

The easy way



isn't



always



the right way



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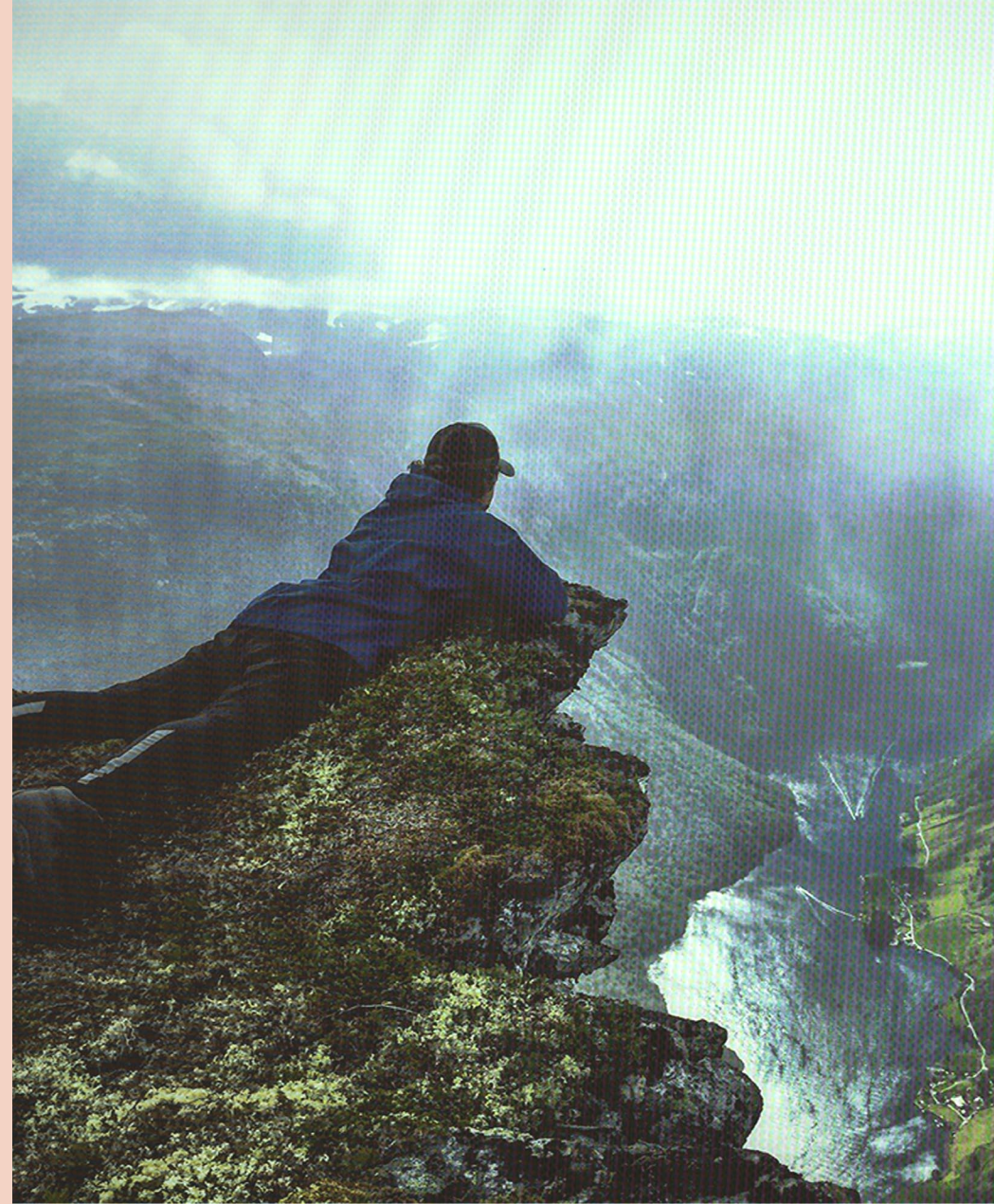
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1.0

Introduction



A message from our Chairman

Respect for people and the environment has long been at the heart of our business, and we strive to make all our decisions in good conscience.

As a Group, we have long maintained a commitment to treating the people in our business and our supply chain, together with the environment, fairly and with respect. We are aligned with the United Nations Global Compact in our commitment to ensuring the way we operate is sustainable and socially responsible.

Every year, the importance of being a responsible business grows, and our employees play a vital role in helping us be responsible. In this report, I am delighted to share our highlights from 2018.

This year, our Pentland Brands division launched a new strategy to guide its corporate responsibility activities. The strategy focuses on three areas: Pentland Brands' actions as a company, its impact through its products, and its responsibility to the communities in which it operates.

Pentland Brands has made a significant investment in creating inclusive workplaces where everyone is welcomed, supported, and encouraged to grow and contribute.

Its Diversity and Inclusion Network continues to go from strength to strength.

The division has been tackling plastic waste in its offices, its stores and its products. This year, Berghaus worked with fabric supplier Polartec® to turn over two million used plastic bottles into a new range of polyester fleece, while Speedo increased its sourcing of recycled materials for swimwear.

Pentland Brands signed up to Action Collaboration Transformation (ACT's) new 'global purchasing practices commitments' and continue to work with partners to embed a best practice approach to both identifying, and mitigating, modern slavery risks within our supply chain.

We're a family business and giving back to our communities is part of who we are. In line with this, Pentland Brands has entered new three-year charity partnerships that aim to empower 10,000 women and inspire 5,000 young people to be more active.

In 2018, JD Sports Fashion plc stepped up its management of environmental impacts and

achieved its highest ever score from the Carbon Disclosure Project, outperforming the average score for both the retail and regional sector.

Our commitment to giving back to communities runs through the entire group and since it was established in 2015, the JD foundation has raised £2.5m to support charities across England Wales and Scotland.

This year US-based retailer Finish Line also became part of JD Sports Fashion plc. The Finish Line Youth Foundation strives to make a difference in the lives of disadvantaged youth and people with disabilities.

I'm proud of what we've achieved across the group this year, and I'm confident that we will have more great progress to report in 2019.

[R. Stephen Rubin](#)
Chairman, Pentland Group

2018 highlights

Pentland Group Plc

- Pentland Group won the Queen's Award for Enterprise 2018 for outstanding achievement in International Trade. This is our sixth Queen's Award
- We remain committed to upholding the principles of the UN Global Compact and supporting the UN Sustainable Development Goals

Pentland Brands Ltd

Company

- 'In good conscience' is one of four Principles launched by Pentland Brands
- In the UK, over 40% of Pentland Brands' senior leaders are women and we're working to increase that figure

Products

- Berghaus developed new Polartec® fleeces made from recycled plastic bottles and 45% of its range was

MADEKIND™ for the environment

- 100% of the durable water repellent waterproof fabrics in Endura's Autumn/Winter 2018 collection are PFC-free
- Pentland Brands trained more than 190 people in factory-facing, warehouse and distribution centre roles to identify risks of modern slavery
- In partnership with Homeworkers Worldwide, Pentland Brands helped to improve wages for homeworkers employed by one of its footwear suppliers in India

Communities

- Pentland Brands established new three-year charity partnerships to empower women and inspire young people to be more active
- 60,000 people received free swimming lessons to improve water safety with Speedo's Swim Generation programme
- Pentland Brands donated surplus products to support 520 charities via In Kind Direct

JD Sports Fashion Plc

- JD Sports Fashion plc achieved an above sector average B rating from the Carbon Disclosure Project (CDP) and sourced 85% of its electricity from renewable sources globally
- Employees at JD Sports Fashion plc received over 7,000 hours of face-to-face training to help develop their knowledge and skills
- The JD Foundation has raised £2.5m to support charities since it was established in 2015

About Pentland Group

Pentland Group plc is a privately owned, global brand management company operating in the sports, outdoor and fashion markets.

Since our founders sold their first shoe in Liverpool in the 1930's, we've been building global sports, fashion and outdoor brands loved by people worldwide. Our business is continually changing, but our people and our values remain at the heart of what we do.

Headquartered in the UK, Pentland Group employs more than 50,000 people and has annual sales of \$6.7 billion USD.

We have three business groups: Pentland Brands Ltd, JD Sports Fashion plc, and Pentland Investments which manages our investments and trading subsidiaries.

[Pentland Brands Ltd](#)

Pentland Brands is the name behind some of the world's best sports, outdoor and fashion brands. It owns Speedo, Berghaus, Canterbury of New Zealand, Boxfresh, ellesse, SeaVees, KangaROOS, Mitre and Red or Dead.

In 2018, Pentland Brands welcomed cycling brand Endura, and Fitco, the UK's leading supplier to gyms and swimming pools, to its family of brands. Pentland Brands is the licensee for Kickers in the UK and Ireland, and has a joint venture partnership for Lacoste footwear.¹ It also became the global footwear licensee for Karen Millen in 2018.

Pentland Brands focuses on active and footwear brands, employs people in 12 countries globally and sells products in over 190 markets.

[JD Sports Fashion plc](#)

Pentland Group's retail division comprises the activities of JD Sports Fashion plc, the UK's leading retailer of branded sportswear, fashionwear and outdoor clothing and equipment, in which Pentland Group holds a 57% share.

[Investments and trading subsidiaries](#)

Through its Pentland Investments Division, Pentland Group is also a shareholder in other companies such as Hunter Boot Ltd, Heidi Klein and Tracksmith.

¹ In 2018 Pentland Brands was also the global footwear licensee for Ted Baker.

Pentland Brands Ltd

Owned brands



Footwear joint venture



Footwear licenses²



Pentland Investments

Associates & JVs



Trading subsidiaries



JD Sports Fashion plc (57%)

Retail fascias



NEXT ATHLEISURE



SPORT ZONE



FINISH LINE



Owned & licensed brands



HENLEYS



Nicholas Deakins

² For 2018 (the period covered by the report) Pentland Brands was the global footwear licensee for Ted Baker

Our Story



Scope of this report

This report provides an overview of Pentland Group plc's corporate responsibility strategy and performance for the 2018 calendar year (referred to as 'this year'), focusing mainly on the activities of our Pentland Brands division.

As a separate publicly listed company, JD Sports Fashion plc publishes its own Annual Report, where you can find out more about its corporate responsibility approach and performance. A brief overview is also included at the end of this report.

