

Making Progress Together

Pentland Group
Corporate Responsibility Review

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*Founded
in 1932*

About us



Pentland Group plc is a family-owned, global brand management company with wholesale and retail businesses in sports, outdoor and fashion.

Founded in 1932 in Liverpool by the current Chairman's parents, Pentland started as a wholesaler of shoes, and has grown into one of the largest private companies in the UK, employing 19,000 people.

Pentland is a member of the Institute of Family Business, and in 2014 its consolidated global turnover was \$3 billion.

In 2014, Pentland Group won Top European Family Business of the Year at the European Families in Business Awards 2014.

Our portfolio

Our brand management division, Pentland Brands, is made up of 13 world-class sports, outdoor and fashion brands. In 2014, Great Place to Work® named Pentland Brands as the 8th best large company to work for in the UK, and 18th in the list of best large workplaces in Europe.

Our brands include

Pentland Brands



Our retail division comprises JD Sports Fashion plc, one of the UK's leading retailers of aspirational branded sportswear, fashion wear and outdoor clothing and equipment. We hold a 58% share in the company.

JD Sports Fashion plc



We also invest in other businesses in a variety of industries.

Our products are sold in 200 countries across Europe, the Americas, Asia, the Middle East, Africa and Australasia

Our reach

Our products are sold in 200 countries across Europe, the Americas, Asia, the Middle East, Africa and Australasia.

Pentland Group and Pentland Brands are headquartered in London. Pentland Brands also has UK offices in Nottingham, Reddish, Sunderland and Wakefield, as well as distribution centres in Blackburn, Sunderland and Wakefield. In mainland Europe, we have a presence in France and Germany, and in North America we have offices in the USA and Canada.

As one of the pioneers of footwear sourcing in Asia, we have a significant presence in Hong Kong, plus offices in Australia, China, India, Indonesia, Japan, New Zealand, Thailand and Vietnam.



Pentland Distribution

What this review covers

This review sets out our approach to being a responsible business and gives an overview of our corporate responsibility activities in 2014. It covers the companies and brands we wholly own. It also includes some information about JD Sports Fashion, in which we hold majority ownership but do not exercise direct management control. JD Sports Fashion reports separately on its corporate responsibility activities through its own Annual Report and Accounts.

This review is our 2014 Communication on Progress to the United Nations Global Compact (UNGC), an initiative for businesses committed to aligning their work and strategy with ten universally accepted principles in human rights, labour, the environment and anti-corruption. As a participant in the UNGC, we report every year on our progress in each area.

UN Global Compact:
Ten Principles

Human Rights	01	Businesses should support and respect the protection of internationally proclaimed human rights; and	Ethical trade, Page 25
	02	make sure that they are not complicit in human rights abuses.	Our people, Page 31
Labour	03	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Ethical trade, Page 25
	04	the elimination of all forms of forced and compulsory labour;	Our approach, Page 09
	05	the effective abolition of child labour; and	
	06	the elimination of discrimination in respect of employment and occupation.	
Environment	07	Businesses should support a precautionary approach to environmental challenges;	Environment Page 21
	08	undertake initiatives to promote greater environmental responsibility; and	Product sustainability, Page 15
	09	encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	10	Businesses should work against corruption in all its forms, including extortion and bribery.	Our approach, Page 09

An introduction from our Chairman



2014 was a remarkable year for Pentland. Pentland Group was nominated Top European Family Business of the Year at the European Families in Business Awards.

Pentland Brands earned a place in the top 10 Great Place to Work® Best Workplaces in the UK, and the top 20 in Europe.

People are at the heart of our business and they always have been. We work hard to create a working environment that inspires and nurtures, and one where everyone feels welcome to contribute ideas on how we can do things better.

Doing business better, and more responsibly, is a top priority for us, and is deeply ingrained in our day-to-day operations.

Our global, independent corporate responsibility team supports and advises our whole group, and we have a long history of collaborating with others to improve factory working conditions, reducing our impact on the environment and making our products more sustainable. This is a fundamental part of how we do business.

I am proud of the way we have committed to doing business responsibly. We hold ourselves to high standards of ethics and corporate responsibility, including that of a signatory to the United Nations Global Compact. We are delighted to renew our commitment to this initiative and its Ten Principles, which set a clear framework on how business can help to address the world's prevailing and environmental issues.

R. Stephen Rubin

Chairman

Pentland Group plc



*We learn from
each other by
sharing successes*

Our approach

03



We believe in doing business responsibly, and we expect everyone who works for Pentland Group to do business the right way.

Our standards

In 2014, we revisited our business standards and made our commitments clear on:

01

How we treat our people, and how we expect them to behave

02

How we work with our customers and other business partners

04

How we make our operations environmentally efficient

03

How our manufacturing partners should treat the people who make our products

05

How we do business ethically and with integrity



We require all Group companies in which we hold 50% or more of the share capital to have policies and procedures that help them meet these standards.

Our corporate responsibility priorities

Pentland Brands’ corporate responsibility work focuses on four areas: product sustainability, environmental efficiency, ethical trade, and community and charity.

	01	02	03	04
	Product sustainability	Environmental efficiency	Ethical trade	Community and charity
Objective	To reduce the impact of our products throughout their life cycles	To reduce the impact of our business operations	To conduct business honestly, fairly and with respect for people, their dignity and their rights	To contribute positively to the communities in which we operate
Focus Area	<div><div></div><div><ul style="list-style-type: none">▶ Materials▶ Packaging▶ Restricted substances▶ Supply chain environmental footprint▶ Product end of life</div></div>	<div><div></div><div><ul style="list-style-type: none">▶ Energy use▶ Business travel▶ Waste and recycling▶ Water use</div></div>	<div><div></div><div><ul style="list-style-type: none">▶ Robust ethical trade processes▶ Long-term relationships▶ Sustainable improvements to working conditions</div></div>	<div><div></div><div><ul style="list-style-type: none">▶ Charity partnerships▶ Fundraising activities▶ Employee volunteering▶ Product donations</div></div>

Each brand has people responsible for delivering corporate responsibility programmes

Managing our corporate responsibility activities

Pentland Group Chairman Stephen Rubin takes a strong personal interest in our corporate responsibility activities. In 2003 he was appointed an Officer of the Order of the British Empire (OBE) for services to business and human rights.

