

*jd sportsfashion*plc



**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT**

# ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

## OVERVIEW AND GOVERNANCE

Prior to the Group's entry into the FTSE 100, the Board instigated a formal ESG engagement process, leading to a step-change in our commitment to provide greater transparency and performance comparison on our environmental performance.

Cognisant of our enhanced reporting responsibilities as part of the FTSE 100, the Group founded its ESG committee to determine ESG-related strategy, corporate risk-assessment and monitoring of ESG performance across the Group's respective fascias and territories. The ESG Committee is responsible for the assessment and publication of our ESG-related principal risks, our environment related investment plans, and the communication of our strategy to colleagues, customers and investors.

Our ESG Committee has shared our 2020 achievements and 2021 objectives with our leading brands, outlining our progress within the period, and encouraging our largest suppliers to increase the disclosure of information relating to their own environmental stewardship and progress.

## WORLD LEADING BRANDS - PROTECTING THE PLANET

A key component of the success of the Group is our ability to attract, influence and succeed with globally recognised brands across our businesses and territories. Our largest brands include Nike, adidas, Puma, The North Face and Vans, with premium branded products representing over 90% of our total product sales.

Our strategic relationships with these brands encompass the delivery of superior consumer experience and products, and

the Group simultaneously encourages positive brand competition when it comes to the protection of the planet and people. Focussing on our largest ten brand partners, we are proud to share that:

- Over 88% of our branded supplier expenditure is from brands formally recognised as 'contributors' to the Zero Discharge of Hazardous Chemicals (ZDHC) campaign. The balance of our suppliers comply with alternative, high-standard measures to reduce the use and impact of harmful substances in the apparel and supply chain (e.g. [AFIRM](#)).
- 100% of labour management policies use the International Labour Organisation or Fair Labour Association principles as a starting point for their efforts to protect people working within their respective supply chains.
- 100% have published (either individually, or within parent companies) their targets for the reduction of carbon emissions, with many joining the Group as members of the RE100 - the world's most influential businesses committed to 100% renewable electricity.
- Our largest supplier of branded products matched the Group's A- score for Climate Change from the 2020 [Carbon Disclosure Project \(CDP\) survey](#). CDP holds the most comprehensive collection of self-reported environmental data in the world. Our second and third largest brands also outperformed their sector averages with 'B' scores, further demonstrating the strength of our collective contribution to reduce the impact of climate change

Initially working with our two largest brands, the Group is focussing on reducing product emissions at source (manufacture). Cutting emissions in key manufacturing locations will have the largest impact on the reduction of our Scope 3 carbon emissions.

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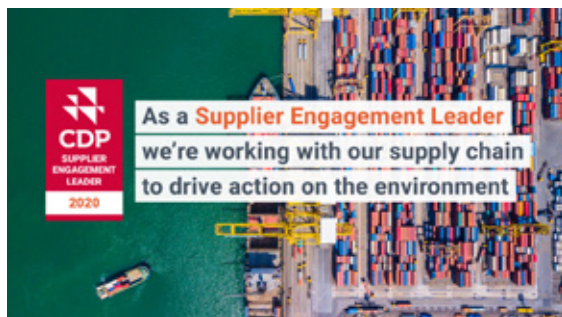
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# OUR PEOPLE

The talented individuals working with the Group are integral to our continued success, delivering exceptional results year after year. We want to attract, retain and develop the very best talent at all levels throughout the Group and believe that an engaged workforce is an essential ingredient towards continued success. We strive to create a workplace in which everyone is safe; supported and respected; treated fairly and taken care of, listened to, and motivated to achieve their full potential. We are committed to achieving excellence in the areas of health and safety and the protection of our colleagues in their working environment.

Our goal is to provide opportunities, support and guidance to our colleagues all over the world, whilst promoting inclusivity, social mobility and mutual respect across the Group. This is achieved by educating, informing and responding to our colleagues, delivering a consistent employee experience.

## **RESPONSE TO COVID-19**

Throughout the COVID-19 pandemic, our priority has been to protect our colleagues when they have been at their most vulnerable. As a business, we recognise that we have a responsibility not only to our colleagues' physical health but also their mental wellbeing and we have strived to ensure that nobody felt as though they had to face this unique situation alone. In the face of the challenges this year, we have sought to provide our colleagues with job security and to support them as individuals, giving them the platform to continue to thrive.

Throughout 2020 our people continued to deliver in challenging circumstances. This is testament to the outstanding work ethic which exists throughout the Group. Our colleagues' response to the challenges resulting from the COVID-19 pandemic has been a source of great pride. We truly have an extraordinary team across all fascias, divisions and sectors of the business globally.

The patience of furloughed colleagues waiting to return to their workplace, the adaptability of those who have had to transform their way of working to perform their roles remotely and the tenacity of individuals who have continued to work throughout, whilst adhering to guidance as it has been issued, have all been admirable. Our colleagues have overwhelmingly risen to the challenge and continued to deliver and exceed expectations. This is reflective of the "can-do" culture fostered within the business and our unwavering commitment to getting the job done to the highest possible standard.

During a time when people have felt more geographically disconnected than ever, the Group has invested in the tools and technology to ensure that our colleagues could continue to work closely together.

## INCLUSIVITY

The Group is absolutely committed to promoting policies which ensure that colleagues and customers are treated equally regardless of ethnicity, social origin, gender, sexual orientation, disability or age. Following the tragic death of George Floyd in the United States, we worked with our teams around the world and with both the JD Foundation and the Finish Line Youth Foundation to ensure that, across the Group, we play an integral part in what is hopefully a united global approach to eradicate not just racism but all forms of discrimination from society.

We have launched our Inclusivity Campaign which will support our promise to educate and train our colleagues, with a focus on key topics such as equality, diversity, biases and cultural intelligence. Alongside the introduction of our Diversity & Inclusion forums for our colleagues, we are committed to engage, learn and promote dialogue around potentially sensitive subjects in order to improve understanding and awareness throughout the business.

In addition, a series of videos have been created highlighting individual experiences of diversity and inclusivity. These have been distributed via our people platform, JD4U, to emphasise the importance of the campaign to all colleagues and drive engagement at all levels. The videos have generated over 40,000 views by our colleagues.

The campaign is ongoing and the first phase of virtual training sessions on the topic were attended by 540 employees across 151 sessions. The feedback received has been exceptional with 91% of participants stating that 50% or more of the information received during training was new to them. As a result, over 80% of participants stated that they will be more aware of the way in which they behave and communicate.

To promote widespread engagement in the campaign, colleagues were also asked to help the JD Foundation to nominate its latest charity partner from a shortlist of organisations. At the end of this process, Blueprint For All (formerly known as The Stephen Lawrence Charitable Trust) was selected as the charity partner (further details are available on page 142 of the JD Foundation section of the 2021 Annual Report which is available to download at [www.jdplc.com](http://www.jdplc.com)).

All colleagues have a part to play in the future of the Group and we will continue to remain committed to breaking down the barriers to our collective progress and sense of belonging.

## GENDER ANALYSIS

The breakdown of the Plc Board and the Group as a whole by gender as at the end of the financial period ended 30 January 2021 is as follows:

	Male	Female	Total	% Male	% Female
Plc Board	5	2	7	71%	29%
Senior Managers*	409	150	559	73%	27%
Other employees	30,003	30,484	60,487	50%	50%

The breakdown for the comparative period as at 1 February 2020, is set out below:

	Male	Female	Total	% Male	% Female
Plc Board	5	2	7	71%	29%
Senior Managers*	322	106	428	75%	25%
Other employees	28,924	27,326	56,250	51%	49%

\*Senior Managers are defined as persons responsible for planning, directing or controlling the activities of a Group company or companies, a strategically significant part of a Group company or Directors of subsidiary undertakings.

## **EMPLOYEE WELFARE**

The changes that society in general has faced as a result of the pandemic has provided the business with the opportunity to focus on the safety and wellbeing of our most important resource; our colleagues.

The promotion of social distancing and COVID-19 control measures throughout the business have seen a huge cross-functional effort to provide environments that are as safe as possible for our colleagues and customers.

However, the Group has not purely concentrated on physical safety with significant investment in providing support for colleagues' general wellbeing.

The groundwork for some aspects of this were in place from last year, such as the training of colleagues on First Aid, Mental Health First Aid, behavioural training sessions and Modern Slavery Awareness Campaigns. During 2020, the Group has taken this to another level:

- Regular checks regarding the vulnerability status of our colleagues were conducted on JD4U, allowing us to provide the appropriate instruction and support where required.
- Resources for campaigns regarding Mental Health Awareness and Domestic Abuse have been made available via JD4U.
- Messages of support from key business heads issued to large sectors of the business to whom it would previously have been impossible to reach during the lockdown.
- Working from home guidance and tools provided to all colleagues expected to work remotely.

- Comprehensive "Return to Work" training for our colleagues as they returned from lockdown to a workplace different to anything they had previously encountered.

The welfare of our colleagues is of the utmost importance to the business. To ensure our approach to this subject is at the required standard, we have trialled 'Welfare Champion' roles in our Head Office and Kingsway Distribution Centre.

Our Welfare Champions are a designated point of contact for colleagues who need to reach out for help regarding any aspects of their mental or physical wellbeing. These colleagues receive the appropriate training from the Group to ensure that responses are treated with the required levels of sincerity, respect and professionalism. The trial has been a success and the first retail Welfare Champions will be nominated in 2021.

The Group will also launch our wellbeing network where nominated sponsors will come together to drive the mental health agenda and champion open communication to raise awareness.

## **COMMUNICATION**

The requirement to bring our colleagues together has meant that our people management system, JD4U, has become an even more invaluable asset throughout 2020.

Previously JD4U allowed colleagues to ensure they have access to the latest information regarding their pay, holiday and contract information but the deployment of the system's new homepage in March 2020 saw a development which has been crucial to keeping colleagues aware of materials that are both necessary and beneficial.

Over 550,000 tasks have been completed by colleagues since the launch of the new homepage, which is accessible by colleagues from any web enabled device and assisted by push notifications from the JD4U mobile app.

These tasks relate to all aspects of Group communications, from upcoming events, to providing support through lockdown and providing general updates, ensuring all our colleagues continue to remain well-informed in an ever-changing environment.

The homepage also provides a hub for important documents, user guides and resources on wellbeing topics such as Mental Health Awareness and JD Foundation initiatives.

The year also saw the introduction of Company Office 365 accounts for all retail colleagues at Supervisor level and above within the UK. Allowing daily access to Microsoft Teams and Outlook provided colleagues with additional communication tools to perform their roles effectively.

## **ENGAGEMENT**

The Group continually strives to improve, and we are always looking for ways to empower colleagues with the opportunity to provide us with their unique insights into how we can make the business an even better place to work.

Our Employee engagement forums are designed to understand the motivations of our diverse employee base and the representatives meet monthly to discuss the topics that matter to our colleagues.

This provides representatives from all levels, fascias and sectors of the business with the opportunity to convene and provide the Group with honest feedback, ideas and concerns from employees and present ideas to the members for consideration. The forum then collects relevant data to analyse, and provide productive feedback, enabling two-way communication between our colleagues and the Group.

This process is assisted by the items put forward by colleagues across the business via our anonymous 'Your Voice' digital suggestion box. Your Voice allows all colleagues to submit their suggestions regarding how to improve the business from any web-enabled device.

Representatives from each forum are selected to attend a forum with the Group Executive Chairman, as the Group continues to cultivate meaningful, two-way dialogue between the business and its colleagues. This generates a wide range of topics which furthers discussions such as how to create a better place to work. Details of the engagement that has taken place with our colleagues in relation to Executive remuneration can be found in the Directors Remuneration Report on page 179 of the 2021 Annual Report which is available to download at [www.jdplc.com](http://www.jdplc.com).

## **LEARNING AND DEVELOPMENT**

In 2020, the Learning and Development department restructured to allow strategic focus on four key areas (Leadership, Brands, Operations and Technology) and to better facilitate their reach across the Group in response to the restrictions imposed due to COVID-19. These restrictions have necessitated an increased focus on online workshops and webinars whilst improving the use of existing technology.

Our team are experienced in delivering training solutions to support a broad range of initiatives and their greatest achievement in 2020 was the number of sessions delivered despite the constant changes to COVID-19 restrictions.

The team have conducted 364 virtual courses, attended by 1,202 delegates across the Group (including 216 courses internationally reaching 894 attendees) within 2020. The overwhelming majority of attendees (94%) agreed that virtual courses allowed for effective learning and the quality of training was maintained.

