	2016	2017
<b>PAY AND PAY TRENDS (WORLDWIDE)</b>		
World payroll in € (from 1/01 to 31/12)	1,793,615,773	2,026,583,062
% of world payroll/turnover (from 1/01 to 31/12)	18%	18%
<b>ORGANISATION OF WORK</b>		
<b>ORGANISING WORKING TIME (WORLDWIDE)</b>		
% of employees on permanent contracts (from 1/01 to 31/12)	70.6%	72.8% (Note 7)
% of employees on non-permanent contracts (situation as of 31/12)	not avail.	27%

**2017 SDR methodological notes**

**Note 7:** Representing 59,792 teammates on permanent contracts and 22,220 teammates on non-permanent contracts. This number fluctuates seasonally and according to labour laws in different countries. The remaining % are interns working across the world.

TRAINING (WORLDWIDE)	2016	2017
% of payroll allocated to training plan in France (from 1/01 to 31/12)	3.86%	3.98%
Number of teammate instructors who led at least one training course during the year (from 1/01 to 31/12)	10,872	9,554 (Note 8)
Total number of face-to-face training hours (from 1/01 to 31/12)	1,604,669	1,154,105 (Note 9)
Total number of e-learning training hours (from 1/01 to 31/12)	179,305	240,588 (Note 10)
Number of employees who have taken at least 1 e-learning course (from 1/01 to 31/12)	34,850	57,057
Number of teammates who have taken training courses leading to a qualification (UP Programme) (from 1/01 to 31/12)	Two-year degree: 5 graduates/ 17 studying; Bachelor: 2 graduates/1 studying; Master: 10 graduates/ 4 studying; Vocational qualification certificate: 29 studying	
Number of teammates who have taken training courses leading to a qualification (HOPE Programme) (from 1/01 to 31/12)	24	24 (Note 12)

**2017 SDR methodological notes**

**Note 8:** Taking into account people registered as instructors on the MyProgress tool and who taught at least one hour of training during the year.  
**Note 9:** The number of face-to-face training hours counts training sessions on the MyProgress tool and the Decathlon Exchanges. Note that the 2016 data were restated following changes to the data recovery process for 2017 (no cross-checking between MyIdentity personnel and payroll personnel).  
**Note 10:** The total number of training hours for e-learning took into account e-learning training hours (theoretical hours) with the MYLO tool. 17,209 e-learning modules were available on the platform, including 7,788 from 1/01/2017.  
**Note 11:** UP Programme: training leading to a qualification, offered by Decathlon and its partners who validate the professional experience of their teammates.  
**Note 12:** HOPE Programme: an internal training scheme leading to an MBA Corporate type qualification, in partnership with the IESEG school.

EQUALITY OF TREATMENT	2016	2017
<b>MEASURES IMPLEMENTED TO PROMOTE GENDER EQUALITY (WORLDWIDE)</b>		
<b>Breakdown of employees by gender</b> (situation as of 31/12)		
• Worldwide	51.2% Men - 48.8% Women	51.5% Men - 48.5% Women
• Europe & Russia	50.9% Men - 49.1% Women	51.3% Men - 48.7% Women
• Asia	50.9% Men - 49.1% Women	51% Men - 49% Women
• Africa & Middle East	59.1% Men - 40.9% Women	58.5% Men - 41.5% Women
• Americas	61.7% Men - 38.3% Women	59.1% Men - 40.9% Women
• Oceania	N/A	N/A
Number of women managers at the company (situation as of 31/12)	4,096 i.e., 34.6% of all managers worldwide	4,713 i.e., 36% of all managers worldwide (Note 13)
<b>ANTI-DISCRIMINATION (WORLDWIDE)</b>		
% of seniors (people aged 55 and over) (situation as of 31/12)	0.52%	0.5% (Note 14)

**2017 SDR methodological notes**

**Note 13:** Female teammates with hierarchical responsibility for at least 1 person.  
**Note 14:** 0.5% of seniors in 2017, i.e., 414 teammates aged 55 and over, across the whole business.

EQUALITY OF TREATMENT	2016	2017
<b>DECATHLON TEAM BAROMETER SURVEY FINDINGS (WORLDWIDE)</b>		
% of employees who participated in the Decathlon Team Barometer survey	85%	87 % (Note 15)
% of people who responded "yes, absolutely" or "yes, rather" to the question:		
• My pay is consistent with my responsibilities.	59%	59%
• I am supported in my personal development	86%	81%
• I am supported in my skills	86%	85%
• I am supported with my performance	86%	83%
• I can express my thoughts and people listen	92%	91%
• I am happy to come to work every morning to advance our goals and my goals	91%	91%
• I am proud and happy to work for Decathlon	94%	93%
• I trust my manager and my manager trusts me	88%	89%
• I feel safe in my work environment	93%	94%
• Responsibility helps me grow	88%	89%
• I regularly practise my sport	77%	80%
• We play sport and celebrate our victories together	72%	74%

**2017 SDR methodological notes**

**Note 15:** Result from the Decathlon Team Barometer survey carried out among Decathlon teammates in September 2017, from a total of 60,028 respondents (the 2016 survey was conducted in September 2016 with 51,780 teammates responding).

<b>INFORMATION CONCERNING THE EMPLOYEE SHAREHOLDING SCHEME (WORLDWIDE)</b>		
% of capital owned by shareholding employees (situation as of 31/12)	11.7%	11.96%
% of shareholding employees (situation as of 31/12)	50.7%	58.2%
Number of shareholding employees (situation as of 31/12)	38,547	42,505
Number of countries involved in the employee shareholding scheme (situation as of 31/12)	25	24 (Note 16)

**2017 SDR methodological notes**

**Note 16:** Countries participating in the employee shareholding scheme: Belgium, Brazil, Cambodia, China, Czech Republic, France, Germany, Hungary, Italy, Mexico, Morocco, the Netherlands, Poland, Portugal, Romania, Russia, Singapore, South Korea, Spain, Sri Lanka, Taiwan, Thailand, Turkey and United Kingdom. Currently, there is no shareholding scheme in India and Vietnam. By way of compensation, local teammates receive a bonus corresponding to the shareholding scheme, which is not a shareholding scheme in the strictest sense of the word.

In accordance with the action plan implemented in the 2016 Sustainable Development Report, we are including three additional countries in the collection of data from payroll software in order to improve the representativeness and reliability of the scope.

Germany, Portugal and Poland joined the five original countries (France, Spain, Italy, Belgium and China), which expands the total scope to cover 84.2% of the global workforce.

The following indicators only apply to these eight countries:

TEAMMATE RECRUITMENT AND REDUNDANCY (EIGHT COUNTRIES)	2016	2017
Employees hired on permanent contracts (from 1/01 to 31/12)	9,036	12,674
Employees hired on non-permanent contracts (from 1/01 to 31/12)	47,876	55,536
Total employees hired on permanent and non-permanent contracts (from 1/01 to 31/12)	56,912	68,210
Number of departures (permanent contracts) (from 1/01 to 31/12)	8,940 (Note 17)	11,743 (Note 17)
Number of resignations (permanent contracts) (from 1/01 to 31/12)	7,463	10,375
Number of redundancies (permanent contracts) (from 1/01 to 31/12)	715	881
Number of retirements (permanent contracts) (from 1/01 to 31/12)	13	30
Rate of turnover for permanent personnel (from 1/01 to 31/12)		
• France	20.96%	22.12%
• China	38.79%	46.54%
• Spain	12%	21.09%
• Italy	8.58 %	5.96%
• Belgium	not avail.	15.13%
• Germany	not avail.	39.54%
• Portugal	not avail.	not avail. (Note 18)
• Poland	not avail.	28.38%

**2017 SDR methodological notes**

**Note 17:** The difference between the sum of resignations, redundancies and retirements, and total departures is the result of the "other departures" category, which includes breaches of contract, expirations of probationary periods, etc.

**Note 18:** To be noted, 2016 and 2017 data can not be compared due to a change in the methodology of Turnover KPI calculation : in 2016, the Turnover KPI was taking into account the total number of departures returned to global average headcount while in 2017 the Turnover KPI is taking into account the average headcount in long term contract.

The turnover rate is understandable at the same time by the strong seasonality of our activities and our will to allow students to finance their studies by working at Decathlon. To note that the data is unavailable for Portugal in 2017 (average of headcount per month unimplemented).

