

DECATHLON

SUSTAINABILITY

HUB
Industrial Performance



**To decarbonize our
supply Chain**

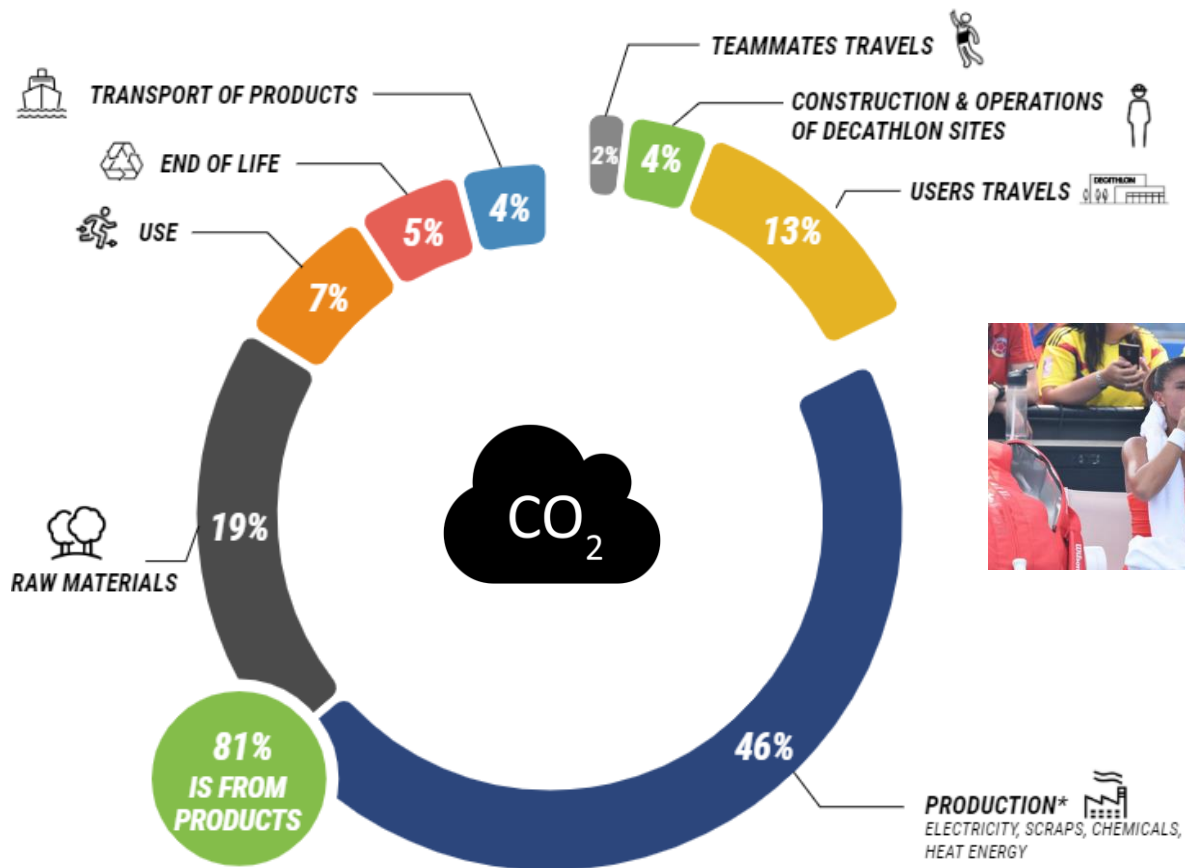
This presentation is confidential - no data are allowed to be used for any purpose without Decathlon agreement

Decathlon's purpose :

*“To **sustainably** make the benefits and pleasure of sport accessible to the many.”*

DECATHLON

Emissions CO2 Decathlon 2018



Acting with our suppliers in 3 steps



MEASURE



CO2 Monitoring in Resource Advisor

Target united : 100% Partner & KAS monitor their CO2 Emissions now



SET THE GOOD TARGET



CO2 Target aligned with Science Based Target

Initiative

Target united : 90% suppliers set their own CO2 Target following SBT initiative on Scope 1&2



