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DECATHLON

MODERN SLAVERY STATEMENT 2023

May 2024

PURPOSE AND CONTEXT

This Statement is issued pursuant to applicable laws concerning modern slavery, including but not limited to the California's Transparency in Supply Chains Act (2010), the UK Modern Slavery Act (2015), the Australian Modern Slavery Act (2018), and the Canadian Forced and Child Labour Act (2024). It presents the actions taken by Decathlon SE and its subsidiaries (Decathlon) to tackle modern slavery risks in its global operations and supply chain, for the **financial year starting January 1, 2023 and ending December 31, 2023.**

The elements displayed in this document are to be considered as a **part of Decathlon's global risk management initiative**. Indeed, the company's general due diligence framework is **set out in its annual Vigilance Plan**, issued pursuant to a growing set of corporate sustainability due diligence regulations, i.a.: the French Corporate Duty of Vigilance Law (2017), the Dutch Human rights and Environmental Due Diligence Law (2019), the German Supply Chain Diligence Act (2023), and the EU Corporate Sustainability Due Diligence Directive (as soon as applicable).

The efforts and means put in place to assess and address modern slavery risks are to be read in this broader understanding, considering the efforts and means deployed by Decathlon targeting all risks existing in its supply chain. Indeed, **Decathlon has a strong commitment to uphold corporate sustainability standards**, in order to prevent and remedy negative impacts of its activities and those of its business partners on human rights and the environment.
Among those matters, modern slavery is a major stake. Decathlon strives to tackle connected risks in the most efficient way, with the means and resources existent and accessible, as set out in this statement.

Decathlon recognizes all forms of modern slavery including forced labour, prison labour, indentured labour, bonded labour, human trafficking, or other similar conduct. The company also has a strong commitment to prohibit the use of child labour in its value chain, which can often lead to situations of slavery too. The term modern slavery will be used in this document as encompassing child labour stakes as well.

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CONTENTS

click on title to go directly to the page

1. BUSINESS & VALUE CHAIN 3
1.1. Business structure and operations 3
1.2. Due diligence scope 4
2. RISK MAPPING 4
2.1. General vigilance risk mapping 4
2.2. Forced labour country risk mapping 5
3. RISK MANAGEMENT 6
3.1. Binding and Guiding Documents 6
3.2. Purchasing policies 7
3.3. Audits on suppliers' production sites 9
3.4. Responsible Teammates 10
3.5. Trainings 11
4. REPORTING MECHANISMS 12
4.1. Whistleblowing system 12
4.2. Wellbeing Survey 13
4.3. New Tool for Production Sites 14
5. MEASURING EFFECTIVENESS 14
5.1. Indicators for progress 14
5.2. Internal assessment 15
6. REMEDIATION PROCESSES 16
7. CONCLUSION 17
8. NOTES & APPENDIX 18
8.1. Notes 18
8.2. Due diligence laws 19
8.3. Appendix 20
8.4. Signature 21

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1. BUSINESS & VALUE CHAIN

1.1. Business structure and operations

Decathlon is one of the world's largest sporting goods' brands and retailers. It is a French company founded in 1976 specialised in the design and distribution of sports goods, working to provide quality products accessible and adapted to the needs of all, from enthusiastic beginners to passionate professionals. Decathlon operates around:

- **4 values**: Vitality, Responsibility, Generosity, Authenticity
- **5 pillars** of the company's North Star:
  - End-to-end customer experience
  - Beacon of light for a sustainable future
  - State-of-the-art omni value chain
  - Excellence and style in key sports
  - People-centered modern company

Thanks to its 100,701 teammates, Decathlon developed worldwide and now has 1,749 stores in 57 countries/ regions. The company's headquarters are in Villeneuve-d'Ascq, France. Decathlon's own operations and those of its commercial partners touch upon the following sectors: research and innovation ; design ; raw materials extraction / cultivation ; industrial operations ; transport in its various forms ; information systems, digital applications & equipment ; distribution (physical and digital) ; communication.

Decathlon in numbers

100,701
teammates
46.1% women and 53.9% men

-11.7%
reduction of absolute CO_2 eq. emissions
compared to 2021

€15.6 Bn
pre-tax in sales
€15.4 Bn in 2022*
*At a constant exchange rate.

4.61/5
average rating given to Decathlon and AMI[2] products
4.54/5 in 2022

2.27%
circular economy sales
1.82% in 2022

1,749
stores worldwide
(owned and rented, excluding franchises)

89%
teammates enjoy going to·work
91% in 2022

87.1%
electricity from renewable sources
84.8% in 2022

72
warehouses and logistics platforms

89%
of Rank 1 supplier sites were Rated A, B or C in human responsibility in production (HRP)
86.7% in 2022

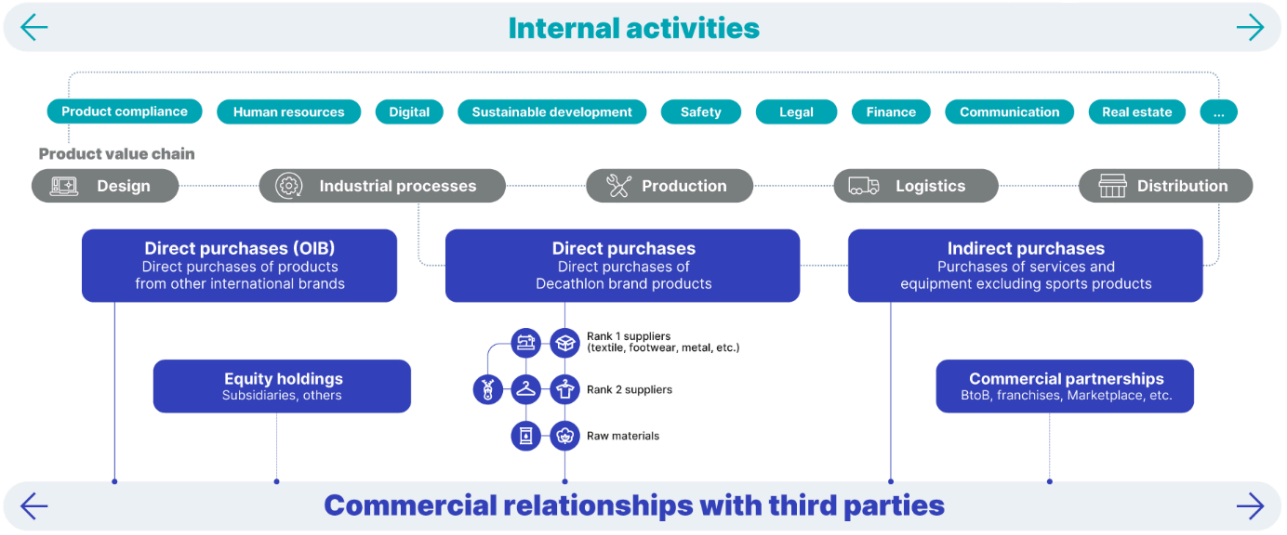
86.7%
of Rank 1 and 2 supplier sites were rated A, B or C for their environmental management
83.4% in 2022

53
supplier partners*
out of a total of **1,264** suppliers

* **Partners**: These are the suppliers with which Decathlon builds a long-term industrial project and a common vision based on sharing meaning and values, transparency and collaboration, and with which it establishes a relationship of trust.

