

Pentland Group

# Corporate Responsibility Review 2020



This Pentland Group Corporate Responsibility review evaluates the progress we've made during the period January to December 2020 and outlines our plans for 2021.

It has been approved by the Pentland Group Board.

You can view our previous Corporate Responsibility reviews [\*\*here\*\*](#).

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# A view from our Chairman, Stephen Rubin

2020 has been one of the most challenging years in many of our memories. As a family business with people at its heart, our priority throughout the global pandemic has been protecting our employees, partners, and those working in our supply chain, while continuing to run our business to support our consumers.

Both Pentland Brands and JD Sports Fashion plc build products to support health, wellbeing and confidence. During extended periods of restrictions, their brands not only kept millions of global consumers healthy, active and entertained, but also offered product discounts and provided personal protective equipment to support frontline workers. We supported the global efforts in

a small way by making donations to some of the incredible organisations providing critical medical care and essentials to those most in need.

In 2020, the Black Lives Matter movement highlighted the inequalities faced by many people from ethnic minority groups, particularly those in the black community. While we have always been proud of our diverse and inclusive culture, 2020 was an opportunity for our teams to reflect and challenge themselves to do more. Pentland Brands celebrated Global Inclusion Week by committing to build a business where everyone is welcomed, supported and encouraged to grow and contribute. These ambitions are also shared by its brands;

Speedo UK announced its partnership with the Black Swimming Association, to address barriers faced by ethnic minority groups in the water, and Kickers launched its Change Starts Here platform, which saw it join forces with UK charity Show Racism The Red Card. In solidarity with the BLM movement, JD also announced a new partnership with Blueprint for All, which supports the growth of a more inclusive society.

The JD Foundation, which supports charities working with disadvantaged young people in the UK, supported 18 charities in 2020 with a focus on mental health and homelessness and has now donated £3.1 million since its launch in 2015.

While the pandemic was a dominating force in 2020, it was important for us not to lose sight of the climate crisis and the role we play in helping to protect our planet. Both Pentland Brands and JD have increased the sustainability credentials of their products through materials choices, innovation and partnerships. Canterbury recently released the most sustainable British & Irish Lions journey ever, made from 100% recycled polyester. JD achieved 'zero waste to landfill' status for its UK distribution centre, and continues to re-use, repurpose and recycle across all of its operations, from sourcing through to packaging.

The Rubin Foundation Charitable Trust continues to support charities focused on

providing solutions to some of the world's most prevalent challenges. We first opened the Pentland Centre for Sustainability in Business at Lancaster University in 2015. In 2020 we committed to sponsoring the Centre until 2025 and welcomed Professor Jan Bebbington as its new Director. We also celebrated a decade of funding disadvantaged young entrepreneurs through The Prince's Trust and five years of offering the Pentland Churchill Scholarship in collaboration with University College London (UCL).

We continue to support the UN Sustainable Development Goals (SDGs) which address the global social, economic and environmental challenges we face. 2020 marked the fifth year of the UN Sustainable

Development Goals (SDGs) and we remain committed to playing our part to achieve them by 2030.

I am confident that we will continue to build on our corporate responsibility commitments and I look forward to sharing our progress with you.

Stephen Rubin  
Chairman



# Who we are



# About Pentland Group

We are a privately-owned family business that owns and invests in companies to create value for stakeholders.

We take a long-term view on developing and positioning our brands, we are passionate about our people and committed to being good corporate citizens.

Pentland Group employs over 50,000 people worldwide.

## How we work

Our businesses are changing rapidly, but our people and our values remain at the heart of what we do. We have three business divisions: Pentland Brands, Pentland Retail and Pentland Investments.

## Pentland Brands

Our Pentland Brands division is the name behind some of the world's best sports, outdoor and lifestyle brands. It owns Speedo, Berghaus, Canterbury of New Zealand, ellesse, Endura,

SeaVees, KangaROOS, Mitre and Red or Dead. It is the UK licensee for Kickers and has a joint venture partnership for Lacoste footwear. It also manages the Fitco business.

## JD Sports Fashion plc

Pentland Group holds a 51.89% share in JD, the UK's leading retailer of branded sportswear, fashion and outdoor clothing and equipment. JD is listed on the London Stock Exchange and is managed as an independent operation by the JD Board of Directors.





# About Pentland Group

## Pentland Investments

Through our Pentland Investments division, we are a shareholder in companies such as Tracksmith, Ugly Drinks and Vanarama.

Included in this Corporate Responsibility review are businesses with an annual

revenue of over £500 million and in which Pentland Group owns a majority share; Pentland Brands Limited and JD Sports Fashion plc.