ORGANISING WORKING TIME (EIGHT COUNTRIES)	2016	2017
% of employees on permanent contracts working full-time (situation as of 31/12)	56.82% (22,919 teammates)	56.32% (27,050 teammates)
% of employees on permanent contracts working part-time (situation as of 31/12)	43.18% (17,415 teammates)	43.68% (20,978 teammates)
% of employees on non-permanent contracts working full-time (situation as of 31/12)	15.07% (3,027 teammates)	13.98% (3,032 teammates)
% of employees on non-permanent contracts working part-time (situation as of 31/12)	84.93% (17,055 teammates)	86.02% (18,657 teammates)

ABSENTEEISM (EIGHT COUNTRIES)	2016	2017
Absenteeism rate for employees on permanent contracts (from 1/01 to 31/12)		
• France	3.18%	3.24% (Note 19)
• China	not avail.	not avail.
• Spain	2.9%	2.98%
• Italy	5.17%	5.9%
• Belgium	not avail.	4.79%
• Germany	not avail.	not avail.
• Portugal	not avail.	not avail.
• Poland	not avail.	not avail.

**2017 SDR methodological notes**

Note 19: This corresponds to the number of hours not worked because of absenteeism/number of hours worked in theory. The absenteeism indicator is not tracked by all the countries, hence the lack of data for China, Portugal, Poland and Germany. A more detailed definition of which absences are to be counted is required, along with a better understanding of it by local teams.

ORGANISING SOCIAL DIALOGUE (8 COUNTRIES)	2016	2017
Number of agreements signed during the year	France: 18 / Belgium: 1 Spain, Italy, China: 0	19 (Note 20)
Number of agreements signed during the year as regards occupational health and safety	0	3

**2017 SDR methodological notes**

Note 20: This number only applies to agreements signed in France in 2017.

LIST OF AGREEMENTS SIGNED IN 2017 IN FRANCE	COMPANY OR AREA CONCERNED	TITLE OF AGREEMENT
<b>LES ACCORDS MULTITHÉMATIQUES</b>		
France	DECATHLON SAS	Annual mandatory negotiation report* 2017
France	DECATHLON SAS	Annual mandatory negotiation report 2018
France	DECATHLON SAS	Profit-sharing agreement
France	DECATHLON LOGISTICS	Profit-sharing agreement
France	DECATHLON SA	Profit-sharing agreement
France	DECATHLON SAS	Employee incentive agreement
France	DECATHLON LOGISTICS	Employee incentive agreement
France	DECATHLON SA	Employee incentive agreement
France	DECATHLON SA	Annual mandatory negotiation report 2017
France	DECATHLON SA	Annual mandatory negotiation report 2017
France	DECATHLON LOGISTICS	Annual mandatory negotiation report 2017
France	DECATHLON LOGISTICS	Annual mandatory negotiation report 2017

AGREEMENTS GOVERNING ORGANISATION AND WORKING HOURS		
France	DECATHLON SAS	Right to disconnect
France	DECATHLON SA	Amendment to the agreement governing Sunday working
France	DECATHLON LOGISTICS	Right to disconnect

AGREEMENTS RELATING TO DIVERSITY		
France	DECATHLON SAS	Professional equality
France	DECATHLON LOGISTIQUE	Professional equality
France	DECATHLON SA	Professional equality

AGREEMENTS RELATING TO SOCIAL DIALOGUE		
France	DECATHLON SAS	Regional workplace health and safety committees

\*Annual mandatory negotiations (NAO) are obligatory in France. They focus on wages, organisation of work and of working hours, etc.

WORKPLACE ACCIDENTS (8 COUNTRIES)	2016	2017
Number of accidents at work leading to stoppage (from 1/01 to 31/12)		
• France	1,120	1,112
• China	not avail.	not avail. (Note 21)
• Spain	385	467
• Italy	179	173
• Belgium	128	146
• Portugal	not avail.	85
• Poland	not avail.	63
• Germany	not avail.	10

**2017 SDR methodological notes**

Note 21: A more detailed definition of the "accident at work" indicator is required, along with a better understanding of it by local teams (especially outside the EU – Data from China excluded).

EQUALITY OF TREATMENT	2016	2017
<b>MEASURES IMPLEMENTED TO PROMOTE THE EMPLOYMENT AND INTEGRATION OF PEOPLE WITH DISABILITIES (8 COUNTRIES)</b>		
Rate of people with recognised disabilities (situation as of 31/12)		
• France	3.7%	3.93% (Note 22)
• China	not avail.	not avail.
• Spain	2%	not avail.
• Italy	2.92%	0.06%
• Belgium	not avail.	not avail.
• Portugal	not avail.	not avail.
• Poland	not avail.	0.7%
• Germany	not avail.	0.57%

**2017 SDR methodological notes**

Note 22: Some data was not collected in 2017 due to cultural limitations and limits on the right to obtain this information in certain countries. No declarations in France for the public disability employment schemes (établissement et service d'aide par le travail – ESAT).

PARTNERSHIPS AND SPONSORSHIPS	2016	2017
Number of projects validated by the Decathlon Foundation (from 1/01 to 31/12)	42	33
Number of beneficiaries of Decathlon Foundation projects (from 1/01 to 31/12)	46,371	21,463 (Note 23)
Number of countries concerned by Decathlon Foundation projects (from 1/01 to 31/12)	7	6

**2017 SDR methodological notes**

Note 23: A beneficiary is someone in a vulnerable situation or with a disability and who benefits directly from the work done by our Foundation projects, i.e., playing sport, having access to facilities and sports equipment, etc. These actions mean that these beneficiaries are supported to improve their social integration and employability.

Note that 2017 data is not comparable to 2016 data and data cannot be compared from year to year. The Decathlon Foundation teams are focused on quality, not quantity, when it comes to the projects sponsored. They support projects that will have a positive impact on beneficiaries' lives by boosting their employability or, for young people, their access to education as part of a long-term relationship with the Decathlon teams.

 **PRODUCTS AND SERVICES**

	2016	2017
<b>CONSUMPTION OF RAW MATERIALS AND MEASURES TAKEN TO USE THEM MORE EFFICIENTLY</b>		
% of Product Engineers having conducted at least 1 environmental assessment that has been verified and validated by an eco-design leader (situation as of 31/12)	50.16%	59.37% (Note 24)
% of Decathlon products having undergone an environmental assessment (from 1/01 to 31/12)	A/W season 2016: 52.92% (i.e., 2,562 products out of 4,841 products designed) S/S season 2017: 53.78% (i.e., 2,150 products out of 3,998 products designed)	A/W season 2017: 61.68% (i.e., 2,670 products out of 4,329 products designed) S/S season 2018: 54.22% (i.e., 1,786 products out of 3,294 products designed) (Note 25)
% of Decathlon products with ABCDE environmental rating available on the internet or in stores (from 1/01 to 31/12)	S/S season 2016: 7.9% (i.e., 331 products out of 4,176 products designed) A/W season 2016: 8.7% (i.e., 420 products out of 4,841 products designed)	S/S season 2017: 5.03% (i.e., 201 products out of 3,998 products designed) A/W season 2017: 16.49% (i.e., 714 products out of 4,329 products designed) (Note 26)
% of polyester used for Decathlon products that is derived from sustainable sources (from 1/01 to 31/12)	7.35% equivalent to 4,500 tonnes	9.4% equivalent to 6,300 tonnes (Note 27)
% of cotton used for Decathlon products that is derived from sustainable sources (from 1/01 to 31/12)	14.4% equivalent to 5,255.4 tonnes	55.2% equivalent to 21,167 tonnes (Note 28)
• Organically grown cotton	2.8% (1,013 tonnes)	4% (1,685 tonnes)
• BCI cotton	11.6% (4,206 tonnes)	51% (19,394 tonnes)
• Recycled cotton	0.1% (36 tonnes)	0.2% (88 tonnes)

**2017 SDR methodological notes**

**Note 24:** Representing 206 teammates out of the 347 Product Engineers in 2017. Target of 85% set for the end of 2018.

**Note 25:** This indicator focuses on Decathlon products concerned by the following manufacturing processes: clothing, heavy stitching (textile-based materials, e.g. backpacks, tents, sleeping bags, balls, etc.) and footwear. Decathlon products made using plastic, composite, metal, optic, electronic and agrochemical manufacturing processes have again been excluded from the scope in 2017.

**Note 26:** This indicator focuses on Decathlon products concerned by the following manufacturing processes: clothing, heavy stitching (textile-based materials, e.g. backpacks, tents, sleeping bags, balls, etc.) and footwear. Decathlon products made using plastic, composite, metal, optic, electronic and agrochemical manufacturing processes have again been excluded from the scope in 2017.