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1.2. Due diligence scope



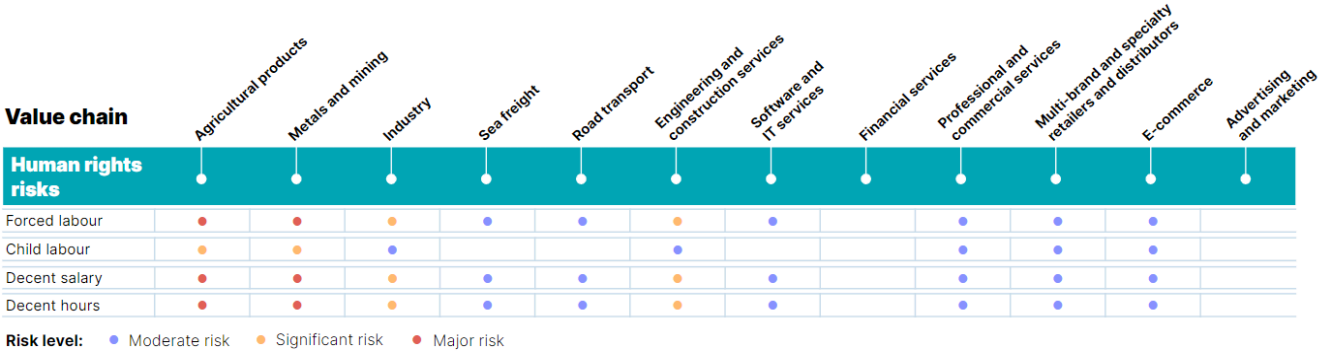
Rank 1 manufacturing suppliers are bound contractually to a Decathlon group company for the manufacture or assembly of finished and semi-finished products* (manufacturing contract), or for the supply of raw materials or components (purchasing contract). They receive purchase orders from that group company and invoice it directly.
Rank 2 manufacturing suppliers contribute to the Decathlon value chain. They have a direct business relationship with Rank 1 suppliers, with which they manage purchase orders and invoicing. Decathlon reserves the right to intervene in the choice or approval of these Rank 2 suppliers for their distinctive component offer, without however interfering in the commercial and legal relationship between Rank 1 and Rank 2 suppliers.
Other business partners are suppliers or commercial partners for goods and/or services with which Decathlon has a direct or indirect commercial relationship.

**Decathlon's own brand products*

2. RISK MAPPING

2.1. General vigilance risk mapping

A risk mapping is performed annually by the global Duty of vigilance team (along with a variety of other actors, see below) to highlight areas of focus. Included in this analysis are the **social and environmental risks of both Decathlon's own operations and those of its commercial partners.** The latest mapping notably identified the following risks in the supply chain:



Through its partnership with Verisk Maplecroft[1], Decathlon introduced in 2021 sectoral and geographical risk data on **15 environmental and social topics** (based on the IFRS-ISSB/SASB sectoral classification). Verisk Maplecroft assesses these topics using *inter alia*: corporate reports in the sectors ; media/ civil society reports of incidents, sanctions and violations ; political and judicial organisation and level of corruption in the countries ; etc.

In order to identify risks to prioritise, the analysis takes into account the three following parameters :

- **sector data:** sectors defined by the Verisk Maplecroft tool follow the ISSB/SASB sectoral classification

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- **activity data:** company-specific data based on 3 criteria (purchase volume, sales, number of teammates)
- **country data:** all of Decathlon's countries of production and distribution, since 2023
  The company previously considered only countries representing 80% of distribution activities and countries representing 80% of volumes in industrial purchases. Countries where Decathlon has franchises or other distribution partners are not currently considered but will be in the next mapping.

The **analysis performed regards gross risks**, i.e. considered before taking into account risk management measures (net risks), and produces a scale of risks: low, moderate, significant and major, as indicated in the map above. Low risks are not indicated as they are monitored but considered in risk management systems.

The "forced labour" risk taken into account in Decathlon's risk mapping was based on the "Migrant workers" category from Verisk analysis. This choice was made considering the **substantive higher risk of forced labour faced by the migrant population,** who often struggles to uphold their rights: indeed, the forced labour prevalence of adult migrant workers is more than three times higher than that of adult non-migrant workers. This vulnerability to forced labour and trafficking for forced labour derives from several factors including: migration often being irregular or poorly governed, and the existence of unfair / unethical recruitment practices[2].

2.2. Forced labour country risk mapping

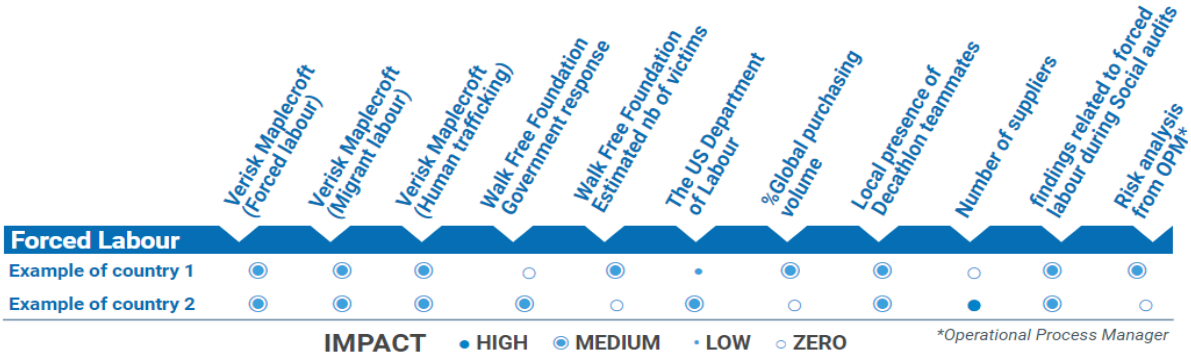
In order to be more precise and efficient on forced labour risk management, Decathlon also performed a specific country risk mapping, more detailed and focused on the industrial sector. The analysis takes into account **all procurement countries, which are the most risky, considering both internal and external data.**

Internal data

- Existence of a local production team, a physical office, an Operational Process Manager for Sustainable Development (cf p.19) : these elements enable each country to be autonomous and relevant locally
- Decathlon's Purchasing Policy by supplier categories, based on long-term project and purchasing volume
- Human Responsibility in Production indicators (findings related to forced labour during social audits)

External data

- UN sources: International Labour Organization (ILO)[3], International Organisation for Migration (IOM)[4]
- Walk Free Foundation Global Slavery Index[5]
- The US Department of Labour: risk on commodities[6]
- Verisk Maplecroft database on modern slavery matters, by industrial sector (see above)
- Legal frameworks, including the modern slavery laws and more broadly the corporate sustainability laws



Following this analysis, **10 procurement countries were identified as high risk**, designated as "Level 1 risky countries". The actions described hereunder are aimed first for these countries.