Our online e-learning platform played a crucial part in the accelerated adoption of digital learning. An example of this was the rollout of the COVID-19 module to 39,554 colleagues across UK & Europe; achieving a company record for the highest number of participants to a single course. The module ensured a consistent message was communicated across the Group, enhancing awareness and helping to keep our colleagues and customers safe.

The platform opened up an opportunity to promote existing digitally enabled portfolios of learning offerings as a way to help colleagues during challenging times and to help them to develop new skills. Globally, our employees have access to almost 800 courses, tailored to support their specific job role, with 8.4 million hours of learning completed throughout 2020.

Also, across our Kingsway Distribution Centre we have designed a two-step online induction which digitises the previously physical induction process, vastly improving the colleague experience. Since October 2020 over 4,000 staff have been inducted in this way.

## E-LEARNING STATISTICS

Europe	Courses on Platform	Courses Completed	Minutes of Learning
UK and Ireland	205	247,365	3,684,587
Belgium	24	2,191	27,068
Germany	13	7,734	91,709
Spain	68	63,300	785,140
France	42	15,838	221,244
Italy	38	18,633	231,945
Netherlands	28	3,107	24,102
Scandinavia	26	1,250	22,436
Asia			
Asia	15	3,805	75,500
South Korea	13	2,270	51,741
United States			
US	796	710,978	498,197,655
<b>Total Global</b>	<b>1,268</b>	<b>1,076,471</b>	<b>503,413,127</b>



## COURSES DELIVERED IN 2020

2020 Courses UK and Ireland	Courses Held	Delegates Trained
Welfare Champions	23	45
Retail Academy	60	90
Inclusivity	151	540
Head Office Management Development Programme	25	18
Retail Supervisor Accreditation	38	308
Retail Management Development Programme	47	93
Head Office Induction	20	108
<b>Total UK</b>	<b>364</b>	<b>1,202</b>
2020 Courses Europe	Courses Held	Delegates Trained
Retail Academy	63	53
Retail Supervisor Accreditation	42	376
Retail Management Development Programme	64	167
Territory Specific Courses	23	270
<b>Total Europe</b>	<b>192</b>	<b>866</b>
<b>UK &amp; Europe Total</b>	<b>556</b>	<b>2,068</b>

### APPRENTICESHIPS

Over the last few years, we have worked alongside internal and external stakeholders to build up an infrastructure to support the promotion of apprenticeships as a learning and development opportunity and to support employee development and progression across the Group.

To date we have had 45 apprentices complete their apprenticeships successfully and have 66 current apprentices studying programmes such as Management, HR, Data Analytics, Retail, Accountancy, Digital Marketing, Software Development, Quantity Surveying and many more.

Our key strategy for 2021 is to offer apprenticeship pathways for all employees across Group Retail stores, Distribution Centres and Head Office alongside externally advertised apprenticeship role opportunities. Key successes so far this year have been the launch of retail and Distribution Centre apprenticeship programmes working with our apprenticeship partner.

### TALENT ACQUISITION

As the focus over the last year has been to protect and support our existing colleagues, the Group implemented a temporary recruitment freeze during 2020. However, the Group continues to attract talent globally with thousands of users registered internationally on our careers website.

Our engagement with digital platforms such as LinkedIn has seen this number grow throughout the past year and will continue to do so going forward. More people than ever want to work for the Group, and we are determined to ensure we become an even more attractive employer who can offer stability, support and growth opportunities to our colleagues across the globe.

## KICKSTART SCHEME

Today's young people are the stars of tomorrow. The Group recognises this and has now been approved to take on over 1,200 colleagues by being a national partner in the government's Kickstart scheme.

Available to people on Universal Credit between the ages of 16 and 24, the Kickstart scheme enables the most vulnerable individuals to enter the world of work to gather vital skills and training (from both the Group and the Prince's Trust) as well as professional experience that will benefit them for the rest of their careers. Our Kickstart selection process will have a particular focus on attracting individuals from disadvantaged backgrounds who would have otherwise been displaced further from the employment market due to COVID-19.

## OPPORTUNITIES WITHIN THE GROUP

The Group's expansion has meant that there have always been opportunities for colleagues to grow with the business. Now, colleagues can grow both professionally and personally with JD.

The amount of learning and development options for colleagues at all levels of the business is unprecedented and this portfolio of learning materials and pathways continues to expand.

With the support and development resources available, the Group is in the unique position of being a great business to work for providing exciting opportunities both in the UK and internationally.



# HEALTH AND SAFETY

We are fully committed to continuous health and safety improvement across all areas of the Group and understand that it is the way we work and behave that protects our colleagues, customers and other stakeholders.

Our Occupational Health provision provides health checks and support for employees and also enables the business to promote healthier lifestyles. Furthermore, the Group works in partnership with Able Futures to provide free confidential support for colleagues' Mental health.

Our organisational structure defines individual safety responsibilities and duties to ensure that we provide and maintain safe and healthy working conditions, equipment and systems of work for all our colleagues.

We demonstrate this commitment through active leadership, promoting best practice and by setting specific and measurable targets each year. Our performance against these targets is reviewed at Board level and reported upon regularly. We will ensure that adequate resource is provided to enable these targets to be achieved and to ensure the effective management of risk within the Group.

As the Group's physical store base becomes more geographically dispersed, the risk of breaches in health and safety standards and regulations will naturally increase. To mitigate against this risk, we constantly review the level of resource dedicated to this important area to ensure that our Health and Safety team has the necessary

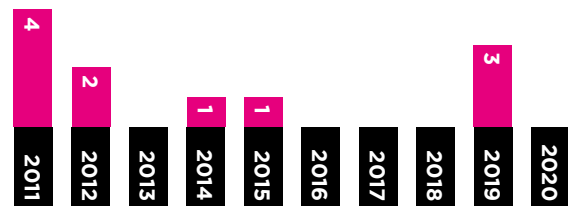
personnel and other resources to manage the risk effectively. Breaches of Health and Safety regulations can happen though, and where they do, we take appropriate action and use the experience to ensure an even greater focus on health and safety improvement for the benefit of the public, our customers and our employees.

We can report the following for the year:

- The Royal Society for the Prevention of Accidents awarded the Group a Gold Award for its retail health and safety management in March 2021.
- There have been no Local Authority or Fire Authority enforcement notices served in UK and the Republic of Ireland during the year.

The table below shows the number of enforcement notices served in the UK and the Republic of Ireland over the 10-year period since 2011.

## ENFORCEMENT NOTICES SERVED 2011-2020



In 2019, there were three Local Authority or Fire Authority enforcement notices served. In each case immediate action was taken to comply with all requirements and as a result the notices were withdrawn.

Our commitment to continuous health and safety improvement is demonstrated by:

- The further development across our European stores of our web based, online induction and training programme ensuring every colleague has the competence, understanding and awareness to work safely and at minimum risk.
- Continued health and safety input in all our new and refitted stores from the initial design through to opening. Our health and safety team conducts its own audit programmes to ensure the highest safety standards are maintained during the construction phase of all our shop-fit projects.
- Continuous review of our policies and processes to ensure best practice in all areas of our business. During the year we have reviewed and revised various risk assessments across all areas of the business.
- Our quarterly Group and monthly Distribution Centre health and safety committee meetings allow colleague engagement in health and safety, with all colleagues having the opportunity to raise safety concerns through their committee representatives.
- Bi-annual health and safety meetings held in all other European countries in which we operate.
- All UK Group companies with warehousing and distribution activities receive bi-annual internal health and safety audits to ensure compliance with Group health and safety standards.
- The appointment of a Health and Safety Officer in Germany to provide specific in country support to the JD Germany team.

Our focus in the coming year will be:

- To retain the British Safety Council 'five star' accreditation for our Kingsway distribution centre.
- To retain the Royal Society for the Prevention of Gold Award achieved for our retail health and safety management.
- Continued safety management in all our stores and ensuring no Local Authority or Fire Authority enforcement notices are served on the Group.
- To further improve the level of compliance with Group standards in every territory.
- The further implementation of our health and safety information, training and record keeping software across all the European countries in which we operate.

#### **COVID-19**

The COVID-19 pandemic has presented significant health and safety challenges. However, we continue to develop and establish revised working practises to ensure the safety of our colleagues, customers and visitors. Details of our risk assessments, operating procedures and control measures taken to address the increased risk are presented in our Principal Risks and Uncertainties section on page 51 of the 2021 Annual Report which is available to download at [www.jdplc.com](http://www.jdplc.com). Local authorities have visited our distribution centres, stores and gyms on multiple occasions to review the control measures that we have implemented.

# ENVIRONMENT AND CLIMATE CHANGE

## DISCLOSURES AND STANDARDS – ENVIRONMENTAL

Over the past two years we have re-purposed and relaunched our corporate website, providing detailed explanations and case studies highlighting our environmental progress. The Group welcomed the positive investor and stakeholder feedback on our prior increase in disclosures relating to our environmental performance. We aim to continue this progress both during the period, and via additional disclosures within this report including:

- Our inaugural adoption of the principles and framework outlined within the Task Force on Climate-related Financial Disclosures (TCFD).
- Disclosing the Group's progress towards the United Nations Sustainable Development Goals (SDGs) relevant to our business operations.
- Providing our scores (including comparison to our industry peers) for additional benchmark assessments within the Carbon Disclosure Project (CDP) global disclosure system.

This period represents the first year that we have referenced our performance relative

to both the TCFD framework and UN SDGs. Research by our ESG Committee indicates that comparable organisations have taken differing approaches to referencing TCFD, and it is our belief that the Financial Stability board and / or the UK government and Financial Conduct Authority (FCA) may issue more standardised guidance to TCFD disclosures within the next two years.

In the interim, we acknowledge that our interpretation of TCFD and the UN SDG disclosures may not be a complete exposition for all criteria. Nonetheless, we believe that by adopting such reporting frameworks, the Group is once again evidencing its commitment to continual improvement with regards to environmental performance and reporting. We shall continue to use the TCFD recommendations to inform and develop our strategy on climate action and related disclosures.

On the next page is a compliance summary of the TCFD disclosure requirements and the page reference for the Group's relevant disclosures contained within its [Annual Report 2021](#). The latest Group [Annual Report](#) can be found at [www.jdplc.com](http://www.jdplc.com).



		Page
<b>GOVERNANCE</b>	Disclose the organisations governance around climate-related risks and opportunities:	49, 109
	- Board oversight	49, 56, 98, 162
	- Management role in assessment and management	49, 56-57
<b>STRATEGY</b>	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisations businesses, strategy, and financial planning, where such information is available:	58-67
	- Risks and opportunities over short, medium, long-term	58-67
	- Impact of climate-related risks and opportunities	58-67
	- Resilience of the organisations strategy using climate-related scenarios	58-67
<b>RISK MANAGEMENT</b>	Disclose how the organisation identifies, assess, and manages climate-related scenarios:	56
	- Processes for identifying and assessing risk	56-57
	- Processes for managing climate-related risk	56-61
	- How are climate-related risks integrated into the organisation's overall risk management	58-64
<b>METRICS AND TARGETS</b>	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:	109
	- Metrics used to assess climate-related risks identified	56, 114-117
	- Disclosure of Scope 1-3 GHG and associated risks	111, 118-120
	- Describe targets used to manage climate-related risks and performance vs targets	115-119



## **ESG KEY ACHIEVEMENTS - ENVIRONMENTAL**

- The Group achieved a 'Leadership' grade of A- within the CDP 'Climate Change' assessment, for which scores were published in December 2020. CDP disclosures are closely aligned and recognised by the TCFD. The Group outperformed our sector benchmark score by three grades.
- The Group's inaugural submission within the CDPs 'Water Stewardship' category achieved a 'B' grade score, demonstrating the strong progress made across the entirety of the Group, from our Private Label team through to the site-level endeavours of all of our colleagues. The Group outperformed our sector average score for 'Water Stewardship' by two grades and has also received recognition as a 'CDP Supplier Engagement Leader', based on our 2020 CDP climate response.
- In accordance with our support and membership of the RE100 (the world's most influential companies, committed to 100% renewable power), the Group continued to transfer new territories to renewable energy, with Spain and Portugal migrating to new, environmentally beneficial green renewable solutions during the period.
- The Group achieved recognition as a 'Committed' supporter by the Science Based Targets initiative (SBTi) board in December 2020. During the period ahead, the Group will target formal sign-off our Scope One-Three emission reduction plans by the SBTi committee. This verification process is a prerequisite for the Group to publicly state that our targets are 'Science-based'. This year we also reported for the first time our Scope Two market-based emissions in addition to our location-based emissions.
- The Group achieved independently-audited 'zero to landfill' accreditation for our largest directly operated site (Kingsway Distribution Centre) in February 2020 and plans to follow suit for our other major occupancy locations.