In 2017, this indicator referred to France and will be gradually extended in terms of the scope covered over the coming years. A technical problem made it impossible to perform the environmental calculations for six months. The problem had to do with component transfer management features in finished product design tools, and this impacted indicator performance during the 2017 Spring-Summer season. Note: the target for the ABCDE environmental indicator is for all products (textiles, heavy stitching and footwear) to have environmental ratings by 2019.

**Note 27:** This indicator was calculated using the tonnage of polyester thread from the following sources: dope-dyed "traditional" virgin polyester, recycled polyester and dope-dyed recycled polyester.

The 2021 target set for this indicator is for all polyester used for Decathlon products to be derived from sustainable resources.

**Note 28:** This indicator was calculated using the tonnage of organic cotton, BCI cotton and recycled cotton.

The 2017 results can be explained by the significant increase in the use of BCI cotton compared with conventional cotton, with the stabilisation of organic cotton and promising initial growth in recycled thread. The results can also be explained by the implementation of expanded monthly reporting and coordination with in-house teams (processes and Decathlon brands) in an effort to reach the 2020 target.

The 2020 target set for this indicator is for all cotton used for Decathlon products to be derived from sustainable resources.

<b>FAIR PRACTICES</b>	2016	2017
<b>MEASURES TAKEN TO ENHANCE CONSUMER HEALTH AND SAFETY</b>		
Number of returns for quality issues per million Decathlon products sold (from 1/01 to 31/12)	1,269 (Note 29)	1,158 (Note 30)
% of sports users delighted with Decathlon products (from 1/01 to 31/12)	52% (Note 31)	58% (Note 32)
Number of corrective quality actions for Decathlon and other international brand products (from 1/01 to 31/12)	277	366 (Note 33)
Number of Decathlon and other international brand products concerned by these corrective quality actions (from 1/01 to 31/12)	1.7 million products (Note 34)	2.8 million products
Breakdown of corrective quality action processes for Decathlon and other international brand products (from 1/01 to 31/12)	Article repairs: 47% Destruction: 45% Other: 8% (Note 35)	Article repairs: 63% Destruction: 34% Other: 3%
Number of defective products sent to design teams for root cause analysis (from 1/01 to 31/12)	N/A	43,673 (Note 36)

**2017 SDR methodological notes**

**Note 29:** The 2016 value was recalculated based on the Belgian recall of electric bicycles and differs from the value reported in the 2016 SD Report.

**Note 30:** The RPM indicator does not take into account returned items bought online and live fishing bait.

The 8.75% improvement seen between 2016 and 2017 is the result of the ground work performed by our design teams in improving our products. Quality monitoring was excellent and we increased our corrective quality actions, enabling us to rapidly remove products that did not meet our standards. Note: the target for this indicator is 1,150 PPM.

**Note 31:** The choice of this indicator was revised for the 2017 Sustainable Development Report to optimally align our in-house operational teams with a shared definition and methodology ("% of sportspeople who rated our products 5/5 compared to the overall product reviews provided in 2017"). We are aligning with the corporate key indicator in aiming to have 65% of sportspeople delighted with our products by 2019. This alignment makes the issue clearer and simpler for the teams. The 2016 data was recalculated as a result.

**Note 32:** Out of the 911,090 reviews gathered for Decathlon products in 2017 (excluding other international brand products). The indicator applied to 647,491 reviews in 2016.

**Note 33:** In 2017 our quality teams in design and production were able to detect quality problems in our products much more quickly (in the inventory in our warehouses and stores). That is why our quality actions (isolating defective products, etc.) increased, and this impacted user satisfaction. At the same time, efforts were made to improve products by capitalising on the problems that were identified. Note that this indicator does not include Brazil.

**Note 34:** Error in the data point included in the 2016 SD Report, correction of the 2016 data point. Note that this indicator does not include Brazil for 2016 or 2017.

**Note 35:** - Repaired items: products repaired in stores and warehouses  
- Destroyed items: products destroyed in stores and warehouses  
- Other: transfers of inventory that was destroyed/returned to the supplier

**Note 36:** This indicator has been included in the Sustainable Development Report from 2017 onward. It concerns quantities of defective products or components shipped to the Decathlon brands design teams or the teammates in our production offices to analyse the root causes.

<b>CHEMICALS MANAGEMENT</b>	2016	2017
% of employees having received chemical compliance training (from 1/01 to 31/12)	86%	22%: i.e., 299 teammates trained in 2017 (Note 37)
% of subcontractors having signed the latest version of Decathlon's RSL specifications concerning chemical substances (from 1/01 to 31/12)	73.8%	83.3% (Note 38)
% of tests that comply with Decathlon's toxicology standards (from 1/01 to 31/12)	97.26%	97.03% (Note 39)
Number of employees and suppliers having received training in production on chemical substances management (from 1/01 to 31/12)	40 teammates 15 suppliers	36 suppliers (Note 40)

CHEMICALS MANAGEMENT	2016	2017
Average time to make first contact after user feedback (from 1/01 to 31/12)	1.76 days	1.05 days (Note 41)
Time to react to user queries concerning chemical substances or adverse skin reactions (from 1/01 to 31/12)	37 days on average (19 days on average for user questions in France and worldwide and 41 days on average for skin reactions in France and worldwide)	30 days on average (questions + skin reactions) (Note 42)

**2017 SDR methodological notes**

**Note 37:** To note that the methodology of calculation was not the same between 2016 and 2017 which does that the data are not comparable. In 2016, there was 86 % of the global population concerned, trained on the toxicology accumulated while in 2017, was calculated the % of the concerned global population trained over the 2017 year on toxicology (that is 22 %). Since 5 years we have trained between 200 and 350 people a year, thus the great majority of the concerned population have been trained.

Note that the calculations methodology changed from 2016 to 2017, so these data points are not comparable.

In 2016 we had 86% of the total relevant population trained in toxicology, while in 2017 the percentage of the total relevant population trained in toxicology was just for 2017 (22%). We have been training 200 to 350 people each year for the past five years, so the vast majority of the relevant population has been trained.

**Note 38:** The target for this indicator is to have 100% of our active suppliers sign our RSL.

No action taken in 2017 on signing version J of the RSL (applicable for 2016 and 2017), given that the RSL was updated in 2016.

**Note 39:** Out of 7,800 Decathlon products tested for their toxicological compliance in 2017 (5,941 Decathlon products tested in 2016).

With regard to the number of Decathlon products tested for their toxicological compliance, opening our distribution activity in the USA and our company's insistence on taking no risks meant that we increased the amount of chemical testing for our products (increase in testing frequency and thus the number of tests overall. We have a broader understanding of the chemical compliance of our products as a result).

With regard to the 2017 result for the "% of tests that comply with Decathlon's toxicology standards" indicator, benzyl benzoate was added to the inspection plan in 2017 with very low requirements. Over the course of the year we realised that these limits were not appropriate. Leaving out benzyl benzoate, the percentage of compliant tests becomes 97.44%, representing a slight improvement compared with 2016.

**Note 40:** The target set for 2017 was to train more than 30 suppliers. This is one of the strategic priorities for the Decathlon chemical risk team. As a result, eight in-country instructors were approved to provide this training, which will move the countries toward autonomy and make it possible to roll out this strategy much more quickly in each region in 2018.

**Note 41:** A new organisation involving user relation centres in our principal countries (France, Spain, Italy, China, Germany, India, the UK, Russia, Romania, etc.) has seen a considerable decrease in the length of time taken to handle user requests, with a half-day gain in the first user contact (1.05 days in 2017 compared with 1.76 days in 2016). We reached our target of having a response time of less than two days by 2017 and we would like to maintain this result in 2018.

**Note 42:** Our response time is shorter than European regulations require (45 days vs 30 days) and we would like to maintain this result in 2018.