For more information, visit our **website**.



# Our approach

We believe in doing the right thing, not the easy thing – as individuals and as an organisation. That means doing business ethically, supporting our people, minimising our impact on the environment and partnering with others to drive our sustainability agenda.

All Group companies, in which we hold 50% or more equity, are required to comply with our policies and we use our influence to help others

increase their impact where we can. **Our Standards** set out clear expectations of our people and partners, whether they are distributors, licensees, suppliers or affiliates that we work with.

We partner with NGOs, academics and others in our industry to create change for the better and give back to our communities.





# UN Global Compact

We are a signatory of the UN Global Compact and fully support its ten principles on human rights, labour, environment and anti-corruption. This report details the contribution our business divisions have made to each of the ten principles in 2020.

We remain committed to supporting the UN Sustainable Development Goals, which address the global challenges we face. We have selected the eight goals where we believe we can make the biggest difference.

## SUSTAINABLE DEVELOPMENT GOALS

**3** GOOD HEALTH  
AND WELL-BEING



**5** GENDER  
EQUALITY



**6** CLEAN WATER  
AND SANITATION



**8** DECENT WORK AND  
ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



**10** REDUCED  
INEQUALITIES



**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



**13** CLIMATE  
ACTION



# World Economic Forum (WEF) Stakeholder Capitalism Metrics

This report is aligned with the WEF-recommended approach to sustainability reporting created by the International Business Council (IBC). It evaluates progress around metrics organised under four pillars: Principles of governance, People, Planet and Prosperity.

Metric	SDG	Location in our report
Principles of governance	8, 10, 13	21, 40
People	3, 5, 8, 10	24, 42
Planet	9, 12, 13	32, 51
Prosperity	9, 10	16, 17





# 2020: a year in review





# 2020: a year in review

2020 saw progress across our business divisions in areas including sustainability, social impact and supply chain transparency. Here are some highlights.





# 2020: a year in review

## Pentland Brands

- Pentland Brands celebrated **Global Inclusion Week 2020** by renewing its collective commitment to stay relevant to diverse consumers across the globe. As an employer, it is taking steps to support gender and racial equality by increasing representation at all levels of its business.
- Its brands continued to champion diversity and inclusion through their campaigns, products and innovations. Speedo unveiled its 'Made for Everyone' campaign and Berghaus expanded its diverse roster of ambassadors.
- During the global pandemic, the brands also put their principles into action - from helping consumers stay active at home to offering discounted products for key workers.
- Endura planted its first one million trees since launching its '1 Million Trees' campaign at the beginning of 2020. Pentland Brands has committed to its brands planting a further 5 million trees in 2021.
- Brands across the portfolio are increasing their uses of sustainable materials. Speedo developed its PowerFlex eco range, which uses fibres made from ocean waste such as fishing nets. Canterbury unveiled the latest British & Irish Lions shirt to be worn for the 2021 tour, which is made from 100% recycled polyester and the most sustainable in the Lions' history.



# JD Sports Fashion plc

- JD achieved a 'Leadership' grade of A- within the CDP 'Climate Change' assessment, which looks at how companies are working to reduce greenhouse gas emissions and combat climate change. JD out-performed its sector benchmark score by three grades.
- During the last quarter of 2020, JD 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. In 2020, JD produced 22% of its cotton (or 3.7 million garments) through the BCI programme.
- JD has been approved to take on over 1,200 colleagues as part of the UK 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.



# COVID-19

During the ongoing COVID-19 pandemic, Pentland Group's number one priority has been the health and wellbeing of our employees, those working for our partners and within our supply chain, and the communities in which we operate, while also keeping our business running for our partners and consumers.

With the closure of retail, gyms and pools significantly impacting revenue over the past 12 months, we were grateful to access Government support so we could protect as many UK jobs as possible across the Pentland Group owned businesses.

Given the improved visibility on UK restrictions lifting, we have now stopped and have repaid all Government support received since the start of the crisis.

This decision was taken in the context of financial resilience within Pentland Group and the greater confidence we now have as our businesses emerge from the crisis.

During the pandemic, we also donated to support the work of some incredible organisations that were funding critical medical care, protecting vulnerable people and providing essentials.

**Red Cross, China**

**Medicins Sans Frontiers**

**Trussell Trust**

**London North West**

**University Healthcare Trust**

**National Emergencies Trust**

Pentland Brands and JD have taken a number of actions during the crisis to protect their people, communities and those working within their supply chains.

More information can be found in the Pentland Brands Positive Business report and the JD annual report.