Pentland Brands’ corporate responsibility team is based in London, Hong Kong and Shenzhen, and manages global corporate responsibility initiatives with colleagues across the business. Each brand has people responsible for delivering corporate responsibility programmes, and we learn from each other by sharing successes and information about projects – for example, at our biannual Corporate Responsibility Forum. All Pentland Group companies manage their own corporate responsibility activities, supported by the Pentland Brands corporate responsibility team where necessary.



Every year, our brands monitor and measure their corporate responsibility performance using tools such as the Sustainable Apparel Coalition’s Higg Index (see Product sustainability, page 15) and the Fair Factories Clearinghouse (see Ethical trade, page 25). We have also developed our own internal tool, the Corporate Responsibility Scorecard, to help our brands ensure their corporate responsibility activities are in line with good practice across the business.

Everyone who works for Pentland has a role to play in making sure we meet our corporate responsibility objectives

Engaging our people

Everyone who works for Pentland has a role to play in making sure we meet our corporate responsibility objectives. We emphasise our commitment to doing business responsibly, and how employees can get involved, by regularly keeping them up to date with news about our work.

All new starters receive training that sets out our responsibilities, shows what we expect of our people and suppliers, and introduces our corporate responsibility priorities.



Working with others

Collaboration is an invaluable part of our corporate responsibility activities. We work with industry groups, academic institutions and non-governmental organisations to make sure we are aware of best practice and tailor our corporate responsibility work accordingly.

Details of our involvement with organisations such as the Sustainable Apparel Coalition (page 15) and Ethical Trading Initiative (page 26) are detailed throughout this review.

Supporting academic research

We have long supported research and debate on ethics, corporate responsibility, sustainability and human rights. Our five-year partnership with Lancaster University began in 2013, supporting academic research on sustainability, ethical trade and how business can have a positive impact in a changing global environment. In 2015, we will launch the Pentland Centre at Lancaster as a hub for academics and the business community to build on this work together.

We have a long-standing relationship with University College London and, in 2014, Pentland Group Chairman Stephen Rubin chaired a debate at the university on business ethics and supply chains.

In 2015, we will establish the Pentland Scholarship which will enable individuals from the Global South to participate in the newly created Global Public Policy and Management Masters by University College London and New York University.

See Product sustainability on page 15 to find out about Mitre’s partnership with Loughborough University on sustainable design.

World Federation of the Sporting Goods Industry

The World Federation of the Sporting Goods Industry (WFSGI) is an independent, non-profit association representing the global sporting goods industry. It helps the industry work together to promote responsible business practices and get more people involved in sport. The WFSGI advises members on global legal and regulatory issues that affect the industry, such as product safety, corporate responsibility and intellectual property.

Pentland Group Chairman Stephen Rubin is Honorary President of the WFSGI, and Pentland Brands’ Chairman Andy Rubin is a Vice President and active board member. We are members of WFSGI committees, including Vice Chair of the Corporate Responsibility Committee.



*We are looking
at ways to source
these materials
more sustainably*

Product sustainability

04



We encourage our brands to keep a close watch on the environmental footprint of the whole product life cycle, and act to reduce it.

Our branded products include footwear, clothing, sports and outdoor equipment and accessories. Increasing legislation, scarcer raw materials and consumer demand for more sustainable products all have an impact on our business. So we encourage our brands to keep a close watch on the environmental footprint of the whole product life cycle, and act to reduce it.

More sustainable raw materials

Our products are mostly made with leather, rubber, cotton and synthetic materials. We are looking at ways to source these materials more sustainably, for example by finding suppliers that use less water and fewer chemicals in their production processes. Where appropriate, we also look at alternative materials that have a lower environmental impact than conventional materials but still give us the quality and technical performance we need. To support our work in this area, we are members of the Sustainable Apparel Coalition (SAC) and Leather Working Group (LWG).

Sustainable Apparel Coalition

Pentland Brands became a member of SAC in 2011, shortly after its formation. Now representing over a third of the global apparel and footwear market, SAC is a trade organisation comprised of brands, retailers, manufacturers, government and non-governmental organisations and academic experts. The SAC is working to reduce the environmental and social impacts of apparel and footwear products around the world.

To work towards this goal, SAC and its members have developed an assessment tool – the Higg Index. It helps brands measure the social and environmental impacts of their products, and spot ways to minimise any negative impacts. We started using the Higg Index in 2014 to help us set our strategic sustainability priorities.

We started using the Higg Index in 2014 to help us set our strategic sustainability priorities

Leather Working Group

Leather footwear is a significant part of our supply chain environmental footprint. We have always been committed to sourcing ever more sustainably wherever possible and this is why Pentland Brands became a member of the LWG in 2006.

Today, the LWG is recognised globally, with over 300 member companies, of which 40 are brands and retailers, the rest being leather manufacturers, suppliers and technical experts. It aims to promote sustainable practices in the global leather footwear industry, and to assess tanneries on their environmental stewardship. The best performing tanneries are ‘medal rated’ as LWG Gold, Silver and Bronze.

Lacoste is our largest leather user. Around half of the tanneries in the brand’s supply chain are rated as Gold, Silver or Bronze and in 2014, producing its 2015 collections, Lacoste sourced 56% of its leather volume from LWG medal-rated tanneries.

Packaging

When it comes to packaging, our brands follow the ‘reduce, reuse, recycle’ principle where possible.