JD Sports Fashion plc is excluded from our Group level data, except for energy and carbon emissions data (in line with the requirements of the Carbon Reduction Commitment Energy Efficiency scheme).

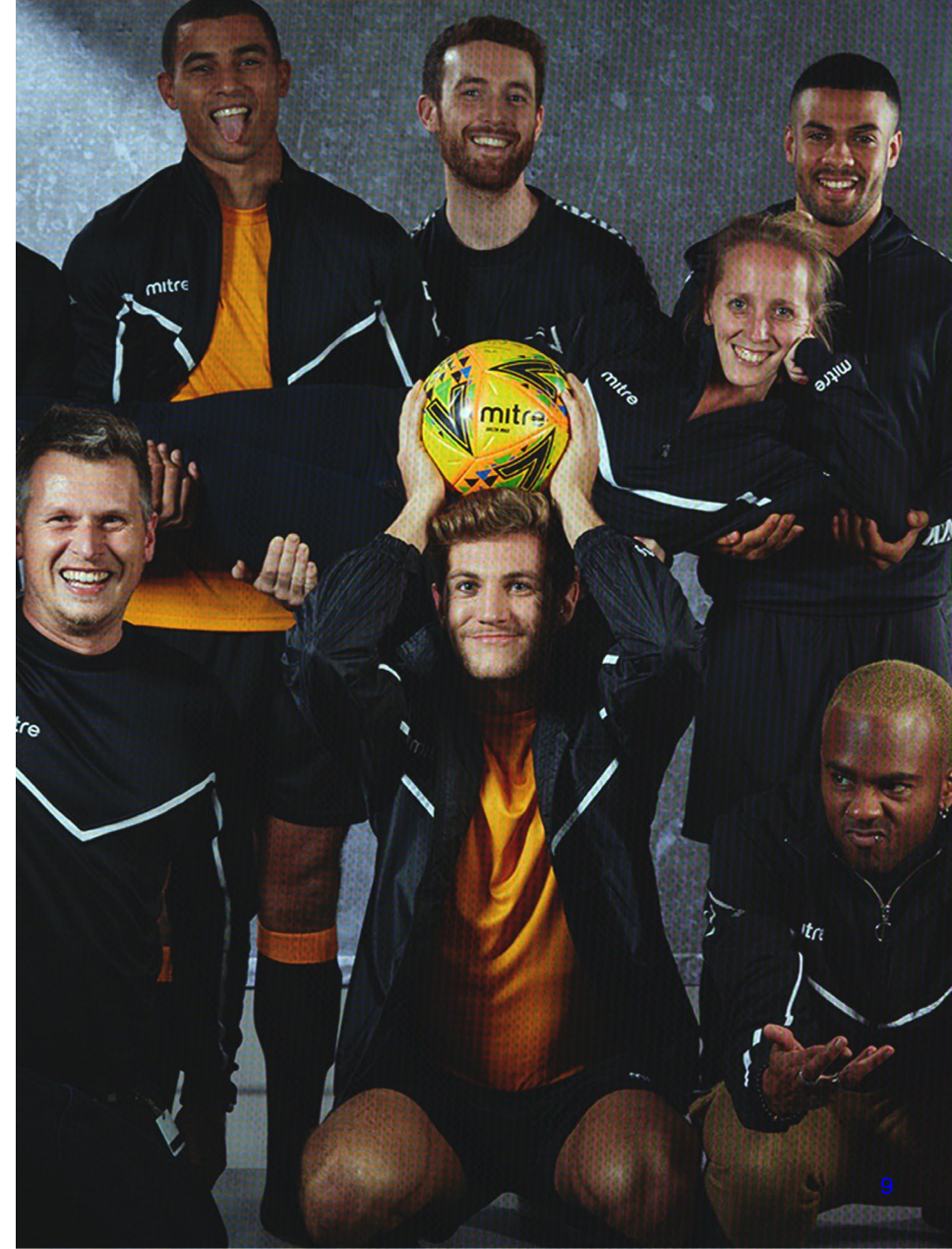
Pentland Group's approach to corporate responsibility

We believe that good business is good for business. We're committed to behaving ethically and respecting people and the environment.

This commitment is at the heart of 'Our Standards' and we have detailed policies to help us put these into practice. Our policies make our expectations clear to our employees, business partners and suppliers.

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.

Pentland Group is a signatory to the UN Global Compact and we support the UN Sustainable Development Goals. We partner with NGOs, academics and others in our industry to create change for the better.



Partnering for progress

We work with partners in academia, industry and non-governmental organisations to deliver specific aspects of our corporate responsibility strategy. These partnerships are referenced in the relevant sections of this document. We also support academic institutions to advance the wider sustainability agenda.

We founded the Pentland Centre for Sustainability in Business at Lancaster University in 2015 to support innovative research on sustainability in business to find practical solutions to real-world social and environmental challenges.

Strategic research areas include climate change, supply chain sustainability, waste and the circular economy, and global ecosystem risk. This year, researchers at the Centre will be publishing a paper on the findings of a four-year interdisciplinary EU-funded project to understand and quantify the risks arising from changes in the Arctic marine environment. Professor Gail Whiteman, Rubin Chair in Sustainability, is also the founder of the Arctic Basecamp at Davos, a unique science-solution outreach event.

In partnership with the UCL School of Public Policy and NYU Wagner Graduate School of Public Service in New York, we also sponsor individual scholars from Africa, Asia-Pacific or Latin America at the early stages of their career to help them complete their studies and go on to make an important contribution to public service.

“Our role is to support those businesses that are already convinced that sustainability is a problem. We can provide the most progressive companies with the knowledge and solutions to support what they are doing and help to accelerate impact.”

Professor Gail Whiteman
Pentland Centre for
Sustainable Business



UN Global Compact: ten principles

We've been a signatory to the UN Global Compact since 2001. We fully support its ten principles on human rights, labour, environment and anti-corruption. This report is our Communication on Progress for 2018. The table below shows where we report information relevant to each principle.

Topic	UN Global Compact Principle	Location in our report
Human rights	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses. 	<p>P29: Protecting human rights and improving conditions for people who make our products</p> <p>P16: Supporting our people</p>
Labour	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labour; 5. the effective abolition of child labour; and 6. the elimination of discrimination in respect of employment and occupation. 	<p>P29: Protecting human rights and improving conditions for people who make our products</p> <p>P16: Supporting our people</p>
Environment	<ol style="list-style-type: none"> 7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies. 	<p>P20: Reducing the environmental impact of our operations</p> <p>P24: Reducing the environmental impact of our products</p> <p>P24: Reducing the environmental impact of our products</p> <p>P37: Our communities</p>
Anti-corruption	<ol style="list-style-type: none"> 10. Businesses should work against corruption in all its forms, including extortion and bribery. 	<p>P9: Our approach to corporate responsibility</p> <p>P15: Doing business ethically</p>

UN Sustainable Development Goals: our contribution

We support the UN Sustainable Development Goals and believe we can make the biggest contribution to eight of them:



We highlight our contribution to these goals throughout the report.

2.0

Corporate responsibility at Pentland Brands Ltd



Pentland Brands' corporate responsibility strategy

In 2018, Pentland Brands launched a new strategy that focuses on the areas where we can have the most impact: how we act as a company, how we're developing more sustainable products and protecting the rights of the people that make them, and how we're creating positive change in communities.

Our strategy

We focus on...

Our company

- Reducing the environmental impact of our operations
- Being a diverse and inclusive employer and supporting our people to do their best
- Partnering with academic and industry bodies on sustainability
- Doing business ethically

Our products

- Finding innovations for the materials of tomorrow
- Ensuring our products meet the highest quality and safety standards
- Reducing the environmental impact of materials and processes
- Protecting the human rights of those within our supply chain

Our communities

- Empowering disadvantaged communities
- Helping people live a more active and healthy lifestyle

Mobilising our people

Our people have a vital role to play in helping us deliver our corporate responsibility strategy.

In 2018, we held a Corporate Responsibility Week to launch our new strategy and raise awareness across the business. This included a campaign to encourage employees to reduce their environmental impact, use their Give Back Days to help out in their communities, support our charity partners or advocate a cause close to their hearts.

We took the opportunity to remind people how important it is that they stay up to date with corporate responsibility policies and training relevant to their roles. Intranet articles about responsibility topics had over 1,300 views during Corporate Responsibility Week.

[Change adds up: employee pledges](#)

We also encouraged employees to make their own personal commitment to making a change – however small – because change adds up. Our people made 219 pledges at our pledge station, which toured our offices in London, Nottingham, Sunderland and Hong Kong. See some of the individual pledges listed [here](#).

Commitment to transparency and partnership

We have a long-held commitment to transparency in our partnerships with suppliers, and we cannot achieve our strategy without them.

We believe this commitment helps us make better decisions about how to design and produce our products and source more sustainable materials, while protecting the rights of everyone involved in our business.

We publish a list of all our direct (tier 1) suppliers on our [website](#) and we're engaging with suppliers deeper into our value chain.

Our company

We believe in doing the right thing, not the easy thing, every day – both 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.

Doing business ethically

As a family business, honesty, fairness, respect and hard work run through all that we do.

‘Our Standards’ booklet explain what this means in practice, including our zero-tolerance policy on bribery or corruption in any form. We insist that everyone who works with us should follow these standards.

Last year, we launched a new Manifesto for our business which emphasises that each individual has the power to help shape the Pentland of the future. We shared our four Principles to help them do this (see box) and ran a series of workshops on Living our Principles (see case study).

Reputation is earned and we believe that behaving ethically will help our business grow sustainably.

That’s why we’ve created a monthly ‘in good conscience’ forum to discuss risks and opportunities to ensure we can continue to act responsibly. It includes representatives from our supply chain, distribution and corporate responsibility teams.

We encourage our people to speak up if they have any concerns about unethical behaviour. They can report concerns via our independent whistleblowing hotline, which is managed by a third party. We take these reports seriously and investigate each one.

Our Principles

Success is a team game:

Our individual strengths are amplified when we work as teams, sharing skills and with shared ambition.

With clarity and courage:

Clear in our ambitions, bold and direct in pursuit of them.

Better as standard:

Creating, learning, improving; getting better at what we do is our business as usual.

In good conscience:

Reputation is earned; we believe in doing the right thing, not the easy thing, both as individuals and as an organisation.