The last review was performed at the end of 2021. Purchasing teams and sustainability teams have since worked together on integrating forced labour stakes in a global purchasing risk management tool/ process. This tool is supplier-based and covers numerous other stakes and areas, relevant to consider for Decathlon's commercial relationships with suppliers. The tool is tested currently and will be definitive by the end of 2024.

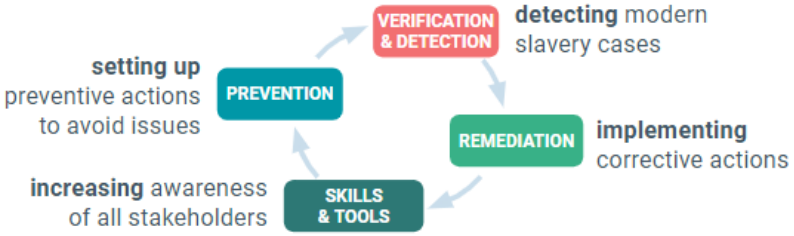
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3. RISK MANAGEMENT

Decathlon strives to ensure that human rights are respected and promoted within its activities and in its relations with its business partners. This includes efforts to tackle modern slavery and child labour ; Decathlon continuously improves its management of these issues *inter alia* for suppliers in production since 2002, notably with:

- **binding and guiding documents** to agree and/or advise on ethical standards
- **purchasing policies** taking into account a risk management approach
- **HRP assessment grid** to ensure compliance with agreed standards, and proper risk control in factories
- **teammates dedicated** to work on these issues, with an expert and/or local perspective
- **trainings** for responsible teams and other targets to increase awareness

All these tools, processes and frameworks aim at:



3.1. Binding and Guiding Documents

Codes of Conduct

The codes **cover the major human rights matters at work**, including elements on forced labour, child labour, discrimination, physical/ mental health & safety, freedom of association and decent wages (it also includes elements on environmental risks). The documents **aim at making Decathlon's minimum standards clear and known to its business partners,** to ensure their respect on the production sites, and to enable compliance assessments. In order to adapt the tool at best to different contexts and needs, Decathlon developed two codes[7], depending on the type of partners:

> Code for manufacturing suppliers: very detailed on the elements listed above, this Code is incorporated in the purchasing agreement which identifies and lists the production sites used to manufacture Decathlon products.
>
> Code for all other business partners**:** this Code is more succinct, as it is covering many different sectors (less risky regarding modern slavery matters)

Employment at Decathlon manufacturing suppliers must be voluntary, and workers must be free to leave the workplace after completing their standard working hours, or to leave the company respecting legal and reasonable notice. Contracted labour cannot be abused and any practice to facilitate or contribute to forced labour is prohibited.

→ **NEXT:** Continue to work to include the Code of Conduct in all new contracts as a rule, and revise existing ones
→ **NEXT**: Deployment of an internal Code of Conduct for Decathlon's employees, finalised in 2023

Human Rights Policy

In 2023, Decathlon has formally defined a Human rights policy[7], thanks to the collaboration of many company stakeholders. It has been approved by the company's Executive Committee, **publicly marking Decathlon's commitment** to these crucial topics towards both internal and external stakeholders.

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The document:

- Upholds Decathlon's commitment to respect internationally recognised human rights standards, and sheds light on the company's strategy to promote their application in the way it conducts its activities
- Clarifies Decathlon's position on a range of topics: child labour; discrimination; diversity, equity and inclusion; fair wages and remuneration; freedom of association and collective bargaining; freedom of expression; forced labour; rights of indigenous peoples; degrading treatment/harassment; personal data protection; right to a healthy environment; working conditions; occupational health and safety
- Explains the reasonable efforts process on these topics

Dormitory Guidelines

The Dormitory Guidelines[7] help Decathlon's suppliers understand the **company's requirements to guarantee a decent living condition for its employees** (specific for dormitories and using the same principles as in the industrial site itself). On this basis, dormitory facilities can be assessed through a dormitory Checklist, covering the following key points : living conditions & safety of workers, legal authorizations, freedom of movement, grievance mechanism and medical facilities.

Following the evaluation of 25 dormitory facilities using Decathlon's specialised dormitory assessment framework in 2022, the integration of dormitory assessments into social assessments became a priority in high-risk countries in 2023 : all sites associated with (internally or externally managed) dormitories were evaluated on the aforementioned risks during the social assessment. This concerned more than 50 dormitories, which were scoped and assessed in 2023.

- ➔ **NEXT:** Integrate the assessment questions from the Dormitory grid into the social grid of Decathlon. This entails including all relevant sites in the supply chain, regardless of priority countries
- ➔ **NEXT**: Train Decathlon's referents and HRP auditors (see below) to assess and remediate non-conformities in dormitories

Ethical Recruitment Guidelines

The Ethical Recruitment Guidelines[7] help Decathlon suppliers understand the **prerequisites to an ethical and transparent recruitment process** for their workers. Firstly, the partner suppliers start framing their Ethical Recruitment Policy. The Guidelines will then support them to:

- Identify a responsible intermediary/broker,
- Establish prerequisites to ethical sourcing of workers through intermediaries and training them,
- Establish pre-departure and post-arrival orientation programs,
- Frame right induction program when they arrive at supplier

The Guidelines cover all key steps of a recruitment life cycle, and support on repatriation terms the suppliers shall adhere to when there is a termination procedure
In 2023, Decathlon maintained vigilance over the risks associated with the recruitment process for migrant workers by fact-checking the legal authorization of manpower agencies in India , China & Taiwan. This included assessing labour supply chain risks , as well as evaluating the recruitment costs incurred in both the home country and the destination country for migrant workers during the social audits

- ➔ **NEXT:** Prepare to integrate additional requirements in the social assessment grid to verify the implementation of the Guidelines
- ➔ **NEXT**: Develop a binding commitment on "Employer pays principle"

3.2. Purchasing policies

Direct Purchases

Direct purchases concern **all sports products sold directly by Decathlon**: Decathlon's own brand products as well as those of other international sports brands.

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Regarding Decathlon's own brands, products are designed by the brand teams and then manufactured under the lead of industrial teams at supplier production units in 44 countries/regions, according to 16 processes (cf. Appendix). The **categories of suppliers were restructured** in 2023, in order to support a **new industrial project** launched to improve sustainability, innovation and digitalisation. Suppliers are now classified as:

- "partner" suppliers (53 in 2023) are long-term suppliers sharing Decathlon's values, which bring added value for production capacities and/or industrial innovations
- "strategic" suppliers include suppliers having technological exclusivity or a significant production volume, but which do not meet all conditions to be considered partners
- other suppliers

Risk management is also a part of **purchasing strategies, considering four categories of risks**:

- External risks: geopolitical or economic crises, climate change, pandemics, cyber attacks, etc.
- Strategic risks: rising costs, financial risks, innovation and obsolescence, etc.
- Operational risks: capacity risks, quality, procurement, workforce availability, etc.
- Sustainable development risks: product regulations, business ethics, human rights, health & safety, etc.