That is:

- ▶ They aim to use the least amount of packaging that will adequately protect the product – for example, Speedo’s slimmed-down watch and MP3 player packaging reduced material use by 88% and 56% respectively
- ▶ They design reusable packaging – such as Mitre’s goalkeeping glove packaging that doubles as protective storage
- ▶ They use recycled, recyclable and lower impact materials in their packaging – such as Berghaus’ new footwear boxes, launched in 2014, which are made from recycled, uncoated and unbleached cardboard, and use minimal ink and no glue. A message on the box encourages consumers to reuse and recycle



Berghaus ECO Wovens – a sustainable apparel collection

In 2014, the Berghaus ECO Wovens range won the Outdoor Industry Award for High Ecological and Sustainable Value.

For the textiles used in the range, an innovative change to the dyeing process has removed several stages that have an impact on the environment. When compared with conventional dyeing processes, textile processing for Berghaus ECO Wovens styles uses 89% less water, 63% fewer chemicals and 62% less CO2, and has a lower impact on waste water quality, thanks to a 67% reduction in Chemical Oxygen Demand.

The end products also boast improved colour fastness and the use of more durable nylon, which combine to give the garments a longer life. In addition, the incorporation of odour control technology allows consumers to wash the shirts less often, reducing consumers’ environmental impact post-purchase.



Restricted substances

Responsible management of chemicals in manufacturing helps to protect consumers, factory workers, communities living near factories and the global environment.

We give our brands and suppliers the guidance, information and systems they need to avoid the use of potentially harmful chemicals in manufacturing. This includes our Restricted Substances List (RSL), which details the chemicals prohibited or otherwise restricted by relevant legislation and our own restricted substances policy. We update our RSL regularly to reflect changes in the law and industry best practice.

Several of our brands have developed bespoke manuals for their supply chain partners that give specific guidance on managing restricted substances in their specific product ranges. Brands are also responsible for developing testing programmes that verify materials' and components' compliance with our RSL.

Our quarterly Restricted Substances Network brings together representatives from each of our brands to discuss current issues and hear from experts.

Apparel and Footwear International RSL Management group

Pentland Brands has been a member of the Apparel and Footwear International RSL Management Group since 2010. AFIRM's mission is to reduce the use and impact of harmful substances in the apparel and footwear supply chain. Members work together to develop tools for the supply chain to more effectively manage restricted substances to protect both consumers and the environment.

AFIRM group members meet regularly to collaborate on tackling chemicals management challenges in the industry. The organisation also holds a supplier seminar every 24 months and, in November 2014, more than 80 delegates representing our manufacturers were among 650 attendees at the seminar in Shanghai.

JD Sports: managing restricted substances

In 2013/14, JD published its RSL and brought in a global laboratory partner to help manage its chemicals management programme. All JD's material, component and product suppliers are required to take part in product compliance and testing programmes, with JD also carrying out its own due diligence testing.



Lacoste: embedding sustainability into brand culture

In March 2014, Lacoste formed a cross-functional sustainability team sponsored by the brand's Chief Operating Officer.

After analysing existing practices, the team started to explore options for reducing the environmental footprint of Lacoste's products, packaging, processes and everyday practice. Ongoing ideas are continuing into 2015 to embed sustainable behaviour into the brand's workplace culture.

We are exploring the use of 3D design and printing to develop footwear and sports equipment more efficiently

Design, manufacturing and shipping efficiency

Our brands are looking at ways to make design and manufacturing processes more efficient. Several are exploring the use of 3D design and printing to develop footwear and sports equipment more efficiently. For example, in 2014, Mitre used 3D design to develop a new range of shinguards. This reduces the number of physical samples that are manufactured and transported, cutting the resources and time required for sampling, as well as reducing the use of air freight.


We are a step removed from our suppliers' manufacturing processes, and so we do not have control over their efficiency. However, we do have a role to play in encouraging our manufacturing partners to make their operations more efficient.

We ship our products in the most efficient way possible, transporting more than 89% by sea. Where we cannot avoid air freight, it must be signed off by senior management. See Environment on page 21 for details of the steps we take to improve our environmental efficiency.

End-of-life – products, samples and surplus

We look for ways to avoid sending product samples and surplus stock to landfill. This includes our collaborations with organisations such as In Kind Direct and Africa Shoes, which provide us with a way to divert surplus products and unsaleable stock away from landfill and towards good causes. See Community on page 37 for more about product donations.

Several of our brands are also starting to investigate ways to reduce the end-of-life impact of our products. In 2014, Mitre started a pilot project collaborating with academies from the Centre for Sustainable Manufacturing and Recycling Technologies (SMART). The project aims to analyse the materials used in one of Mitre's best-selling footballs, to find ways to avoid them being sent to landfill. We anticipate that the findings of this pilot project will form the basis of a longer-term collaboration in 2015.



*In 2014, we reduced
our CO₂ emissions
by around 9%*

Environment

05



We measure and monitor the impact we make on the environment, and look for ways to reduce it.

We focus on recycling and using natural resources responsibly whilst also minimising energy consumption and waste. We introduced a revised environmental policy in 2014, as part of our refreshed business standards (see page 09).

JD Sports Fashion's retail operations account for the vast majority of our environmental footprint, and are the main focus of efforts to improve efficiency. In 2014, JD operated 885 retail stores in six European countries, covering three million square feet.

Energy and greenhouse gases

We report on our carbon dioxide (CO₂) emissions through the UK government's Carbon Reduction Commitment (CRC). In 2014, we reduced our CO₂ emissions by around 9% compared with the previous reporting period, from 46,251 to 42,234 tonnes – around 88% of which is the result of JD's operations. This result was achieved despite a period of expansion, with the total number of electricity and gas meter points across the group increasing by 9% over the same period.

The JD Sports carbon management programme

JD's carbon management programme is designed to reduce energy use and CO₂ emissions across all its retail operations.

As part of the programme, JD employees have received training on why energy efficiency is important and how they can monitor their stores' energy use. JD has installed smart meters at 430 sites in the UK and Republic of Ireland, with the company reporting electricity use down 1% year-on-year in 2013/14. More stores will be receiving smart meters in 2015.