REDUCE



Energy efficiency action plan

Renewable Energy

Target united : 100% Renewable Electricity consumed by Partners by 2026



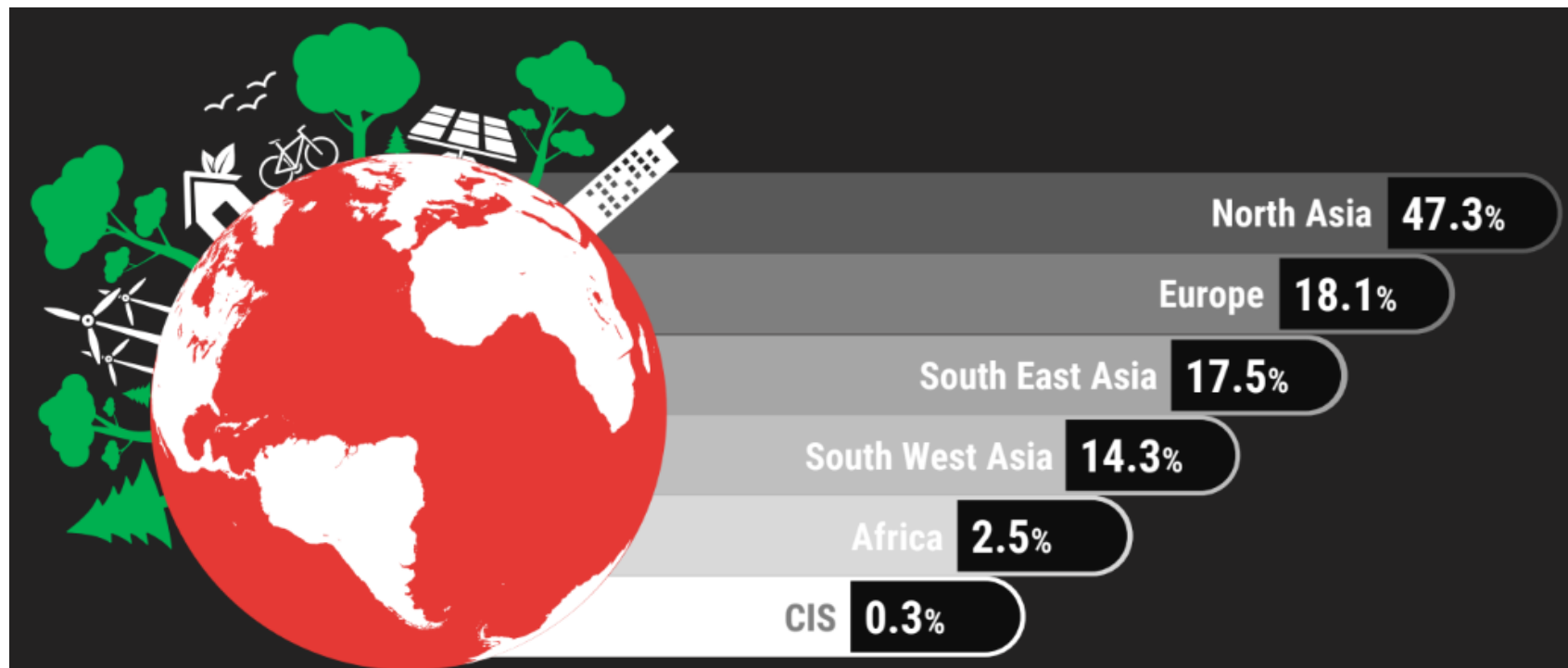
Stop Coal