## **ENVIRONMENTAL - CLIMATE CHANGE**

The Group embraces its responsibility to contribute towards reducing the impact of climate change and remains fully supportive of the United Nations 'Paris Agreement' adopted in 2016. The Group will be closely monitoring preparation for, and actions agreed at the 26th UN Climate Change Conference (COP26) in November 2021.

Responsible energy procurement and usage remains integral to the Group's efforts to help limit global warming, and to play our part towards helping to limit global warming to the mid-century 1.5 degree Celsius scenario. The Group requires all of our subsidiaries and suppliers (regardless of territory) to mirror its commitment towards minimising the impact of climate change, via progressive behaviours, investment, and increased disclosures relating to carbon usage and environmental performance.

The core business of the Group is retail. Across our multiple store fascias and territories we aim to provide customers with an engaging retail experience, showcasing the latest products from leading brands. Accordingly, this requires our stores and sites to utilise the latest lighting and technology, whilst providing customers and colleagues a regulated ambient temperature throughout their visits.

## **ENVIRONMENTAL - CLIMATE CHANGE REPORTING AND COMPLIANCE**

The Group's management of carbon emissions is delineated into two categories:

- 1) Scope One and Scope Two – the Group's 'directly controlled' operations within Group-owned infrastructure (e.g. our warehouse and in-store energy usage) and;
- 2) Scope Three – the operations and activities of both our merchandise suppliers (including manufacture of products), and our non-merchandise suppliers, including but not limited to product transport and delivery.

Within the first category (Scope One, or 'directly controlled' operations), the Group remains compliant with the UK Government's Carbon Reduction Commitment, the new Streamlined Energy

and Carbon Reporting (SECR) system and has fulfilled our Energy Savings Opportunity Scheme (ESOS) and Energy Efficiency Directive (EED) obligations. At present, over 99% of Group carbon emissions fall within the Scope Three category.

The Group continues to use CDP as our primary method of monitoring our comparative industry performance of our management and strategy relating to climate change and carbon reduction.

We recognise that our new position within the 'leadership' category of organisations can only be maintained by continued improvements with regards to both reducing carbon, and further increasing the transparency of our efforts.

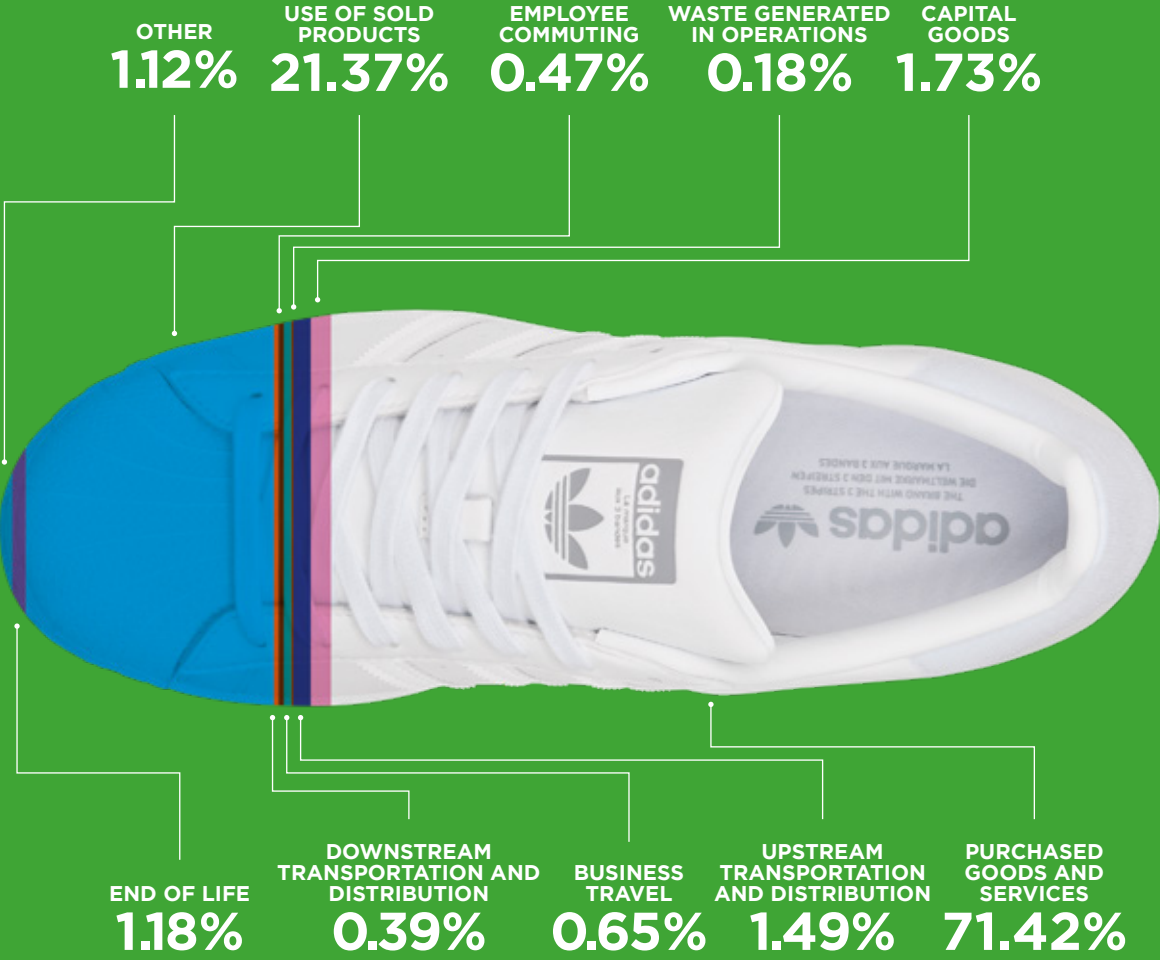
The secondary category of carbon emissions (Scope Three - those arising from the activities of our supply chain) has been fully mapped during the period as part of our SBTi preparations. Purchased goods and services (71.42%) are the largest Scope Three contributor. The Group continues to monitor the progress of our largest suppliers as they seek to achieve their respective carbon reduction targets. Emissions data is constantly adjusted due to both changes in Group activity and changes to calculation methodologies.





# ENVIRONMENTAL - CLIMATE CHANGE REPORTING AND COMPLIANCE

THE SECONDARY CATEGORY OF CARBON EMISSIONS (SCOPE THREE - THOSE ARISING FROM THE ACTIVITIES OF OUR SUPPLY CHAIN) HAS BEEN FULLY MAPPED DURING THE PERIOD AS PART OF OUR SBTI PREPARATIONS:



### **ENVIRONMENTAL - SCIENCE BASED TARGET INITIATIVES (SBTI'S)**

During the period, the Group's Energy and Environment team worked with independent, specialist consultants to identify the sources and values of all the Group's Scope One, Scope Two, and Scope Three emissions.

Based on the data gathered, and the analysis of both Group operations and the carbon reductions of our key suppliers, the Group has identified the following (draft) SBTi's. The SBTi board allows up to two years to submit Scope Three targets (owing to the complexity of completing a footprint calculating our supply chain emissions).

The Group has chosen to provide our provisional targets in the interests of transparency, and to reassure investors and customers as to our continued commitment to reduce carbon emissions and help to limit the impact of global warming. Please note that the targets below may be adjusted due to any or either of i) adjustments made within our final data validation check ii) feedback received as part of the official SBTi board verification process, or iii) the occurrence of significant, unforeseen events (e.g. major changes in international legislation) that impact global business operations.

JD Group Scope One and Two emissions reduction targets: By 2035, the Group will achieve an absolute reduction of 67.2%\* vs our 2019/20 base year.

JD Group Scope Three emission reduction target: By 2035, the Group will achieve an absolute reduction of 67.2%\* vs our 2019/20 base year.

\*subject to final data validation checks and external specialist review.

### **ENVIRONMENTAL - REDUCING CARBON EMISSIONS - 2020/21 PROGRESS**

During previous reporting years, the Group maintained a Carbon Management Programme ('CMP') sponsored by our Chief Financial Officer and reviewed at regular intervals. Following the establishment of the Group's ESG Committee, the management of carbon, water, waste, and other key environmental measures are now measured against an updated set of objectives.



2020/21 ENVIRONMENTAL OBJECTIVE	2020/21 - PROGRESS	2021/22 OBJECTIVES
<p><b>CARBON REDUCTION - ON SITE</b> Reduce carbon usage in trading and non-trading sites via investment in technology</p> <ul style="list-style-type: none"> <li>• Building Management System (BMS) installations</li> <li>• Adjusting temperature 'set-points'</li> <li>• Use of LED technology</li> </ul>	<p>The Group has installed BMS in a further 36 stores this year (2020: 372 stores) providing a saving of 10.4% compared to usage prior to BMS install. Total BMS-related energy saving equals a carbon reduction of 917t CO<sub>2</sub>.</p> <p>We reduced our Summer and Winter heating and cooling set points and these temperature adjustments delivered carbon savings of 309t CO<sub>2</sub>.</p> <p>Group investment in LED's has continued during the period with the installation of LED's in 20 locations, including seven gym sites, achieving 30% energy reduction vs. the previous lighting system (200t CO<sub>2</sub>).</p>	<p>BMS shall continue to be installed within new JD stores as standard with trials underway for a number of our other fascias and international stores.</p> <p>Investment in LED continues to be rolled out into new stores with improved lower energy specifications being tested. LED retrofit programs are planned for the Kingsway Distribution Centre and JD Gyms sites.</p> <p>The Group plans to review the benefits of solar usage within selected locations.</p>
<p><b>CARBON REDUCTION - EDUCATION</b> Reduce energy usage via colleague awareness and training</p>	<p>The Group has commenced the development of a new 'I am sustainable' online training course with an external ESG e-learning specialist.</p> <p>Furthermore, the Group's environmental messaging has been expanded into more e-commerce products including auto-bagger film, along with Forest Stewardship Council (FSC) labelling on till receipts.</p> <p>A review of the United Nations Sustainable Development Goals (SDGs) has been completed, with references to be included in this, and future Annual Reports.</p>	<p>The Group aims to launch the 'IAMSustainable' online training programme in the UK and Republic of Ireland, supporting ESG awareness and education, with a target of 1,000+ staff to complete the Carbon Reduction training.</p>

2020/21 ENVIRONMENTAL OBJECTIVE	2020/21 - PROGRESS	2021/22 OBJECTIVES
<p><b>CARBON REDUCTION - REPORTING</b></p> <p>Ensure that carbon reduction measures are applied to all businesses and territories, and also by key suppliers</p>	<p>A Scope Three emission screening exercise has been completed and submitted within our 2020 CDP submission. This identified that 'Purchased goods' (i.e. our branded products sold by the Group) are our largest carbon contributor.</p> <p>The Group achieved recognition as a 'Committed' supporter by the Science Based Target initiative (SBTi) Board in December 2020.</p> <p>A new store reporting dashboard was launched, allowing 'rapid action' to be taken during COVID-19 closure periods, reducing Group energy usage by 77%.</p>	<p>The Group will submit our Scope One and Two emission targets to the SBTi committee and complete our Scope Three emissions footprint with key strategic suppliers (to enable SBTi submission for Scope Three targets).</p> <p>The Group plans to implement an inventory management plan to improve governance for GHG emissions data submissions. The Group is also using a new carbon-intensity metric to comply with the Streamlined Energy and Carbon Reporting (SECR) requirements.</p>
<p><b>CARBON REDUCTION - PROCUREMENT</b></p> <p>Purchase of renewable energy wherever operationally feasible</p>	<p>Within the period we renewed existing agreements onto renewable energy tariffs and also moved our Spanish and Portuguese stores to renewable energy contracts.</p> <p>All UK based subsidiaries that were acquired during 2020 (including Xercise4Less) have been transitioned to renewable energy contracts.</p>	<p>The Group continues to purchase renewable energy wherever operationally feasible and transition the remaining European regions so as to achieve our 100% renewable UK and Europe status by 2022.</p> <p>The Group plans to identify opportunities for U.S stores (including acquisitions) to migrate to renewable energy.</p>
<p><b>BENCHMARKING AND ENGAGEMENT:</b></p> <p>Increase Group engagement with:</p> <ul style="list-style-type: none"> <li>a) independent carbon-reduction surveys</li> <li>b) accredited industry bodies</li> <li>c) strategic suppliers</li> </ul>	<p>The Group completed CDP submissions, with results of A- for climate (three levels above the retail average and 'Leadership' recognition), and B for Water (two levels above the retail average).</p> <p>The Group has also recently joined the Energy Institute and continues to engage with the Retail Energy Forum.</p>	<p>The Group aims to continue and increase engagement with:</p> <ul style="list-style-type: none"> <li>a) independent carbon-reduction surveys and expanding our engagement with organisations such as SBTi.</li> <li>b) accredited industry bodies - continue and expand 'zero to landfill' accreditation for our office, major occupancy sites and targeted geographical locations.</li> <li>c) strategic suppliers - to develop our Scope Three footprint and implement SBTi Scope Three targets, allowing progress and performance comparison with our industry peers.</li> </ul>