To reduce its energy use further, JD has invested in Building Management Systems in the 80 stores that use the most energy in the UK and Republic of Ireland, resulting in a 20% reduction in average energy use at those locations. The installation of 23-watt LED bulbs as part of all new shop fits across Europe has reduced the amount of electricity needed for lighting by 30%, compared with 35-watt bulbs.

JD has also renewed its electricity supply contracts to include the condition that all its electricity comes from renewable or more sustainable sources.

Pentland Brands

We seek ways to reduce our facilities' environmental footprint through the use of more efficient technologies and by raising employees' awareness about the simple steps they can take to save energy. We also promote energy efficiency across our global sites by participating in WWF's annual Earth Hour.

Our Energy and Environment Committee includes representatives from each of our UK facilities. The group meets quarterly to share best practice and collaborate on energy and waste efficiency projects across the business.

Business travel and commuting

Many of our employees' roles require travel to visit colleagues, manufacturers and business partners worldwide, although videoconferencing helps to reduce this. Where road travel is required, our company vehicle fleet includes lower emission vehicles, and to make it easier for employees to drive to work and meetings in electric cars, our UK HQ has charging points.

We promote the use of public transport and cycling to work, and many of our employees car share where practicable. Pentland Brands offers employees the opportunity to participate in the UK government's Cycle to Work scheme, which saves them money on the cost of a new bike and accessories, and at Speedo's Nottingham office and our London headquarters, we offer regular bicycle maintenance services. We offer discounted season tickets for local public transport in many locations.

In 2014, Speedo started to introduce LED lighting in its office in Nottingham. So far it has reduced energy use in affected parts of the building by 60%, and Speedo plans to introduce the new lights to the rest of the building in 2015.

Energy-saving features at distribution centres, which together are responsible for around half of our energy consumption, include motion-sensitive lights that dim to 10% of their normal light level in areas that are not in use, as well as skylights at Mitre and Prostar's distribution centre in Wakefield, which permit enough natural light to virtually eliminate the use of electric lights in summer.

Water consumption

We use relatively little water at our offices and distribution sites, and what we do use is mostly for drinking, kitchens and toilets. Boreholes supply water to toilets and washing facilities at Speedo's Nottingham office, and at our London HQ mains-fed water dispensers help us cut down on bottled water.



JD Sports: focus on point of sale

Around 35% of the bags that JD Sports stores give out are high-quality drawstring duffle bags, which our customers tend to keep and reuse several times. They are made from 33% recycled material and contain a special 'oxo-biodegradable additive', which means they decompose fully in a relatively short time.

Around 60% of the plastic bags used across the rest of the JD Group are made of the same material. Stores in the Republic of Ireland only give out paper bags, and JD stores charge for plastic bags in Wales, Scotland and Northern Ireland, in line with the law.

Waste and recycling

Waste and recycling at JD Sports

JD's main UK distribution centre, Kingsway near Rochdale, continues to be a 'zero waste to landfill' site. Across the business, JD has expanded its Dry Mixed Recycling (DMR) scheme to minimise the amount of waste going to landfill. In 2013/14, JD recycled 89% of DMR waste, with the remainder used to generate energy.

JD's recycling strategy also includes the following:

- Paper waste is collected by a specialist recycling business.
- Wood, metals and plastics are separated at JD's main distribution centre
- Photocopier and printer toners (laser and ink) are collected and recycled for charity
- Food waste is separated out where possible and turned into compost

Pentland Brands

We aim to generate less waste and promote recycling across the business. The facilities teams at each Pentland office and distribution centre are committed to ensuring that the waste we generate is managed responsibly, and we partner with waste contractors that enable us to send as little as possible to landfill.

Overall, in 2014 we generated 432 tonnes of waste at our UK facilities, with more than 88% being recycled or used to generate energy.

Our London headquarters, Glover distribution centre, and Berghaus and brasher's office in Sunderland all sent zero waste to landfill in 2014.

Other successful efforts to reduce waste in 2014 included:

- A collaboration between Berghaus and Sunderland-based charity The Box Youth Project, which helped the brand reduce the impact of a major refurbishment by sending old office furniture to a community in Africa
- Speedo's 10% reduction in paper use compared with the previous year, achieved simply by employees having to confirm printing requests at the printer itself



*Pentland Brands
sources products
from manufacturers
in 19 countries*

Ethical trade

06



We have long been committed to sourcing products responsibly, from manufacturers that respect the rights of the people who make our products.

Our ethical trade programme focuses on assessing working conditions in all our factories and making recommendations for improvement.

Pentland Brands sources products from manufacturers in 19 countries, which in turn employ nearly 100,000 people. Around half of our supply base is in China, with a quarter in Southeast Asia and the remainder in South Asia, Europe and the rest of the world. We source the majority of our products direct from manufacturers, with a minority coming through sourcing agents and business partners under licence.

Our first priority in trading ethically is to build long-term relationships with manufacturers that adopt our standards or whose policies reflect the same values. We are proud to have been working with nearly two thirds of our manufacturers for more than five years – and we have worked with some of our partners for over two decades.