Living our Principles

We launched our new Principles at the start of 2018. To bring them to life, we set out specific behaviours that our people are encouraged to demonstrate day to day.

We have introduced a series of half-day workshops on Living our Principles to raise awareness and help our people connect to our Principles by sharing stories and networking with their colleagues. The message is clear: it's not just about what we achieve, but how we achieve it. In 2018 we ran five Living our Principles workshops in London, including an initial session with our senior leaders, as well as four workshops across our Hong Kong and Shanghai offices. We plan to roll out a further 30 workshops across the business in 2019.

Supporting our people

Pentland Brands employs people in 12 countries around the world. We want to help them thrive with us by treating them with respect, being an inclusive employer and helping them achieve their best.

SDG #3 Good health & wellbeing
SDG #5 Gender equality
SDG #8 Decent work
SDG #10 Reduced inequality

Treating people with respect

We want our people to know they belong to a company that puts them and their interests at the heart of all it does. 'Our Standards' make this clear. They set out our commitment to treat everyone fairly, and with dignity, honesty and respect.

We're committed to paying the Real Living Wage (RLW) to people working at Pentland Brands in the UK. This goes beyond the statutory National Living Wage and minimum wage to pay an amount that better reflects the cost of living. RLW rates are published by the Living Wage Foundation in November each year and we align our pay rates the following April as part of our annual salary review. When we acquire new businesses, we develop a plan to roll out the RLW to their employees if this is not already in place.

When we acquire new businesses we review the business standards of employment and, if required, we work with the management team to transition their employees to a living wage and train them in our policies and procedures, including those regarding identifying modern slavery risks

When we set up a footwear joint-venture business with The Lacoste Group in January 2018, we consulted with employees and provided them with

dedicated HR advice and support to make sure the process was as smooth as possible for everyone transitioning into the new business.

Being an inclusive employer

We strive to create an inclusive workplace where everyone can be themselves.

Our global diversity and inclusion strategy focuses on improving gender balance and ethnic diversity, addressing unconscious bias and promoting a culture of inclusion. It's sponsored by our Diversity & Inclusion Steering Committee, which is made up of a group of senior leaders within our business.

This year, we have enhanced our diversity and inclusion policy, and nurtured an inclusive culture by refreshing our guidelines on flexible working and improving our support for people returning to work after leave.

We've been running training sessions for all our senior leaders to help them identify and tackle unconscious bias, and are now continuing to roll this training out across the organisation.

Creating an inclusive culture

Dedicated employee networks encourage our people to connect and share ideas about how we could increase diversity and inclusion in our workplaces. The first network was set up at our London headquarters in 2017 and in 2018

we introduced additional networks at our sites in Nottingham and Sunderland. They hold regular meetings and their ideas are considered by the Steering Committee.

We also have a Diversity & Inclusion Lead in Asia who works with employee volunteers to implement our strategy in our offices in that region, including in Hong Kong and Shanghai.

To raise awareness among employees, many of our sites around the world held afternoon tea events in honour of Inclusion Week. We also celebrated International Women's Day by inviting people to show appreciation for women in the business via our internal social media.

We continued our series of talks by external speakers on specific topics relevant to diversity and inclusion. These included talks on female representation in rugby, the importance of inclusion and inclusive leadership, and the importance of gender diversity in the male dominated agricultural industry.

Recruiting diverse talent

In 2018, we widened our university and college search to reach a more diverse talent pool, including visiting more universities and careers fairs across the UK.

We know how hard it can be to enter creative careers and we provide opportunities for people from a variety of backgrounds to achieve design roles at Pentland. For roles like these, our focus is on the creativity that talented people can bring to our business, rather than on possessing certain degrees or qualifications.

Developing talent

We give people opportunities to gain valuable skills and experience by learning on the job, and we provide mentoring and coaching to support them. Employees can also access training resources online through our MyLearning platform.

In 2018, more than 200 people took part in five Power Hour sessions to learn from colleagues in other parts of the business about their areas of work. The sessions covered wide-ranging topics including Pentland's design pool, innovation activities and disruption labs. Participants also heard from Pentland Group swimwear brand Heidi Klein, Berghaus athlete Leo Houlding, and long distance swimmer Lewis Pugh on his quest to promote ocean preservation ([see page 40](#)).

We've standardised our induction process across

Supporting our people who go on extended periods of leave

We recognise that people sometimes need or want to go on extended periods of leave. For example, they may take parental leave, be on long-term sick leave or choose to take a sabbatical.

In 2018, we conducted a review of the support we provide for people in these situations, with guidance from our Diversity & Inclusion Steering Committee and input from our people. Feedback indicated that we needed to be more consistent in the support we offer and empower managers to support their teams.

In response, we created new global guidelines and resources to provide consistent support for employees. Our UK diversity and inclusion networks helped us test these to ensure they were effective and easy to use.

The new resources include a re-induction pack for people returning from extended leave, a calendar for keeping in touch, clearer guidelines on flexible working options and guidance on how to have conversations about returning to work.

all our UK sites to ensure everyone joining us has the right start at Pentland.

We have also introduced tools and practices to support new ways of working, including resources that enable leaders and individuals to be more effective.

For many years, we have offered in-house apprenticeships for people looking to enter design careers. This year, we started a new 15-month apprenticeship programme that will enable participants to achieve a recognised Level 3 Apprenticeship qualification. Our first apprentice has already started as a junior graphic designer. With his capability and enthusiasm, he's a great asset to our team and we will be looking to hire another apprentice later in 2019.

Targeting diverse leadership

We aim to improve diversity across the organisation by targeting improvements in the diversity of our senior leadership community. This will help to drive improvements at all levels as we develop future leaders.

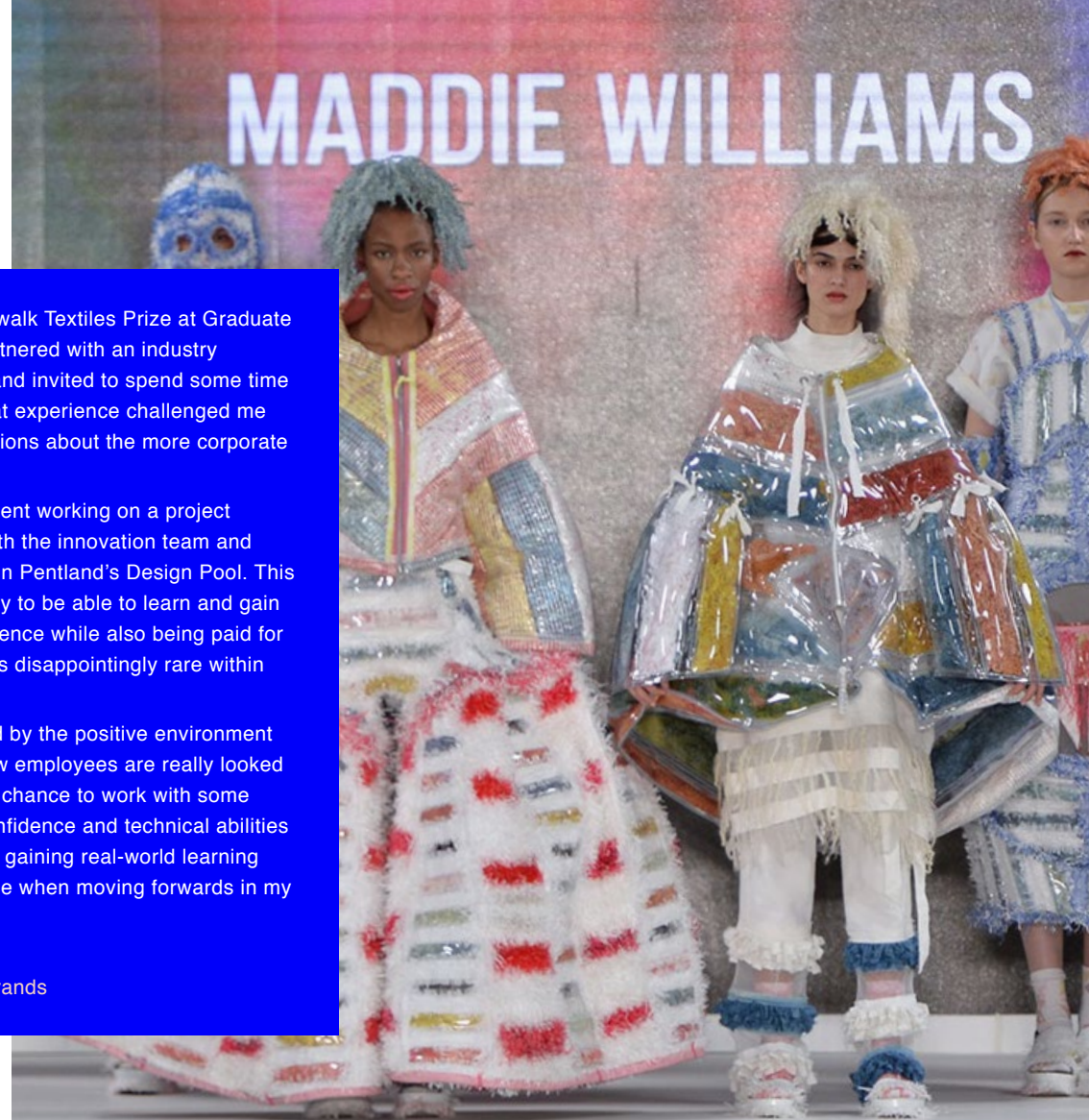
We publish an annual gender pay gap report for our UK employees in line with regulations. In the UK, women now represent over 40% of our senior leadership team and we have a goal to increase

"After being awarded the Catwalk Textiles Prize at Graduate Fashion Week '17, I was partnered with an industry mentor at Pentland Brands and invited to spend some time working at the company. That experience challenged me to reconsider my preconceptions about the more corporate design world.

I completed an initial placement working on a project researching sustainability with the innovation team and now I am a Junior Designer in Pentland's Design Pool. This offers an amazing opportunity to be able to learn and gain relevant and practical experience while also being paid for your work – something that is disappointingly rare within the fashion industry.

I have been really impressed by the positive environment fostered at Pentland and how employees are really looked after. I have already had the chance to work with some great brands and my self-confidence and technical abilities have improved hugely, while gaining real-world learning opportunities that will help me when moving forwards in my career."

Maddie Williams
Junior Designer, Pentland Brands



that to 45% by 2020. The latest UK gender pay gap report can be found on our website.