Target united : Stop using coal Rank 1&2 before end 2025

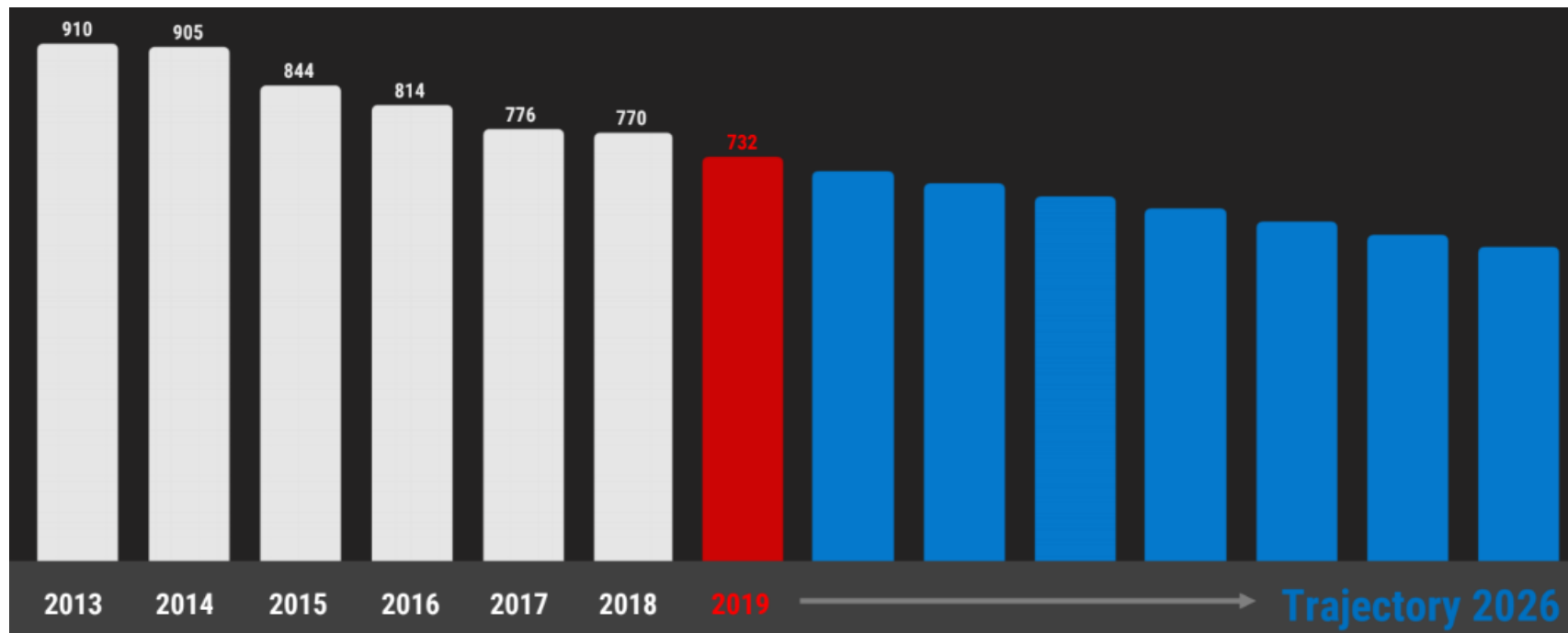


United Nations
Climate Change

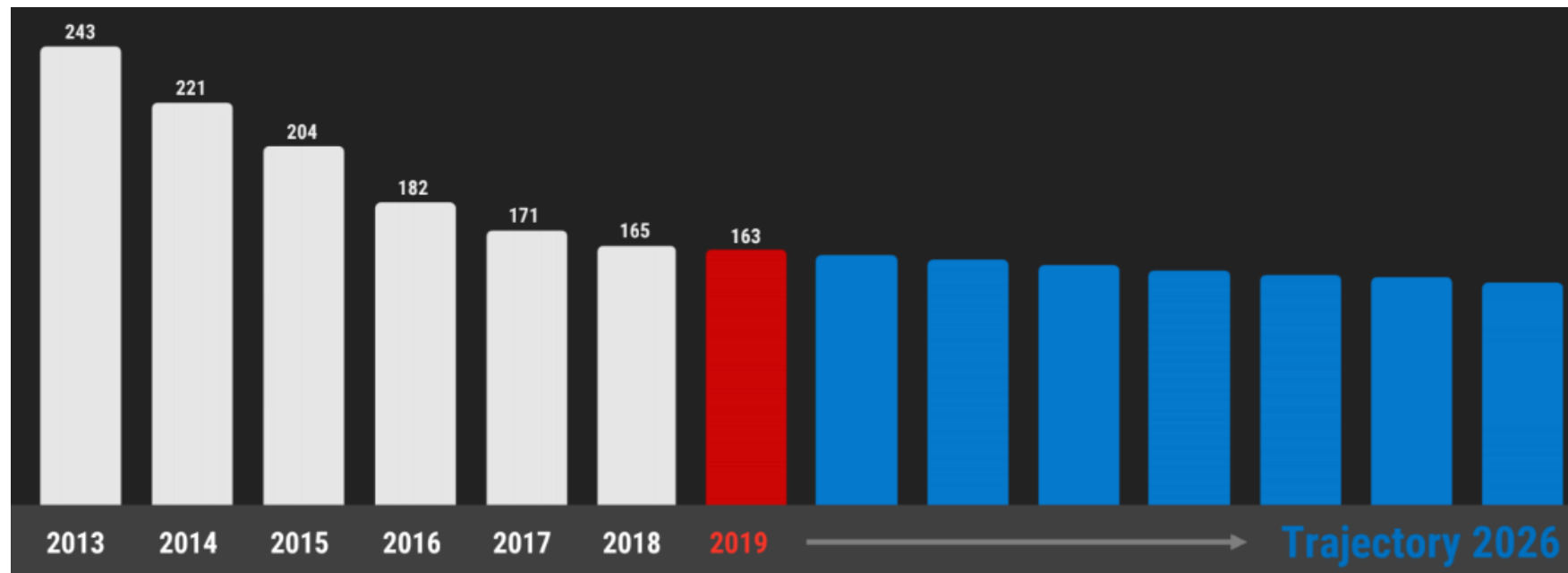