## STORES AND TRANSPORT

GENERAL ENVIRONMENTAL POLICY	2016	2017
<b>COMPANY ORGANISATION FOR HANDLING ENVIRONMENTAL ISSUES AND ANY REQUIRED ENVIRONMENTAL ASSESSMENT OR CERTIFICATION PROCEDURES</b>		
Number of Decathlon stores with environmental certification (situation as of 31/12)	64	78 (Note 43)
Number of Decathlon stores opened over the year that have been awarded an environmental certification (from 1/01 to 31/12)	13	14
% of store sales area with environmental certification (m <sup>2</sup> ) (situation as of 31/12)	13.3%	19%
Number of Decathlon warehouses with environmental certification (situation as of 31/12)	8	8

**2017 SDR methodological notes**

**Note 43:** According to the LEED, BREEAM, HQE and DGNB recognised standards of international certifications.

THE GEOGRAPHICAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S BUSINESS ACTIVITY	2016	2017
Number of user events organised in France (from 1/01 to 31/12)	1,663 sporting events in 119 stores: 1,045 sporting events, 618 sporting excursions in 2017	3,438 sporting events in 119 stores: 911 sporting events, 2,527 sporting excursions in 2017

POLLUTION AND WASTE MANAGEMENT	2016	2017
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### MEASURES FOR PREVENTING, RECYCLING AND ELIMINATING WASTE

Quantity of waste generated by our sites (Decathlon stores, brand sites and company-owned warehouses) (from 1/01 to 31/12)	75,661 tonnes	88,002 tonnes (Note 44)
• Sorted paper and cardboard	24,541 tonnes (32%)	24,730 tonnes ( 28%)
• Sorted packaging	N/A	5,283 tonnes ( 6%)
• Sorted plastics	2,123 tonnes (3%)	N/A (Note 45)
• Other materials (wood, metals, textiles, etc.)	3,400 tonnes (5%)	3,177 tonnes ( 4%)
• Mixed waste	45,597 tonnes (60%)	54,811 tonnes (62%)
<b>Waste sorting rates by activity (from 1/01 to 31/12)</b>		
• Stores	40%	39% (50% in Western Europe) (Note 46)
• Warehouses	85%	62% (83% in Western Europe) (Note 47)

**2017 SDR methodological notes**

**Note 44:** Total waste volumes generated by our sites by type: sorted paper/cardboard, sorted plastic, unsorted, mixed ordinary manufacturing waste, other waste (sorted metal, sorted organic waste, sorted wood, sorted textiles, sorted glass, sorted electrical and electronic devices, sorted hazardous waste, sorted batteries, sorted bulbs, sorted packaging and sorted rubber).

The indicator does not include: sites that have been in operation for less than 12 months, production offices, company-owned production factories, and countries that had fewer than five sites in 2017.

The trends in the 2017 results are linked to developments at new stores. This means there was no improvement in the quantity of waste generated per site, despite the efforts made to reduce packaging.

**Note 45:** Included in "Other", being less than 1%.

**Note 46:** The indicator went down due to the inclusion of China and Germany, which did not have actual data to share to compare with the previous year. The quantities are thus estimates and are considered 100% unsorted. This inclusion renders the indicator more representative overall and does not translate to a real downward trend. The poor results from these new countries were offset by the excellent performance of Italy, Belgium and the Netherlands, which all had rates of over 60%.

**Note 47:** The indicator went down due to the inclusion of China (three warehouses), which did not have actual data to share.

The quantities are thus estimates and are considered 100% unsorted. This inclusion renders the indicator more representative. The poor results from the inclusion of China were offset by the excellent performance of Italy, France, Belgium and Spain, which all had rates of over 85%.

SUSTAINABLE USE OF RESOURCES	2016	2017
<b>ENERGY CONSUMPTION, MEASURES UNDERTAKEN TO IMPROVE ENERGY EFFICIENCY AND THE USE OF RENEWABLE ENERGY</b>		
Overall consumption by energy type at our sites (Decathlon stores, brand sites and company-owned warehouses.) (from 1/01 to 31/12)		
• Electricity, in kWh	454,561,099.6	547,329,325.9 (Note 49)
• Gas in kWh	19,294,913.7	63,406,340.6 (Note 49)
Energy consumption in kWh per m <sup>2</sup> in the stores (from 1/01 to 31/12)	139.5 kWh/m <sup>2</sup>	127.2 kWh/m <sup>2</sup> (Note 50)
Energy consumption in kWh per m <sup>2</sup> in the warehouses (from 1/01 to 31/12)	68.2 kWh/m <sup>2</sup>	74 kWh/m <sup>2</sup>
Renewable energy production in kWh by the stores (from 1/01 to 31/12)	3,870,238 kWh	4,928,292.2 kWh (Note 51)

**2017 SDR methodological notes**

**Note 49:** The indicator does not include: sites that have been in operation for less than 12 months, production offices, and company-owned production factories. The changes in the 2017 results are due to the large number of store openings in 2017.

**Note 50:** This improvement is largely the result of:

- > going from 412 stores with LED lighting in 2016 to 697 stores today
- > sharing energy saving best practices through the company network of maintenance managers
- > investing in energy-saving equipment
- > building new stores in 2016 with new energy-saving equipment

**Note 51:** The 2017 indicator now includes Decathlon sites (stores and warehouses) that produce renewable energy for their own use. The 2016 scope included the relevant Italian and Belgian sites, while for 2017 the scope includes Belgium, Italy, Hungary and the Netherlands, i.e., 26 stores and one warehouse (out of a total of 30 sites producing renewable energy and thus 90% of total production). Data for this indicator could not be collected for 2017 in Spain, which does in fact have a site that produces renewable energy.

LAND USE	2016	2017
Number of articles shipped per m <sup>2</sup> in Europe (from 1/01 to 31/12)	1,352 articles/m <sup>2</sup>	1,413 articles/m <sup>2</sup> (Note 52)

**2017 SDR methodological notes**

**Note 52:** Strategy for rationalising and optimising square and cubic metres, by installing mezzanine in some distribution warehouses to optimise the use of cubic metres. In 2017 it was decided that the perimeter would be limited to Europe.

TRANSPORT	2016	2017
CO <sub>2</sub> impact of transporting Decathlon products for delivery in Europe (in g CO <sub>2</sub> /article) (from 1/01 to 31/12)	376 g CO <sub>2</sub> eq./article	385 g CO <sub>2</sub> eq./article (Note 53)
• From production country to Europe	245	259 (Note 54)
• From key import warehouses to distribution platforms	73.7	76.7 (Note 55)
• From distribution platforms to stores	57	49.4 (Note 56)
% of post shipment multimodal transport in Europe (from 1/01 to 31/12)	21.16%	21.86% (Note 57)
Average per lorry load rate between the key import warehouses and the distribution platforms in Europe (in m <sup>3</sup> /lorry) (from 1/01 to 31/12)	54.04 m <sup>3</sup> (14,711 articles per lorry)	54.91 m <sup>3</sup> (14,666 articles per lorry) (Note 58)

**2017 SDR methodological notes**

**Note 53:** The 2017 result is due to the impact of air transport and haulage.

**Note 54:** The increase is due to a greater use of air transport. The loads carried by airplane increased from 14,026 tonnes in 2016 to 16,570 tonnes in 2017. In 2017, the number of items transported by air to Europe accounted for 6.5% of all items transported.

**Note 55:** Three new distribution warehouses were opened and volumes sent to Eastern countries increased.

**Note 56:** Three new distribution warehouses were opened, making it possible to bring inventory closer to the stores (for instance, Romanian stores now receive deliveries from the Bucharest warehouse, whereas before they received them from the Hungarian warehouse, which is much further away).

**Note 57:** The 2016 value has been recalculated due to confusing the number of TEUs (20-foot equivalent units) with the number of containers. The 2017 indicator results from using trains for post-shipment from ports to major import warehouses: 40.94% for flows arriving in Spain and 6.28% for flows arriving in France.

**Note 58:** Strategy to improve the load factor, especially for the most remote warehouses.



## RESPONSIBILITY IN PRODUCTION

SUPPLIERS AND SUBCONTRACTORS	2016	2017
<b>IMPORTANCE OF SUBCONTRACTING</b>		
Number of production countries (situation as of 31/12)		
• with physical presence of Decathlon teams	22	25 (Note 59)
• with no Decathlon teams physically present	27	24 (Note 60)
Number of Decathlon production offices (situation as of 31/12)	39	43 (Note 61)
Number of teammates responsible for maintaining and coordinating relations with suppliers (situation as of 31/12)	1,644	1,943 (Note 61)
Number of suppliers for Decathlon products (from 1/01 to 31/12)	1,213 rank 1 suppliers (finished products & components) 109 rank 2 suppliers	1,090 Rank 1 suppliers (finished products & components) 314 Rank 2 suppliers (Note 62)
Number of company-owned Decathlon production workshops (situation as of 31/12)	10	10
Number of "partner" suppliers (situation as of 31/12)	31	35

**2017 SDR methodological notes**

**Note 59:** Production country with a team: the country has a Decathlon production office.

Bangladesh, Brazil, Cambodia, China, Egypt, Ethiopia, France, India, Indonesia, Italy, Mexico, Morocco, Pakistan, Poland, Portugal, Romania, Russia, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Tunisia, Turkey and Vietnam.