The ethnic diversity of our senior leadership team has also improved slightly to 10% ethnic minorities (non-white).

[Listening to our people](#)

We invite feedback from our people to help us continually improve – both informally and through formal surveys twice a year.

In 2018, 71% of Pentland Brands employees responded to our most recent engagement survey. Although this response rate was slightly lower than the previous year's 72%, the overall engagement score for the organisation has increased year on year. We communicated the results and what they mean for our people.

The survey highlighted key strengths, such as our people's belief in our purpose, products and managers, and the ability to progress their careers fairly, regardless of their background.

We appreciate employees taking the time to provide their feedback and we responded by assembling a group of senior leaders to identify the areas we need to focus on improving globally. These include improving decision making and

accountability by checking we have the right systems and processes in place to achieve our targets, understanding the role of each of our functions and making better, faster decisions.

Our people managers are using the survey results to create tailored action plans to respond to feedback from their teams and improve engagement levels. We're also developing a guide for managers to help them understand the importance of engagement and their role in it.

In response to feedback from the last year, we have formalised our strategy for internal communications to improve the way we cascade information and the way we communicate changes in the business.

[Keeping our people safe and well](#)

We're committed to ensuring the health, safety and wellbeing of all employees, contractors, visitors and others who visit or work on our premises. Our Health and Safety Policy sets out clear guidelines.

Everyone at Pentland Brands is expected to take reasonable care for their own and others' health and safety, observe all safe working procedures, rules and instructions, and report all incidents, injuries and hazards.

To help them do this, we provide training on health and safety as part of their induction on joining the company and regular refresher training thereafter. We use an online accident management system to log, track and manage accidents and near misses, and we report performance to our Executive Team monthly.

We also offer a range of resources to promote employee wellbeing. This includes an employee assistance programme to seek support on issues that are affecting their wellbeing at work or at home. In 2018, we piloted an online tool to support mental health and wellbeing which we'll roll out globally next year.

Reducing the environmental impact of our operations

We aim to minimise the impact of our operations on the environment by cutting our carbon footprint, minimising waste and engaging our employees.

In the UK, our offices use 100% renewable energy. This year, we've also installed further electric vehicle charging points to encourage more people to choose electric or hybrid vehicles if they drive to work.

We report our greenhouse gas emissions at Group level in line with the requirements of the Carbon Reduction Commitment Energy Efficiency scheme. This includes emissions from the energy we use in Pentland Brands' offices and distribution centres and in the operations and retail stores run by JD Sports Fashion plc in the UK. In 2018, Pentland Group's UK carbon footprint increased by around 11% to 38,330 tonnes of CO2 emissions, as a result of acquisitions, including Pentland Brands' addition of Endura's office and manufacturing facility in Livingston, Scotland.

We send zero waste to landfill from Pentland Brands' UK offices and distribution centres. Anything that can't be recycled is used to generate energy.

In March 2018, we celebrated WWF's Earth Hour

Taking plastic off the table

Plastic waste can cause all sorts of problems for wildlife and the environment. We've taken steps to cut out single-use plastics and promote recycling at the restaurant in our London headquarters.

We removed all plastic bottles from drinks fridges. We switched our disposable water cups from conventional plastic to recyclable plant-based materials. We replaced polystyrene takeaway boxes with cardboard, and plastic cutlery with wooden alternatives.

At our on-site coffee shop, employees can get a 10 pence discount on every hot drink when they bring their own reusable cup and we raised awareness of the issue with a 'bring your own cup' day in 2018. We also swapped disposable coffee cups made of wax-coated paper with plastic lids for compostable alternatives.

As a result of these initiatives, in just six months we were able to avoid using over 4,100 conventional disposable coffee cups and plastic lids by using compostable plant-based alternatives.

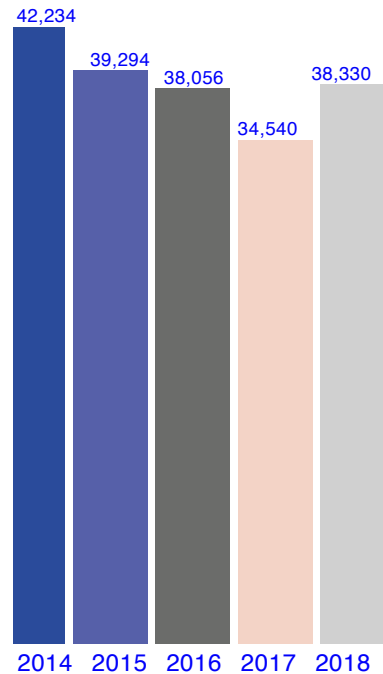
Pentland Group UK carbon footprint:

CO₂ emissions in tonnes

with a power-free Power Hour discussion at our London headquarters where we invited employees to share their ideas about how we can reduce our environmental impact. We've already acted on some of their ideas by:

- Streamlining waste management to make it easier for people to recycle in bins for combined mixed recyclables
- Sowing wildflower seeds to encourage biodiversity
- Cutting out single-use plastics from our on-site catering facilities (see case study)

Teams around the business are also doing their bit for the environment. In Australia, our Brisbane office is 70% paper free and in Vietnam, the lights are turned off during lunch breaks.



Our products

Doing the right thing means making our products in the right way. We strive to make safe, high quality and sustainable products. We aim to protect people and the environment through every stage of a product's lifecycle, from sourcing raw materials to design, production and use.

Our approach

Our approach is built on close relationships with our suppliers – and their suppliers – who manufacture our products. Our supply chain is complex and includes:

- Suppliers that cut, sew and assemble our finished products (tier 1)
- Suppliers that provide materials and components (tier 2)
- Suppliers that provide chemicals (tier 3)
- Suppliers of raw materials (tier 4)

We have a direct relationship with tier 1 suppliers, and we only work with suppliers that meet our strict ethical, social and environmental standards. We also use a licensing model where we work with licensee partners who manage their own supply chain to make and distribute our products.

In 2018, we reviewed our materials sourcing and identified the most strategic tier 2 suppliers for us to have a closer relationship with. These preferred suppliers produce fabrics, leathers, trims and components that we specify in technical packs shared with tier 1 manufacturers. Around 60% of our materials spend is with preferred suppliers. The remaining materials are sourced locally by manufacturers.

Mapping our supply chain

We map our supply chain so we can better understand and manage social and environmental risks. We publish a list of all tier 1 suppliers on our website and we're focusing on mapping tier 2 suppliers. Having established our list of preferred tier 2 suppliers in 2018, we worked with them to understand what sustainability certifications they hold (see page 42). We are now working on mapping locally-sourced material and component suppliers that we presently do not have a relationship with.

Reducing the environmental impact of our products

We're working with suppliers and others in our industry to reduce the impact of our products on the environment.

Working with industry through the Sustainable Apparel Coalition

We're a member of the Sustainable Apparel Coalition (SAC), the apparel, footwear and textile industry's alliance for sustainable production. The Coalition brings together brands, retailers, NGOs and manufacturers to achieve industry-wide change.

We've met the requirements for Foundation Level membership and are working towards achieving Strategic Level membership – the next tier – by increasing our use of SAC tools and encouraging our suppliers to do so too

[SDG #6 Clean water & sanitation](#)
[SDG #9 Industry, innovation & infrastructure](#)
[SDG #12 Responsible consumption & production](#)
[SDG #13 Climate action](#)

We use three of the SAC's Higg Index tools to measure and reduce our supply chain impacts (see diagram).



Higg Brand & Retail Module

Helps us assess our own performance, including our approach to corporate responsibility, the environmental and social impacts of our products across the lifecycle of materials sourcing to end of use, and operations in our distribution centres and retail stores.

In 2018, we took part in the beta test of the tool and we'll complete it in 2019 so we can benchmark our performance against other SAC members.

Higg Facility Environmental Module

Enables tier 1 and tier 2 suppliers to self-assess and disclose their environmental performance by measuring and sharing information on their environmental management system, energy use and greenhouse gas emissions, water use, wastewater, emissions to air, waste management and chemical use.

Having previously used this tool to gather data from Berghaus suppliers, in 2018 we used the Higg platform to connect with tier 1, tier 2 and packaging suppliers from across our supply base. Around 13% of our tier 1 suppliers are already using the tool and sharing data with us.

In 2019, we plan to increase the number of tier 1 suppliers using the tool, and we'll introduce it to more of our tier 2 suppliers.

Higg Materials Sustainability Index

Contains data on 80 materials to help us compare and assess their environmental impacts.

In 2018, we used the tool to better understand the footprint of more sustainable materials used in our Speedo swimwear and watershorts ranges.

In 2019, we'll apply it to more of the materials we use.

Ensuring product quality and safety

Ensuring our products are safe and high quality is fundamental to our ethos and our commitment to customers. We set strict standards for suppliers and our quality control teams check products at every factory to ensure they meet our quality and safety standards.

For us, quality also means our products must be made from ethically-sourced raw materials and must not contain any harmful chemicals.

Sourcing standards

Our policy on the use of animal skins, furs and feathers sets out clear standards for suppliers to source raw materials responsibly. Leather, down and feathers must be sourced in line with industry best practice on animal welfare, and we never use fur.

We are a member of the Leather Working Group (LWG) and encourage our suppliers to source leather from tanneries awarded a LWG gold, silver or bronze certification. Certified tanneries minimise their environmental impact, with less water and energy in used in production and chemicals managed responsibly. Of the preferred tanneries identified by our Footwear division in 2018, around 60% already have a LWG certification and over a third are gold-rated.

Some Berghaus products contain down to keep people warm in extreme conditions. All down used in Berghaus products is certified to the Responsible Down Standard (RDS). Certified down comes from known farms with high welfare standards for ducks and geese, that never force-feed or live pluck birds.

Eliminating harmful chemicals

We carefully manage chemicals to ensure our products are safe for customers and prevent harm to workers or the environment during production.

Our Restricted Substances List sets out which chemicals are completely banned and which must be carefully managed by suppliers. It includes a risk matrix to guide suppliers on the types of fibres and materials that are most likely to contain restricted substances. This year, we translated the list into Chinese to make it easier for our suppliers in China to understand and comply with our requirements.