Purchasing Locations



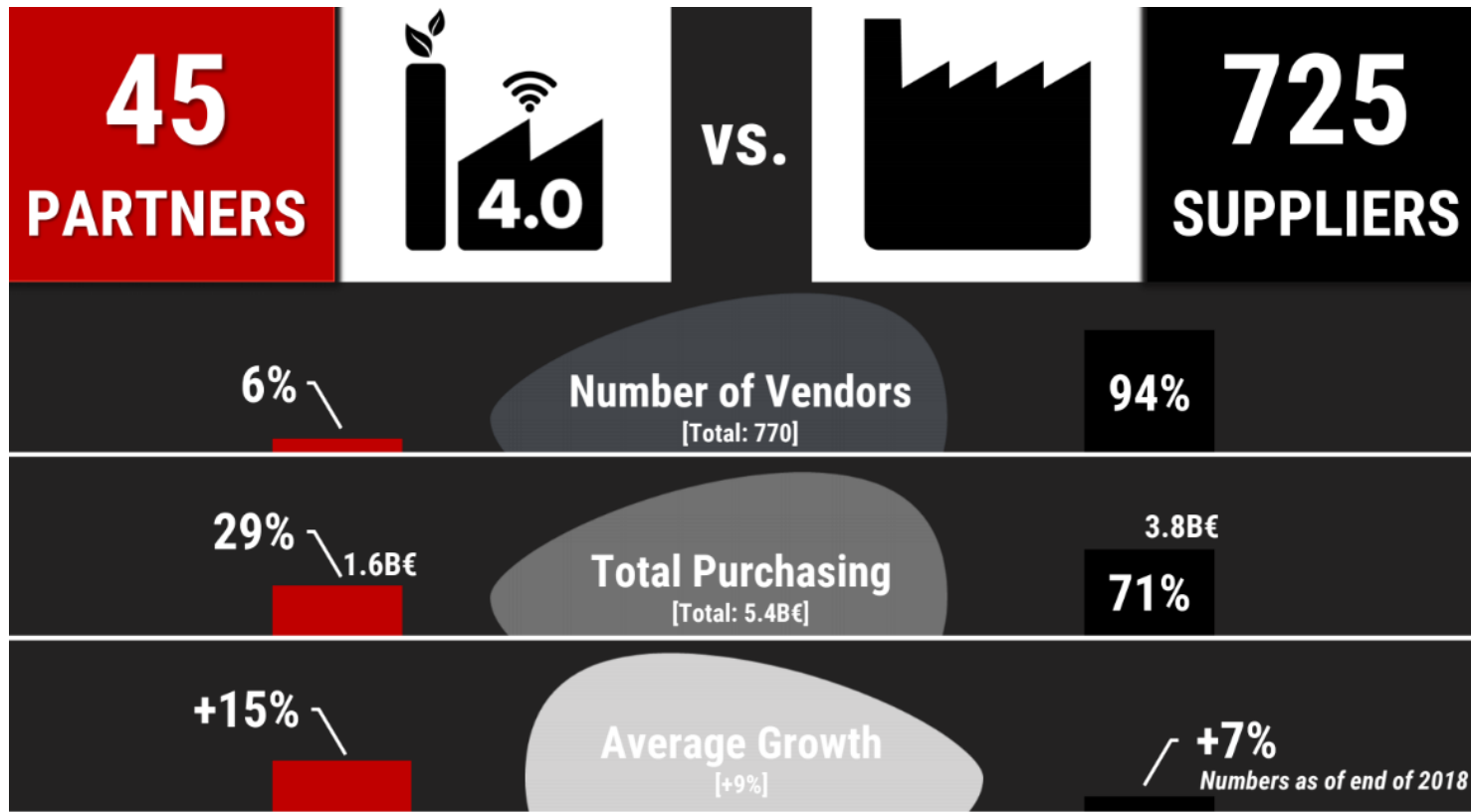
Number of suppliers = 732



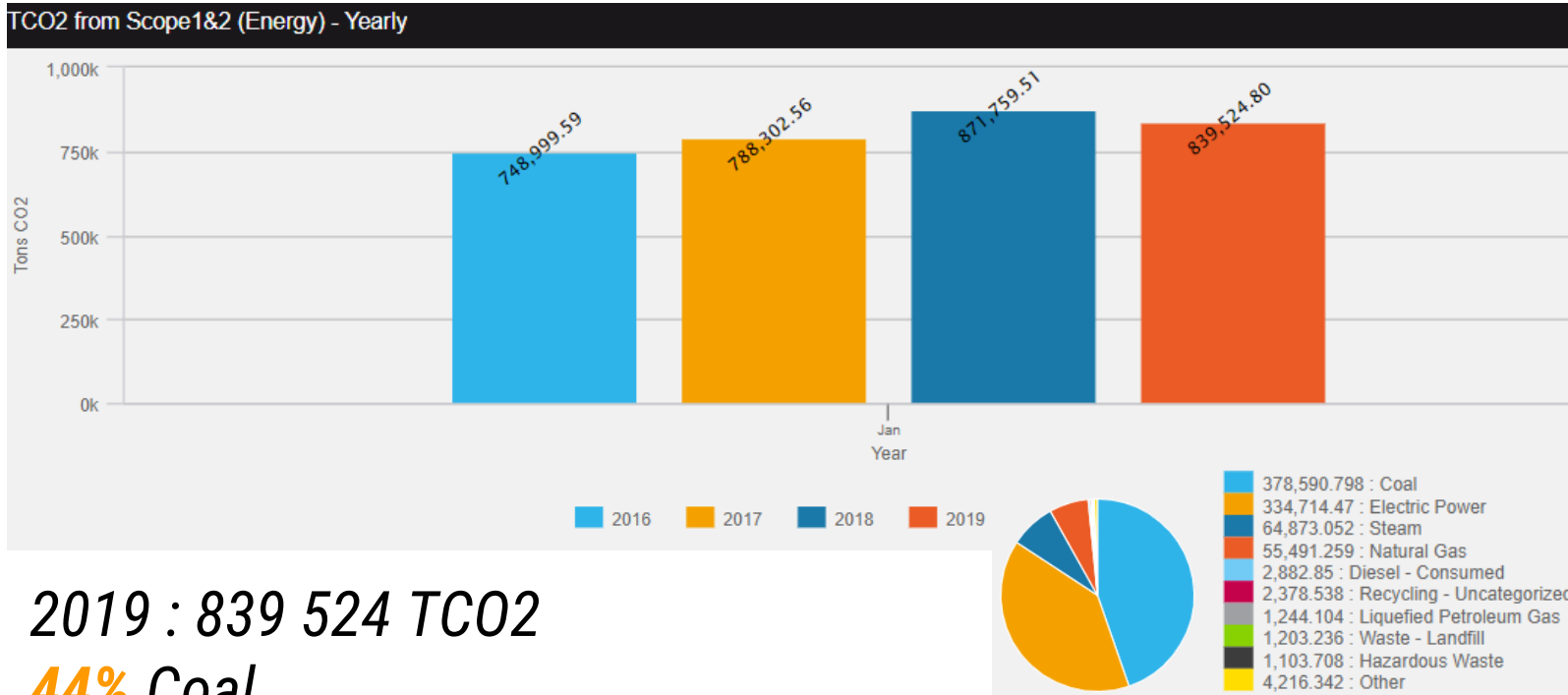
Number of suppliers doing 80% of our activity