2020/21 ENVIRONMENTAL OBJECTIVE	2020/21 – PROGRESS	2021/22 OBJECTIVES
<p><b>RESOURCE MANAGEMENT</b> Reducing waste and improving re-use via store product ‘take-back’</p>	<p>Zero to landfill accreditation was achieved following an independent audit of our Kingsway Distribution Centre. The Group recycled 5,173 tonnes of card during the period (2020: 5,491 tonnes).</p> <p>The delivered ‘circular economy’ projects including the return, fix, and reissue of large numbers of hangers and tote boxes, reducing business costs and delivering a carbon saving of 72t CO2.</p> <p>The Group has developed a customer education ‘wheel’ outlining the key principles of re-use, repair and recycling of footwear and apparel. This is available on our corporate website and supports our opinion that blanket ‘retailer take-back’ schemes do not provide the most environmentally-friendly solutions to end of life product.</p>	<p>The Group plans to further develop ‘circular’ waste solutions with items ranging from store radios to mannequins, reusing items where possible, or working with specialist material recycling operators.</p> <p>The Group also aims to complete the second UK and European packaging review in two years, identifying new recycling innovations and ensuring that more of our packaging can be recycled as a single-waste stream.</p> <p>The Group will work to improve both colleague and customer education on local-re-use, sale and recycling in accordance with circular economy principles.</p>
<p><b>WATER REDUCTION</b> Site level measures</p>	<p>Over 3.9m litres of water has been saved within the period across various initiatives - from changing specifications to earlier fault identification, with a potential further 15m litre reduction identified.</p> <p>The Group delivered Automatic Meter Reading (AMR) across our largest major occupancy distribution centre and gym sites.</p>	<p>The Group aims to deliver an additional 10m litres of water use reduction during FY2022 (on a like for like basis).</p> <p>We plan to migrate our UK and European standard of energy reporting management into additional JD Group territories. This will enable easier identification of efficiencies and remedial actions across the Group.</p>

## ENVIRONMENTAL - GREENHOUSE GAS (GHG) EMISSION DATA

The Group uses and reports on Key Performance Indicators for energy usage. During the last year, the Group has engaged the services of a leading third party audit and certification body to audit and verify our Greenhouse Gas (GHG) submissions (in accordance with ISO 14064-3 standards).

Accordingly, the Group can report the figures below, calculated based on GHG Protocol Corporate Standard using emissions factors from UK government conversion factor guidance. The emissions reported correspond with our financial year and reflect emissions from the leased and controlled assets for which the Group is responsible. Emissions are predominantly from electricity use for our UK operations, a significant element of which act as supporting infrastructure for our international businesses.

	2020/21	2019/20
Emissions Source:	Tonnes CO2e Equivalent	Tonnes CO2e Equivalent
Scope One (Purchased fuels)	5,974	6,529
Scope Two (Electricity) Location based	44,935	48,589
Scope Two (Electricity) Market based	26,376	31,039
Scope Three (All emissions)	4,145,393	4,279,621

(i) The 2019/20 data has been retrospectively adjusted to reflect new methodology applied to the calculation of the GHG emissions as part of the Group's commitment to setting an SBT.

(ii) Reporting boundaries for 2020/21 (aggregated facilities under operational control) include UK, Australia, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Malaysia, Portugal, Singapore, South Korea, Spain, Sweden, Thailand & the US.

(iii) In line with the GHG protocol on dual reporting, we are now able to disclose both our market and location-based emissions for purchased electricity in 2019/20 and 2020/21.

(iv) Scope Three emissions data is from our screening and financial data completed for our baselining for our SBT commitments. We are planning to complete a detailed footprint exercise this year.

Whilst not a mandatory disclosure, the Group remains committed to presenting data appertaining to energy usage and carbon footprint. After improving our reporting mechanisms, the Group is now able to provide its full actual UK and International energy usage (kWh measurement) and carbon footprint.

	2021	2021	2021
	UK and ROI	Int	Total
Energy Usage - Electricity (kWh)	71,254,598	88,928,909	160,183,507
Energy Usage - Natural Gas (kWh)	14,184,165	12,810,388	26,994,553
Total Energy Use (kWh)	85,438,763	101,739,297	187,178,060
Carbon Emissions (Tonnes CO2e)	20,152	30,757	50,909
Intensity metric: Location based emissions (kgCO2e/m2)	32.7	57.4	44.2

As required under UK SECR legislation, we have now applied an intensity factor to our GHG emissions expressed in kilograms CO2e per meter squared.

Following our participation in CDP and RE100, we adhere to international recognised standards on disclosure for renewable energy consumption. This year we have amended the presentation of our renewable energy usage. Our previous method was to use the revenue of our respective businesses supplied by renewable sourced energy as a % of the total revenue of the Group. As per the new recognised standard, we have changed this to now apply a calculation of the renewable energy share of our total electricity consumption as a percentage for Europe and worldwide, as detailed in the graphs. The percentage is calculated based on the total usage of renewable energy supply as a % of the total energy supply for the region.

# PERCENTAGE OF EUROPEAN OPERATIONS SUPPLIED BY RENEWABLE SOURCED ENERGY

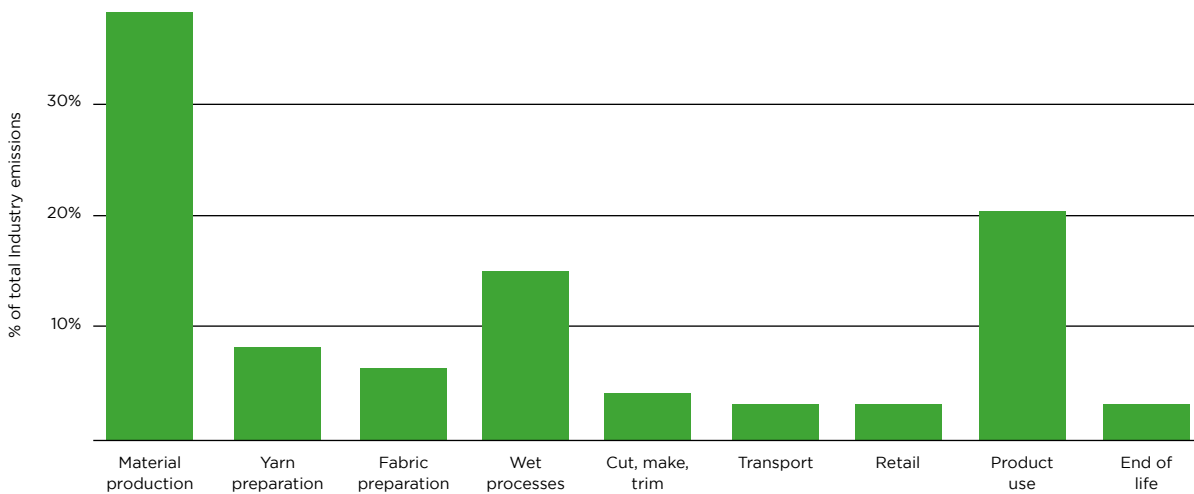


# PERCENTAGE OF WORLDWIDE OPERATIONS SUPPLIED BY RENEWABLE SOURCED ENERGY

Industry data highlighted the need to accelerate decarbonisation in line with the 2016 Paris Climate Agreement and 2018 Intergovernmental Panel on Climate Change (IPCC) report. McKinsey & Company and the Global Fashion Agenda described further targets within the 'Fashion on Climate' report. The report identified that the wider fashion industry needed to reduce

annual emissions by 1.1 billion tonnes (50%) within the next decade to remain on course to achieve the 1.5°C global temperature increase limit required to restrict global warming. The largest carbon emission impact (identified in the chart below<sup>6</sup>) is the production, processing and garment manufacturing stages of the supply chain cycle.

### ANNUAL GREENHOUSE GAS EMISSIONS OF APPAREL AND FOOTWEAR



\* This is an annualised rather than a life-cycle analysis. Results from 19 June 2020.  
<sup>6</sup> Data Source: McKinsey & Co



Accordingly, we have reviewed our own supply chain to identify how we can encourage sustainable behaviour across our supply tiers to further reduce carbon emissions, encourage increased stewardship of water, whilst ensuring safe chemical practices.

### **ENVIRONMENTAL - WATER STEWARDSHIP AND BIODIVERSITY**

The Group recognises that key raw materials including cotton rely heavily on water availability. Making sustainable products can directly impact farmers, the use of pesticides and water. Using recycled polyester can offer many sustainable benefits vs virgin polyester. The majority of goods sold by the Group are manufactured by leading global brands.

Our largest water footprint is via our supply chain (third-party and private label) and our own operational use. For our own footwear and accessories brands we provide and monitor a 'supplier manual' including policies on modern slavery, procurement and global environmental footprint reduction. This includes standards we require to be met with regards to REACH (Registration, Evaluation & Authorisation of Chemicals). For leather manufactured goods, the Group requires our suppliers to be signed up to the Leather Working Group (LWG) standards.

In the most recent period, the Group has demonstrated progress via:

- Submitting our first ever response to the CDP 'Water Security' survey, achieving a 'B' grade score.
- During the last period the Group has reduced its use of virgin polyester and increased use of Responsibly Sourced Cotton ('sustainable cotton'). Sustainable cotton ensures; i) that farmers are trained on methods of water reduction ii) that farms are economically irrigated and iii) the receipt and payment of fair wages to workers.
- In October 2020, the Group joined the Better Cotton Initiative (BCI) and to date, we have sourced over 80% of our cotton through this initiative, which exceeded our original target. We recognise the importance of working with a global not-for-profit organisation, and the largest cotton sustainability programme in the world. The BCI mission, purpose and objectives also align to the United Nations Sustainable Development Goals (UN sustainable development goals).
- Continuing our 'Sustainability flag' assessment process for the Group's own-brand manufactured garments. This ensures that our private label products (and suppliers) have been subject to reviews and compliance criteria designed to reduce our impact on the environment. Further details can be found on our corporate website [www.jdplc.com](http://www.jdplc.com).
- We have engaged with the WWF Water Risk Filter, allowing the Group to assess water risk factors within the source countries for our private label product manufacture.

In addition to our work on reducing water consumption through our private labels via sustainable design and materials, the Group also identifies our responsibility to conserve water within our directly controlled estate.

- The overwhelming majority of our store locations are leased from landlords. However, where we can contribute to water reduction, the Group continues to invest in assets to reduce consumption and risk to supply, both of which generate positive financial returns.
- Investments in usage-reducing assets have saved 3.9 million litres of water to date, with over 15 million litres of additional conservation measures identified and implemented.
- We also commenced the usage of automatic meter reading (AMR) into our largest major occupancy sites, the Distribution Centre and JD Gyms, permitting improved monitoring and subsequent reduction of our water consumption.

**ENVIRONMENTAL - RESOURCE MANAGEMENT**

During the period, the Group noted a slight reduction in public and media focus on the use of plastic, mostly likely due to the impact of COVID-19 across the globe. The Group expects further public and media scrutiny and debate on plastic (and other packaging materials) to resume within the next period. Accordingly, the Group has continued to improve its 'resource management' performance across several areas of our directly-controlled operations.

**RECYCLING**

- Our largest directly-controlled facility (Kingsway Distribution Centre) achieved certified 'zero to landfill' accreditation in February 2020.
- The Group continues its 'circular economy' development by increasing the number of recyclable waste streams within our directly controlled operations. Examples include reprocessing and reusing assets including 1,683 boxes of store hangers and

over 103 tonnes of broken tote (container) units.