On certain industrial processes, Decathlon's particularity is to have commercial relations with component suppliers who are in rank 2 or 3 in the value chain. Over the last two years, Decathlon tested a methodology on a few industrial processes to manage risks among some of its tier 2 suppliers, with or without a direct commercial relationship. In 2024, efforts will continue to rework the definition of rank N suppliers in Decathlon's various industrial processes, and develop a global approach on suppliers according to their rank in the value chain, the commercial relationship with Decathlon and sectoral risks.

Regarding Decathlon's products from other international brands (OIB), a due diligence approach was structured in 2023, to go beyond the existing framework based on a Distribution Agreement engaging the tiers on ESG standards, and attaching Decathlon's Code of Conduct for business partners (cf. above). In 2023, a **dedicated compliance leader** was appointed (to work *inter alia* on duty of vigilance and sustainable development), and the OIB team began the evaluation of its 10 most important partners via the Ecovadis[8] **non-financial evaluation platform.** The assessment process includes the implementation and monitoring of action plans for the environment, human rights (including forced labour), ethics and responsible procurement:



Indirect Purchases

Indirect purchases include all purchases and **services necessary for the company's activities** to function properly (logistics, communication, IT, real estate, etc.). Following the indirect purchase structuring and digitization project launched in 2020 which identified 15 categories of indirect purchases (cf. Appendix), and the global strategy implemented in 2022, the management of major risks specific to the categories concerned continues.

In 2023, main steps were:

- deployment of the global indirect purchasing policy
- leadership of so-called "critical" suppliers, qualified according to four criteria (risk for Decathlon, contribution to the business model, sales volume, CSR risks[9]) ;
- establishment of the management system for critical suppliers, to define risk qualification methods and the corresponding action framework ;
- non-financial assessment using the EcoVadis platform (cf above), to determine the suppliers' ESG maturity level and decide on follow-up actions, performed in 10 countries in 2023 (Germany, Brazil, Mainland China, Colombia, Spain, France, India, Italy, Turkey and Vietnam) ;
- upgrading buyer skills on CSR issues and through analysis of the maturity level of the indirect purchasing structure and its added value in a country.

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- → **NEXT:** deployment on the global indirect purchasing strategy in countries notably via training buyers and supporting them in the extra-financial evaluation of their partners using the EcoVadis tool
- → **NEXT:** continuing the identification of critical suppliers (300 estimated) and their management
- → **NEXT:** integrating CSR elements in the files for the calls for tenders concerned

3.3. Audits on suppliers' production sites (direct purchasing)

HRP audit grid

As the industry is a particularly risky sector, a specific in depth process has been developed regarding direct purchases to assess the situation on Decathlon's suppliers' sites. These assessments follow a grid, the Human Responsibility in Production (HRP) audit grid, established on the basis of the SA8000 standard.
It is structured in **risk management levels ranging from E to A**, with the aim of having 90% of supplier sites concerned having a level A, B or C by 2026 (cf diagram below). These **human rights, health & safety assessments** are conducted with suppliers before the start of their business relationship with Decathlon. After that, a review is conducted on a regular basis, depending on the countries' risk levels (cf. Vigilance Plan 2023 to see the HRP audits frequency map).

In 2023, 1,009 Decathlon Rank 1 suppliers' sites were evaluated through **851 social assessments**. Following Decathlon's Code of Conduct for manufacturing suppliers, Decathlon assessment includes verification on modern slavery and child labour issues. The main problematic audits points on these topics are :

	Child Labour	Forced Labour
UNACCEPTABLE	• minimum legal working age of 15 • adequate areas and clear listing for children on sites	• no prison labour • no retention of official documents
INSUFFICIENT	• proof of the age of employees • no historical child labour (last 6 months) • young workers have a protected status respecting at least local regulation	• no recruitment agency licence • guarantee/ deposit requirement • migrant workers: fees /expenses provision clearly communicated • migrant workers: fees /commissions /expenses provisions respecting applicable regulations • overtime is voluntary • freedom of movement during working hours • freedom of movement /social interaction during non-working hours • no implemented system that might lead employees to work against their own free will
CONTROLLED	• formalised procedure on to ensure the detection, prevention of child labour and the well-being of young workers	• ethical recruitment policy/procedure, legal contract established with its labour supply chain, specific requirements regarding migrant workers, etc.

Once the audit has been performed, the results classifies the supplier's site in one of 5 categories, each corresponding to a different follow-up:



- → **NEXT:** Further strengthening of forced labour detection through the integration of a new tool, the Apprise App (cf p.27), into assessment standard

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3.4. Responsible Teammates

In order to manage the risks efficiently, **Decathlon's policies and frameworks function with key actors** within the teammates, able to identify and address the challenges from an **expert and/or local perspective**.

Production teams (local)

Locally-recruited to **manage Decathlon's manufacturing activity at the operational level**. They visit suppliers' production sites on a regular basis, working with them on issues including (1) product development, quality, production cost control, lead-times and (2) compliance issues, via the Code of Conduct for manufacturing suppliers. Production teams are in charge of **detecting critical and unacceptable situations:** when necessary, they must find immediate solutions or suspend production, and order to speed up resolution. Each team member has to follow the "Sustainable Development in Production" training, which includes (since 2018) elements to tackle modern slavery.

Operational Process Manager for Sustainable Development (local)

Local recruits, speaking the suppliers' language and understanding the country's culture. This enables them to work more effectively, and to identify local difficulties or problems. The OPM SD are **constantly training the production teams** and some are in charge of continuously improving the tools/ methods used. Following a reorganisation in 2023 with a specific emphasis on social, Decathlon now counts 19 OPM SD, 6 OPM People, 3 SD leaders, and 4 SD Zone leaders dedicated to this initiative. In addition, 51 teammates (who are involved in industrial production and who received training) volunteered as Assessors (cf HRP Audits).

Country Referent on Forced Labour (local)

New role since 2022, **in all Decathlon Level 1 risky countries** (see above), so that all actions to prevent modern slavery can be locally managed and adapted to each context. As the topic requires cultural sensitivity and knowledge, the referents are already competent social assessors, who will partially dedicate their mission on this topic by:

- empowering local teams
- deploying tools
- initiating third-parties collaborations (e.g. with industry working groups, NGOs, etc.)