Partnership Strategy



Partners Impact



2019 : 839 524 TCO2

44% Coal

39% Electricity

Globally > 250 suppliers monitor

Partners Electricity consumption

Maximum : ~42 GWh / year

Minimum : ~0,3 GWh / year

HIGH CONSUMERS

Component : Yarn, Dyeing, Zipper, Rubber

> Consumptions : > 7-30 GWh / year

Priority 1 : Stop coal, Boiler efficiency, Steam & hot water, process efficiency

Priority 2 : Renewable Electricity, Air compressed

LOW CONSUMERS

Finish Good : Assembly > Consumptions : > 0,5-7 GWh / year

Priority : Renewable Electricity, Air compressed efficiency, HVAC, lighting



MEASURE

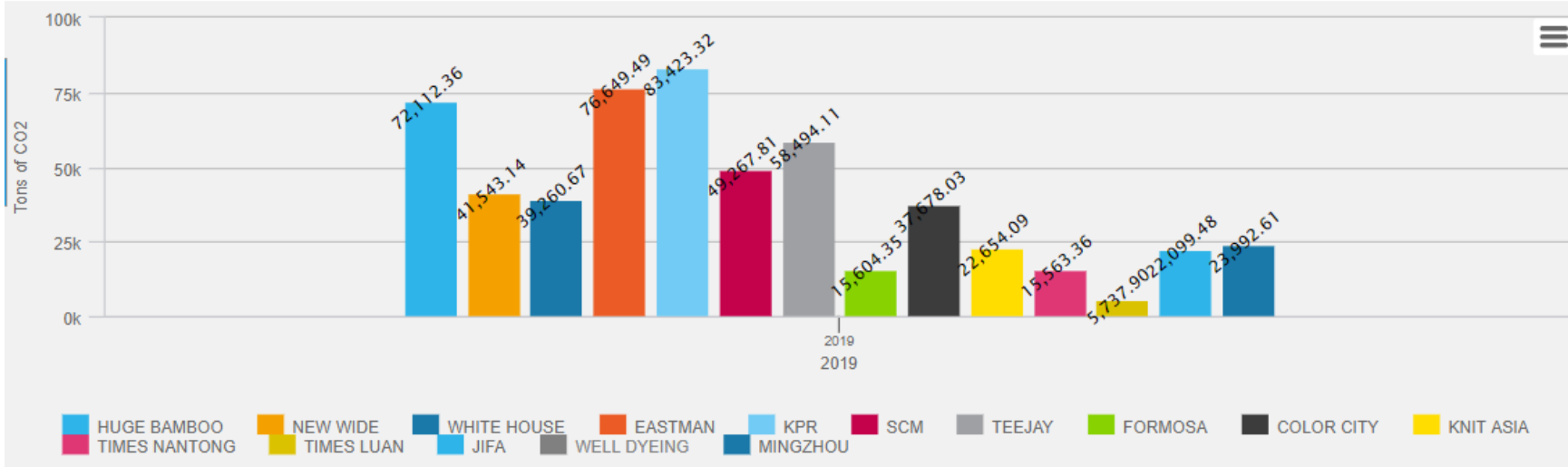


CO2 Monitoring in Resource Advisor

Target united : 100% Partner & KAS monitor their CO2 Emissions now



Total CO2 from Energy - 2019

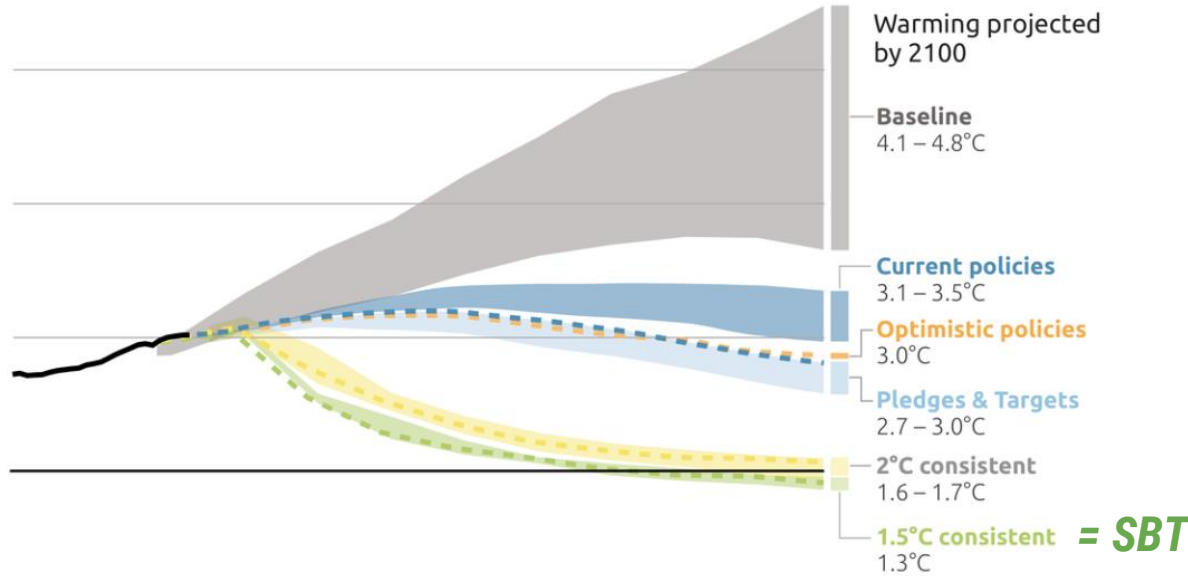


2.

SET THE GOOD TARGET



CO2 Target aligned with Science Based Target Initiative
Target united : 90% suppliers set their own CO2 Target following SBT initiative



3.

REDUCE > Energy efficiency action plan

SI No.	Measure	Projected Timeframe (months)					
		1-6	7-12	13-18	19-24	25-30	31-36
1	Installation of solar power with net metering system						
2	Installation of servo motor replacing clutch motor in sewing machine						
3	Compressed air pressure reduction from (6.5 - 7.5) bar to (5.5 - 6.5) bar						
4	Periodic leak test of compressed air line and repair of leaks						
5	Installation of air trigger nozzle at open air hose pipe						
6	Switch off unnecessary lights & fans						
7	Installation of new spot light to replace damaged & some working LEDs						
8	Rainwater harvesting						
9	Installation push taps by replacing regular taps						
10	Installation of water trigger nozzle at open water hosepipe						
11	Installation of G-traps in steam iron						
12	Bare valve insulation of main steam header						
13	Insulation of boiler rear side						
14	Condensate recovery tank insulation						
15	Flash steam recovery with new metal boiler feed water tank						



Renewable Energy

Target united : 100% Renewable Electricity consumed by Partners by 2026



Energy Attribute Certificates

- The way clean energy use is tracked and traded
- RECs, GOs, I-RECs, TIGRs, etc.
- Necessary to make environmental claims
- Unbundled vs. Bundled
- Short-term Green Tariffs
- In non-US context this opportunity represents only unbundled EACs
- Differ based on technology and location of production and, in some cases, other factors (additionality)



Supplier Green Tariffs

- Availability and characteristics vary by region
- Variety of models : bundled power & EACs; subscriber program (share of utility PPA); direct PPA
- typically comes with additional cost on top of regular electricity cost (may provide savings against utility in newly deregulated US markets)
- In European context Standard and Premium tariffs exist that differ on source of power, type of bundled EAC provided, price, etc.