- The Group expanded its use of the Dry Mixed Recycling ('DMR') schemes to all its stores and businesses in the UK and Republic of Ireland, to maximise waste diversion from landfill. In 2021 we diverted 98.8% (2020: 98.6%) of our waste from landfill.
- The Group continues to remove card and plastic at the earliest possible source (via Kingsway). During the year, the amount of cardboard recycled reduced to 5,173 tonnes (2020: 5,491 tonnes). This reduction is consistent with the reduced UK and European output as a direct consequence of COVID-19.

**MICRO-PAK DRY CLAY KRAFT USE IN OWN BRAND PACKAGING**

Since 2020, instead of silica gel, JD's vendors have used 9 million pieces of Micro-Pak Dry Clay Kraft inside the packaging. By using this material instead of silica gel, JD has achieved significant milestones



in eliminating plastics and unwanted chemicals from customer packaging.

#### ONLINE SALES PACKAGING

By using recycled plastic material for our online item dispatch packaging (avoiding virgin material) we achieved an equivalent embodied carbon saving of 1,005t CO<sub>2</sub>e within the period. New customer messaging (highlighting our recycled content percentage, and further recycling of packaging after use) has been introduced across additional packaging for online sales, including film for 'auto-bagged' products, and the packaging used for our 'ship from store' project.

#### RETAIL PACKAGING

The Group continues to maintain its long-held view that encouraging customer re-use of retail-issued bags is the most effective way to reduce overall plastic usage. Our JD fascia is renowned for its high quality, durable drawstring duffle bags, the re-use of which remains visually evident, from the high street through to the high school.

#### REDUCING THE IMPACT OF RETAIL PACKAGING

Whilst our documented approach to re-use is effective, the Group further minimises the environmental impact of customer bags by ensuring that duffle bags are made from 50% recycled material, across our UK, European, Asia Pacific and US operations. In November 2020, our JD fascia used 70% recycled material for our larger 'flexi-loop' bag, a product previously made from 50% recycled material. Our ability to assess the impact of the trial (e.g. *'did the bag continue to remain as reusable as the previous iteration?'*) was limited due to COVID-19 restrictions.

During the period, Go Outdoors joined our Blacks and Millets fascias by successfully ceasing production of plastic customer bags, adopting an attractive paper design. This measure further reduces the volume of plastic used within the Group, and we believe that (in accordance with our emphasis on re-use, regardless of material) the design of the bag encourages re-use of

the paper-based product.

#### MICROPLASTICS

In accordance with the prevailing market research at the time, the Group previously used additives within plastic bags in accordance with the widely-held belief that this would catalyse the degradation process of higher-volume low-density polyethylene (LDPE) customer bags.

Following an internal review, the Group took the decision to remove degradable additives from our bags in late 2018. We felt that little direct evidence existed to demonstrate even medium-term degradation within samples of customer bags containing degradable additives. This viewpoint was echoed by both the Department for Environment, Food and Rural Affairs (DEFRA) in its 'Review of standards for biodegradable plastic carrier bags' and the United Nations Environment Programme (UNEP) in its *'Review of standards for biodegradable plastic carrier bags'*, both of which concluded that there was a lack of evidence for the biodegradability of carrier bags in an unmanaged environment.

Furthermore, describing a bag as 'degradable' or 'compostable' can lead to (unintentional) regressive outcomes owing to 1) 'degradable' or 'biodegradable' bags containing insufficient instructions on the exact environment required to achieve material degradation; 2) the risk of successful material degradation creating microplastics; and 3) the lack of local infrastructure to support the correct disposal and collection of degradable or compostable materials.

Accordingly, despite the development of newer 'degradable' and 'compostable' bags in recent years, the position of the Group is that we have yet to see sufficient evidence of large-scale environmental benefits. Furthermore, we do not believe that a high enough percentage of customers have sufficient access to composting facilities. Accordingly, our customer messaging continues to focus on encouraging the re-use of packaging (regardless of material type) to support the reduction of demand

for raw materials and associated resources.

#### REGULATORY COMPLIANCE

In 2013 the European Commission adopted a proposal targeting member states to reduce their consumption of plastic bags with a thickness below 50 microns. In the period, the Group's core, directly-controlled retail businesses did not use plastic bags below 50 microns. The plastic bags produced by the Group are at least within the DEFRA 50-70 micron 'bag for life' criterion.

We continue to remain fully compliant with the carrier bag charge schemes across all operating territories. In line with territory legislation, the Group uses paper-based bags rather than plastic bags in its stores in the Republic of Ireland, Belgium, Germany, selected Spanish regions and Malaysia. The Group is mindful of paper's higher level of pre-manufacture carbon emissions versus plastic and works to ensure that whole-life carbon emission and environmental impact is assessed when reviewing bags and packaging for any new territories. By using attractive designs, the Group also promotes re-use of paper bags in the same way that it promotes re-use of its plastic bags.

Our JD New York (Times Square) store opened in October 2020. New York State enacted stringent new waste reduction laws in March 2020, preventing the use of plastic, even for re-usable, draw-string bags certified as 'bag for life' in other territories. The JD team in the United States developed a new, non-woven fabric bag that successfully mirrored the look and purpose of the iconic JD bag.

#### CHARITABLE DONATION OF PLASTIC BAG LEVY INCOME

To encourage customer consideration of the necessity of bag use, the Group voluntarily charges for the use/sale of drawstring-bags. Where local authorities permit the donation of bag-levy income, the Group donates all proceeds from carrier bag charges to the JD Foundation. The Group does not offset any production or 'administrative' costs from its bag-levy income, and accordingly 100% of

proceeds (net of VAT) are received by the JD Foundation for annual distribution as follows:

- **England:** £0.37 million received in the period to 30 January 2021. During the period, 12.5% of the funds were passed to Mountain Rescue in England and Wales with the remaining 87.5% donated to other charitable causes in accordance with the objects of the JD Foundation.
- **Wales:** £0.02 million received in the period to 30 January 2021. During the period, 12.5% of the funds were passed to Mountain Rescue in England and Wales with the remaining 87.5% donated to other charitable causes in accordance with the objectives of the JD Foundation.
- **Scotland:** £0.04 million received in the period to 30 January 2021. During the period, 12.5% of the funds were passed to Scottish Mountain Rescue with the remaining 87.5% donated to other charitable causes in accordance with the objects of the JD Foundation.

Further information about the JD Foundation and its activities can be found on pages 140-153 of the 2021 Annual Report which is available to download at [www.jdplc.com](http://www.jdplc.com)



# ETHICAL SOURCING

Approximately 90% of the products sold by the Group are sourced from our international brand partners. Whilst the Group does not have any direct control over the operations of these businesses, from frequent dialogue with them, we believe that their view on the need for an ethical supply chain is aligned with that of the Group.

The remaining 10% of sales are derived from the Group's own sourcing of 'Goods for Resale' where the Group is in control of the supply chain. We introduced our own Ethical Code of Practice in 2019, encompassing our policies into a concise document for our manufacturing suppliers and brands. We have made further updates and improvements in 2020/21 to ensure that our policies reflect the latest best practice on human rights, worker welfare, and health and safety issues.

The JD Sports Fashion Plc Ethical Code of Practice establishes the procedure for protecting workers and providing assurance that our private label products are manufactured within safe and fair conditions. The Ethical Code of Practice applies to everything we do and forms part of the contract with us. The people working for our suppliers are to be treated with respect, and their health and safety and basic human rights must be protected and promoted. The JD Code of Conduct is included in this document which follows the International Labour Organisation (ILO) minimum standards.

To find out more about our Ethical Code of Practice, please visit our corporate website at [www.jdplc.com/code-of-practice](http://www.jdplc.com/code-of-practice).

## JD CODE OF CONDUCT: MINIMUM STANDARDS FOR OUR SUPPLIERS

- **Employment is freely chosen – there must be no forced labour, bonded or involuntary**

The organisation shall not engage in or support the use of forced or compulsory labour, including prison labour, and shall not retain original identification papers. No personnel shall be required to pay deposits to the organisation at any time during or prior to commencing employment.

- **Freedom of Association and the right to collective bargaining must be respected**

All personnel should have the right to form, join and organise trade unions and to bargain collectively on their behalf with the organisation. Where these rights are restricted under local laws the organisation shall allow workers to freely elect their own representatives.

- **Workers conditions are safe and hygienic**

The organisation shall establish documented procedures to detect, prevent, minimise and eliminate potential risks to the health and safety of personnel. The organisation shall maintain written records of all health and safety incidents that occur in the workplace and in dormitories provided by the organisation, whether it owns, leases or contracts dormitories from a service provider.

The organisation shall provide, for use by all personnel, free access to; clean toilet facilities, potable water, suitable spaces for meal breaks, and, where applicable, sanitary facilities for food storage.

- **Child labour shall not be used**

The organisation shall establish, document, maintain and effectively communicate to personnel and approved subcontractors, written policies and procedures for remediation of child labourers, and shall provide adequate financial and other support to enable such children to attend and remain in school until no longer a child as defined above.

The organisation may employ young workers, but where such young workers are subject to compulsory education laws, they shall work only outside of school hours. Under no circumstances shall any young worker's school, work and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day. Young workers may not work during night hours.

- **Living wages are paid in line with local laws and for a standard working week, overtime must be paid at premium rate**

The organisation shall respect the right of personnel to a living wage and ensure that wages for a normal work week, not including overtime, shall always meet at least legal or industry minimum standards, or collective bargaining agreements (where applicable). Wages shall be sufficient to meet the basic needs of personnel and to provide some discretionary income. The organisation shall not make deductions from wages for disciplinary purposes.

- **Working hours must not be excessive and must be voluntary**

The organisation shall comply with applicable laws, collective bargaining agreements (where applicable) and industry standards on working hours, breaks and public holidays. The normal work week, not including overtime, shall be defined by law but shall not exceed 48 hours. Personnel shall be provided with at least one day off following every six consecutive days of working.

- **No discrimination**

The organisation shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, national or territorial or social origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age or any other condition that could give rise to discrimination. The organisation shall not allow any behaviour that is threatening, abusive or exploitative, including gestures, language and physical contact, in the workplace and in all property provided by the organisation, whether it owns, leases or contracts the residences or property from a service provider.

- **Regular employment is provided**

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

- **No harsh or inhumane treatment is tolerated**

Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

The health and safety of workers is paramount in all areas of our business, direct or otherwise. The Group continues to review its policies on ethical sourcing on a regular basis. We continuously assess factory ethical and quality management and work with our suppliers to improve conditions in our factories.

### **SUPPORTING OUR PRIVATE LABEL MANUFACTURERS DURING COVID-19**

The challenges of the global pandemic required the Group to re-phase fabrics and orders within the supply chain to later seasons, moving stock to different locations in order to accommodate closures across Europe. These changes reduced our 'seasonal buy' plans.

During the first lockdown period (April – June 2020) over \$170 million of fabrics

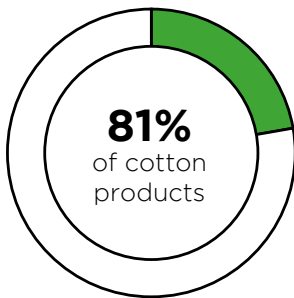
and trims had to be put 'on hold' across the world. By September 2020, we had re-designed, re-phased and reduced the outstanding commitment to zero within our supply base. The Group is proud of the fact that during this challenging year, no supplier was left with excess fabric or trims, or suffered any negative impacts arising from cancelled orders. Further, suppliers continued to be paid according to pre-agreed terms.

## **SUSTAINABILITY IN PRIVATE LABEL MANUFACTURING**

The Group began the journey to integrate sustainability into our private label business in 2019, thus embedding sustainability as an integral part of our private label production – from conception to end product and beyond.

During the last quarter of 2020, the Group became members of The Better Cotton Initiative (BCI). The BCI is a global, not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to make global cotton production better for the people that produce it, the environment in which it grows, and to invest within the future of the cotton industry.

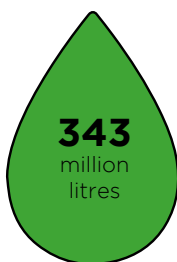
During the first period of the Group's BCI membership (2020), the Group produced 22% of its cotton through the BCI programme. This equates to 3.7 million garments, representing 492 metric tonnes of 'Better Cotton', (cotton grown via methods that protect and restore the environment, whilst improving farmers' livelihoods). Our sourcing of Better Cotton in 2020 saved an estimated 279 million litres of water whilst generating over €80,000 of additional profit for BCI-licensed farmers.



made in BCI  
since joining



of BCI cotton  
used



of water  
saved

\*This data is representative of  
Own Brand product ordered  
for the period October 2020  
to December 2021.