# Partners and memberships

## The Pentland Centre for Sustainability in Business

Pentland Group continues to support the Pentland Centre for Sustainability in Business at Lancaster University, which it founded in 2015. The Centre carries out research to find practical solutions to social and environmental challenges.

In 2020, sustainability expert Professor Jan Bebbington was appointed to the role of Pentland Centre Director. Jan has dedicated her academic career to focusing on how organisations can contribute to sustainable development through accounting and reporting activities.





# Partners and memberships

## University College London (UCL)

Pentland Group offers an annual scholarship for a graduate from the Southern Hemisphere at University College London. The Pentland Churchill Scholarship offers the opportunity to study at UCL's Department of Political Science and New York University Wagner to become an Executive Master of Public Administration. The purpose of the scholarship is for delegates to continue to live in their country of origin and work to improve conditions for local communities.

In 2020/2021 the scholarship was awarded to both Alphious Cole of Sierra Leone and Mathabo Mosia of South Africa.

## In Kind Direct

During 2020, In Kind Direct supported over 3,200 UK charities, ensuring over 200,000 people each week had access to life's essential products. Where we are unable to transform our brand products into something new, we donate them to In Kind Direct, which distributes them to UK charities that need them.

## The Prince's Trust

Pentland Group supports The Prince's Trust Enterprise Programme, which provides young entrepreneurs with the learning, mentoring and funding opportunities to start their own businesses.

More information on the charities, academic institutions and organisations that Pentland Group supports can be found on its **website**.

# Pentland Brands Limited



# Positive business

Pentland Brands strives to make all its decisions in line with its business principle ‘in good conscience’. In 2020, it accelerated its strategy to be a positive business, targeting its actions across three distinct pillars.

More information on the Pentland Brands Positive Business strategy can be found in the Pentland Brands Positive Business report.

## 1. Building brands with purpose

Our brands lead the way in making a difference, helping us maximise our positive impact.

## 2. Owning our footprint

We make a positive impact on the world around us, minimising our environmental impact and supporting the communities in which we operate.

## 3. Promoting circularity and collaboration

We strive to embed circular processes and collaborate to create positive change.





# Governance

Pentland Brands' governing purpose is 'building brands for the world to love, generation after generation'. It behaves in a way that upholds its principles as it believes that this is instrumental to its long-term success.

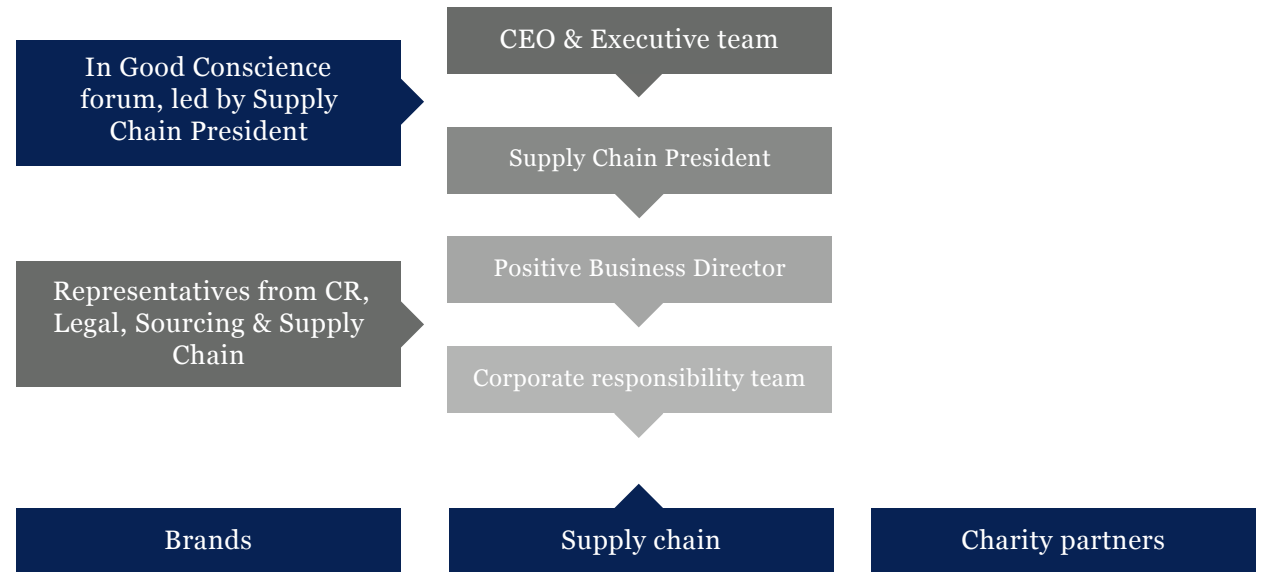




# Governance

As a business, Pentland Brands has dedicated teams, leaders and committees to help put its principles into practice. All committees are overseen by the Pentland Brands Executive team.