Onsite/Distributed Generation

- Direct reduction of purchased electricity and Scope 2 emissions
- High visual appeal
- Hard to achieve scale
- Fixed to real estate portfolio
- Requires land/facility ownership or owner's cooperation
- Virtual Net Metering possible in certain markets
- Outright ownership requires CAPEX
- Lease, or onsite PPA circumvent the need for CAPEX



Offsite Generation

- Typically large scale purchases of utility-scale projects
- Long-term Green Tariffs
- Power Purchase Agreements (PPAs - Virtual, Direct, Retail)
- Achieves additionality and scale
- Usually includes EACs
- Removes the need for CAPEX
- Allows for load aggregation

Around 5% renewable for Partners (onsite+iREC)



REDUCE



Stop Coal

Target united : Stop coal onsite Rank 1&2 2025



COAL USE STAKES in supply chain

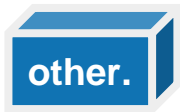
IPCC* report : rapid phase out of coal is critical : **peak 2020 !**
Completely eliminated in 2040



United Nations
Climate Change

No installation of new coal-fired boilers or other sources of coal-fired heat and power generation on sites within Tier-one and Tier two suppliers for 2025
= STOP COAL

Replacement by sustainable biomass
At least gas in a 1rst phase



STRATEGY

- > *CO2 as a reward*
Carbon Index, e-TCO, Sustainable Supply Chain Financing

Carbon Index

- > *Studying a new index to compare suppliers strategies on Climate*

e-TCO

- > *e-TCO new tool coming to calculate cost / model including CO2 indicator*

Sustainable Supply Chain Financing Program

- > *Program to help suppliers to get better financing program including Sustainable Development indicators*

Challenges



FACTORY SIZE

> *High variability on the product made = wide supplier panel and priorities*



LAWS & REGULATIONS

> *Different in all countries and renewable availability (PPA, EAC, Onsite)*



INVESTMENT

> *Onsite has an average 7-12 years payback time, people and investments are still thoughts short term ! same for PPA*



ENERGY EFFICIENCY SOLUTIONS

> *Decathlon didn't find a good way to act globally on this topic*

How to more collaborate and deploy onsite in other countries ?

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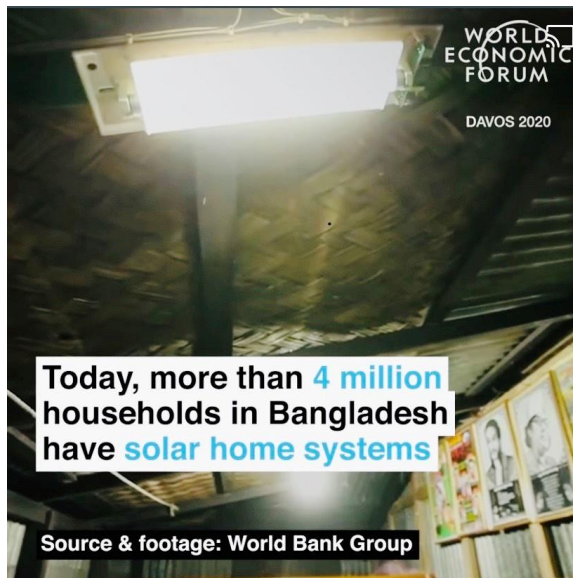