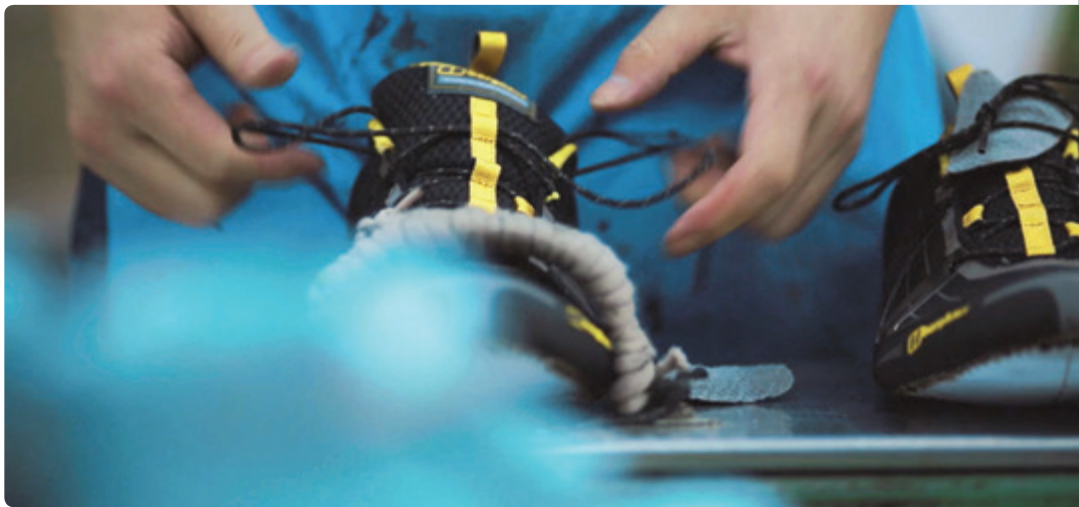
We engage with stakeholders – including other brands and not-for-profit organisations – to better understand the complex ethical issues associated with global supply chains, and to help make sustainable change.

Our standards

All Pentland Brands’ manufacturers must – as a minimum – comply with our Code of Employment Standards for Suppliers, which reflects the ETI Base Code and International Labour Organization conventions, as well as with all relevant legislation. We reviewed and slightly updated our Code in 2014.

The Code requires manufacturers to ensure that:

- ▶ Living wages are paid
- ▶ Working hours are not excessive
- ▶ Working conditions are safe and hygienic
- ▶ Child labour is not used
- ▶ Employment is freely chosen
- ▶ No discrimination is practised
- ▶ There is no harsh or inhumane treatment
- ▶ Freedom of association and the right to collective bargaining are respected
- ▶ Regular employment is provided
- ▶ There is no unauthorised subcontracting



Our involvement in the Ethical Trading Initiative

Pentland is a founding member of the Ethical Trading Initiative (ETI), which formed in 1998. ETI is a leading alliance of companies, trade unions and non-governmental organisations that promotes respect for workers’ rights around the globe. We are now among more than 80 corporate members that together have a combined turnover of £160 billion.

Our Code of Employment Standards for Suppliers is aligned to the ETI Base Code. As an ‘Advanced’ member, we invite ETI input and scrutiny into the continuous development of our long-term ethical trade strategy, as well as our supporting annual objectives and activity plans. We report annually to ETI on our performance.

“This past year, we’ve seen an increased focus on the workers’ rights agenda and the role of British business in upholding this. Whether it be championing payment of a living wage, or strengthening systems for addressing modern slavery, ETI remains at the forefront of these efforts. Strong collaboration with our company, trade union and NGO members is essential to driving positive, long-lasting change for workers. As an active and engaged ETI member, Pentland Brands continues to play an important part in this change process.”

Wiebke Flach,
Head of Membership Services,
ETI

All new factories must be evaluated and approved before our brands can place any orders with them

Assessing compliance with our standards

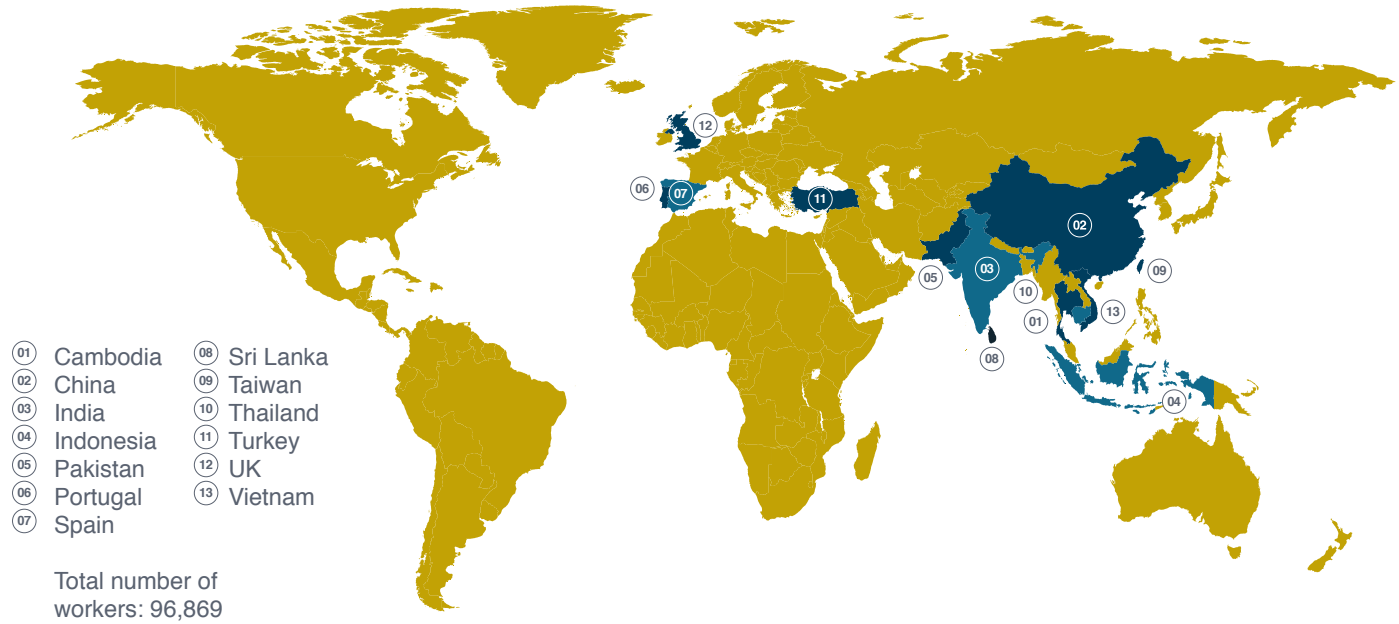
Pentland Brands has a series of policies and processes to make sure we manage our ethical trade programme consistently across our global supply chain. This includes regular factory visits conducted by members of our in-house social audit team, or by a nominated third party auditor where necessary. We regularly invite an independent local interviewer to join our visits and speak directly with factory employees about working conditions. All new factories must be evaluated and approved before our brands can place any orders with them.