Human Responsibility & Social Impact in Production team (central)

The team works to **positively impact the standard of living of the people making Decathlon's products**, their communities and across the industry. Their main activities touch upon:

- safe and healthy working conditions (HRP compliance)
- ethical employment and responsible compensation
- wellbeing and gender equity
- community and solidarity

Industrial Strategic Buyers (central)

These buyers (100 in 2023, 70 in 2022) are **trained by Decathlon to develop sustainable development and leadership skills.** At Decathlon, buyers build their international purchasing policy according to their industrial process but always including the company's social responsibility policies and considering the respect for human rights and prevention of modern slavery.
To do so, they are trained during their induction period on those fundamentals subjects, and regularly manage their suppliers during quarterly reviews of their suppliers panel.

Global Corporate Sustainability Due Diligence team (central)

The team (4.5 persons) leads and assesses the **reasonable coverage of risks in the company's operations**, including modern slavery and child labour risks within its supply chain. Main activities include :

- co-constructing vigilance programmes adapted to company's activities (e.g. purchase, health & safety, etc.);
- writing of Vigilance Plan and of Modern Slavery Statement, with inputs from teammates working on relevant matters;
- assessing the programme's efficiency and compliance with existing legal frameworks, and anticipating new regulations ;
- reporting to the Audit and Compliance Committee on the vigilance programme (once in 2023).

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3.5. Trainings

E-learning

Decathlon collaborated with the NGO Stronger Together[10] (UK organisation tackling modern slavery) and deployed **e-learning on "Tackling forced labour in global supply chains"** in 2019. The training also includes several documents explaining the company's standards on the topics, as well as a toolkit from the Responsible Sourcing Tool.

In 2022[11], 30% of Decathlon teammates in production were trained via this e-learning, in order for them to be able to detect and react to forced labour. The training is regularly monitored and improved in order to stay adapted to the needs of different target audiences identified.

In 2023 Decathlon partnered with Mekong Club[12] to **enhance its e-learning platform with four modules**, which will become accessible starting from June 2024, **to both internal teammates and Decathlon's suppliers** :

Module 1 : Understanding modern slavery
Module 2.1 : Migrant labour recruitment
Module 2.2 : Anti-slavery legislations
Module 2.3 : Transparency in supply chains

Webinar on "ILO* Indicators"

**International Labour Organisation*

Decathlon updated its training offer in 2022 with a **webinar on "ILO indicators of forced labour" aimed at the company's key actors in production countries.** It includes theoretical explanation of the context and the stakes, and concrete examples of modern slavery cases - each ILO indicator is illustrated with realistic cases for participants to understand the connection with their working environment in a supplier factory. The webinar helps understanding and identifying problematic cases in the manufacturing sector.

In 2023, 3 sessions took place, training more than 60 internal production teammates and 20 representatives from priority suppliers. The supplier representatives subsequently trained their workers.

➔ **NEXT**: Continued efforts to raise awareness among both internal teams and suppliers, by empowering designated zone referents in each region to conduct training sessions in the local language and accommodate cultural sensitivities

Focus assessment & Capacity building for internal assessors

Decathlon worked to **upskill some referents (selected experienced assessors) in order to detect and deal with critical issues** related to forced labour. In 2023, Decathlon collaborated with the NGO Dignity and Work for All[13] to :

- perform a human rights focussed assessment in Taiwan & Pakistan to gain deeper insights into local dynamics ; this initiative also served as an empowerment platform for Decathlon's referents, as they engaged in a focused assessment alongside Dignity and Work for All to gain diverse risk perspectives ;
- key areas emphasised include comprehension of the migrant recruitment cycle, freedom of movement and proficiency in managing recruitment fees and costs for country migrant employees ;
- systemic approach to detect, triangulation of different data points were key focus of the program.

At the end of 2023, 4 referents were appointed by zone* to provide support and proactively address localised challenges, specifically on working and living conditions.

**procurement regions are further divided into zones to enhance management and ensure qualitative and focused deployment*

➔ **NEXT:** Work to identify salient issues by geography and continue to empower Decathlon's referents on necessary skills for them to understand, detect and remediate potential cases of forced labour

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4. REPORTING MECHANISMS

4.1. Whistleblowing system

Presentation

As part of a process of continuous improvement and a desire to listen, Decathlon set up an **alert system for human and environmental breaches**, for Decathlon's own operations and those of its suppliers, subcontractors and service providers. These alerts **can be reported by various stakeholders** in the business ecosystem or by company stakeholders: teammates, customers and users, NGOs, communities and residents, civil society, experts, media and social media, shareholders and funders, etc. They can include studies, publications, contacts, or reports via the alert platform.
In 2019, Decathlon established an independent, multilingual alert tool to:

- guarantee **confidentiality** and protection of whistleblowers
- offer **technical independence** from the company's own IT systems
- manage alerts from start to finish
- improve processes and capitalise on good remediation practices
- obtain a global view
- comply with ethics regulations (corruption, human rights, etc.)

To ensure coherence and optimise means, the Duty of Vigilance team works closely with the Business Ethics team to develop **a shared platform to receive reports on reasonable vigilance, corruption** and business ethics more generally. The alert tool has been **deployed in 62 countries and regions** in the local language(s). Several communications were provided for teammates, notably guiding them on how to use the tool and underlying the confidentiality and protection for whistleblowers.

Teammates can access "Whispli" platform internally via the intranet.

Customers, suppliers, civil society, etc. can access it externally on engagements.decathlon.fr and on the whistle-blowing platform

WHISPLI

Internal deployment

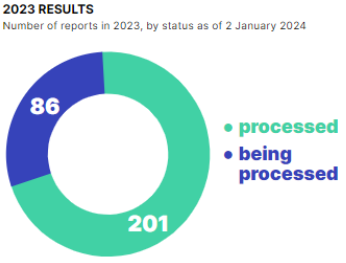
The goal is to **encourage teammates to use** the tool when usual channels (report to direct manager, HR, staff representatives) do not work or if employees do not feel safe and prefer a tool guaranteeing confidentiality.
Deployment is **highly dependent on local situations**: the regulatory context, relationship with the hierarchy, level of transparency and culture are all parameters that have to be taken into account with discernment.

External deployment

The tool was implemented in May 2019, and then **included in the codes of conduct** for industrial suppliers (shared in 2021) and commercial partners (since 2020).
Decathlon aims at making this tool **known to the most vulnerable populations, particularly with industrial partners and suppliers.** In 2022, a test was conducted with a supplier in India, implementing the tool alongside the plant's own management system, reporting mechanism, and role of staff representatives. The tool was presented and training was provided to reassure plant managers and involve them in displaying posters accessible to production line employees. This test will allow continued **implementation with all partner sites being involved by 2026.**

Results for 2023

In 2023, the overall number of reports increased by 83% due to the deployment and communication of the tool. Most important **internal reports** relate to situations involving **psychological harassment**. Following the increase of reports in 2022, remedial measures were taken in 2023. The process of alerts management was reworked, better defining governance, investigation methods and the decision-making tree.