*To decarbonize our
supply Chain*

Focus on Bangladesh



Bangladesh...The Country Of Opportunity



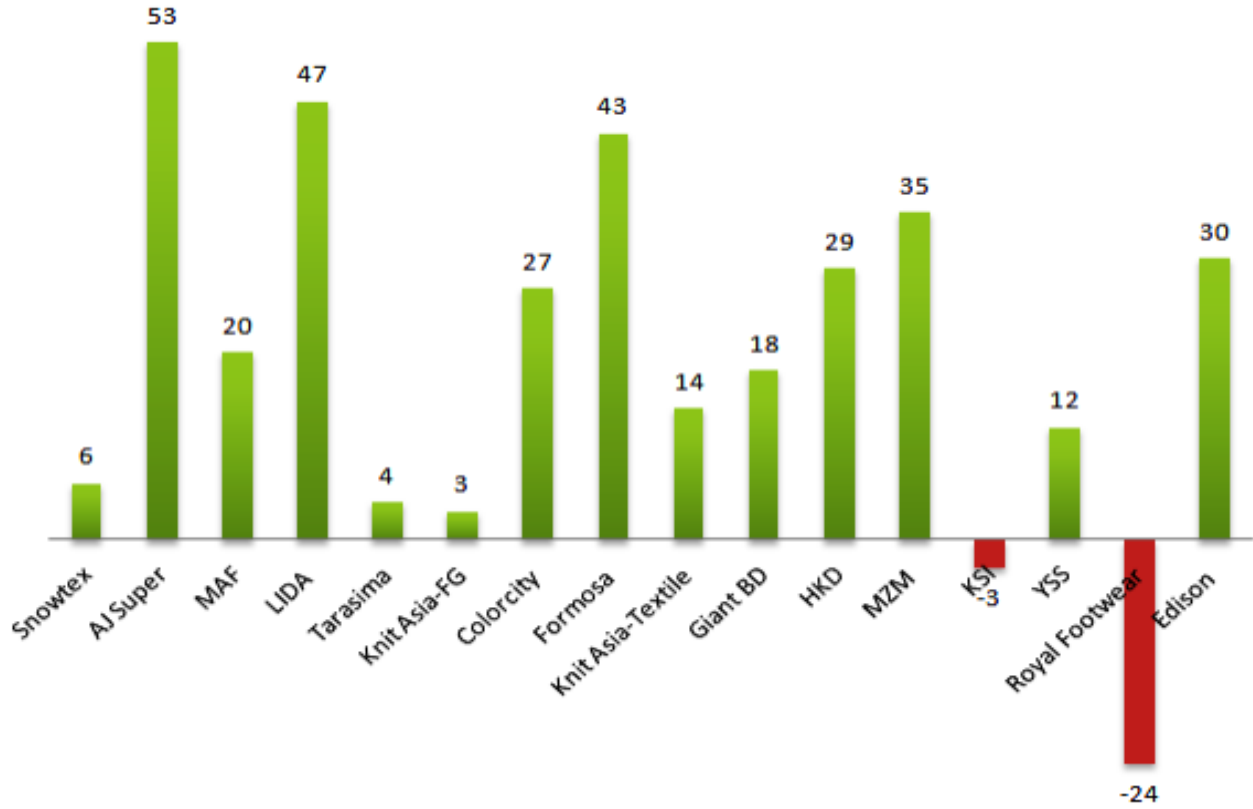
Our suppliers in the project 2019

- 1. Snowtex Outerwear Ltd.***
- 2. AJ Super Ltd.***
- 3. HKD Outdoor Ltd.***
- 4. Knit Asia Ltd. (Textile Unit)***
- 5. Knit Asia Ltd.(RMG Unit)***
- 6. Color City Ltd.***
- 7. Formosa Poly Cotton Ltd.***
- 8. MAF Shoes Ltd.***
- 9. Karnaphuli Shoes Industries Ltd.***
- 10. LIDA Textiles & Dyeing Ltd.***
- 11. Avery Dennison Ltd.***
- 12. Mainetti Packaging Bangladesh***
- 13. MZM Textile Ltd.***
- 14. SRS – Tarasima***
- 15. SRS – CKDL***
- 16. Royal Footwear Ltd.***
- 17. Giant BD Ltd.***
- 18. Edison Footwear Ltd.***
- 19. Young-One Sport Shoes Ltd.***
- 20. U.F.M (BD) LIMITED***
- 21. Rangpur Metal Industries Ltd. (RFL-Bikes)***



Energy Efficiency

CO2 reduction rate compared to 2016





Renewable Energy

Renewable Energy Feasibility Study

Signed MOU with



Arranged Workshop for:
35 participants
15 Suppliers (Partner & KAS)

To discuss on the details of the Feasibility Study

Electricity Consumptions of our suppliers

	Supplier Name	Yearly Elec. Demand (MWh)
1	Snowtex Outerwear Ltd.	4332
2	Silk Route Sourcing-Tarasima Site	8936
3	Silk Route Sourcing-CKDL Site	840
4	AJ Super Ltd.	1918
5	HKD Outdoor Ltd.	4579
6	Knit Asia Ltd. (Textile Unit)	12144
7	Knit Asia Ltd.(RMG Unit)	2193
8	Color City Ltd.	52883
9	Formosa Poly Cotton	6826
10	MAF Shoes Ltd.	13554
11	Karnaphuli Shoes Industries Ltd.	11286
12	LIDA Textiles & Dyeing Ltd.	5198
13	Avery Dennison Ltd.	9259
14	Mainetti Packaging Bangladesh	6540
15	MZM Textile Ltd.	882

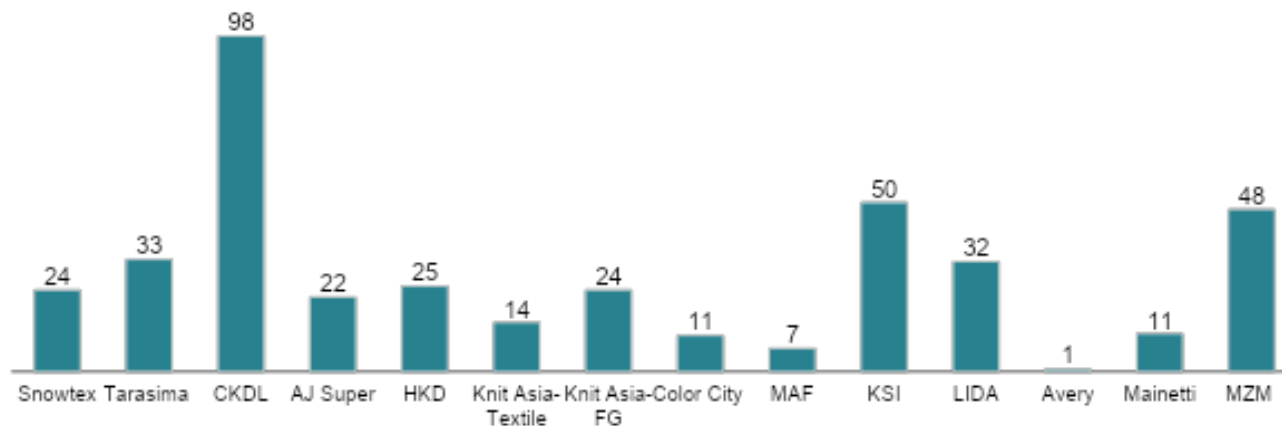
Total Demand : 141 370 MWh/year

Initial Survey report summary

	Supplier Name	Yearly Elec. Demand (MWh)	Feasible RE (MW)	Yearly RE Generation (MWh)
1	Snowtex Outerwear Ltd.	4332	0.74	1036
2	Silk Route Sourcing-Tarasima Site	8936	2.6	3640
3	Silk Route Sourcing-CKDL Site	840	0.598	837.2
4	AJ Super Ltd.	1918	0.3	420
5	HKD Outdoor Ltd.	4579	0.82	1148
6	Knit Asia Ltd. (Textile Unit)	12144	1.25	1750
7	Knit Asia Ltd.(RMG Unit)	2193	0.375	525
8	Color City Ltd.	52883	4	5600
9	Formosa Poly Cotton	6826	0.2	280
10	MAF Shoes Ltd.	13554	0.66	924
11	Karnaphuli Shoes Industries Ltd.	11286	4	5600
12	LIDA Textiles & Dyeing Ltd.	5198	1.2	1680
13	Avery Dennison Ltd.	9259	0.05	70
14	Mainetti Packaging Bangladesh	6540	0.52	728
15	MZM Textile Ltd.	882	0.3	420