As a member of the Apparel and Footwear International Restricted Substances List Management Group (AFIRM), we're working with others in our industry to reduce the impact of harmful substances across the footwear and apparel sectors. Our Restricted Substances List aligns with AFIRM's and in 2018 we adopted its list of restricted substances specifically for packaging. This covers any paper, plastics, metals, textiles, dyes and coatings used to ship, deliver or sell products to customers.

We require suppliers to comply with our chemical management standards and applicable legislation. We ask them to provide evidence that high risk materials and components are compliant and to remediate any issues before production.

We're developing a chemicals management policy to set out our requirements and expectations of manufacturers in more detail.

Certified sustainable materials
– chemicals management

When possible, we prefer to work with suppliers that have achieved a third-party certification to show they're managing chemicals carefully.

These include:

- bluesign®: a system for sustainable textile production that eliminates harmful substances across the manufacturing process
- Oeko-Tex®: a system for testing textiles to show they're free from over 100 harmful substances
- Leather Working Group: certified tanneries responsibly manage their chemical use

In 2018, over 95% of Speedo's swimwear and watershorts range was covered by the Oeko-tex® certification. The main fabric used in 59% of Berghaus's products had bluesign® approval in 2018 and over a third of all styles used at least 90% bluesign® fabrics.

We're engaging with our preferred tier 2 suppliers to grow the share of materials covered by certifications. In 2018, 85% of our preferred trim suppliers and 91% of our preferred fabric suppliers had at least one sustainability certification. This included 100% of Endura's preferred fabric mills.

Percentage of preferred tier 2 suppliers
with third-party certification in 2018

	Fabric suppliers (apparel)	Trim suppliers (apparel)	Leather suppliers (footwear)
bluesign® certified	54%	21%	n/a
Oeko-Tex® certified	82%	88%	n/a
Leather Working Group medal-rated	n/a	n/a	60%
At least one of the above certifications	91%	85%	60%

Replacing PFC in water repellent finishes

Our customers need waterproof products to keep them dry outdoors. However the PFC compounds used to treat fabrics to make them water repellent can damage the environment, so we're replacing them where we can.

Berghaus aims to be PFC-free in its durable water repellent (DWR) materials by 2020. It's achieved this for more than half the range already. In 2018, Berghaus collaborated with fabric supplier, Gore-tex®, to eliminate PFCs of environmental concern from waterproof jackets.

More than 80% of Speedo's range and 100% of Endura's DWR materials in its Autumn/Winter 2018 season are also PFC-free.

Performance gear that's
MADEKIND™ for the planet

MADEKIND™ is Berghaus' approach to taking better care of our world. Products with MADEKIND™ on their swing tag have at least 50% recycled content, are made with Colourkind™ fabrics, or contain at least 90% bluesign® approved fabrics.

In 2018, more than 45% of the Berghaus range was MADEKIND™. For Autumn/Winter 2018, Hydroloft™ and Hydrodown™ jackets were 100% MADEKIND™ for the first time too.



Finding the materials of tomorrow

Developing more sustainable products means finding more sustainable materials and instigating new design approaches.

We're developing a sustainable materials policy to identify options to source and manufacture more sustainable products and give our suppliers clearer guidance. We're exploring options to create the same great products with innovative and more sustainable manufacturing techniques, for instance, by using less water or fewer chemicals.

Turning waste into resources

We support the principles of a circular economy, where resources are recycled and reused as many times as possible.

In the textiles industry, less than 1% of material used to produce clothes is recycled into new clothing. Our innovation team is exploring options for closed loop production systems, where waste garments and footwear are broken down and reused to make new products.

We're also using more recycled materials in our products and packaging. In 2018, 20% of Speedo's watershorts range was made of recycled fabrics and we're looking for ways to increase this in future seasons. Speedo's H2O Active women's swim range uses recycled nylon made from waste fishing nets, plastics and carpet. Endura offers a cycling jersey made of recycled manufacturing waste.

Our suppliers are helping us increase the recycled content of the packaging for our footwear. In 2018, Berghaus shoes were shipped in 100% recycled boxes, and the boxes for ellesse, Lacoste, SeaVees and Boxfresh shoes contained at least 85% recycled content.

We're also extending the life of surplus stock by donating it to charity (see page 58). As well as helping others, this reduces our environmental footprint by preventing products we can't sell from going to landfill.



Turning plastic bottles into fleeces with Polartec®

Less than 10% of the world's plastic is recycled. Up to 12.7 million tonnes of plastic waste enters our oceans each year and plenty more ends up in landfill.

By reusing this plastic to create new fabrics, we reduce the amount of waste sent to landfill and help to prevent plastic from polluting our waterways. This reduces our dependence on oil and cuts our CO₂ emissions too.

Berghaus has been using recycled materials in its products since the 1970s, when it began reusing old tractor inner tubes to make waterproof gaiters. In 2018, Berghaus teamed up with fabric supplier, Polartec®, to put plastic waste to better use.

Together, we developed a range of recycled polyester fleeces made from plastic bottles. The fabrics used to make 10 styles of Polartec® fleece contain between 80% and 100% recycled content, diverting over 2 million plastic bottles from landfill.

Protecting human rights and improving conditions for people who make our products

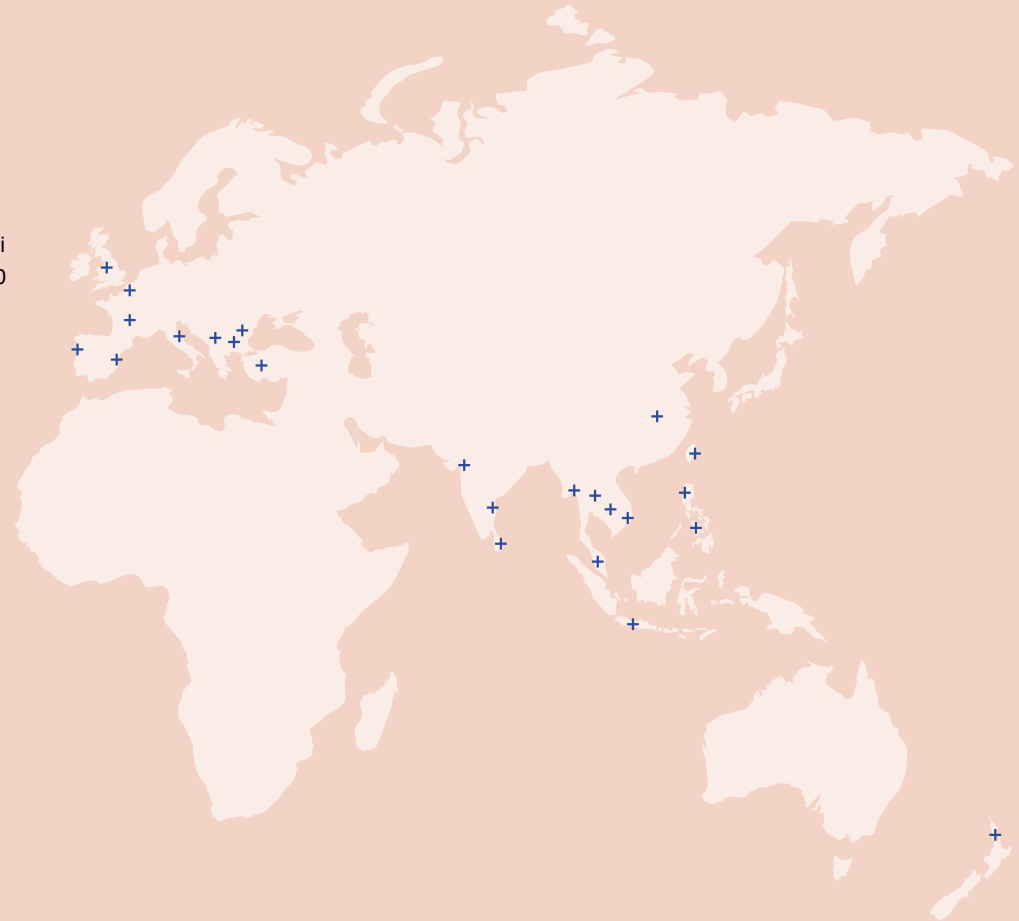
We believe everyone has the right to fair pay, safe working conditions, and to be treated with dignity and respect. We're working hard to tackle the risks of modern slavery and we strive to protect rights and improve conditions for everyone in our supply chain.

Our ethical supply chain approach

We outsource the majority of our manufacturing, but we do own one factory, the Endura facility in Scotland, and we also co-own three factories in Sri Lanka and one in Vietnam. There are over 123,300 people working at our tier 1 suppliers alone. We engage with our suppliers and partners to ensure working conditions are safe and that workers are paid fairly and treated with respect.

We're transparent about who we source from because it helps us work in a more constructive, open and collaborative way with our suppliers, customers, other brands, non-governmental organisations (NGOs) and civil society. It means:

- Factories are more accountable for their standards
- We can collaborate with brands that source from the same factories as us
- People can alert us if they've found an issue at one of the factories we source from



Our standards

'Our Standards' booklet sets out what we expect from our employees, partners and suppliers. It includes guidance on how to do business ethically, with integrity and with respect for people, and is available in 13 languages. See page 45 for details on how we audit factories against these standards.

We have detailed policies in place to protect three types of vulnerable workers in our supply chain, which are available on our website:

- [Child labour and young worker policy](#)
- [Migrant worker policy](#)
- [Homeworking policy](#)

In 2018, we introduced our Corporate Responsibility Charter for suppliers. It outlines our ethics and governance requirements and how we expect our suppliers to protect people and the environment. We contacted every supplier and asked them to commit to the Charter in 2018.

We're also supporting our own people to make sure they're confident in partnering with the right suppliers. This year, we developed a guide to ethical sourcing to support our buying teams in selecting new suppliers and ensuring existing suppliers comply with our standards.

Working with suppliers to improve standards

We continuously assess suppliers to check compliance with our standards and we conduct social audits of all tier 1 assembly factories to identify areas for improvement.

Detailed supplier questionnaires help us identify factory-level risks. In 2018, we reviewed and expanded the questions to understand our suppliers' approach on more labour relations issues, including freedom of association and gender equality.

Our established factory review process helps us monitor suppliers from the moment we consider working with a new supplier.