## Positive business governance structure



Information on key business decisions and any resulting stakeholder engagement at Pentland Brands during 2020 can be found in its Section 172 statement.

# Ethical behaviour

Pentland Brands has a robust governance process for issues relating to supply chain, human rights and ethical behaviour. Its team of experts work together to evaluate risks and opportunities and make coherent, data-driven decisions.

Good governance for ethical issues is also promoted through compulsory all-employee training programmes and regular social audits. More information can be found in the Pentland Brands Positive Business report.

## Ethical trade governance structure



# People

Pentland Brands' global teams are united by mutual respect, a desire to develop the business and a focus on inclusion.



# Diversity and inclusion

Pentland Brands is working to level the playing field, by building diversity and inclusion into everything it does - from recruitment processes to brand campaigns.

## Diversity and inclusion framework

Purpose: to build a business where everyone is welcomed, supported and encouraged to grow and contribute.

## Focus areas:

**Positive:** D&I is powered by people and brands

**Inclusive:** everyone feels a true sense of belonging

**Diverse:** striving for better representation across the business to reflect diverse consumers.

Pentland Brands recognises that diversity and inclusion is a broad topic, encompassing a range of important issues. Its aim is to improve the representation of women and people from ethnic minority groups in Director level roles, which it plans to do through a combination of continued succession planning, talent pipeline development and external recruitment.

More information can be found in the latest Pentland Brands Gender Pay Gap report.

## Target representation – Directors

	Women	Ethnic minority groups
Current	34%	10%
By end of 2022	43%	15%



# Health and wellbeing

Pentland Brands has a number of tools to help its people be at their best. It offers all employees unlimited access to online programmes such as **Unmind** to support mental wellbeing. It also offers confidential 24/7 access to counsellors and information specialists in the areas of emotional, health, management, legal, debt, elder and younger care and financial.



# Learning and development

As well as working across different brands and projects, Pentland Brands offers employees a range of learning and development opportunities, on-the-job experiences and support to help its people make a positive contribution to the business.

Pentland Brands provides development resources around topics including peer to peer mentoring, videos and useful guides to aid self-directed learning. In 2020, it launched a new unlimited LinkedIn Learning offering, designed to help its people develop their skills autonomously and in a way that works for them.



# Modern slavery

Modern slavery is unacceptable. Pentland Brands strives to build a fair, ethical and transparent supply chain and has policies, risk assessments and committees that help put this into practice.

Pentland Brands has committed to work hard to protect rights and improve working conditions for everyone in its supply chain.

## Key sourcing facts

- 164 tier one suppliers manufacturing in 19 regions
- 31 tier two nominated fabric suppliers manufacturing in 7 regions
- 103 audits in 2020

More information about the Pentland Brands supply chain model can be viewed [here](#). Its tier 1 and tier 2 supplier lists are also available on its [website](#).

More information about the actions Pentland Brands is taking to address the complex issue of modern slavery is available in its latest Modern Slavery report.





# Charity

Pentland Brands channels its charity support through global charity partnerships, brand community initiatives and employee volunteering programmes.

## Goals

- Inspiring young people to be more active
- Empowering disadvantaged communities
- Reducing our environmental impact

## Headline numbers

1% of net profit after tax donated to charitable causes

31 loans given to support small business owners in emerging markets, creating 24 new jobs

6,500 brand products donated to charity

£11,000+ donated to local communities through its employee Charity Network



# Partners



## SportInspired

Tackling childhood obesity in disadvantaged communities through fun and inclusive sports programmes for schools.



## Panathlon

Providing sporting opportunities for over 17,500 young people with disabilities every year.



## The British Council

Supporting economic empowerment through educational opportunities.

# Partners



## United Purpose

Striving to end poverty and inequality across the globe.



## Lendwithcare

Helping entrepreneurs in emerging markets to establish or expand their businesses through a series of small loans.



## Saturday Club Trust

Giving young people in the UK a chance to attend a masterclass across a variety of topics and discover a subject they love.

More information on Pentland Brands' charity partnerships can be found in its Positive Business report.



# Planet

Pentland Brands is taking steps to ensure it creates a positive impact on the planet. Its target is to reduce its carbon emissions by 25% by 2025, as part of its long-term ambition to become carbon neutral.



# Planet

## UK operations

Pentland Brands is working to minimise its footprint across its operations. All its UK offices use 100% renewable energy.