If audits find any areas for improvement in a factory's ethical trade performance, we make recommendations, agree a timed action plan and follow up to check on progress. We encourage manufacturers to include worker representatives in the improvement process, by consulting them on the changes they feel would most benefit the workers.

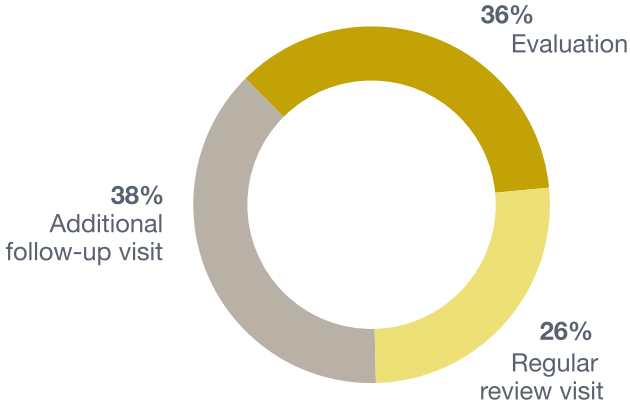
Our standards apply equally to manufacturers that our licensees use to make Pentland Brands’ products. Recognising the added complexity of working with third parties, we engage with licensees to ensure they understand our expectations and have an appropriate system in place to monitor their manufacturers’ compliance with our standards.

Since late 2013, we have been using the Fair Factories Clearinghouse (FFC) to store and manage our factory assessment data. This enables us to more efficiently manage improvement programmes in our factory base, and to provide up-to-date factory status reports to our brands and Executive.

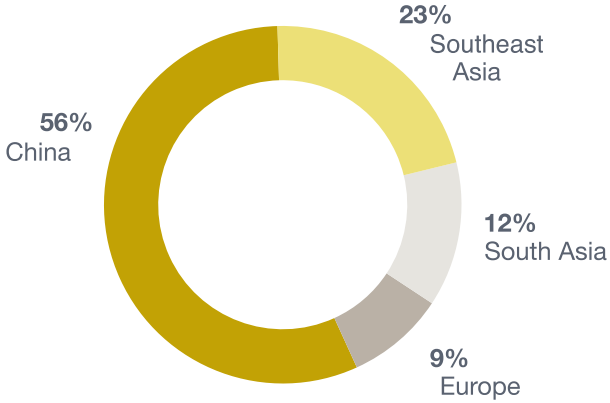
Map of sourcing countries



Factory assessments by type:



Factory assessments by region:



Collaboration between brands and specialist organisations is vital for improving workers' lives



Working with others

We believe that collaboration between brands and specialised organisations is vital for improving workers' lives. This is especially true of organisations based close to our manufacturers' facilities, which understand specific regional challenges and opportunities in detail.

One of our key local partnerships is with the Better Work programme, an International Labour Organization and International Finance Corporation initiative that aims to improve compliance with labour standards, as well as competitiveness, in global supply chains. In 2014, we collaborated with Better Work in nine factories, across Vietnam, Cambodia and Indonesia. In these factories, Better Work manages ethical trade assessments and capacity

building projects for Pentland and other member brands, to avoid duplication of effort and therefore reduce the need for manufacturers to manage multiple corrective action plans. We estimate that Better Work has made a positive impact on the lives of over 18,000 workers in our Vietnam supply base.

Partnership with Better Work has increased our knowledge of the types of training and working practices that improve performance, and we plan to expand our involvement as the programme expands into new territories and more factories. We also encourage our manufacturers to take part if they have factories in the countries that Better Work covers.



Ethical trade at JD Sports

JD is committed to sell only high-quality, good-value merchandise sourced from manufacturers that comply with internationally accepted standards on labour.

By consolidating its supply base, JD has cut the total number of manufacturing sites in its supply chain by 30%, to 351. Most JD products are manufactured in Asia and Turkey, and all its suppliers must commit to comply with JD's Conditions of Supply, which include a Code of Employment Standards for Suppliers.

JD continues to keep a close eye on all its suppliers' manufacturing sites, through a mix of yearly self-assessments, factory visits and social audits by independent experts. This allows the business to gauge working conditions and to work with suppliers to keep making improvements. In 2013/14, JD's third party auditors carried out social audits at 57% of factories making JD products.



*We are committed
to treating all
employees equally
and with respect*

Our people

07



Our business depends on the talent, creativity and dedication of our global workforce.

Around 19,000 people work for Pentland Group companies.

Pentland Brands people

Our business depends on the talent, creativity and dedication of our global workforce.

We want everyone who works for Pentland to understand their unique value to the business, and the vital role they play in our success. Our aim is to attract the best people, and hold on to them by giving them the chance to develop in an environment that stimulates and supports them.

We are proud to have been named by Great Place to Work® as the 8th best large company to work for in the UK, and 18th in the list of best large workplaces in Europe. The rankings are partly based on the results of an employee survey, which saw 84% of our workforce describing Pentland as a great place to work.

Our people are our most valuable asset, and we care about giving them the chance to develop themselves and their careers at Pentland

Engaging employees

Two-way communication with our employees, and their active involvement in everything we do, is essential to our success. In 2014, at the Chartered Institute of Personnel and Development People Management Awards, Pentland Brands was named Overall Winner and won Best Employee Engagement Initiative. This recognised our work on connecting employees to our business strategy, and creating a strong company culture centred on our people.

We start by welcoming all new starters globally with our ‘Handpicked’ booklet, which tells them about our brands, the values that underpin our business and the great benefits we offer. In the UK, once our new starters have settled into their roles, they join one of our quarterly ‘Steps to Success’ induction workshops to hear about our history and strategy, learn about key areas of our business and have the chance to network with others.