Starting a relationship

- We carry out a social audit of new factories
- They must be approved before our brands can place any orders with them
- We conducted 41 initial audits in 2018



Monitoring standards

- We regularly re-audit every factory
- In 2018, we carried out cyclical audits for 34 of our factories



Improving standards

- If we find areas for improvement, we make recommendations, agree an action plan and follow up to check on progress. We encourage manufacturers to include workers in the process and to consult them on the changes
- In 2018, we made 13 targeted audits to check up on improvement progress, understand the root causes and gauge the impact on workers
- We regularly contract an independent local interviewer to join our visits and speak directly with factory employees about working conditions

Building suppliers' and licensees' capabilities

If we find a supplier isn't meeting our standards, we work with them to improve their capabilities and conditions for workers. Our approach is to use our influence as a buyer to encourage improvements, instead of simply walking away. If a factory refuses to engage with us and make positive changes, we will terminate the relationship responsibly to minimise disruption for workers.

For licensees, where we don't have a direct commercial relationship with the factories making our products, we build the licensees' capability to ensure their suppliers are upholding good social standards. Our Licensee Sourcing Manual makes it clear that we expect licensees to follow high ethical standards and tell us which factories they source from.

Supporting vulnerable homeworkers in India

There are many homeworkers involved in hand-stitching parts of our footwear, and we aim to support them as a vital part of our supply chain.

In 2016 we began working with Homeworkers Worldwide and Cividep on a pilot programme to map homeworkers for one supplier in our leather shoe supply chain in India.

Since the programme began, our NGO partners have mapped the network of agents and homeworkers in the supply chain of one of our suppliers. Since September 2018, these homeworkers have been paid at a higher 'piece rate' – a fixed amount for every piece they stitch. Their pay now meets minimum standards, taking into account commission that agents charge to track orders and quality control.

We've also supported the supplier to register homeworkers and introduce a simple paper-based system to track orders and payments made.



“Homeworkers Worldwide has been delighted to work with Pentland Brands on this project, and appreciates their commitment to improving the pay and conditions of the homeworkers in their Kickers supply chain. We look forward to working with them in 2019, to verify the important achievements thus far, and to develop and implement a model for the good employment of homeworkers, which we will then be promoting to other brands and their suppliers in the sector.”

Lucy Brill
Homeworkers Worldwide

Supplier audits in 2018

In 2018, we conducted 104 audits (compared with 96 in 2017). Sixteen of these were part of the Better Work programme.

The number of audits increased due to the addition of new brands. We also trialled using semi-announced audits where we audit a supplier within a two-week timeframe, but don't give an exact date of our visit.

Most instances of non-compliance were minor, but 31% of instances were classed as critical (up from 20% in 2017). The increase in critical issues is partly due to new factories supplying our brands this year. The most common critical issues related to inconsistencies found in workers' wage records, inadequate holidays provided to workers, lack of social insurance provision, health and safety issues, and excessive working hours.

We identified 21 zero tolerance issues in 2018, compared with one in 2017. Twelve issues were related to health and safety, such as inadequate fire exits. The remaining issues were related to payment of living wages and excessive working hours that could be indicators of modern slavery.

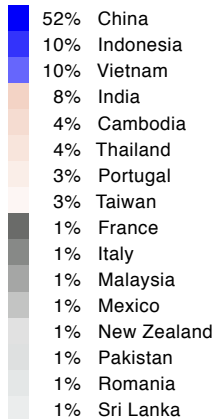
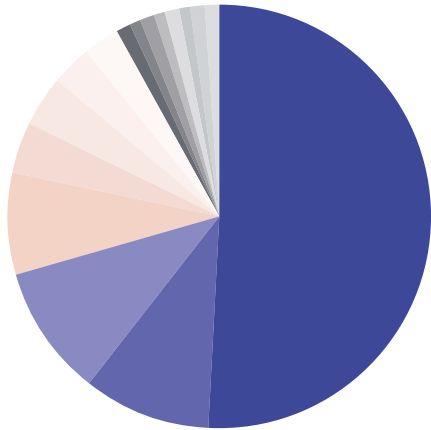
Eleven of the zero tolerance issues have been resolved and we're working closely with suppliers to resolve the remaining issues by training supervisors, helping them improve their record-keeping systems and building their capacity to comply with our standards.

Number of factory audits by type:

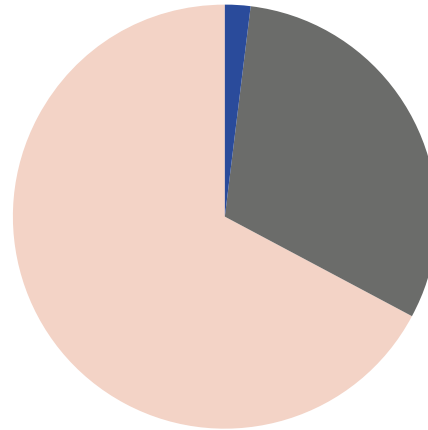
	2018
Initial audits	41
Cyclical audits	34
Targeted audits	13
Total	88



Factory audits by country



Issues identified by type in 2018



Zero tolerance 2.1%

An issue that has an unacceptable impact on worker rights or conditions. It could lead us to suspend or even end our relationship with a supplier if they do not immediately engage in sustainable improvement.

Critical 30.9%

An issue of serious concern that could turn into a zero-tolerance issue.

Minor 66.9%

Less significant breaches. Individually, they can be quickly tackled, but in clusters they can identify a need for improved management practices.

Preventing modern slavery

There are millions of modern slavery victims worldwide. We're using our influence to support global efforts to tackle modern slavery and we're working hard to negate any related risks in our supply chain.

Our position is clear: modern slavery is unacceptable. We report more detail on our modern slavery approach and performance in our [Modern Slavery Statement 2018](#).

In 2018 we worked with locally-based international NGO, Issara Institute, to begin embedding our modern slavery investigation process at a second factory in Thailand. This work is ongoing and we'll report on progress in future years. We're also working with Issara Institute to improve ethical recruitment practices in Thailand (see page 48).

We're pleased to have improved wages for homeworkers of a footwear supplier in India, with the help of Homeworkers Worldwide and Cividep ([see page 31](#)).

We also strengthened our approach to managing modern slavery risks at our UK distribution centre in partnership with the international NGO, Hope for Justice. We have continued to train our people to spot modern slavery risks and piloted an app for buyers to flag potential issues during their routine factory visits.

Embedding ethical recruitment practices in Thailand

It's common for migrant workers to be recruited for low skilled work in Thailand, often from neighbouring countries such as Cambodia and Myanmar.

Together with Issara, we've eliminated recruitment fees at one of our Thai suppliers. The factory now deals with a recruitment agency in Myanmar directly, instead of using intermediate Thai agencies. Procedures are also more clearly communicated to jobseekers and vulnerabilities are reduced.

This zero-fee recruitment approach means intermediary agents can't pass on informal fees that end up being paid by workers. More than 42 workers have been compensated more than 480,300 Thai Baht (£11,000 GBP) for recruitment costs since January 2018.



"It would be good if all the factories could practice zero fees policies so workers can go without being in debt and can support their family better. We do hope that buyers, suppliers, and recruitment agencies can work together to make this happen."

Managing Director
Recruitment Agency, Myanmar

[Assessing risk at our UK distribution centres](#)

Many of our products pass through our UK distribution centres on their journey to reach our customers. Sometimes during high season we take on extra people through agencies. Using a temporary workforce can be linked to higher risks of modern slavery.

In 2018, we partnered with a leading international slavery NGO, Hope for Justice, to review our approach. Hope for Justice conducted an in-depth review of our exposure to modern slavery risks at our distribution centre in the north-east of England.

They confirmed that we have many important policies and procedures in place, including paying all workers living wages. They also identified some improvements that we're implementing. This includes clearly referencing modern slavery in our recruitment policy and code of conduct and doing more to promote the confidential whistleblowing policy.

“Ending modern slavery is a huge challenge, but one we tackle with hope. We were pleased to find Pentland Brands has hope too – we reviewed their modern slavery policies and approach at their national distribution centre, and while we made minor recommendations on how to improve their procedures even further, overall we were impressed. We welcome their commitment to training employees and raising awareness of this issue and look forward to continuing to work with Pentland Brands, to ensure their operations and supply chains are protected from modern slavery.”

[Susan Banister](#)
[Head of Business Development](#)
[Hope for Justice](#)



Training our people

We're training hundreds of employees across our business to spot indicators of modern slavery, wherever they work, with more than 680 of our people completing online training.

Everyone in factory facing and warehouse roles receives face-to-face training and a toolkit to help them identify potential indicators of modern slavery during factory visits or in our warehouses. In 2018, we trained 172 people in these roles.

We've also introduced training to help people working in our UK distribution centres spot signs of modern slavery, where the risks could be higher than in our UK office buildings. We trained 20 managers and supervisors at three distribution centres in 2018.

Partnering with others for industry-wide change

Partnering with local experts, NGOs, and other brands and buyers remains an important part of our approach in addressing the complex, and often hidden, issue of modern slavery.

Pentland Brands is a founding member of the ACT Foundation, a partnership of brands and the global union IndustriALL that is committed to improving wages in the apparel and footwear industry.

We've adopted ACT's global purchasing practices commitments, which were launched in 2018 to create continuous wage growth and better conditions for workers. We helped develop the commitments as a member of the Foundation's Purchasing Practices Working Group. We'll implement the changes needed to fully meet them by the end of 2023, the timeline agreed by all ACT members.

We also supported ACT's work to establish country-specific sourcing commitments in 2018 for countries that are the first to engage in negotiating a collective bargaining agreement at industry level. We'll use our buying power as a brand to preferentially source from these countries.



Helping buyers spot modern slavery

It's not only trained specialists or auditors that can spot the signs of modern slavery – it can be identified by anyone that visits factories.

In 2018, we partnered with the consultancy Carnstone, and other ETI members, to pilot an app specially for buyers. Commercial teams regularly visit factories to discuss orders and production with suppliers.

The Everyone's Business app gives buyers modern slavery guidance at their fingertips. They can check the top risks in the country they're visiting, flag any issues they spot on the factory floor and share insights with the corporate responsibility team.

Promoting freedom of association in Indonesia

We've been a signatory to the Indonesia Freedom of Association (FOA) Protocol since 2011. It aims to protect workers' rights to form and join trade unions and bargain collectively for better wages and working conditions.

In 2018, we distributed the FOA Protocol's survey, which we helped to draft in 2017, to all our suppliers. The survey tracks actions factories are taking to support workers' rights. The initial results highlighted challenges that workers can face with identifying and joining unions.