Other energy saving initiatives across its locations include:

- LED lighting at various UK locations
- Solar panels at its Nottingham office
- Electric vehicle charging points at its London, Nottingham and Sunderland offices

## Greenhouse gas emissions

The gross greenhouse gas (GHG) emissions for Pentland Brands, reportable under SECR legislation during the period 1st January 2020 to 31st December 2020, are 2,994 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

The reporting methodology has changed since 2019, due to changes in legislation and an increase in scope to include the Endura operations. Year-on-year comparisons will be presented in the next annual Corporate Responsibility review.

The closure of UK offices in 2020 due to COVID-19 restrictions, meant that CO<sub>2</sub> emissions from electricity and gas were significantly reduced compared to 2019.

## Greenhouse gas emissions

Emissions Source	2020 (tCO <sub>2</sub> e)	% Share
Fuel Combustion: Natural Gas	1,575	52.6%
Fuel Combustion: Transport	124	4.2%
Consumed Electricity	1,294	43.2%
Total Emissions (tCO <sub>2</sub> e)	2,994	100.0%

# Supply chain

Pentland Brands is working to reduce the environmental impact of its operations, which it measures using the Higg Index as part of its membership of the **Sustainable Apparel Coalition (SAC)**.

## Sustainable materials

In 2020, Pentland Brands reviewed the water and carbon footprint of a selection of its materials using the Higg Index. The review analysed where the business can reduce its CO<sub>2</sub> emissions and water consumption. The results demonstrated that common

materials such as polyester emit 21% more CO<sub>2</sub> than recycled polyester, with nylon also releasing 45% more CO<sub>2</sub> than its recycled alternative.

As a result, brands across the portfolio are increasing the recycled content in their products. This includes Speedo's PowerFlex eco range and Canterbury's latest British & Irish Lions jersey, which is made from 100% recycled polyester. Pentland Brands intends to expand this study year-on-year so it can continue to make informed decisions about its fabric usage.

Average carbon reduction by material (CO<sub>2</sub>e)

Polyester vs recycled polyester – 21%

Polyamide (nylon) vs recycled polyamide – 45%

Conventional cotton vs organic cotton – 10%

Average water reduction by material (m<sup>3</sup>)

Polyester vs recycled polyester – 25%

Polyamide (nylon) vs recycled polyamide – 12%

Conventional cotton vs organic cotton – 87%





# Production

Pentland Brands prioritises working with materials suppliers which have accreditations in sustainability, chemicals management and manufacturing.

## Preferred supplier accreditations\*

	Fabrics	Trims	Footwear*
bluesign®	63%	14%	N/A
oekotex® standard 100	82%	93%	N/A
Leather Working Group	N/A	N/A	100%
one or more of the above	92%	97%	100%

\*all brands excluding Endura and Speedo North America

## MADEKIND™ for the planet

MADEKIND™ was created for Berghaus to demonstrate the sustainability credentials of its products. To be MADEKIND™, a product has to fit one of a number of sustainability criteria, including containing more than 50% recycled or bio-based content, more than 90% bluesign® approved fabric or being made with certified sustainable down or cotton.

Between Autumn Winter 20 and Autumn Winter 21, Berghaus increased the number of MADEKIND™ products in its range by 34%.



# Nature and biodiversity

Pentland Brands is taking steps support the conservation and protection of ecosystems in line with its ambition to create a positive footprint.

## Brands planting 5 million trees

Endura accelerated its sustainability ambitions by planting 1 million trees in 2020 and Pentland Brands has committed to its brands planting a further 5 million trees in 2021. The brands will work with **Eden Reforestation Projects** to plant mangrove trees,

which thrive in most conditions and protect biodiversity. Local people are hired to support the reforestation activities and benefit from the increased soil fertility for crops.

## Reducing single-use plastic

Pentland Brands avoids using single-use plastic where possible, due to its negative impact on oceans and marine life. It is working to reduce the prevalence of single-use plastics in our packaging and across our brand products.

In 2019, Product Development teams at Pentland Brands switched all plastic shipping bags used across the brands' ecommerce websites to **FSC** certified packaging made from 80% post-consumer waste. This change reduced the amount of plastic shipped in 2020 by 27 tonnes, or nearly one million plastic bottles.





# Reducing single-use plastic

## Kickers takes plastic out of the playground

Kickers has removed all unnecessary packaging from its products such as shoe sticks, card dividers and excess tissue paper. In 2020, the brand saved approximately 340,000 shoe sticks, which would measure a distance of 34km end-to-end.

Among other initiatives, Kickers has also swapped all polyester mesh linings to recycled PET.