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No **external reports** were received via the tool, however Decathlon teams processed several reports from the media, NGOs and/or supervisory authorities:

- Own activities: Report on Decathlon's communication on ecodesigned products
- Direct purchases: 3 reports of forced labour situations (China, India, Taiwan), 1 report on sexual harassment (Ethiopia)
- Indirect purchases: 2 reports of forced labour situations (Italy, China), 1 report of undeclared labour (France), 1 report of excessive weekly working hours (China), 1 report of non-compliance with worker health/safety (Germany)

Each report is investigated by the internal teams concerned, and when necessary, a further investigation is done by a third party. If the report is well founded, action plans are required from third parties and monitored over time by Decathlon's Purchasing and Sustainable Development teams.
The company tries as much as possible to involve its partners in a positive approach to improving and respecting human rights and the environment, particularly through its audit and selection processes. Breaking the relationship is a last resort if action plans are not put in place despite intensive and regular management.

- ➔ **NEXT:** Internally, increase the teammates' familiarity and trust in the platform (through local communication will be set up by the network of compliance officers using communication kits developed by the central teams)
- ➔ **NEXT:** Internally, structure the report processing and work with HR to systematically address root causes of the reports
- ➔ **NEXT:** Externally, the aim is to speed up the implementation of the platform with industrial partners, to cover all their sites by 2026.

4.2. Wellbeing Survey

Engagement & Wellbeing survey (EWB)

At Decathlon, employees' engagement is essential to the continuous improvement of working conditions. That is why it was decided to deploy the EWB survey[14], an **anonymous survey including 20 questions** on employees' engagement and wellbeing. It covers topics such as: skill development, communication, stress, compensation, health and safety, social connection, sexual harassment.
The questionnaire is based on Nike's "Engagement and Wellbeing Survey", **used by a number of companies in the textile sector.** By using this existing basis, Decathlon joined forces with other industry leaders in allowing production workers to express themselves more freely, with the assurance of confidentiality. Choosing this common tool also avoids the proliferation of mechanisms and demands towards suppliers and their employees.

The EWB survey enables Decathlon and its suppliers' teams to get a 360-degree view of worker wellbeing on site, identify risks at stake and define areas for improvement. This is crucial to shape Decathlon's future projects and strategies. After analysing the survey results with the help of external providers, **Decathlon's partners define action plans to address the needs identified by their workers**, and establish regular engagement practices to ensure ongoing improvement and monitoring.



Decathlon collaborated with several external service providers - Labor solutions and KNO (already in 2022) as well as Ulula, Diginex and SGS (new since 2023), to adapt to the requirements of its suppliers. This allows the company to deliver personalised assistance (internet access, smartphones, languages spoken by employees, etc) and ensures that it addresses the supplier's specific needs effectively. Moreover, it guarantees **confidentiality, easy access for respondents** and a user-friendly experience.

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- ➔ **NEXT:** Increase survey scalability to include more suppliers
- ➔ **NEXT:** Provide training and resources to suppliers, enabling them to develop corrective action plans based on survey finding
- ➔ **NEXT: I**mplement sexual harassment awareness initiatives at supplier sites to cultivate a culture of respect and safety.

4.3. New Tool for Production Sites

Apprise Audit App

Decathlon collaborated with Diginex to use the Apprise Audit App, which **permits real-time, anonymous and confidential feedback on working conditions of workers across the supply chains in Priority risk countries.**

Deployed as an extended pilot in 2022, the tool has helped Decathlon's internal social assessors to focus on key topics that had been voiced out by the workers and go deeper to authenticate them through triangulation of data points.

In 2023, Decathlon worked on :

- ensuring the reliability of outcome from the tool, authenticating its results via third-party-led focussed assessments, ahead of the **tool's wider deployment ;**
- enlisting Dignity and Work for All's expertise to better understand the tool's outcomes compared to findings on the field
- its approach to integrating and managing alerts generated by the tool, with a comprehensive analysis in collaboration with a consortium of experts from Dignity and Work for All and Mekong Club ;
- continuing to enhance the dependability of its tools and attain actionable insights, to establish an appropriate level of engagement with suppliers in accordance with the impact.

NB: This tool is **used only during audits**, contrary to Whisply (accessible at all times) and the EWB survey (circulated regularly to teammates).

- ➔ **NEXT:** Conduct a comprehensive pilot program integrating the tool into Decathlon's social assessments, engaging with 2 suppliers per zone. This initiative will undergo scoping procedures centred on vigilance risk assessment, particularly focusing on migrant workers and dormitories. This approach aims to comprehensively grasp the challenges present across all zones
- ➔ **NEXT:** Continue to **improve** authentication skills by capacity building internal assessors on detection and verification
- ➔ **NEXT:** Engage with relevant suppliers to remediate potential alerts from the tool with external expertise from Dignity and Work for All, Mekong club and other organisations

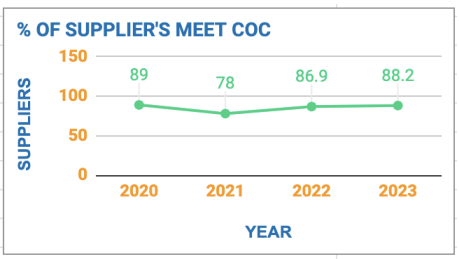
5. MEASURING EFFECTIVENESS

5.1. Indicators for progress

86,7% of suppliers comply with the Code of Conduct for manufacturing suppliers (ISO compare to 2018)

This indicator is calculated using % of **rank 1 production sites rated A, B and C,** meaning there is no immediate risk for the health or the fundamental rights of workers. 2022 marked a recovery year from the impact of the Covid-19 pandemic, impacting many areas. New requirements were added to the HRP assessment grid, and the teams are working to improve the company's performance on these matters.

- ➔ *Target: 90% compliant suppliers by 2026*

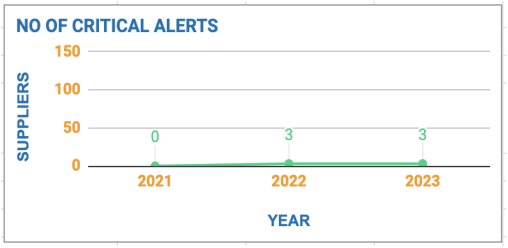


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3 critical alerts across 3 countries under remediation

(measure of number alerts from suppliers in Level 1 risky countries)

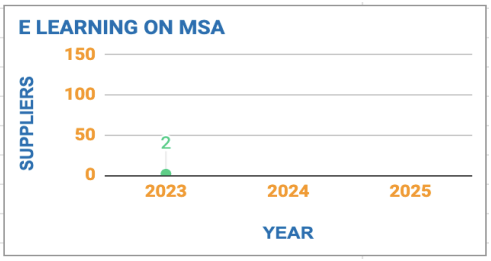
This metric serves as an assessment of the **quantity of suppliers that have implemented Apprise and are actively addressing critical alerts**. In 2023, the effectiveness of Apprise implementations from 2022 were validated through third-party-led focused assessments conducted across 3 countries. This exercise has produced notable insights into the operational dynamics, prompting a reevaluation of the existing governance framework. The target is not the number of suppliers where it is deployed but to **focus on the alerts, in order to remediate them qualitatively**.