The high level of investment within the BCI programme helps to support women within the cotton supply chain, enabling them to strengthen their standing within both their families and communities. In the 2018–2019 cotton season, BCI training reworked 98,789 female farmers across the world.

Female farmers supported by the BCI learn every aspect of cotton growing – from seed to harvest, with the programme including:

- Safe use of chemicals.
- Advantages of replacing conventional pesticides with natural substances.
- Improving soil fertility.
- Optimising irrigation and water harvesting techniques.

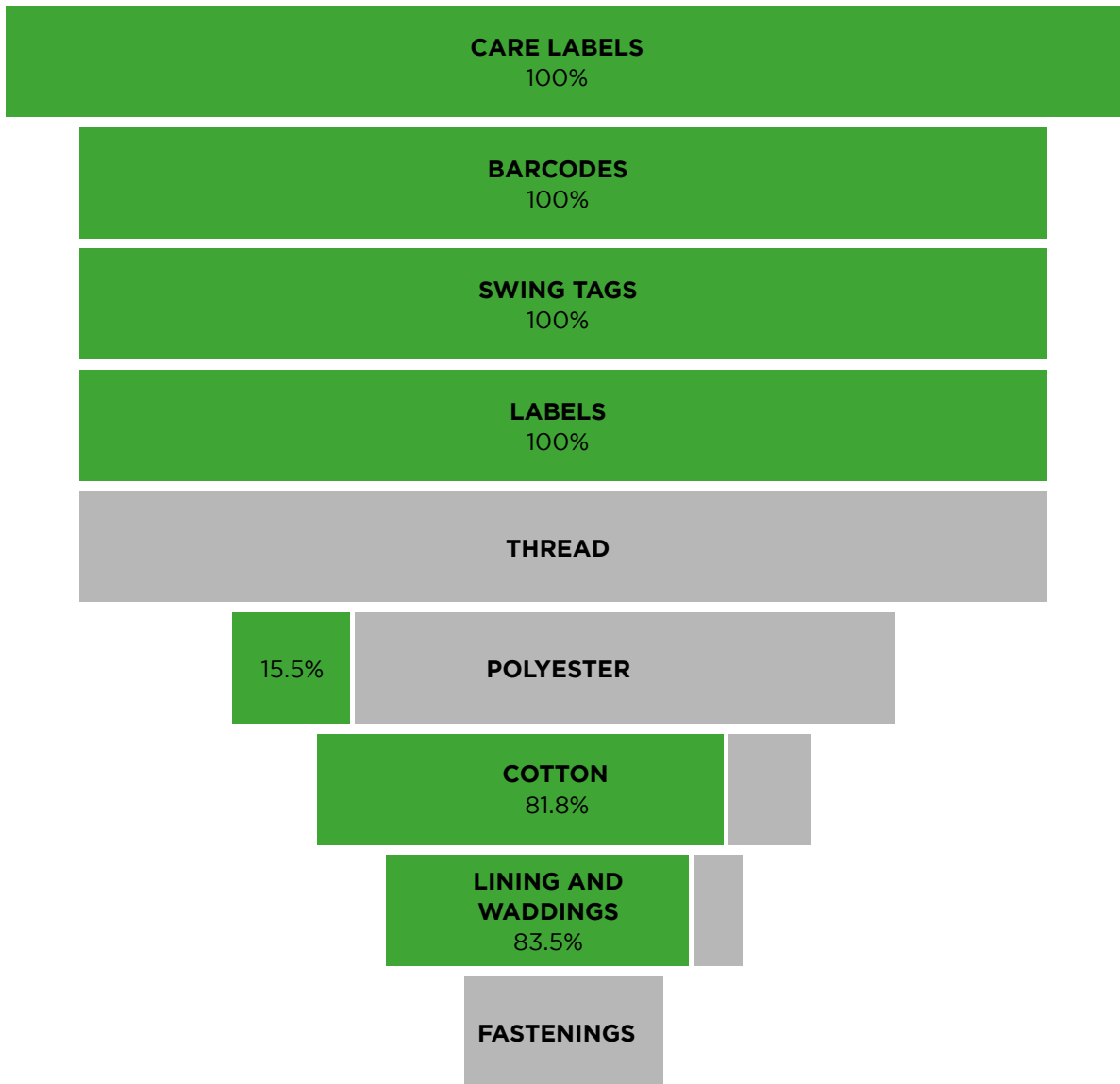
The Group had committed to sourcing 80% of its cotton through the BCI by 2022. This was an ambitious target but one we are pleased to say we have met by converting more than 13 million garments to sustainable cotton. Orders have been placed with suppliers for 2021 and our sourcing of BCI cotton now represents 81.8% of our total cotton usage. This will be in Retail from July 2021 – December 2021 and will result in the Group exceeding its initial forecast of 80%.

Man-made fibres, namely recycled polyester, remain a challenge. Recycled polyester varies considerably in both cost and quality. However, by using a mix of virgin and recycled polyester to offset cost and quality, a further 440,000 garments were produced bringing the total number of garments made sustainably to 4.1 million garments. This represented 25.6% of our total inventory for 2020, achieving our target during an unprecedented year.

Working from design through to development, we have set a target to use a minimum of 30% sustainable materials within a garment. Our design and development team has undertaken the conversion of components used in the manufacture to sustainable materials. The production pyramid demonstrates the percentages achieved by substituting materials, from throwaway packaging to linings and waddings.



# PRODUCTION PYRAMID



## SUSTAINABLE

Components in the production process which are manufactured to a pre-determined level of sustainability, including sustainable materials and / or processes.



## NON SUSTAINABLE

Components in the production process which are currently not from a sustainable source. These areas are high priority to become sustainable going forward.

### SUSTAINABILITY IN PRIVATE LABEL MANUFACTURING - SUPPORTING INDUSTRY INITIATIVES

In 2021, the JD Group became one of 65 founding signatories to Textiles 2030. This is a government backed project, replacing the previously successful Sustainable Clothing Action Plan (SCAP). Membership enables the Group to utilise additional systems and training to further measure our overall GHG emissions and water usage. This, in turn, enables us to reduce emissions and resource usage in accordance with both our own and national / international targets.

WRAP Textile 2030 builds on the original WRAP action plan to move towards circularity, system change, climate action, contributing towards national policy and regulatory developments, including Extended Producer Responsibility (EPR).

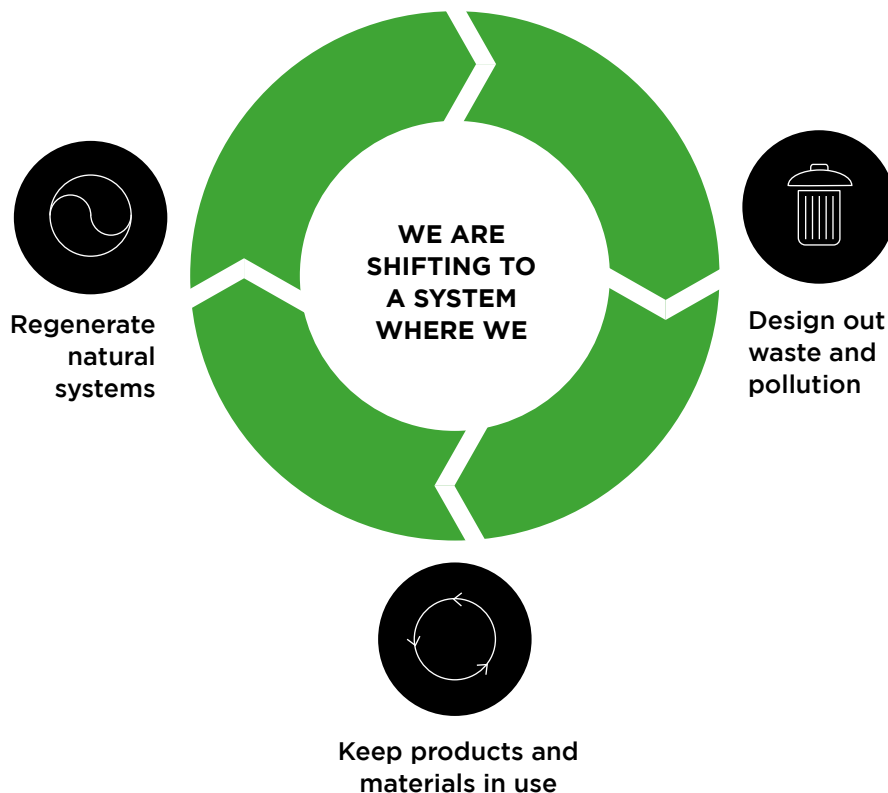
To further support our work on WRAP Textile 2030, our collation of information has extended to the lower tiers in our supply chain, mills and dye houses. This enables assessment of the environmental impacts within our supply chain, including aggregation of supplier certifications and accreditations.

The Group presently contracts fully-factored garments and does not have direct relationships with the lower tiers of our supply chain. However, our ambition is to utilise our existing supply chain knowledge and understanding to incorporate sustainable processes (including finishes at dye house level) into our product development and end garments. These include critical environmental protection categories such as energy, water and the carbon usage arising from manufacture.

### CIRCULAR ECONOMY

The Ellen MacArthur Foundation defines a circular economy as being; *'based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems.'*

The Group is committed to an internal circular economy model to ensure the minimisation and eradication of landfill waste across our business. We have already achieved 'zero waste to landfill' certification for our UK distribution centre, and continue to re-use, repurpose and recycle across all of our operations - from sourcing through to packaging.



## **DESIGNING OUT WASTE AND POLLUTION**

Our products are designed with sustainability in mind from the outset. By increasing the use of high-quality material and dyes and testing fabrics we aim to achieve minimal release of synthetic microfibres into the environment. During the manufacture process itself, there are several methods that can be applied to reduce further shedding such as brushing the material or using laser and ultrasound cutting.

To aid the efficiency of recycling, we use wherever possible single fibre materials. As part of the due diligence testing programme carried out within the development own label team, the results on microfibre shedding were found to be minimal on our key volume fabrics by our third-party testing partner Intertek.

These best practice measures extend the life of products by ensuring the durability of the product for longer use whilst minimising the release of dyes and microfibres once in the home of the consumer. Microfibres are too small to be filtered out by waste treatment plants, so travel through and pollute water pipes to enter oceans and rivers. Effective design can mitigate and reduce the impact of microfibres.

Our Development Teams analyse the data and comments associated with products returned by our customers to identify any common issues which can be corrected for future production cycles. These design changes and corrections help to reduce the volume of customer returns; which in turn eliminates carbon emissions arising as a result of product returns. In circular economy terminology, this is 'designing out waste and pollution' in practice.

## **KEEPING PRODUCTS AND MATERIALS IN USE**

Despite our design improvement progression, changing customer tastes and requirements mean that it is not possible to completely eliminate returned stock.

The Group has developed a supply chain to support the environment by keeping products and materials in use for as long as possible. To enable this, it was vital to identify supply chain partners able to align to our waste-elimination principles

within their own businesses. This ensures compliance throughout the supply chain, benefits end customers, and enables the suppliers to make their own, direct contribution towards the United Nations 'Sustainable Development Goals' (UN SDGs).

A summary of three of our suppliers supporting the Group to 'keep products and materials in use' is provided as follows. Through ongoing collaboration, we have achieved this aim, whilst reducing waste, and supporting four of the key UN SDGs.

### **1. AFRICA SHOES**

Africa Shoes has been exporting branded second-hand and safe basic-fault products to Africa and other outlets around the world since 1990. This type of stock has historically been 'discarded' by other retailers. Whilst Africa Shoes sells product globally, the preferred destination for the majority of our stock is markets within selected regions of Africa. Small, local vendors are able to access re-saleable stock at heavily discounted prices enabling them to make profit and contribute towards their local economy.