Kickers won 'Best Sustainable Initiative of the Year' at the Drapers Footwear Awards 2020 for re-engineering its existing styles to be more environmentally friendly.





# Reducing single-use plastic

## Speedo targets sustainable swimming

When it comes to recycling, even a small change can make a big difference. Speedo's PowerFlex eco range uses ECONYL® and REPET yarn, which is made from ocean waste, including fishing nets. All the packaging, including swing tags, strings, kimble and bags, are fully recyclable and made from recycled materials.

Speedo has reduced the size of swing tags and swapped the material to 40% recycled content. This small change will save 3,792 tonnes of virgin fibre – which equals 64,461 trees in one year.

93% of Speedo's 2020 watershorts are made from recycled fabrics and the remaining 7% are produced from a fabric that uses an environmentally friendly method of dyeing that results in less water, energy and chemicals.

Speedo also increased the recycled PET content in a selection of goggle cases from 50% to 70%, which will reduce our virgin plastic usage by 23.2 tons per year.

By 2024, Speedo's ambition is that 100% of its swimwear and packaging will be produced with more sustainable materials.

For more information on how Pentland Brands is building sustainable products, view its latest Positive Business report.





# JD Sports Fashion plc





# JD Sports Fashion plc

## Governance

Prior to JD's entry into the FTSE 100, the Board began a formal Environmental Social Governance (ESG) engagement process, leading to a step-change in its commitment to provide greater transparency and performance data.

As part of its FTSE 100 entry, JD founded its ESG committee to determine ESG-related strategy, corporate risk assessment and monitoring of ESG performance across JD's fascias and territories.

JD's ESG Committee has shared its 2020 achievements and 2021 objectives with its leading brands, outlining its progress and encouraging its suppliers to increase the disclosure of information relating to their own environmental progress.





# JD Sports Fashion plc

## Ethical sourcing

Approximately 90% of the products sold by JD are sourced from its international brand partners, with the remaining 10% derived from the Group's own sourcing of goods. JD introduced its **Ethical Code of Practice** in 2019, encompassing its policies into a concise document for its manufacturing suppliers and brands. It has made further updates and improvements in 2020/21 to ensure that its policies reflect the latest best practice on human rights, worker welfare, and health and safety issues.

JD's Ethical Code of Practice establishes the procedure for protecting workers and

provides assurance that its private label products are manufactured within safe and fair conditions. The Ethical Code of Practice applies to everything the business does and forms part of the contract for JD's partners. It states that the people working for its 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 JD's Ethical Code of Practice, visit its corporate website at <https://www.jdplc.com/code-of-practice>.



# People

The talented individuals working at JD are integral to its continued success. JD strives to attract, retain and develop the very best talent at all levels of its organisation.

JD aims 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. It is committed to achieving excellence in the areas of health and safety and the protection of its colleagues in their working environment.

JD's goal is to provide opportunities, support and guidance to its colleagues all over the world, whilst promoting inclusivity, social mobility and mutual respect.

# Inclusivity

JD 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, JD worked with its teams around the world and with both the JD Foundation and the Finish Line Youth Foundation to ensure that it plays an integral part in addressing all forms of discrimination in society.

JD has launched an Inclusivity Campaign which will support its promise to educate and train its people, with a focus on key

topics such as equality, diversity, biases and cultural intelligence. Alongside the introduction of Diversity & Inclusion forums, it remains 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 JD's 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 employees.

# People

## Gender Analysis

The breakdown of the Plc Board and the JD 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%



# People

## Digital learning during COVID-19

JD's 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 the 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 business, enhancing awareness and helping to keep both colleagues and customers safe.

Globally, JD employees have access to almost 800 courses, tailored to support their specific job role, with 8.4 million hours of learning completed throughout 2020.

## Apprenticeships

Over the last few years, JD has worked alongside internal and external stakeholders to promote apprenticeships as a development opportunity across the organisation.

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

## Learning & Development

In 2020, JD's Learning and Development

department focused on four key areas: Leadership, Brands, Operations and Technology.

The JD Learning and Development team is experienced in delivering training solutions to support a broad range of initiatives. Their greatest achievement in 2020 was the number of virtual sessions delivered as a result of restrictions due to COVID-19. The team conducted 364 virtual courses, attended by 1,202 delegates across the business (including 216 courses internationally, reaching 894 attendees). 94% of attendees agreed that virtual courses allowed for effective learning and the quality of training was maintained.

# People

## Kickstart Scheme

JD recognises that young people are the future. In 2020 the business was approved to take on over 1,200 colleagues as part of the UK 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 JD and the Prince's Trust). JD's Kickstart selection process will have a particular focus on attracting individuals from disadvantaged backgrounds, who may otherwise have been displaced further from the employment market due to COVID-19.