We'll continue to partner with other brands to help factories implement the protocol. In 2018, five out of seven of our suppliers in Indonesia were signed up to the protocol.

Our communities

Giving back to our communities is part of who we are as a business. Pentland Brands gives at least 1% of net profit after tax to charitable causes every year through product donations and financial contributions.

We channel much of our support through global charity partnerships and many of our brands have their own community programmes that resonate with their customers and ethos. Our people also support their local communities by volunteering their time

SDG #3 Good health & wellbeing
SDG #5 Gender equality
SDG #8 Decent work
SDG #10 Reduced inequalities
SDG #12 Responsible consumption & production

Partnering for good

In 2018, we completed our three-year partnerships with the British Red Cross, United Purpose and WWF. Together, we're proud of what we've achieved in the last three years (see feature).

Our employees helped us choose these charity partners and we held a showcase at our London headquarters in April 2018 so they could learn more about what we've achieved together.

This year, we selected new charity partners, with the aim of supporting causes that resonate with who we are as a company and which have an impact in the countries where we operate.

We identified two key areas where we want to make a difference: empowering disadvantaged communities and inspiring people to get active.

Over 200 charities applied for funding for relevant projects and we asked our employees to vote on those shortlisted to select our charity partners for the next three years. Based on this selection process, we are continuing our partnership with United Purpose and entering new partnerships with four other charities: The British Council, Emerging Leaders, Panathlon and SportInspired.

Empowering girls in India to overcome gender inequality

- 6,149 girls and young women participated in sessions to educate them about women's rights and build confidence through sport
- Annual kabaddi (a contact team sport) tournaments were held to raise awareness
- Women mentors trained to become role models to the girls and provide support

Improving access to clean water in Kenya

- 195,863 people now have access to safe, clean water close to their homes
- 35 villages have been declared free of open defecation
- 15,320 schoolchildren now attend health clubs to learn about hygiene and sanitation

Protecting the endangered Javan rhino in Indonesia

- 121 new camera traps were placed to monitor the rhino population
- Over 3,295 seedlings planted to enrich the rhinos' habitat
- 6 local communities supported to create local village development plans

Our new charity partnerships

Empowering disadvantaged communities

We're working with three charity partners on projects to empower people – particularly women – in the markets we source from. Over the next three years, we aim to help 10,000 women in these markets reach their potential.

- The British Council: We'll support the development of online learning resources that enable more young people, especially women, in Thailand to access the craft sector to support economic empowerment through educational opportunities.
- United Purpose: We'll collaborate to use sport to teach employability skills to young people living in slums in Mumbai, India.
- Emerging Leaders: We'll support the delivery of leadership training that empowers factory workers to take control of their future.

We also give people opportunities to reach their potential by working at Pentland (see page 16) and we work to help young

people from all backgrounds get into creative careers.

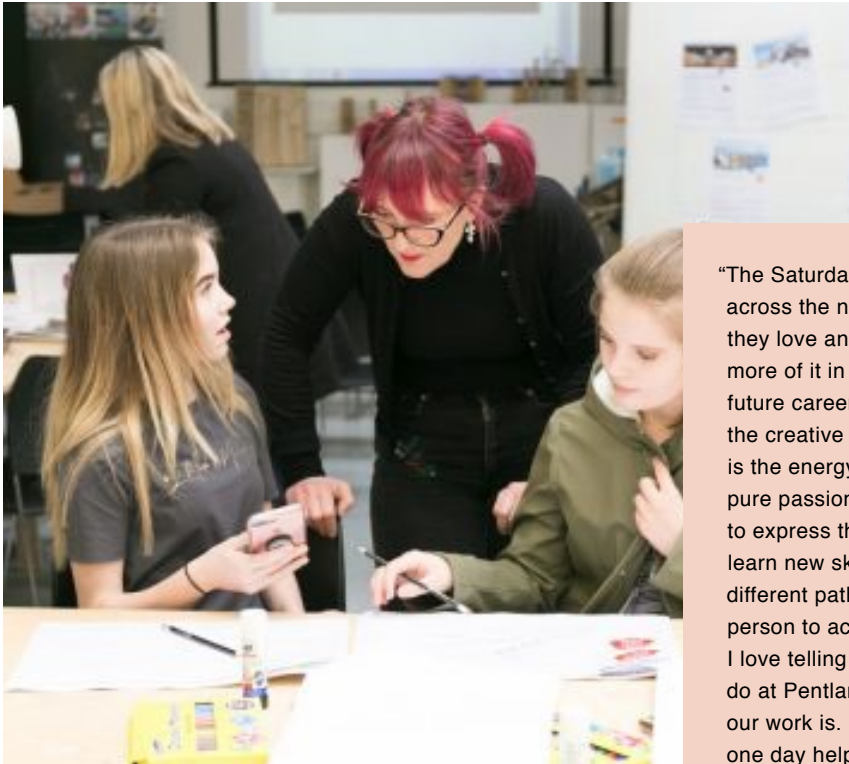
In 2018, we committed to donate £10,000 to the Sorrell Foundation's Saturday Club Trust, an organisation that offers 12-16 year olds a free opportunity to explore subjects they love. We've been running an annual creative masterclass with the Saturday Club for the last eight years.

Inspiring young people to be more active

We want to help more people get fit and stay healthy. Over the next three years, we aim to inspire 5,000 young people in the UK to be more active through our charity partnerships.

- Panathlon: We'll help Panathlon expand its swim programme for young people with disabilities to involve over 5,000 disabled swimmers and more than 1,000 young leaders over three years.
- SportInspired: We'll support sports festivals and outreach programmes in Blackburn, London, Nottingham and Sunderland to help tackle childhood obesity in disadvantaged communities through fun and inclusive sports programmes for schools.





“The Saturday Club allows young people across the nation to discover something they love and find out how they can do more of it in further education and their future careers. The best thing about the creative masterclasses we support is the energy, which comes from the pure passion of young people excited to express themselves, share ideas and learn new skills. There are so many different paths you can take as a young person to achieve a career in design, and I love telling people more about what we do at Pentland Brands and how rewarding our work is. I truly believe that spending one day helping a young person discover something they love can be enough to change their life.”

[Katie Greenyer](#)

[Creative Talent and Network Director,
Pentland Brands](#)

Working with others in the sporting goods industry
We're working with industry partners to promote physical activity through our involvement in the World Federation of the Sporting Goods Industry (WFSGI). We're vice-chair of its Physical Activity Committee, which aims to bring companies together to tackle physical inactivity and obesity.

Pentland Group Chairman, Stephen Rubin, is Honorary President of the WFSGI, and Pentland Brands Chair, Andy Rubin, is European Vice President. We also sit on its Corporate Responsibility, Aquatics, International Sports Organisations, Legal and Trade committees. We submitted a report on progress in our corporate responsibility activities to the WFSGI in September 2018 and renewed our commitment to abide by its Code of Conduct.

Using our brands to make a positive difference in society

Our brands are also helping more people get active through their own charity partnerships.

Canterbury

Canterbury partners with England Rugby on the All Schools programme that aims to get more kids playing rugby. In 2018, 65 schools enrolled in the programme and children participating in Canterbury's kit workshops had the chance to learn about the England rugby shirt and design a bespoke playing shirt for their school based on the school's values. Canterbury put the designs into production and the children unveiled their designs on the pitch at Twickenham before the England vs Italy Six Nations game in March 2019.



Speedo

Speedo's Swim Generation programme offers training and support to improve water safety worldwide. It reached over 60,000 people in six countries in 2018 alone. This year, Speedo also sponsored endurance swimmer Lewis Pugh on his challenge to swim 560km along the coast of the English Channel. As the UN Patron of the Oceans, he aims to raise awareness of how we can preserve our oceans for future generations.

Berghaus

Berghaus supports charity partners that align with its outdoor ethos, including the Outward Bound Trust, John Muir Trust and European Outdoor Conservation Association. The brand also has its own social club for employees that raised money in 2018 to help Useful Vision, a charity which gives visually impaired children the opportunity to go indoor rock climbing with specialist instructors and exclusive access.



Endura

Endura has donated bib shorts, jerseys, hats and socks to Rouler pour le Rwanda (Ride for Rwanda), an organisation that aims to support young African cyclists in establishing a professional career. It also supports the Endura Lifecycle Trust, which maintains five kilometres of forest trails in Scotland and runs sessions that give local schoolchildren and people from disadvantaged backgrounds the chance to experience mountain biking.

SeaVees

SeaVees is committed to giving 1% of net sales to support environmental causes, as part of the '1% For The Planet' initiative. In 2018, these funds went to environmental organisations working near its base in Santa Barbara, California, including:

- Santa Barbara Channelkeeper, which aims to protect and restore the Santa Barbara channel and its watersheds.
- Channel Islands Marine and Wildlife Institute, which focuses on marine mammal rescue, rehabilitation, research and education to promote ocean and human health.
- Los Padres ForestWatch, which protects wildlife, wilderness and clean water throughout the Los Padres National Forest.

Donating products to those in need

We partner with In Kind Direct to help channel our donations of surplus stock to good causes. Since 2000, we've donated a total of £2.8million in estimated retail value of products.