➔ *Target: 100% of received alerts remediated*

2 suppliers receive the new E-learning on "Modern Slavery"

This indicator is a measure of the **number of suppliers who have taken the E-learning on Modern Slavery**. In 2023, Decathlon refreshed its E-learning on Modern Slavery by opening the training module to Decathlon's suppliers in Level 1 Priority countries and have included specific modules on legislations and migrant employee recruitment



➔ *Target: 100% of suppliers in Level 1 priority countries complete the E Learning by 2026*

5.2. Internal assessment

Internal assessment: scorecards

In 2022, Decathlon set up an **internal assessment tool for the vigilance programme** in order to measure the implementation of social risk management frameworks and resources (health and safety, human rights) **in various sectors**. This tool took the form of a scorecard, that regularly inventories the situation in the countries where Decathlon is established. This inventory enables the Duty of Vigilance team to monitor the effective implementation of existing risk management frameworks/ means in the subsidiaries: Are they known to local teams, used, effective, appropriate?

This scorecard is the fruit of **quarterly data collection** (from local and central teams), which is then transcribed into scores, positioning each country on a risk scale ranging from very limited to critical risk. Results are used to identify successes/ areas for improvement, to discuss best practices and challenges and to raise the alarm in the event of a widespread problem to improve the risk management frameworks and means in place. The scorecard is for now based on a **limited number of indicators** in order to start the process, on the following topics - relevant for forced labour matters:



The indicators will evolve as the process matures and as needs are identified with the central teams (human resources, sustainable development, production, safety, legal, etc.). Eventually, the scorecard is intended **to ensure knowledge and control of risk in a transversal manner**, through regular reviews at the global level.

➔ **NEXT:** Transfer of the data collection process on a self-assessment tool used by Decathlon for internal control on financial and non-financial subjects, to allow for more efficient monitoring and standardisation of processes

➔ **NEXT:** Review of the topics included in the scorecard to include more indicators, and inclusion of supporting documents to back up the data collected

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6. REMEDIATION PROCESSES

Decathlon's **remediation processes are mainstreamed in many of its activities**. Remediation occurs internally following alerts or audits, through the reworking of tools and frameworks by the teams, or corrective actions plans with suppliers *inter alia*. Examples of these actions can be found throughout the Statement.

In a great number of cases, remediation is **managed as much as possible locally** in order to ensure efficiency and better follow-up. When necessary and feasible, the teams collaborate **with external local supporting organisations** and brand working groups, which provide complementary expertise and assist in protecting/ accompanying victims and handling the process. In 2023 for instance :

MEKONG CLUB

DIGNITY IN WORK FOR ALL

- ➔ 2 working groups were facilitated by the Mekong Club[12], as part of a collective stakeholder engagement in addressing the key issues with respect to forced labour
- ➔ Decathlon's methodology for focused assessments was further developed with the assistance of Dignity and Work for All[13] and other external organisations.

In 2023, Decathlon performed focus assessments in Taiwan, India and Pakistan, identifying issues related to: freedom of movement at dormitories, recruitment fees & costs, excessive working hours, absence of anonymous grievance mechanism, unacceptable living conditions and deception.
Following the assessments' results, suppliers are tasked to actively engage and assume responsibility for implementing robust systems to rectify any non-conformities, and setting up appropriate policies and procedures. Decathlon's local referent and Operational Process Manager are engaged in working collaboratively with the supplier until the risks are remediated to the satisfaction of the employees.

Decathlon does not currently have specific measures to remediate the loss of income that result from its actions to eliminate the use of forced labour or child labour in its activities and supply chains. This constitutes one of the important next steps the teams are working on.

> *Decathlon is a highly engaged and committed member of the Mekong Club. Our team has collaborated with Decathlon on several key projects, including the enhancement of the Apprise tool, which gathers feedback from workers in high-risk countries, and the management of alerts. Decathlon is developing a comprehensive forced labour risk mitigation process. This process focuses on engaging with workers, ensuring effective remediation of sensitive issues, and conducting root cause analysis to develop solutions that address systemic issues within the supply chain.The Mekong Club is looking forward to continuing this impactful collaboration.*
>
> ***Clémence Aron, Programme Director at Mekong Club, 2024***

- ➔ **NEXT:** Set up a database of external organisations capable of providing virtual /on-field support for suppliers
- ➔ **NEXT:** Empower Decathlon's referents on how to build an effective remediation process
- ➔ **NEXT:** Establish a framework for addressing recruitment fees and expenses concerning migrant employees across Decathlon's suppliers, guided by the "Employee Pays Principle" and assisted by Dignity and Work for All on remediation
- ➔ **NEXT:** Make the guidelines on dormitories and ethical recruitment into legally binding documents (in 2025)
- ➔ **NEXT:** Work with concerned suppliers on reimbursement of recruitment cost and fees

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7. CONCLUSION

Decathlon remains committed to diligently identifying key challenges within its supply chain regarding modern slavery and child labour matters, enhancing governance through the implementation of enforceable documents, and upskilling its internal workforce to effectively address issues throughout its value chain. More broadly, **actions in 2024 will include**:

Prevention :

- implement the revised e-learning programme on modern slavery with suppliers and internal teammates in priority risk countries ;
- upskill Decathlon's referents on detection /verification /remediation of situations linked to forced labour ;
- re-validate Decathlon's internal assessors on their assessment methodologies.

Detection :

- aim at conducting a comprehensive "end-to-end" integration pilot of the Apprise app across all zones prior to wide scale rollout in 2025 ;
- continue to perform focussed assessment on the topic along with external.

Remediation :

- formalise and remediate critical alerts by zone / country trying to identify salient issues by geographics ;
- continue to collaborate with external stakeholders to build collective remediation plans that will also help upskill our local referents on qualitative remediation process.

Governance :

- work on management systems to tackle forced labour in more sectors of Decathlon's value chain ;
- further define and manage rank 2 suppliers ;
- strengthen the approach on raw materials: consolidate volumes of main materials used in own brand products, more in-depth risk analysis on these matters, identify and treat priority risk materials ;
- rework the definition of rank N suppliers in Decathlon's various industrial processes ;
- develop a global approach on suppliers according to their rank in the value chain, the commercial relationship with Decathlon and sectoral risks.

Acknowledgements:
Decathlon thanks everyone who participated in developing this Statement:
all internal contributors for their involvement in the processes,
external stakeholders, associations and organisations for their support

The drafting team:
Krishna Kumaar Dhamodaran, Mathilde Bénard

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8. NOTES & APPENDIX

8.1. Notes

1. Verisk Maplecroft: Consultancy and research firm specialised in global risk data and country risk analysis: https://www.maplecroft.com/

2. cf. ILO, Walk Free, IOM, Global Estimates of Modern Slavery, 2022.