# People

## Supply Chain

JD continues to map its supply chain across tiers 1-4, which requires ongoing engagement with its partners.

- 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

Further data on auditing and sourcing data can be viewed in the JD annual report.



# People

## Modern Slavery

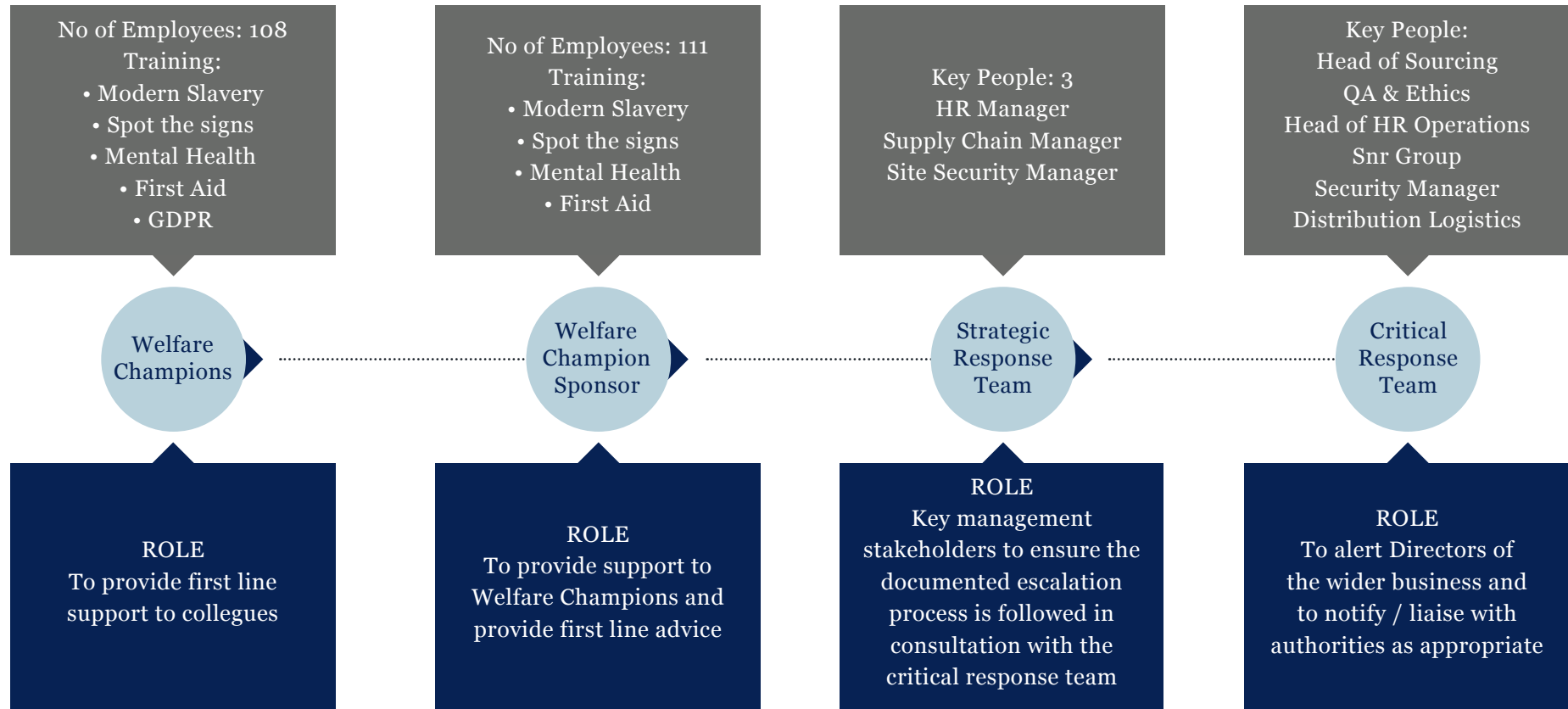
Modern Slavery is a constantly changing, multi-faceted topic that can impact any sector or community. Accordingly, it is important to understand new trends emerging from those involved in labour exploitation and modern slavery.

JD has partnered with **UNSEEN UK** to support its 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 JD's latest Ethical Code of Practice.

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

# Ethical trade governance structure



# JD Foundation

The JD Foundation is a registered charity, founded by the JD Group in October 2015. Its mission is to support charities working with disadvantaged young people in the UK.

The Foundation supported 18 charities in 2020 with a focus on mental health and homelessness.