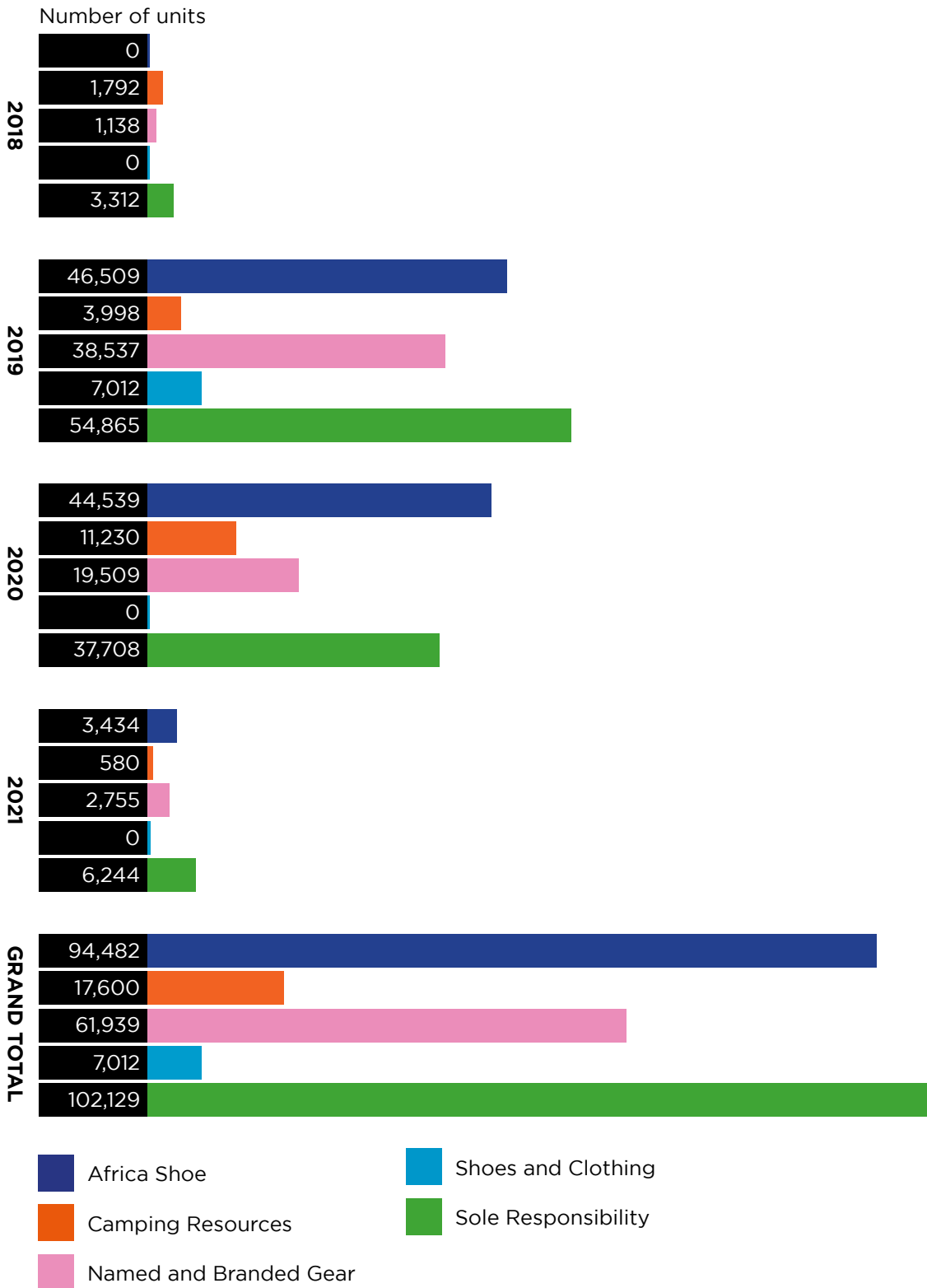
### **2. SOLE RESPONSIBILITY**

Sole Responsibility specialises in the resale of clothing and footwear diverted from landfill to consumers, thus giving the 'seconds' a 'second chance' and keeping products and materials in use.

### **3. CARBON RESOURCES (CAMPING RESOURCES) LTD**

Supporting our Outdoor businesses, Carbon Resources specialises in the refurbishment and repair of tents and equipment, giving products an extended life. The quality of repairs offered ensures ongoing durability for years beyond the original repair, keeping products and materials in use, and reducing the carbon footprint associated with new manufacture.

The graph below demonstrates the recent volumes of products given an 'extended life' via our supply chain partners. Please note that 2021 volumes were impacted by the COVID-19 pandemic.



## BEHIND THE LABEL

Our JD fascia (and the larger Group subsidiaries) has committed to a target of 80% BCI cotton use by 2022. We continue to work on increasing our usage of recycled polyester, thus aiming to reduce the impact of the manufacture of Group private label products. We recognise that to achieve this target we must continue our progress, from farm level to finished garments, and each stage in between.

In order to achieve long-term, sustainable improvements across the supply chain, it is imperative that the Group, our brands and non-governmental organisations continue to work with host countries to improve conditions for workers. Our experience is that short-term bans or reactionary measures do not always facilitate progress, and on occasions may result in slowing or reversing progress made over the preceding years.

Accordingly, the Group shall continue to take a balanced view on sourcing locations and decisions. Many finished goods suppliers source cotton from multiple origin regions beyond their own borders and the Group sources many non-cotton products from factory locations in China and other territories. Regardless of material or origin location, the protection of worker rights within our supply chain remains a primary focus of the Group.

To ensure that we meet the 2030 target, reducing our overall environmental impact has become a strategic priority for Group. To achieve our targets, we shall further develop our internal knowledge, whilst facilitating closer working strategies between factories at all levels in the supply chain, not just those that we contract with for the actual production of the finished garment for resale. It is the mills and dye houses that have the greatest environmental impact within the tiers of the supply chain. Exploring different fabrics and processes within these operations builds awareness and knowledge, enabling action on environmental issues. Collectively, these measures help to reduce the year-on-year environmental impact across our supply chain.

We did not allow COVID-19 to stop us from commencing our journey to look behind the label at the end to end production process:



The Group Private Label team commenced researching sustainable processes (including machinery alternatives) to replace existing conventional practices. This aided identification of the requirements for a more sustainable supply chain.



A fact sheet was created to collate data from tier 2, 3 & 4 (mills, dye houses and print houses) identifying the processes / practices / machinery used, certifications and environmental audits in place, and initiatives being undertaken by suppliers.



The fact sheet was issued to our top ten suppliers to assess the feedback we received from the different supply chain tiers. We adjusted our process and progressed to contacting the second group of suppliers.



Our updated process was introduced to our entire supplier base, resulting in data being supplied to our Private Label team from 87 mills, 81 dye houses and 61 print houses.



As anticipated by the Private Label team, we received mixed data and responses. Not all suppliers could provide verifiable data to substantiate the positive environmental initiatives being undertaken.

The majority of suppliers were able to demonstrate that they were working towards common environmental goals (to those of the Group) within their own operations, showing knowledge of the positive environmental and monetary benefits of such changes. As more international brands and retailers undertake similar engagement initiatives, the likelihood of consolidated, verified certification becomes more likely.



The Group Private Label team decided to focus on three strategic assessment areas: Chemical, Energy, and Water.

Supplier data has been analysed and a grading system is now being implemented. This will provide further transparency relating to sustainability certifications and accreditations across the supply chain. Our three assessment areas incorporate industry standard audits, reviews, management systems, certifications and accreditations to provide an overall grade.

### **2021-2022**

The Group will continue to work with suppliers and key stakeholders to promote best practice. We realise that our existing knowledge of assessing data relating to sustainable processes within the manufacturing supply chain can be improved. The sourcing team have focussed on expanding their understanding of environmental practices across all tiers of the supply chain and encouraging our factories to do the same within their own organisations.

Engagement with the Tier 3 suppliers (Wet Processing Units) has been positive and we have been able to harvest a large amount of data in this area which has been used to understand our areas of physical and reputational risk in relation to water and energy usage. Based on our learnings, we will then consider future action and increased collaboration across our supply chain.

Wet processing units have been graded “Gold,” “Silver” or “Bronze” based on accreditations and self-assessment disclosure of practices.

Inputting the geographical co-ordinates into the WWF filter, establishes the water basin of each dye house and in turn determines the risk as “Physical” or “Reputational.”

Supplier Questionnaires are then created from the information inputted into the Water Risk Filter, which have allowed us to evaluate and assess 98 units to date.

Based on these assessments, we can see the recommendations and responses to risk, some of which we can address. We hope to understand more of the complexity surrounding these issues from our Textile 2030 membership in the coming months.

Depending upon COVID-19 travel restrictions, we are looking to carry out 12 initial Environmental assessments in the coming months by our third-party audit companies across the 3 levels of assessment: 2 Gold, 4 Silver and 6 Bronze. This will help to increase our knowledge on potential solutions and our understanding of impacts within the supply chain.

We will continue to learn from our partners, and their operations, to reduce our collective environmental impact across both our immediate operations and within the local environments in which our supply chain operations and local environments in which our supply chains are situated.

# MODERN SLAVERY

The Group has partnered with UNSEEN UK to support their UK Modern Slavery Helpline and Resource Centre. This vital resource provides 24/7 access and assistance for victims, the public, statutory agencies and businesses to report concerns and get help and advice. The UNSEEN Modern Slavery Helpline is included in our latest Ethical Code of Practice and within materials distributed to our core UK sites and businesses.

The private label overseas manufacturing sites are audited by third party auditors and to avoid audit fatigue, the Group accept audits already in place by all accredited audit companies. The Group will continue to nominate QIMA for its own contracted audits should an existing audit not be in place.

During 2020, adherence to international travel restrictions has meant that overseas auditing has not been permitted, either by the Group or external third parties. We have mitigated this risk by continuing to work with our suppliers on factory standards including rectification of non-compliance issues via remote management.

## MODERN SLAVERY - SUPPORT AND MONITORING

Our compliance team has been able to progress our implementation of a robust modern slavery and labour exploitation prevention team in our main distribution centre by enabling a joint task force with our onsite recruitment companies.

This collaboration has formalised and aligned joint internal procedures, relating to the recruitment of all distribution centre staff, including security personnel. This enabled us to develop a wider understanding of factors that may indicate evidence of exploitation and take preventative (pre-employment) action wherever possible. Whilst the process is

fully implemented and exists for personnel employed in the distribution centre, (permanent and temporary), facilitating this earlier in the recruitment process enables us to assist and support those people who may not be offered employment, but who (from interviews, or recruitment-related engagement) may have displayed indicators of potential exposure to exploitation.

During 2020 our Welfare Champions continued to support staff in the Distribution Centre and head office, proving to be an invaluable resource to the business. Mental health support training was provided by one of the JD Foundation charity partners, Young Minds. Further support was supplied by Papyrus, a charity supporting the prevention of suicide. Our welfare champions have not only been able to help others suffering during this year of the pandemic but have also personally benefitted from the extra support available.

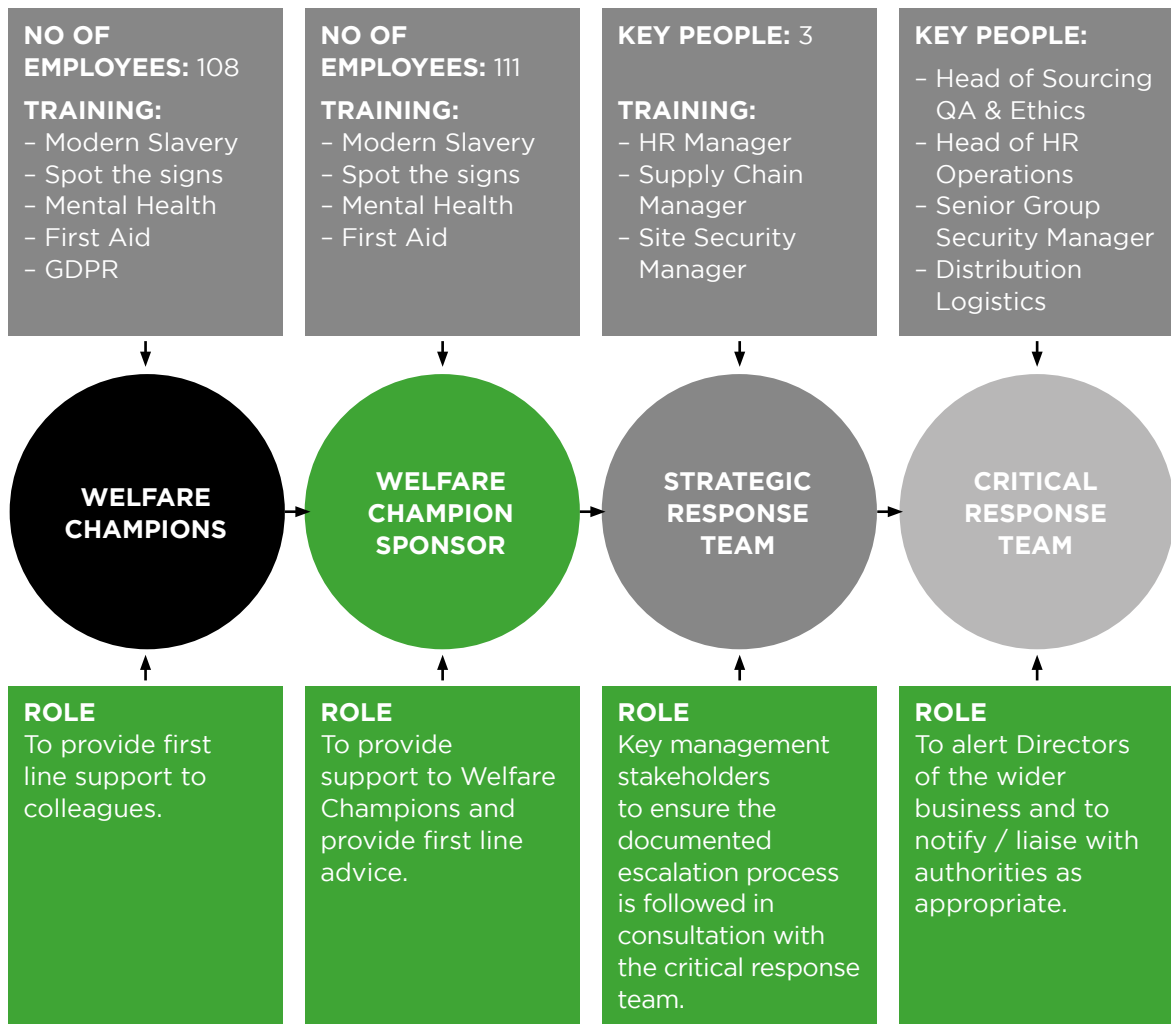
During the period, our Welfare Champions have been further supported by improved access to 'Strategic Response' and 'Critical Response' teams. Initially set up in our Kingsway Distribution Centre, these changes have enabled us to:

- Provide additional support and training to help staff to identify the signs of modern slavery and labour exploitation.
- Introduce our staff to a clearer procedure for reporting any concerns.
- Engage with bodies such as the Gangmasters and Labour Abuse Authority (GLAA) to enlist support for the investigation of and prevention of improper or criminal activity.
- Identify areas for continued improvement. The Group shall be collaborating with external agencies to protect and promote worker safety at our core facilities. We aim to extend additional training into our individual stores and wider retail environment by the end of 2022.

- Expand the scope and breadth of supply chain worker protection. Through our membership of UNSEEN UK, we shall continue our progress on supply chain transparency mapping. This will include, but not be limited to UK third party warehousing operations.

Modern Slavery is a constantly changing, multi-faceted topic that can impact any sector or community. Accordingly, it is important to keep abreast of new trends emerging from those involved in labour

exploitation and modern slavery. Through our collaboration with the GLAA, UNSEEN UK and our supply chain partners, the Group is confident that it has the ability to continue to adapt and improve our work to increase the awareness of and reduce the prevalence of Modern Slavery.

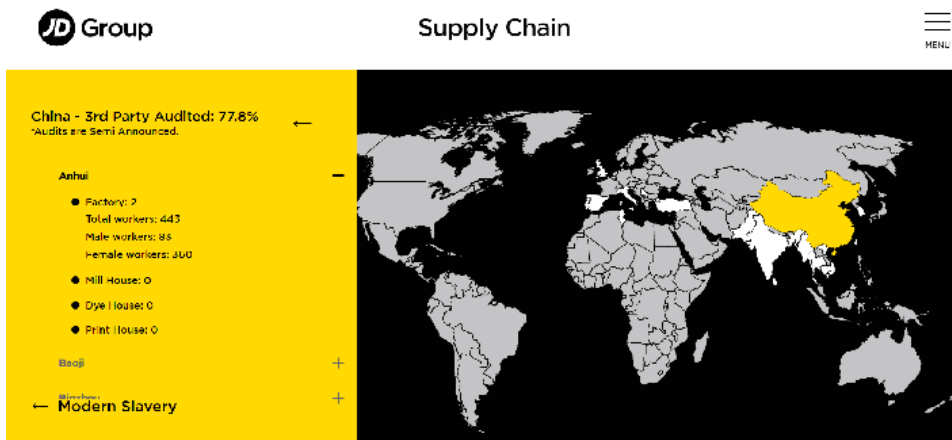




**SUPPLY CHAIN**

The Group continued to map our supply chain, with this now completed to the print houses in the fourth tier. This strategy requires continual engagement with our partners – our manufacturing chains beyond first tier will often change due to demand and capacity. As a supplier of fully

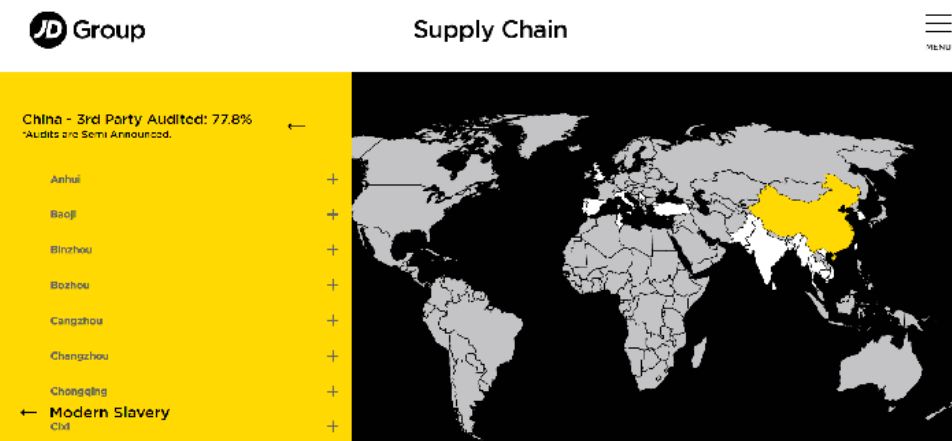
factored garments, our partnership does not historically extend to mills and dye houses, though we recognise the need to develop these relationships further.



- 1st Tier = CMT Site (Factory)
- 2nd Tier = Mill
- 3rd Tier = Dye House
- 4th Tier = Print House

**SUMMARY OF PARTNERS IN 2019-2020**

- 176 Agents in 2020 V 243 Agents in 2019
- 496 factories in 2020 V 355 factories in 2019
- 21 Sourcing Countries 2020 V 25 Sourcing Countries in 2019



**AUDIT STATUS 2020 VS 2019**

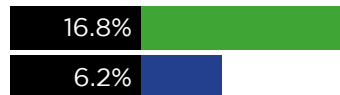
Protection of workers within our supply chain is paramount. We will continue to have zero tolerance approach to critical issues identified by Group personnel or third-party auditors, from physical working environment concerns through to anything that impacts workers and causes hardship or harm. The factories used by the Group are audited by accredited third party, specialist assessment and audit suppliers, as shown in the graph below.

**OWN LABEL SOURCING**

Within the audit status graph, the 'third party audit in date' line of 77% represents all of the factories where an audit is required in accordance with Group processes. Of the remaining 23% of factories, 16.8% were delayed due to travel restrictions arising from the COVID-19 pandemic. The balancing 6.2% did not require an audit owing to either minimal volumes, or where 2019/20 was the first year the Group has worked with these factories.

**AUDIT STATUS LAST YEAR VS THIS YEAR**

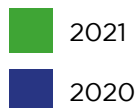
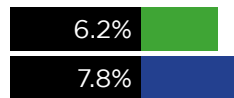
**AUDIT REQUIRED**



**3RD PARTY AUDIT IN DATE**



**NO AUDIT REQUIRED**



The percentage of suppliers audited has reduced from 86% to 77% but this reporting period of 2020 includes new acquisitions which were not previously included in our audit programme. Additionally, the 2020 audit percentage decreased due to the inclusion of our Sprinter / Sport Zone European subsidiary, which added complexity to the analysis of an already diverse global supply chain.

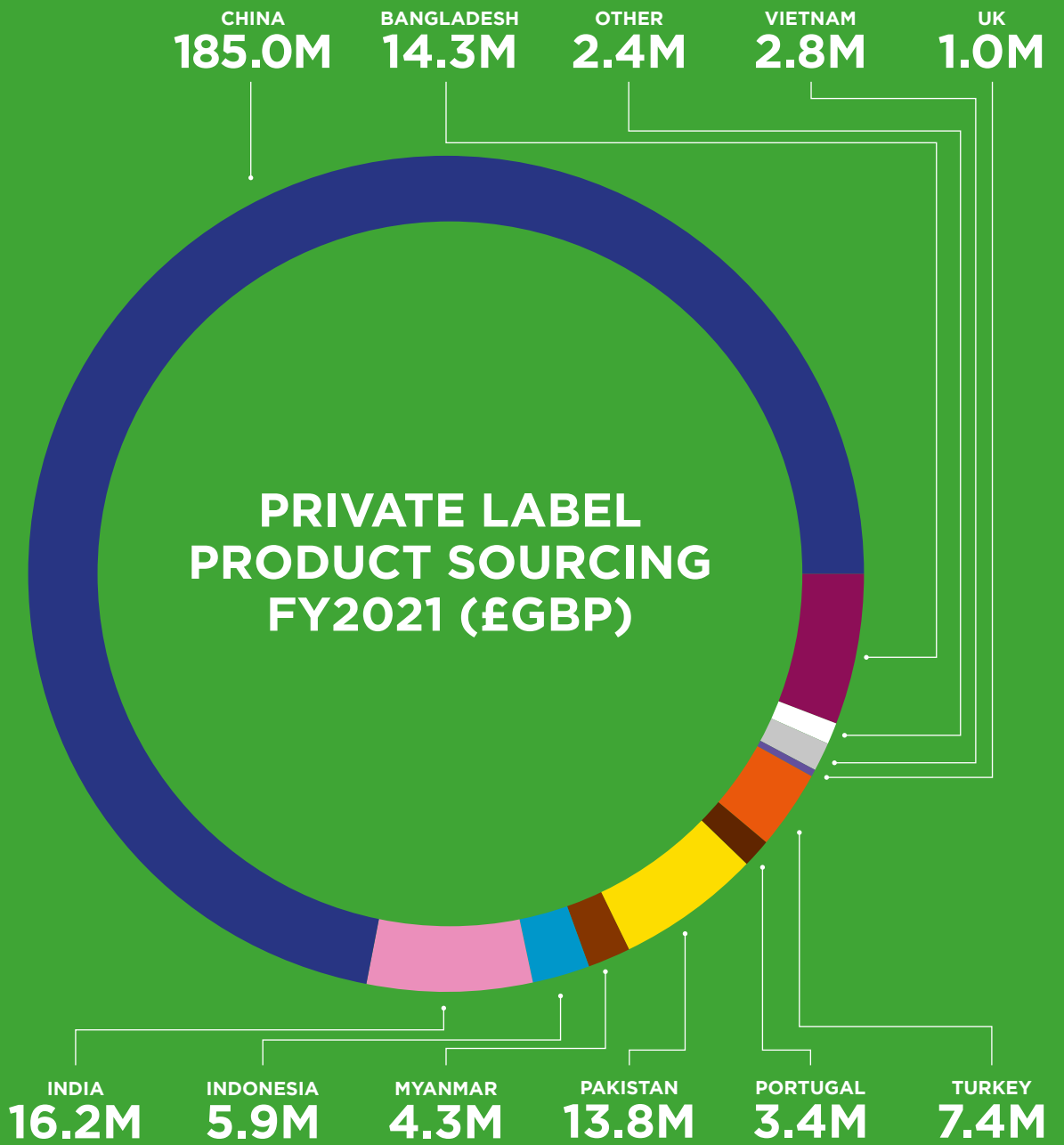
Our core sourcing regions are in Asia, India, Turkey and Pakistan. The chart on page 44 illustrates the value split (in GBP) by country for private label product sourcing across all Group entities.

Subcontracting is expressly forbidden without Group authorisation and verification, provided by our Private Label team. The Group regularly visits the factories that we work with to check production and standards. This is critical to promoting the importance of longer-term relationships, key to the protection of workers' rights and working with factories to achieve better standards for workers.

It is the aim of the Group to ensure that all entities within the Group work to adopt our policies as soon as this is practical. It is important to recognise that the Group is highly acquisitive, and accordingly our supply chain contacts, and global reach expands each year. The Group shall continue to work with and advise subsidiaries and acquisitions in order to embed our policies into their businesses.



**Neil Greenhalgh**  
Chief Financial Officer  
13 July 2021



***jd sports fashion plc***

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