**Note 60:** Production country without a team: production country whose suppliers are managed by Decathlon teams from another country; the country has no Decathlon office.

Austria, Albania, Belgium, Bosnia, Bulgaria, Croatia, Czech Republic, Finland, Georgia, Germany, Hungary, Japan, Lithuania, Madagascar, Malaysia, Myanmar, Serbia, Slovakia, Slovenia, Spain, Switzerland, the Netherlands, United Kingdom and Ukraine.

**Note 61:** Organic growth of our purchasing activity. List of Decathlon production offices: DP Bangladesh (DP Dhaka, DP Chittagong), DP Brazil, DP Cambodia, DP CIS, DP China (DP Guangzhou, DP Nanjing, DP Ningbo, DP Qingdao, DP Shanghai, DP Shenzhen, DP Suzhou, DP Tianjin, DP Wuhan, DP Xiamen), DP Egypt, DP Ethiopia, DP France, DP India (DP Chennai, Coimbatore, DP Mysuru, DP Surat, DP Kanpur, DP Delhi, DP Ludhiana), DP Indonesia, DP Italy (DP Desio, DP Padova), DP Mexico, DP Morocco, DP Pakistan, DP Poland, DP Portugal, DP Romania, DP Singapore, DP South Korea, DP Sri-Lanka, DP Taiwan, DP Thailand, DP Tunisia, DP Turkey, DP Vietnam (DP Ho Chi Minh, DP Hanoi), DP Poland, DP Ethiopia and DP Pakistan opened their production offices in 2017.

**Note 62:** Continuation of our strategy of consolidating our panel of suppliers. Rank 1 supplier: Supplier who has signed an agreement with a Decathlon group company to produce or assemble finished or semi-finished products (via a manufacturing contract) or to supply raw materials or components (via a purchasing contract), receiving purchase orders and invoicing said company directly.

Rank 2 supplier: Supplier contributing to Decathlon's product value chain, with direct commercial relations with a rank 1 supplier, with whom they organise the management of purchase orders and invoicing. The Decathlon group retains the option to get involved in choosing or approving this rank 2 supplier, while not intervening in the commercial and legal relationship between these rank 1 and rank 2 suppliers.

Average length of service for suppliers: top 100 suppliers in terms of volumes purchased by Decathlon (situation as of 31/12)	2016	2017
• < 1 year	3%	1% (Note 63)
• 1 - 3 years	22%	23%
• 3 - 5 years	21%	16%
• 5 - 10 years	50%	39%
• 10 - 20 years	4%	17%
• > 20 years	0%	4%
• Average	8.5 years	9 years

**2017 SDR methodological notes**

**Note 63:** We are continuing our strategy of building long-term relationships with our suppliers while also remaining open to working with new suppliers.

SUPPLIERS AND SUBCONTRACTORS	2016	2017
<b>IMPORTANCE OF SUBCONTRACTING</b>		
Breakdown of volumes purchased by Decathlon by production area (from 1/01 to 31/12)		
• North Asia	48.3%	49.8% (Note 64)
• Europe	17.6%	16.2%
• Southeast Asia	16.8%	16.9%
• Southwest Asia	14.2%	14.3%
• Africa	2.8%	2.5%
• Americas	0.1%	< 0.1%
• CIS (Commonwealth of Independent States)	0.2%	0.3%

**2017 SDR methodological notes**

**Note 64:** The increase in the share of our purchases in China resulted from the strong growth in our retail activities in China, which is driven by purchases made primarily in China.

SUPPLIERS AND SUBCONTRACTORS	2016	2017
<b>TAKING INTO ACCOUNT SUPPLIERS' AND SUBCONTRACTORS' CSR AS PART OF THE RELATIONS MANAGEMENT PROCESS</b>		
% of the acquisition of the "Sustainable development in Production" skills (situation as of 31/12)		
	N/A	57% (Note 67)
Number of production sites concerned by HRP assessments (situation as of 31/12)		
• Number of rank 1 production sites concerned	1,038	1,022 (Note 68)
• Number of rank 2 production sites concerned	256	314
Number of HRP assessments conducted (from 1/01 to 31/12)		
	877	1,018
% of HRP assessments conducted internally (from 1/01 to 31/12)		
	73.4%	66% (Note 69)
<b>2017 SDR methodological notes</b>		
<b>Note 67:</b> Corresponds to 57% autonomy on the Sustainable Development in Production skills. In 2017 a new Skill Matrix tool was rolled out, which was intended to manage teammate skill sets, not training. Each production team notes their progress in their skill plan. Through consolidation we are able to track the people who are working autonomously, rather than the people who have completed the training. This was the tool used to provide the data for this indicator in the 2017 Sustainable Development Report, despite its uncertain reliability (manual data entry and little management).		
<b>Note 68:</b> The 1,022 sites covered by HRP (Human Responsibility in Production) correspond to 846 suppliers in our Supplier Data Base (SDB) tool. In January 2018, we cross-tabulated these 846 suppliers with the list of suppliers that had generated turnover in 2017 issued by the Purchasing Department. A discrepancy of 244 suppliers was detected. After an initial analysis, we found that these 244 supplier codes are in fact present in the SDB but they do not appear in the extracts for several technical reasons.		
As of 19/02/2018 there were still 194 supplier codes for which we did not have a precise explanation, a discrepancy of 17.8%. The HRP and Purchasing teams are working together to produce a quarterly report in hopes of reducing this discrepancy.		
<b>Note 69:</b> The priority for the Sustainable Development in Production teams was to spend more time providing support to our teammates and suppliers.		
% of production sites rated A, B or C following HRP assessment (situation as of 31/12)		
• Rank 1 production sites rated A, B or C	68%	69% (Note 70)
• Rank 2 production sites rated A, B or C	49%	49%
<b>2017 SDR methodological notes</b>		
<b>Note 70:</b> The 2016 indicators for HRP were calculated on 04/01/2018 using the SDB tool.		
Focus on HRP results (situation as of 31/12)		
• For partner suppliers rated A, B or C	84% A: 4% (2 sites) B: 42% (21 sites) C: 38% (19 sites)	88% A: 2% (1 site) B: 45% (29 sites) C: 41% (26 sites) (Note 71)
• For company-owned production facilities rated A, B or C	60%	80% (Note 72)
<b>2017 SDR methodological notes</b>		
<b>Note 71:</b> SDR methodological notes		
Note 71: For 2016, the scope of the "% ABC partners" indicator covered 42 production sites belonging to 31 Decathlon partner suppliers. For 2017, the scope of this indicator changed to cover 64 production sites belonging to 35 Decathlon partner suppliers. In terms of HRP, 56 partner sites were evaluated in 2017 for the ABC rating (1 A site / 29 B sites / 26 C sites). Note that coordination for this indicator was stepped up from September 2017 onward following the decision to revise the goals for 100% ABC partners for 31/12/2017.		
<b>Note 72:</b> Both factories in China that were evaluated at HRP level D implemented the requisite action plans to raise their ranking to level B in 2017.		

**2017 SDR methodological notes**

**Note 65:** Textiles, footwear, bicycles and heavy stitching remain our main activities.

SUPPLIERS AND SUBCONTRACTORS	2016	2017
Breakdown of volumes purchased by Decathlon by production process (from 1/01 to 31/12)		
• Nutrition products (sports supplements and food)	1%	1% (Note 65)
• Chemical and cosmetic products	0.4%	0.4%
• Electronic products	2%	1.9%
• Footwear products	14.6%	15%
• Glove products	1.3%	1.4%
• Heavy stitching products (tents, backpacks, sleeping bags, balls, etc.)	10.6%	10.4%
• Pyrotechnic products (Solagnac hunting equipment)	0.3%	0.2%
• Bonded/inflatable products (air beds, rings, armbands, etc.)	1.3%	1.5%
• Helmet products	0.9%	1%
• Optical products (sunglasses, swimming goggles, ski goggles, diving mask)	1.5%	1.6%
• Bike/cycle products	10.8%	11.3%
• Plastic and composite products	6.3%	7%
• Wedge composite products (ski equipment)	0.2%	0.2%
• Metal/metallic products (scooters, fitness products, basketball nets, football nets, etc.)	6.2%	6.1%
• Simond products (climbing gear, etc.)	not avail.	0.1%
• Textile products (natural fabrics, synthetic fabrics, woven fabrics, yarn to finished product)	42.6%	40.9%
<b>2017 SDR methodological notes</b>		
<b>Note 66:</b> China, India and Russia continued to increase their local purchasing share. This declined in Europe, however. Purchases made by Brazil in Brazil are not being reported in our IT system, so this is based solely on the data reported by the Brazil.		
% of turnover resulting from Decathlon products manufactured locally (from 1/01 to 31/12)		
• China	91%	93% (Note 66)
• Europe	22%	20%
• Russia	7%	10%
• India	36%	45%
• Brazil	9%	not avail.