£3.1 million  
donated since 2015

## Chosen charities for 2020

The Foundation's chosen charity partners support a number of

community-based initiatives in addition to nationwide charities tackling mental health, youth homelessness and unemployment. The Foundation also supports charities which provide help to families dealing with undiagnosed heart conditions, terminal illness and bereavement.

In early 2020, JD agreed a new charity partnership with **City Hearts**, who support victims of modern slavery to thrive in their communities. The Foundation also supports the **Bright Futures** Employment programme.





# Employee choice partnership

In September 2020 the Foundation announced a new two-year Employee Choice Partnership with **Blueprint for All** (formerly Stephen Lawrence Charitable Trust). In support of the #BlackLivesMatter movement, £62,500 was pledged towards the eradication of racism. A number of charities aligned with this mission were shortlisted with colleagues voting for their preferred partnership. Three other charities were awarded grants in this process - Show Racism the **Red Card**, **BLAM UK CIC** and the **Anthony Walker Foundation**.

More information on JD's charity partnerships can be found in its annual report.



# Planet

JD recognises its responsibility to contribute towards reducing the impact of climate change and remains fully supportive of the United Nations 'Paris Agreement' adopted in 2016.

Over the past two years JD has re-purposed and relaunched its corporate website, providing detailed explanations and case studies highlighting its environmental progress.



# Climate change

Responsible energy procurement and usage remains integral to JD's efforts to help limit global warming. JD requires all of its subsidiaries and suppliers (regardless of territory) to mirror its commitment towards minimising the impact of climate change.

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

1) Scope One and Scope Two - 'directly controlled' operations within Group-owned infrastructure (e.g. JD's warehouse and in-store energy usage)

2) Scope Three - the operations and activities of merchandise suppliers

(including manufacture of products), and non-merchandise suppliers, including but not limited to product transport and delivery.

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

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

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

# Carbon emissions

JD remains committed to presenting data reflecting energy usage and carbon footprint.

	2021 (UK & ROI)	2021 (Int)	2021 (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 CO <sub>2</sub> e)	20,152	30,757	50,909
Intensity metric: Location based emissions (kgCO <sub>2</sub> e/m <sup>2</sup> )	32.7	57.4	44.2



# Water consumption and biodiversity

JD recognises that its largest water footprint is via its supply chain and its own operational use.

Recently, JD has progressed by:

- Submitting its first ever response to the CDP 'Water Security' survey, achieving a 'B' grade score.
- Reducing its use of virgin polyester and increasing its 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.
- Continuing its 'Sustainability flag' assessment process for its own-brand manufactured garments. This ensures that JD's private label products and suppliers have been subject to reviews and compliance criteria designed to reduce its impact on the environment.



# Sustainable sourcing

JD began the journey to integrate sustainability into its private label business in 2019 - from conception to end product and beyond.

For its footwear and accessories brands, JD provides a 'supplier manual' including policies on modern slavery, procurement and environmental footprint reduction. This also includes standards to be met with regards to chemical usage. For leather manufactured goods, the Group requires suppliers to be signed up to the **Leather Working Group (LWG)** standards.

## Joining the Better Cotton Initiative (BCI)

During the last quarter of 2020, JD 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 JD's BCI membership (2020), JD produced

22% of its cotton through the BCI programme. This equates to 3.7 million garments, representing 492 metric tonnes of 'Better Cotton', which is grown via methods that protect and restore the environment, whilst improving farmers' livelihoods. JD's 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.

JD has committed to sourcing 80% of its cotton through the BCI by 2022, by converting 13 million garments to sustainable cotton.



# Circular economies

JD is committed to an internal circular economy model to minimise landfill waste across its business. So far, it has achieved 'zero waste to landfill' certification for its UK distribution centre, and continues to re-use, repurpose and recycle across all of its operations – from sourcing through to packaging.

## Designing out waste

JD's products are designed with sustainability in mind from the outset, using high quality material and dyes, laser-cutting and brushing of the fabric during manufacture. These best practice measures extend the life of its products.

The JD Development team analyses the feedback associated with products returned by its customers to identify any common issues which can be corrected for future production cycles. These design changes and corrections help to limit the volume of customer returns, which reduces carbon emissions.

## Keeping materials in use

JD has developed a supply chain to support the environment by keeping products and materials in use for as long as possible. To enable this, JD has identified supply chain partners able to

align to its waste-elimination principles within their own businesses. These partners include Africa Shoes, which exports branded second-hand products to local vendors in Africa, Sole Responsibility, which resells clothing and footwear diverted from landfill, and Carbon Resources, which specialises in the refurbishment and repair of tents and equipment to extend the lives of these products.