We work hard to create an environment where everyone feels comfortable asking questions and expressing their views. Our Executive team deliver an Annual Review and quarterly updates to every employee globally, through a series of on-site presentations and webcasts.

Everyone has the opportunity to ask questions by submitting them in advance, or by raising their hand during question time. Local leaders also deliver monthly business briefings to all our people where everyone can ask questions.

We offer a variety of other ways our people can give us feedback on what it’s like to work for Pentland, and how they think we can improve as a business and as an employer.

- They include:
- Our MyPentland portal. This features a newsfeed, blogs, team sites and personal profiles, and is the main way for our employees to communicate with each other, and with the Pentland Executive
 - Regular informal Q&A sessions with Pentland Brands’ Chairman and CEO, and with brand and department leaders
 - An annual employee survey, and subsequent focus groups to dig deeper into the findings
 - A phone line giving people confidential advice and support



Developing our people

Our people are our most valuable asset, and we care about giving them the chance to develop themselves and their careers at Pentland.

Our people development programme, Pentland Pathways, includes courses to help employees build the skills they need to thrive. In 2014, over 3,700 people went on our training courses (this figure includes some who went on more than one course). Everyone learns the fundamentals of our business by joining a Brand Building Masterclass led by Pentland Brands Chairman Andy Rubin, who gives a full day, interactive session sharing our experience and best practice from our own brands and other industries.

Other courses are tailored to suit the needs of each department or brand. For instance, people working in distribution and shipping can have specific training on our Warehouse Management System. Pentland people also have access, through our portal, to e-learning courses on ethics and integrity, and workplace health and safety, as well as online toolkits, webinars and links to other resources.



Our Growing Leaders Programmes develop our potential high-flyers by creating experiences to stretch their thinking and challenge how they work. In 2014, 38 recent graduates, managers and senior managers joined our Future Leaders, Emerging Leaders and Strategic Leaders programmes respectively.

Based on feedback from our most recent employee survey, we identified a need to ensure our people managers are fully equipped to lead their teams. In 2014, we developed the Pentland People Management Habits to give our leaders the skills they need to help each of our teams succeed, and help us achieve our company objectives. All managers globally will join workshops to develop skills in giving feedback, having courageous conversations, managing performance and building strong teams.

Each year, at an awards ceremony hosted by our Chairman, we recognise people who have shown exceptional performance and a commitment to these values



Values Awards

Employee benefits

We offer a variety of benefits that help support employees' wellbeing and work-life balance.

These include:

- Competitive parental leave
- An on-site nursery for children under five years old at our London HQ
- Flexible working arrangements, under our 'smart working' initiative
- Employee product discount
- Regular visits by financial and pensions advisors
- A private and confidential helpline, run by an external partner, that offers counselling, advice and other support
- A 24-hour international travel and health advice service supporting business travellers

Recognising achievements

Four values underpin our culture: passion, courage, creativity and always learning. Each year, at an awards ceremony hosted by our Chairman, we recognise people who have shown exceptional performance and a commitment to these values, and the people and teams whose work has made a remarkable contribution to achieving our strategic priorities. Award nominations are open to everyone across the global business, and all employees can vote for a colleague from any brand, team or location. Over 50 people were recognised at the 2014 awards.

Our brands and global services also have ways of celebrating great work in their teams. Lacoste's Grand Slam Awards and Berghaus' Star Awards recognise people who have made a standout contribution to the business.

Diversity and inclusion

We are committed to treating all employees equally and with respect, regardless of age, disability, ethnicity, gender, marital status, religion, social background or sexual orientation.

A diverse workforce makes us more innovative and creative. It helps our brands understand what different consumer groups want and need, and helps us create the right products for different markets.

Health, safety and wellbeing

At our offices, health and safety risks are relatively low, and accidents are rare. Those that do happen are mostly due to slips, trips or falls. For people whose roles involve potentially risky activities, such as lifting heavy objects and working at height in our distribution centres, we take extra care with health and safety.

To help people stay healthy and active, our London HQ has a gym, swimming pool and sports pitch, which are free for all employees to use.

Working at JD Sports

The largest of our Group's companies, JD Sports Fashion, is a separately listed public company.

Employment and equal opportunities

JD is committed to treating all of its people and job applicants equally and with respect. It gives full and fair consideration to job applications from people with disabilities, and continues to offer development opportunities wherever possible to any of its employees who become disabled after they join the business. JD also aims to offer flexible working or part-time jobs to those who want them.

JD recruits large numbers of school leavers and university graduates, and regularly takes part in work experience schemes with schools and colleges.

Training and development

JD recognises the importance of developing people to boost performance, build morale and hold on to its brightest and best – and all the knowledge, skills and experience they bring.

It does this by offering a wide range of training and development opportunities at its Kingsway Distribution Centre in Rochdale, taught by a dedicated team of specialist trainers.

For retail staff, this includes:

- A 12-week Training Academy (run three times a year), designed to help supervisors develop management skills – communication, leadership, motivation and delegation. In 2014, 57 people took part
- One-week induction programmes for new managers, held regularly throughout the year. In 2014, 365 managers took part
- Half-day leadership skills workshops for junior managers. In 2014, over 600 people took part

The training team also designs and runs bespoke training programmes for people who work at JD's headquarters and distribution centre. Over 340 people took part in a range of management development programmes in 2014, and 232 had a half-day induction at the JD Sports head office.

Chausport and Sprinter run their own training programmes, which are tailored to suit those particular brands.



Employee engagement

Regional and area managers communicate regularly with store managers and staff, and employees also receive regular updates from HR on JD's financial performance. JD puts out a quarterly newsletter, People 1st, for the people who work in its headquarters and distribution centre.