**2017 SDR methodological notes**

**Note 66:** China, India and Russia continued to increase their local purchasing share. This declined in Europe, however. Purchases made by Brazil in Brazil are not being reported in our IT system, so this is based solely on the data reported by the Brazil.

SUPPLIERS AND SUBCONTRACTORS	2016	2017
<b>TAKING INTO ACCOUNT SUPPLIERS' AND SUBCONTRACTORS' CSR AS PART OF THE RELATIONS MANAGEMENT PROCESS</b>		
Number of production sites concerned by environmental assessments (situation as of 31/12)		
• Number of rank 1 production sites concerned	N/A (Note 73)	201
• Number of rank 2 production sites concerned	N/A	93
Number of environmental assessments conducted (from 1/01 to 31/12)	16 (Note 73)	115
% of production sites rated A, B or C following environmental assessment (situation as of 31/12)		
• Rank 1 production sites rated A, B or C	50% (Note 73)	26.8%
• Rank 2 production sites rated A, B or C	50% (Note 73)	12.9%
Focus on environmental results (situation as of 31/12)		
• For partner suppliers rated A, B or C	N/A (Note 73)	47.61% (Note 74)
• For company-owned production facilities rated A, B or C	N/A (Note 73)	N/A (Note 75)

**2017 SDR methodological notes**

**Note 73:** 2017 was the first year in which large-scale environmental audits were rolled out after the test phase in 2016. Thus, the numbers from 2016 and 2017 are not comparable.

Sixteen test audits were conducted between September and December 2016 as a pilot programme before the environmental audits were rolled out in 2017. In 2016 this involved 12 rank 1 suppliers (6 ABC-rated) and four rank 2 suppliers (2 ABC-rated). No partner suppliers or company-owned production workshops were included in this pilot programme.

**Note 74:** For 2017 the "% ABC partner suppliers" indicator applied to 21 partner production sites for a total of 35 Decathlon partner suppliers (64 associated production sites).

**Note 75:** Only one of the 10 Decathlon-owned production sites was eligible for the environmental audit, as it had an industrial process that posed a potential risk to water, air and soil. It will be a priority for auditing in 2018 to prevent the risk of water, air and soil pollution.

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## METHODOLOGICAL NOTE

### GENERAL ORGANISATION OF REPORTS

Decathlon is bound by the extra-financial reports obligation via Decathlon SA following the publication of article 225 of the Grenelle II law<sup>1</sup> and the decree of 24 April 2012<sup>2</sup>, and has been since the financial year commencing after 31 December 2012.

Decathlon SA is not listed on the stock exchange. However, for this report, we took into account the following criteria which listed companies are obliged to fulfil: social information (absenteeism, workplace accidents, fundamental conventions of the ILO), environmental information (total provisions and guarantees for environmental risks, land use, adapting to climate change) and societal information (sub-contracting and suppliers, fair practices, combating corruption, human rights).

In terms of the fundamental conventions of the ILO, we apply the same standards across our 10 production sites as those required of our suppliers.

This extra-financial report is the fifth financial year of its kind for Decathlon, and illustrates our commitments, achievements and projects in terms of corporate social responsibility (CSR) for the 2017 financial year.

To create this document, we implemented the following organization:

- A project officer responsible for CSR reporting procedures and two project managers for the following components: writing and communications, technical aspects and project management, and internal reporting protocols
- A network of contributors covering the various activities of the business (design, production, distribution, logistics, property, legal, etc.)
- Strategic committees with different participants (CEO of Decathlon, sustainable development leader, manufacturing leader, communications and HR team representatives, etc.).

Indicators are provided by the contributors from the relevant operational activity, before being consolidated by the report project leaders. Some of the extra-financial indicators are drawn from information that has already been coordinated internally by the business's teammates.

Indicators have been reviewed and organized every year since 2013 in order to align them with legislative requirements, the observations of the independent third-party body and to take into account changes to internal sustainable development projects.

A reporting protocol including the indicator definitions and the various procedures for collecting and consolidating data is updated and shared with the relevant contributors each year.

For the 2017 financial year, the qualitative data and indicators audited by Mazars are as follows:

As of 31/12/2017, total headcount number, percentage of permanent employees, percentage of shareholding teammates, Decathlon Teammates Barometer results, number of training hours and training policy (qualitative), percentage of products with eco-labelling, energy consumption and site waste tonnage, percentage of HRP ABC ratings and HRP policy (qualitative), returns rate per million, and percentage of sports users delighted with Decathlon products.

Our efforts since 2014 to organise collections, and to consolidate data and make it more reliable, have enabled us to observe how reliable certain data actually is.

We are on a learning curve, adopting a continuous improvement approach over several years in order to reinforce the reporting process internally and enhance the reliability of data that we communicate in our extra-financial reports.

1. Law governing national environmental commitment no. 2010-788 of 12 July 2010, article 225.

2. Decree no. 2012-557 of 24 April 2012.

## PRINCIPLES GOVERNING THE PRODUCTION OF THE SUSTAINABLE DEVELOPMENT REPORT

In line with GRI G4 Sustainability Reporting Guidelines, Decathlon applies the following principles when writing our Sustainable Development Report:

- **Completeness:** to be as exhaustive as possible on relevant topics to enable readers of the report to assess the business's CSR performance
- **Relevance:** topics deemed relevant are those that we feel are most important for our own activities and governance
- **Clarity:** to be universally understood
- **Punctuality:** to deliver the report on the same dates every year
- **Balance:** to present a fair idea of the business's overall performance by reflecting both positive and negative aspects
- **Accuracy:** to give accurate, detailed information to enable readers to gain a better understanding

## REPORTING SCOPE

Decathlon had a presence in 39 distribution countries, with over 82,171 teammates and a turnover of €11 billion excl. VAT in 2017.

As of 31/12/2017, the Decathlon group scope numbered:

- 1,352 stores (all sales forms combined)<sup>3</sup>
- 58 warehouses and logistics platforms

To establish the CSR target reporting scope for the 2017 financial year, it was agreed to use the financial consolidation scope, which comprises all subsidiaries from the Decathlon group, closed on 30 September of the reporting year and from which restatements have been made.

These restatements correspond to subsidiary exclusions from the financial consolidation scope.

Exclusions are operated on the basis of the:

- corporate purpose (companies whose sole purpose is acquiring shares; subsidiaries whose sole purpose is real estate ownership)
- controls (art. L. 233-3 C. com.)
- ongoing transactions
- turnover (threshold of 0.01% of total turnover for Decathlon group subsidiaries) of the subsidiary being considered

Regarding the latter, we consider that the cost of obtaining environmental, social and societal data is disproportionate to the importance they represent. Excluding these companies has no significant effect on the representativeness of our data.

However,

- any subsidiary with more than 10 stores must be included in the CSR target reporting scope, given their impact on the "Group" data point. In other words, the inclusion rule for the CSR target reporting scope with regard to the number of stores takes precedence over the exclusion rule for the CSR target reporting scope with regard to turnover.
- any subsidiary registered with the RBU (Reporting Business Unit), which corresponds to the turnover relating solely to a production activity for Decathlon products, regardless of the total turnover, must participate in the CSR target reporting scope with regard to the duty of care expressed by the Human Responsibility in Production (HRP) indicator, even if – by virtue of the turnover threshold – it would be excluded from the CSR target reporting scope.
- for China, in light of local legal structures, we decided to institute a special rule, consisting of integrating all subsidiaries that engage in retail and logistics activities.

The CSR target reporting scope coverage rate for 2017 was 99.52% of the total turnover for Decathlon group subsidiaries.

3. Franchised stores are excluded, and their turnover is not consolidated in the balance sheet.

## METHODOLOGICAL CLARIFICATIONS

1. Note that the "Signed Sports" term refers to company-owned Decathlon brands (such as the Forclaz Decathlon Signed Sport for trekking activities, Olaian for surfing, Tribord for sailing, etc.).