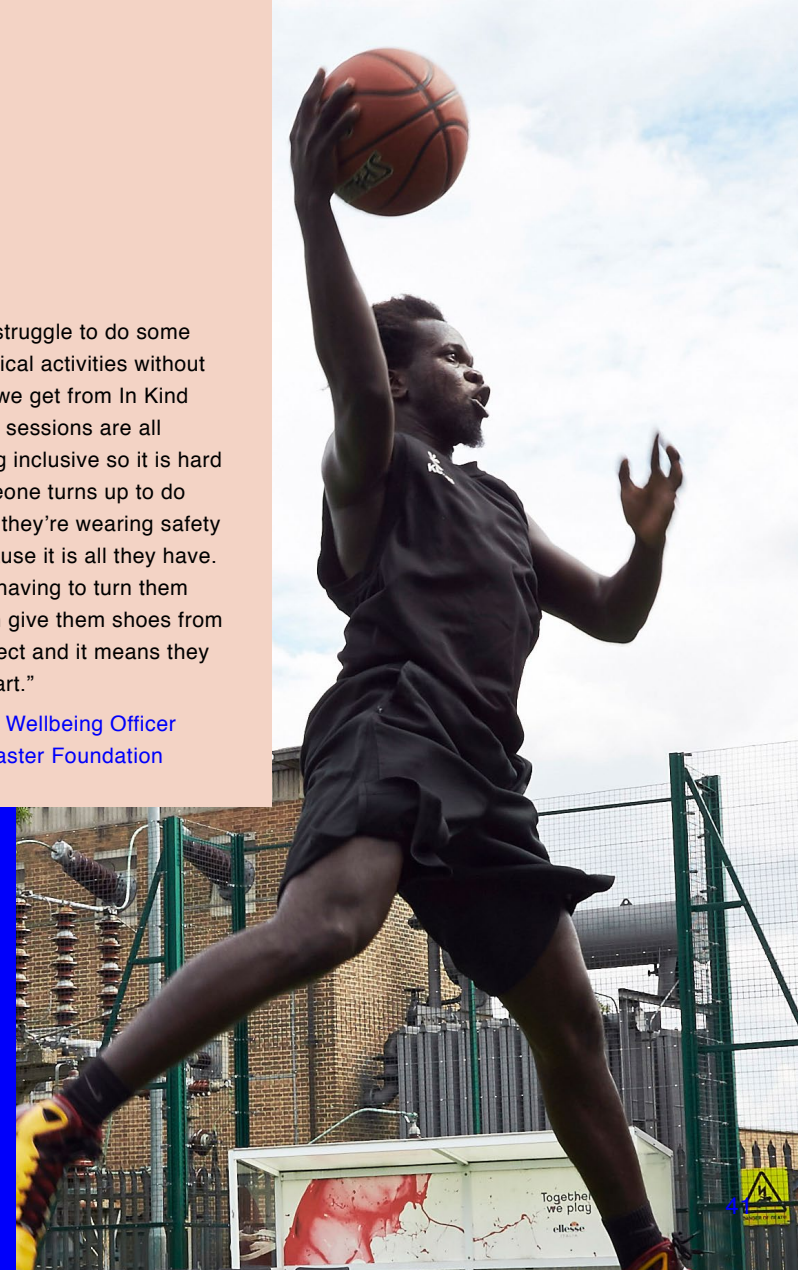
Over 520 charities benefited in 2018 alone, including community organisations focusing on youth care, family welfare, disability and homelessness. For example, Kickers shoes went to Club Doncaster, a foundation that aims to motivate people of all ages and background to engage in physical activity, training and education (see quote).

We also donated products worth over £10,000 this year to SportsTraider, a charity that gives young people across the UK the opportunity to take part in sport. In December 2018, we ran a campaign at our sites in London, Nottingham and Sunderland to encourage employees to donate outgrown or surplus sports kit to SportsTraider's KitAmnesty. In the US, SeaVees donated around 1,500 pairs of shoes to people who lost their homes or were displaced as a result of wildfires in California in 2018.

Surplus stock and worn returns from some of our footwear brands are given a new lease of life through the social enterprise Africa Shoes. In 2018, we used this service to extend the life of over 23,000 pairs of shoes and 13,000 single shoes. The shoes go to entrepreneurs in Africa who earn a living by recycling and selling them on to people who need them – at a fraction of the cost of new shoes

"We would struggle to do some of the physical activities without the things we get from In Kind Direct. Our sessions are all about being inclusive so it is hard when someone turns up to do sports and they're wearing safety boots because it is all they have. Instead of having to turn them away, I can give them shoes from In Kind Direct and it means they can take part."

[Health and Wellbeing Officer](#)
[Club Doncaster Foundation](#)



Giving back in local communities

Our people want to give back to their communities and we help them do that through volunteering days and matched giving to top up their fundraising.

Everyone has an opportunity to get involved through our annual Give Back Days. Teams across the business choose a local cause that matters to them and spend a day helping out. It's good for communities and it's great for building teamwork skills too.

In 2018, our Give Back Days around the world included clearing rubbish from beaches, parks and river banks, helping out at animal refuges, collecting toys for a children's charity and keeping elderly people company (see quotes)

When our people go the extra mile to raise money for charity, we offer matched funding to increase their donations. We've expanded our offer to allow employees in the UK to apply for matched funding of up to £500 if they are fundraising for one of our charity partners, or up to £250 for a charity of their choice.

In 2018, we donated over £4,000 in matched funding to recognise the efforts of 17 Pentland employees. Fundraising challenges included running, cycling, walking, skydiving, obstacle challenges, baking and growing moustaches.

Through our new partnership with Lendwithcare, we are also giving employees globally the opportunity to support entrepreneurs in emerging markets with microloans to help them start or expand their business. We'll be rolling this out in 2019.



"A team from the Shenzhen office went to clean up the green way along Dameisha beach. There are lots of cigarette butts, food packaging bags, bottles and all kinds of plastic garbage scattered in the grass and bushes. This is not only a serious visual pollution, it's also causing damage to the earth beyond our imagination. It was cold and windy at the beach but we were very happy to do something together to support environmental protection."

[Frank Ning](#)
[Shenzhen, China](#)



"We worked within some of our local Auckland communities, assisting with the elderly in residential retirement homes. Activities included spending time with the residents by way of conversation, games, walks and other fun interactive activities, distributing lunches and assisting with landscaping in the grounds. It was great to see Canterbury employees so engaged, whether on the end of a spade or the end of a knitting needle. The residents shared some incredible stories with the team!"

[Andrea Hardy](#)
[Canterbury, New Zealand](#)

3.0

Corporate responsibility at JD Sports Fashion plc



Ethical sourcing

JD Sports Fashion plc (JD) is a separate publicly listed company and reports on its corporate responsibility approach and activities in its own Annual Report. As majority shareholder, we provide a summary here.

JD will only work with suppliers who comply with its Code of Conduct and are committed to working to its minimum standards, which are in line with the International Labour Organisation.

Policies on ethical sourcing are reviewed on a regular basis. JD continually assesses factory ethical and quality management and works with suppliers to improve conditions in its factories. The health and safety of workers is paramount in all areas of its business, direct or otherwise.

In 2018, JD worked with a third party auditor to widen the scope of its ethical audit to include modern slavery indicators. These welfare assessments will be separate from the ethical audits and will focus on workers and their rights. The assessments will identify risks and non-compliances, implement practical actions and offer further support and engagement on improvement. The initial focus will be in China with a plan to extend the assessment to other countries over the next 12 months.

The company continued efforts to establish transparency in the supply chain and completed mapping to its 4th tier private label manufacturing base in 2018. 86% of the factories used by the JD Group were audited by third party accredited audit companies. The remaining 14% didn't require an audit.

People

JD aims to attract, develop and engage committed and talented people so that they choose to grow with the company throughout their careers. It aims to ensure that its teams feel listened to, involved and supported through regular communications and activities such as open door sessions, employee forums, working parties and internal social networks.

To empower employees to be the very best at what they do, JD has a learning and development structure that covers every part of the business. Over 200 e-learning modules are available to improve and refresh knowledge and skills, and over 7,000 hours of face-to-face training were delivered in 2018 through JD's Academies, leadership programmes, management courses, junior management development sessions and bespoke workshops. JD has 70 apprentices studying towards accredited qualifications and aims to grow this number in 2019.

JD is committed to ensuring its people are treated equally regardless of gender, marital status, sexual orientation, age, race, religion, ethnic or social origin or disability. As at 2 February 2019, women represented 48% of employees and 29% of senior management (compared with 48% and 24% the previous year).

The company is fully committed to continuous health and safety improvement, and defines clear individual responsibilities and duties to maintain safe and healthy working conditions. It also provides health checks and support for employees to adopt healthier lifestyles

Environment

JD has made a series of step changes to improve its management of environmental impacts now and in the future. This progress is reflected in the latest report from the Carbon Disclosure Project (CDP) in January 2019, which saw the company's score improve from a D to a B, outperforming both the retail and regional sector average score of B-.

In 2018, JD introduced a formal environmental management system (EMS) for its core UK operations that supports continuous improvement in energy use, business travel, carbon emissions, water use, waste and recycling. A dedicated EMS team of operational employees and specialist consultants will assist with the development of the system.

The company's carbon management programme focuses on improving energy efficiency and purchasing renewable electricity wherever possible. In 2018, 85% of its electricity came from renewable sources globally, including 100% of electricity used in Belgium, Denmark, Ireland, Italy, the Netherlands, Sweden and the UK. Comparable total emissions have remained relatively stable in 2018 when measured against equivalent store volumes for the previous year.

JD has also taken steps to improve recycling by expanding use of dry mixed recycling, increasing recycling of cardboard and identifying further opportunities to reduce the volume of waste sent to landfill from stores and distribution centres.

Through its retail stores, JD is tackling plastic waste by encouraging customers to re-use bags. The JD fascia is known for its high quality, durable drawstring duffle bags. The bags themselves are made from 33% recycled material and their re-use is visually evident from the high street to the high school. The Blacks and Millets fascias have now ceased production of plastic customer bags and changed to an attractive paper design to encourage further re-use.

JD Foundation: changing lives, saving lives

The mission of the JD Foundation is to support charities working with disadvantaged young people in the UK.

The JD Foundation has raised £2.5m to support charities since it was established in 2015. In 2018, it supported 13 charities with a focus on physical health, mental health and homelessness, including:

- Donating a percentage of the proceeds from the sale of carrier bags in England, Wales and Scotland to Mountain Rescue England & Wales and Scottish Mountain Rescue.
- Helping Depaul provide emergency accommodation for homeless young people in crisis through its Nightstop service in the UK.
- Donating to Cardiac Risk in the Young to hold screening days for more than 1,000 14 to 35-year-olds to get health screening for undetected heart defects.

Finish Line Youth Foundation: 20 years of giving back

US-based retailer Finish Line became part of JD Sports Fashion plc in 2018

The Finish Line Youth Foundation strives to make a difference in the lives of disadvantaged youth and people with disabilities in the communities where its employees and customers live, work and play.

As a US national partner of the Special Olympics and Boys & Girls Clubs of America, the Foundation provides premium sneakers for competition, career readiness programmes, and the dedication of employee volunteers nationwide. Since its inception in 1998, the Foundation has donated more than US\$21 million to these initiatives and other youth causes across the US.



Pentland Brands

Lakeside

Squires Lane











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To find out more about CR at Pentland Brands,
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