3. International Labour Organisation: Tripartite UN agency bringing together governments, employers and workers to promote decent work for all: https://www.ilo.org/global/lang--fr/index.htm

4. International Organisation for Migration: UN agency, leading in the field of migration and works with governmental, intergovernmental and non-governmental partners: https://www.iom.int/fr/

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

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

7. Available at: https://sustainability.decathlon.com/legal-documents

8. Ecovadis is a platform for the non-financial assessment of suppliers on their CSR performance, including environmental, labour, human rights, business ethics and responsible purchasing: https://ecovadis.com/fr/

9. CSR risks are identified through a structured mapping around three areas: geographical location, sector of activity and volume of sales with the supplier. Buyers identify other risk qualification criteria through an annual review of their supplier panel.

10. Stronger Together is an international initiative working on training, guidelines and resources for tackling forced labour: https://www.stronger2gether.org/

11. Due to the current change of the platform used for teammates' training, no reliable data could be collected for 2022.

12. Mekong Club is a non-profit organization that focuses on working with the private sector to address modern slavery: https://themekongclub.org/

13. Dignity and Work for All is a non-governmental organisation providing tools to combat forced labour. It was formerly known as Vérité, with which Decathlon collaborates for years: https://www.dignityinwork.org/

14. The Engagement and Well-being Survey is an open-source survey based on employee engagement and well-being developed by Nike, designed to help suppliers better monitor and facilitate factory worker engagement: https://www.laborsolutions.tech/post/

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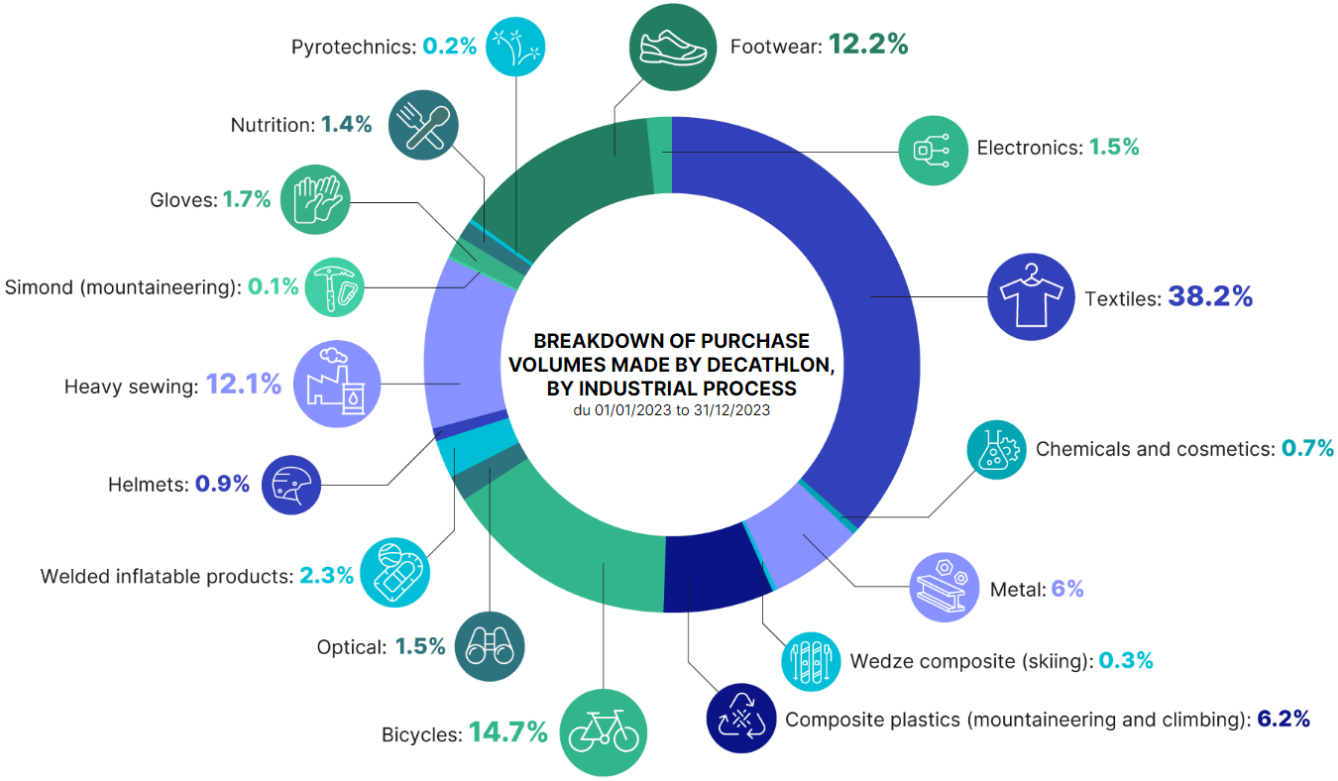
8.2. Major applicable due diligence laws

Country	Date	Law
European Union	*to come*	EU Regulation prohibiting products made with forced labour on the Union market - *in progress*
European Union	24 May 2024	EU Corporate Sustainability Due Diligence Directive Directive - *yet to enter into force in 2027*
Switzerland	11 May 2023	Fighting Against Forced Labour and Child Labour in Supply Chains Act - *in effect since Jan 2024*
European Union	16 December 2022	EU Corporate Sustainability Reporting Directive - *in effect since Jan 2023*
Germany	11 June 2021	German Supply Chain Due Diligence Act - *in effect since Jan 2023*
USA	23 December 2021	Uyghur Forced Labor Prevention Act - *in effect since June 2022*
Canada	3 December 2021	Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour - *in effect since Jan 2022*
Netherlands	13 November 2019	Child Labour Due Diligence Law - *yet to be implemented*
Australia	18 September 2018	Modern Slavery Act- *in effect since Jan 2019*
European Union	17 May 2017	Regulation 2017/821 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas
France	27 March 2017	Law No. 2017-399 on the Duty of Vigilance of parent companies and contracting companies
United Kingdom	26 March 2015	Modern Slavery Act- *in effect since July 2015*
Singapore	31 December 2014	Prevention of Human Trafficking Act - *in effect since March 2015*
USA / California	30 September 2010	California Transparency in Supply Chains Act - *in effect since Jan 2012*

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8.3. Appendix

16 industrial processes for direct purchases :



15 identified categories for indirect purchases :



*Correlations between Verisk Maplecroft (ISSB) sectors and indirect purchasing categories

Verisk Maplecroft sectors (ISSB)	Decathlon categories
Sea freight and road transport	Transport and logistics
Financial services	Finance
Advertising and marketing	Communications and marketing
Professional and commercial services	Site operation
Software and IT services	IT and digital
Engineering and construction services	Construction

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8.4. Signature

This statement underwent a consultation process with relevant entities controlled by Decathlon SE, in order to issue a joint Modern Slavery Statement with those needing to comply with local regulations (cf. Appendix).

“In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.”

Jean-Marc Lemière,
Decathlon SE Chief Financial Officer, member of the Board of Directors

On May 27th 2024

Jean-Marc LEMIERE

“I have the authority to bind Decathlon”