2. The suppliers which we refer are those with whom we are having close commercial relations, directly or indirectly, in the process of producing goods and components. The explanation of our goods development approach (Eco-design, quality, HRP, etc) concerns only goods which are produced for our own brands.

3. Decathlon activities that come under facilities listed in environmental protection regulations are 10 warehouses and two company-owned production sites in France (12 of which are subject to authorisation and two to declaration).

4. Decathlon's core business objective is the manufacture of its products, services and related equipment designed for sports enthusiasts and their families, and all associated wholesale and retail activities.

On this basis, Decathlon is not considered to be a distributor for the food retail sector.

Under our Aptonia Signed Sport name Decathlon sells sports nutrition products and diet supplements, which do not come under the category of foodstuffs.

### 4. For the social dimension

In accordance with the action plan implemented by the 2016 Sustainable Development Report, this year the HR teams included three additional countries when gathering social data sourced from payroll software in order to improve the representativeness and reliability of the scope.

Germany, Portugal and Poland were thus integrated alongside the five previous countries (France, Spain, Italy, Belgium and China), which increased the scope of social data sourced from payroll software to a total of 85.02% of the global workforce.

Most of the quantitative data published for these countries are thus produced from ad hoc payroll software.

The quantitative data published for the remaining 14.98% are calculated using data reported in the "My Identity" tool, whose reliability is uncertain. Note that certain indicators are calculated solely on the basis of the "My Identity" tool (% of female managers and breakdown by activity).

A data gathering framework has been established, with a standard definition for each indicator collected.

At the same time, remaining countries will be contacted over time, to test the data gathering framework using their payroll extracts in order to make data more than 96% reliable for the 2020 report.

2018: + 2 countries (Russia and Hungary) accounting for 3.59% of personnel

2019: + 2 countries (India and Turkey) accounting for 3.33% of personnel

+ 3 countries (Brazil, Romania, UK) accounting for 3.45%

Note that the HR teams who helped draft the text of the Human Resources section of the 2017 Sustainable Development Report were unable to provide qualitative information about countries other than France, as no individual was charged with gathering and consolidating international information on the HR teams.

### 5. For logistics-related figures

In 2017 the majority of the logistics data was calculated by the contributors in charge of the data for Europe, due to the unavailability and lack of consolidation for the logistics data at the global level. Europe accounts for 76% of article volumes shipped in 2017.

### 6. For the greenhouse gas emissions assessment (GHG)

Calculating the CO<sub>2</sub> footprint was done using the GHG Protocol<sup>4</sup> method, which divides emissions into three areas (scopes 1, 2 and 3).

GHG emissions are calculated by multiplying activity data by an emission factor. Activity data was gathered from the defined area.

If data was unavailable or showed errors, it was used to make assumptions or was extrapolated using accurate data.

Excluding calculations concerning product impact, most emission factors come from the Carbon database managed by ADEME (<http://www.bilans-ges.ademe.fr/>). Product impact modelling is performed using simplified lifecycle assessments. Calculations are performed using an in-house tool and the services of several specialist research and engineering firms who contribute their expertise and widely recognized databases (Ecolivent, Gabi, Buwal and Wisard).

4. <http://www.ghgprotocol.org/standards/corporate-standard>

The scope taken into account for the GHG assessment comprised company-owned Decathlon sites that were trading on 31/12/2017 i.e., 1,297 Decathlon stores and 45 warehouses. To optimise our system, in 2016 we introduced a software solution designed to computerise the gathering and consolidation of environmental data for our sites.

Compared with the CSR reporting scope:

- energy data and waste tonnage for our sites was calculated using actual energy consumption from 83% of Decathlon stores (i.e., 1,124 stores) and 69% of warehouses (i.e., 39 warehouses).
- water consumption in our stores and warehouses is not considered significant as it is limited to sanitation facilities, staff rooms, watering green spaces and automatic extinguisher tests. The average consumption for 2016 was calculated based on actual data obtained from a sample of 23 stores and one warehouse, and it confirmed that we did not have an exhaustive report, given the low consumption. The latest data from 2017 was not considered reliable enough to be included in the 2017 Sustainable Development Report.
- the "sorting rate" indicator was calculated using data from 67% of stores (i.e., 907 stores) and 58% of warehouses (i.e., 34 warehouses). The remaining data was extrapolated using real consumption data obtained through tonnage/quantity sold ratios (for stores) and tonnage per square metre ratios (for warehouses).

#### 7. Restatement of 2016 SD report data and error correction:

There is a small chance that some data calculated in 2016 may differ from that published in our fourth extra-financial report, especially since calculation and inputting errors were detected. These modifications are not significant in any way. If these method changes were introduced between 2016 and 2017, this is mentioned in a footnote for the indicator concerned.

## REPORTING PERIOD

The reporting period for extra-financial data is based on the calendar year (1 January to 31 December 2017), so as to ensure consistency with the trading year of Decathlon's companies as well as the business's existing reports. In cases where data refers to a reporting period different to the calendar year, this must be specified in the body of the report.

## METHODOLOGICAL LIMITS OF THE INDICATORS

Being Decathlon's fifth extra-financial report, this report forms part of an improvement drive implemented over several years, with the aim of structuring and reinforcing the process internally.

Environmental, social and societal indicators can present methodological limits caused by:

- non-harmonised definitions, national/international legislation and local practices
- problems in collecting certain data without data collection software solutions
- manual data entry: reliability depends on the quality of the information collection performed by the teams
- the availability of certain data within a limited field
- extrapolating and estimating certain data in situations where actual data is not available
- the gradual deployment of our internal reporting protocol to cover the collection, consolidation and management of indicators

# CONFIRMATION OF PARTICIPATION AND REPORT ON THE FAIRNESS OF THE INFORMATION

**Decathlon**  
Financial year ended  
31 December 2017

Report by an independent third-party body, relating to the consolidated social, environmental and societal information contained in the management report.

#### TO THE SHAREHOLDERS

In our capacity as an independent third-party, member of Mazars' network, statutory auditor of Decathlon, whose accreditation was accepted by COFRAC under the number 3-1058<sup>1</sup>, we have drawn up this attestation on human resources, environmental and social information for the year ended 31 December 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

#### COMPANY RESPONSIBILITY

The Supervisory Board of Decathlon is responsible for preparing the company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the protocol used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the company's head office.

#### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

#### RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY BODY

On the basis of our work, our responsibility is:

- to attest that the required CSR Information is included in the management report or, in the event of omission, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information)
- to deliver a conclusion providing reasonable assurance that the CSR information, taken as a whole, is presented, in all its significant aspects, in a fair manner that complies with the benchmarks (reasoned opinion on the fairness of CSR information)

Our work was carried out by a team of five people between January 2018 and the end of April 2018, for a total duration of around five weeks.

We carried out the following work in accordance with the order of 13 May 2013 setting out the ways in which an independent third-party body should conduct its mission, as well as with the professional guidance issued by the national auditing body relating to this work and, in terms of the reasoned opinion of fairness, with the international norm ISAE 3000<sup>2</sup>.

#### I - Attestation regarding the completeness of CSR information

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding the human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

In the absence of certain consolidated data, we checked that the explanations were supplied in accordance with the provisions of article R.225-105 paragraph 3 of the French Commercial Code.

1. Whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)

2. ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

**Decathlon**  
Financial year ended  
31 December 2017

We checked that the CSR data covered the consolidated scope, i.e., the company as well as its subsidiaries as defined by article L.233-1 and the companies that it controls, as defined by article L.233-3 of the French Commercial Code with the scope limits outlined in the methodological note that appears in the "Methodological note" paragraph of the management report.

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

**II - Reasoned opinion on the fairness of CSR information**

**NATURE AND SCOPE OF THE WORK**

We have carried out around 20 reviews with those responsible for preparing CSR information, interviewing management in charge of data gathering processes and, if applicable, managers of internal control and risk management procedures, so as to:

- gain an understanding of the appropriateness of the benchmarks in terms of their relevance, their exhaustiveness, their reliability, their neutrality and their comprehensibility, taking into consideration good practices used within the sector, if applicable.
- verify that a collection, compilation, handling and control process, designed to ensure that CSR information is exhaustive and consistent, has been implemented; and to familiarise ourselves with internal control and risk management procedures for drawing up CSR information.

We determined the nature and scope of our tests and controls in line with the nature and importance of the CSR information relative to the company's specific features, social and environmental challenges thrown up by its activities, its policy directions in terms of sustainable development, and industry best practices.