Health and safety

JD's health and safety team are responsible for keeping their people and customers safe. In 2014, JD expanded this team to ensure implementation of the correct health and safety procedures in its newly acquired companies. The team also have a say in the design of all JD's new and retrofitted retail stores, and they carry out safety audits during construction.

All JD's new employees go through a health and safety induction and training programme when they join. JD also runs targeted safety awareness campaigns throughout the year and issues a monthly newsletter to help keep awareness raised.

JD's Health and Safety Committee meets four times a year, giving every employee the chance to raise safety concerns through their representative.



Our brands help to raise funds for charities that are relevant to them and their consumers

Community

08



We are committed to supporting the good work done by organisations ranging from small, local community groups to large, international charities.

Some of this support is Pentland-wide, but much of it is given by our individual brands and offices to local causes.

Pentland Group provides regular support to a number of charities that give a boost to young people starting off in business, including The Prince's Trust, Young Enterprise and TrainE-TraidE. We are also a long-standing member of the Clinton Global Initiative, a convention of political and business leaders developing innovative solutions to the world's most complex challenges.

Pentland Brands refreshed its framework for charity and community support in 2014.

We now have a three-tiered approach:

- Flagship charitable giving and fundraising for charities in three areas that are important to us: healthy living, community support and the environment
- Local level volunteering and fundraising activities – giving every employee the chance to give back to their community
- Product donations

We will announce our flagship charity partners in 2015.

Volunteering

In November 2014, we launched ‘Give Back Day’, our new, company-wide volunteering programme which gives every Pentland employee one paid day per year to volunteer, as part of their team.

Pentland Brands’ leadership team launched the initiative by taking part in its own Give Back Day, working with our product donation partner, In Kind Direct, to organise and pack donated products for redistribution to charity (see below for more about In Kind Direct).

Other Give Back Day events in 2014:

- Our marketing team’s visit to Chalkwell Beach in Essex, UK, where they volunteered for Surfers Against Sewage, removing litter from the sea shore as part of a community beach clean programme
- Our Vietnam team’s collaboration with local officials in Binh Phuoc province to deliver clothing, food and blankets to people in need
- A December visit by our legal team to the Kentish Town Community Centre in London, where they coordinated a Christmas lunch for a local community group, including the UK charity Age Concern, which offers support to older people
- The Lacoste team in Canada’s trip to the Salvation Army Gateway to help cook and serve Christmas dinner for people staying at the charity’s emergency shelter

Fundraising

Our brands help to raise funds for charities that are relevant to them and their consumers. In May 2014, for example, Canterbury unveiled a new kit range for the Royal Air Force (RAF) Spitfires Rugby 7s team. For every shirt sold from this range, Canterbury donated £5 to charities supported by the RAF Rugby Union, including the Khelo Rugby coaching project for disadvantaged children in India.

Our employees are often inspired to take part in fundraising activities, either as individuals or part of their teams.

In 2014, this included hosting Macmillan Coffee Mornings in aid of Macmillan Cancer Support, and competing in sporting events such as the Royal Parks Half Marathon.



Give Back Day, Chalkwell Beach, Essex

Product donations

In 2014, Pentland Brands celebrated its 15th year of partnership with In Kind Direct. Founded in 1996 by HRH The Prince of Wales, In Kind Direct redistributes surplus products donated by businesses to charities, social enterprises and non-profit organisations in the UK and abroad. Stock donated by Boxfresh, Canterbury, Mitre and Prostar reached more than 500 charities in 2014.

Several of our brands have also donated footwear via Africa Shoes, a social enterprise that redistributes products to entrepreneurs in Africa for resale to local people who might otherwise not be able to afford them.

Canterbury, Mitre, Berghaus and Speedo partner with Sports Traider to provide sports kits to young people. Many of our sites took part in an equipment collection drive in November 2014.



Speedo SPLASH Programme, India

Speedo SPLASH Programme, India

Speedo’s SPLASH Programme brings life-saving swimming skills to disadvantaged urban and rural communities across Bangalore. Over 100,000 people drown accidentally every year in India. As a joint initiative with the Rashtriya Life Saving Society India and International Inspiration, the Programme focuses on three core areas:

SAFETY: Teaching children basic water safety/swim survival techniques

LIVELIHOODS: Introducing children and youth to different career and livelihood opportunities in the swimming and lifeguarding sector

PASSION: Introducing swimming at a young age to build a passion for swimming for life

This initiative has helped over 4,000 children in India since its launch in 2013.

Canterbury holds kit design workshops for the All Schools programme

Students at around 100 UK secondary schools were given the chance to design their own rugby kits in 2014, thanks to Canterbury’s support for the All Schools programme. Launched in 2012, All Schools is an England Rugby initiative developed with the Rugby Football Foundation to get more state secondary schoolchildren playing rugby. As official partner of All Schools, Canterbury made kit design workshops an integral part of the programme, giving pupils the chance to design a rugby shirt for their school team.

The interactive workshops guide the children through the whole development process, and they work together to decide the final design. Canterbury then produces the kit for them.



Jonny Wilkinson, All Schools programme

JD Sports fundraising

In 2014, JD Sports:

- ▶ Raised £500,000 for The Christie Hospital, an NHS foundation trust that is Europe’s largest cancer centre and treats 40,000 patients a year. The money was raised through staff fundraising, the BUPA Great Manchester Run and a series of charity balls. It will go towards building and developing the UK’s leading cancer treatment centre for young people
- ▶ Sponsored two schools in Coimbatore, India. This year, JD will be focusing its support on non-charity status schools, while continuing to support last year’s schools with educational toys and Christmas gifts
- ▶ Sponsored free eye tests for children in a special needs school (through its factories), and money for glasses, if they need them
- ▶ Donated unsold stock to In Kind Direct to help send less to landfill
- ▶ Raised £117,000 for a range of charities involving young children and adults from all backgrounds, through regular fundraising events. The money will be distributed throughout this year in line with JD’s charity programme
- ▶ Donated £12,500 to cancer charities and £1,000 to ChildLine

Made with care.