For the CSR information we deemed to be the most important<sup>3</sup>:

- in terms of the consolidating entity and other entities, we consulted documentary sources and conducted reviews to corroborate the qualitative information (organisation, policies and actions), we introduced analytical procedures for quantitative and verified information, based on surveys, calculations and data consolidation, and we verified their consistency and correlation with other information in the management report.
- in terms of a representative sample of entities we selected<sup>4</sup> in line with their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted reviews to verify that procedures were being correctly applied and detailed tests implemented on the basis of sampling, work that involved verifying the calculations carried out and reconciling data from documentary evidence.

The sample selected in this way accounts for 44% of the workforce, considered to be a crucial variable of the employee component, and between 41% and 100% of environmental data, considered to be crucial variables<sup>5</sup> of the environmental component.

For the other consolidated CSR information, we assessed how consistent it was compared with what we know about the company.

Lastly, we acknowledged the relevance of explanations relating to (if appropriate) the complete or partial absence of certain information.

We feel that the sampling methods and sample sizes that we have selected by exercising our professional judgement have enabled us to formulate a conclusion providing reasonable assurance; greater assurance would have required more extensive verification procedures. In view of the sampling techniques used and the other limits inherent in the operation of any information and internal control system, the risk of a significant anomaly in the CSR information going undetected cannot be fully eliminated.

3. **Social information:** Workforce as of 31/12/2017; Percentage of permanent employees; Percentage of employee shareholders; Results from Decathlon Teammates Barometer; Number of training hours; Training policy; HRP policy.

**Environmental information:** % of products with an eco-label; Sites' energy consumption and waste tonnage.

**Societal information:** HRP% ABC; Returns rate per million.

4. For France, China, Belgium: For the workforce as of 31/12/2017, the percentage of permanent employees, the percentage of employee shareholders, the number of training hours, sites' energy consumption and waste tonnage, and the returns rate per million.

For the HRP % ABC: France and China. For the percentage of employee shareholders: the shareholding scheme; for the results of the Decathlon Teammates Barometer: Decathlon Exchange; for the training policy: contacts in charge of reporting face-to-face training hours and Mylo training hours; for the % of products with eco-labelling and HRP policy: the Sustainable Development team (teams responsible for eco-design and eco-labelling, and human responsibility in production), at the group (Decathlon Campus) level.

5. Sites' energy consumption and waste tonnage, and % of products with eco-labelling.

**Decathlon**  
Financial year ended  
31 December 2017

**CONCLUSION**

Over the course of our work, we observed that:

- The Decathlon Exchange and Mylo training programmes, used to report training or e-learning hours, were not systematically substantiated by proof of attendance.
- The scope of the data produced by the Decathlon Teammates Barometer is not comparable to the consolidated reporting scope of the indicators in the extra-financial report (hereinafter "the scope"). Not all entities in the reporting scope participated in the survey, while certain entities outside the scope did participate. The legal entities that participated in the survey have not been comprehensively identified, despite the observation noted in our report for the 2016 financial year. In addition, access to the survey is not controlled and multiple responses from the same employee are not tracked or quantified. This yields uncertainty about the reliability of the final results obtained.

On the basis of our work, with the exception of the lack of traceability of training hours inputted into the Decathlon Exchange and Mylo tools, as well the lack of comprehensiveness of the reporting scope and the lack of reliability of the data produced by the Decathlon Teammates Barometer, as mentioned above, we observed no significant anomalies likely to call into question the fact that the CSR information, taken as a whole, is presented in a fair manner and in accordance with the Standards.

Drawn up in Paris La Défense,  
on 5 May 2017  
Independent third-party body

**MAZARS SAS**

**Cédric TOULEMONDE**  
Partner

**Edwige REY**  
CSR and Sustainable Development Partner

## LIST OF 2017 STAKEHOLDERS



Partner of the World Forum Lille with Decathlon participation during the World Forum 2017 conferences.  
<http://www.worldforum-lille.org>



Sits on the Environment Committee for the FCD (Federation for Commerce and Distribution) that works to promote Sustainable Development.  
<http://www.fcd.fr/qui-sommes-nous/actualites-de-la-fcd/detail/decouvrez-la-video-de-presentation-de-la-fcd/>



On the CSR Commission since 2014 (including working on updating the code of conduct and on an event linking CSR and sport).  
<http://www.entreprisesdusport.com/fr/infos-conso/developpement-durable>  
<http://www.unionsportcycle.com/>



Since 2015, has monitored work by the CSR Commission of the WFSGI (sharing intelligence information, CSR practice benchmarking, participation in webinars, etc.).  
<http://www.wfsgi.org/>



Member of the Eurocommerce Environment Committee, so as to monitor and anticipate any future strategic and legislative developments for the European Union in terms of the environment.  
<http://www.eurocommerce.eu/>



Part of the eco-labelling pre-roll-out project with ADEME and the French Ministry for the Environment.  
 Leads the project committee (COPROJ) for textile eco-labelling.  
<http://www.ademe.fr/expertises/consommer-autrement/passer-a-l'action/reconnaitre-produit-plus-respectueux-lenvironnement/dossier/laffichage-environnemental/laffichage-environnemental-aujourd'hui-demain-bilan-experimentations-perspectives>



Involvement dating back several years in the AFNOR-ADEME platform, working on product eco-labelling, aiming to define common evaluation methods for use within France.  
<http://affichage-environnemental.afnor.org/>



Sits on the Board of Directors and the Scientific Committee of Eco-TLC.  
<http://www.ecotlc.fr/page-53-gouvernance.html>



A member of the ORSE for several years. This organisation provides continuous monitoring of social and environmental responsibility in businesses across France, Europe and the world.  
<http://www.orse.org/>



OEF (Organisation Environmental Footprint): Participation in a European experiment to define a common multi-criteria method for calculating organisations' environmental footprint. Member of the technical secretariat with different stakeholders, including ADEME (French Environment and Energy Management Agency), PERIFEM<sup>1</sup>, ENEA<sup>2</sup>, Umweltbundesamt<sup>3</sup>, the NGO Global 2000<sup>4</sup> and businesses (Carrefour, Colruyt, Kering, Picard and Office Depôt).

<sup>1</sup> PERIFEM: Technical Commerce and Distribution Organisation: [assoperifem.wixsite.com/perifem](http://assoperifem.wixsite.com/perifem)

<sup>2</sup> ENEA: National Italian Agency for New Technology, Energy and Sustainable Development: <http://www.enea.it/it>

<sup>3</sup> Umweltbundesamt: Austrian Federal Agency for the Environment: <http://www.umweltbundesamt.at/en/>

<sup>4</sup> Global 2000 NGO: <https://www.global2000.at/en>

<http://ec.europa.eu/environment/eussd/smgp/>

PEF (Product Environmental Footprint): Participation in a European experiment to define a common multi-criteria method for calculating products' environmental footprint (T shirts). Member of the technical secretariat with different stakeholders, including ADEME (French environment and energy management agency), the French Ministry for the Environment, the OFEV<sup>5</sup>, brands (Promod, Pimkie, Okaïdi, etc.) and manufacturers (Les Tissages de Charlieu, TAD).  
<http://ec.europa.eu/environment/eussd/smgp/>

<sup>5</sup> OFEV: Swiss federal office of the environment



Decathlon joined the BCI (Better Cotton Initiative) in January 2012. This non-profit-making association seeks to promote the development of better cotton throughout the world, to create a sustainable commodity that is better for those producing it, better for the environment it is grown in, and better for the future of the sector as a whole.  
<http://bettercotton.org/>



Technical support for Decathlon's Human Responsibility in Production and Supplier Environmental Management assessments (conducting of audits, wastewater samples and analyses).  
<http://www.sgs.com/>



Decided to join the Together for a Sustainable Business scheme at the end of 2014, implemented by the consultancy firm Impactt Limited.  
<https://impacttlimited.squarespace.com/blog/>



French working group organised by the DAEI (European and International Affairs department), bringing together members from the national contact point of the OECD (NCP France), from the national CSR platform, from the Ministry of Ecology, from NGOs and from French businesses in the textile sector.  
<http://social-sante.gouv.fr/ministere/organisation/directions/article/dae-delegation-aux-affaires-europeennes-et-internationales>



Member of an advisory committee (with representatives from national contact points, businesses, the European Commission, multi-stakeholder initiatives, NGOs and unions) to draft a guide on due diligence in the textile and footwear industries.  
<https://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm>



Sharing scientific knowledge about chemicals used in production processes and about emerging risks, in order to define Decathlon's future areas of work.  
<https://www.anses.fr/fr>

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