Total Feasible Electricity Generation from Roof top Solar PV : 24 658 MWh/Year





Initial Survey report summary



Graph showing feasible % of Electricity from rooftop Solar PV

Bangladesh Path Forward



 Offsite	<ul style="list-style-type: none">• Not available
 Onsite	<ul style="list-style-type: none">• Recommended for any site where project meets internal IRR standards
 EACs	<ul style="list-style-type: none">• Not recommended at this time as I-RECs from India are not currently accepted by RE100.• Recommended to monitor changes to RE100 single market boundary guidelines.
 Utility/ Supplier	<ul style="list-style-type: none">• Not available

Countries studied : Turkey, Bangladesh, Vietnam, India, Portugal

Bangladesh: Ecosystem Summary Slide

There is a strong ecosystem for procuring renewables in Bangladesh



Energy Market

A large portion of the population does not have access to electricity. Demand is expected to increase as electrification efforts continue.

Power generation has grown significantly from 2009 to 2018 with further supply planned.

Government-owned companies dominate most of the electricity sector, from the generation companies, transmission grid, to the distribution utilities.



Policy & Incentives

5% renewable by 2015 and 10% by 2020 were targeted by a 2008 law. The 2015 target was missed and the 2020 target will be a challenge to meet.

Other renewable energy targets have also been set primarily for solar & wind resources. Land constraints however present a challenge for the market.

Some support given to onsite solar through a grid connection requirement and net metering program.



Renewable Resources

530 MW of renewables installed to date, split between hydro and solar energy.

An additional 600 MW in 2019 and 1.1 GW in 2020/2021 are expected by the government of renewable energy.

The country has high potential for solar, wind, and bio-energy resources.

Global Brand initiative - UNFCCC Fashion Charter

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United Nations
Climate Change



Gap Inc.

INDITEX

Countries to be covered: Bangladesh, China, Vietnam, Italy, Indonesia and Cambodia

Main Intervention: To have an overview on the **existing solutions and challenges on RE & EE**. Key messages will be addressed to **policy makers or local NGO and UNFCCC**.

Global Brand initiative - UNFCCC Fashion Charter

Tax Incentives from Government for Renewable Energy:

- Private Power generation Companies are exempted from payment of Income tax for **15 years**.
- **Expats** employed on those companies get exempted from payment of Income tax for **3 years**.
- Tax exemptions on interest on **foreign loans**.
- Tax exemptions on Capital Gains from **transfer of shares**.
- Import duty and VAT exemption on **spare parts** (10% of plant cost)
- Import of solar panels exempted from **15% VAT**

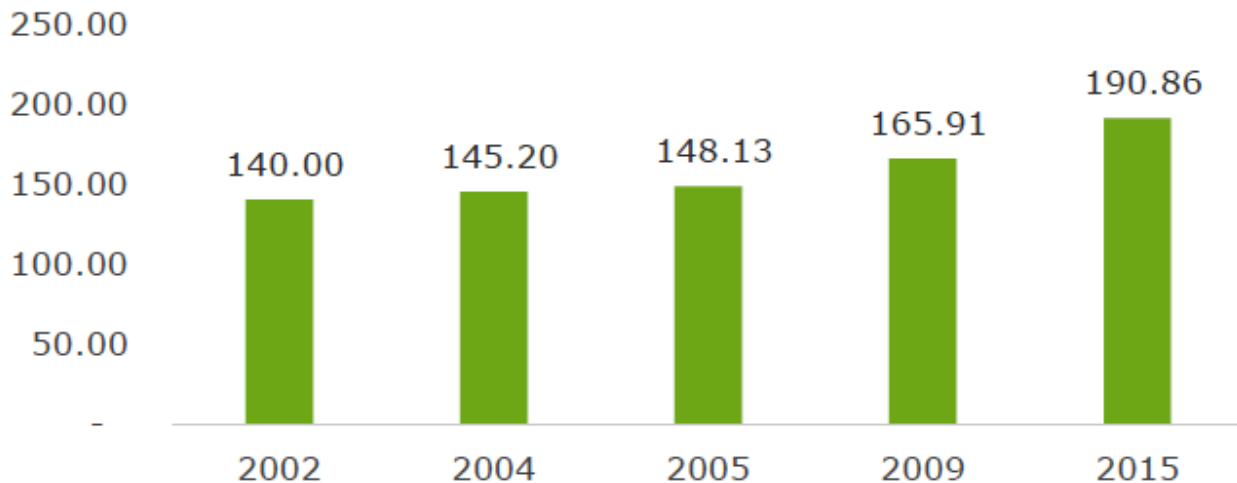
Global Brand initiative - UNFCCC Fashion Charter

Challenges for RE Expansions:

- Policy support to **acquisition of land** is required for ground mounted power projects. No **agricultural land** can be used for solar power project.
- **Green financing** opportunities are there, Inefficiencies in processing time for bid documents make them unattractive sources.
- No proper mechanism to connect industry with larger **off grid, PPA or EAC**.
- **Subsidized Natural Gas** is greatly influencing the business case for renewable.
- In the present context in Bangladesh, the rooftop solar projects are implemented mainly under the **CAPEX model**.
- **Carbon Tax** is under discussion for the past few years, nothing implemented yet, and **fossil fuels are still subsidized**.
- **5% renewable by 2015** and **10% by 2020** were targeted by a 2008 law. The 2015 target **was missed** and the **2020 target** will be a challenge to meet.

Natural Gas Is A New Challenge...

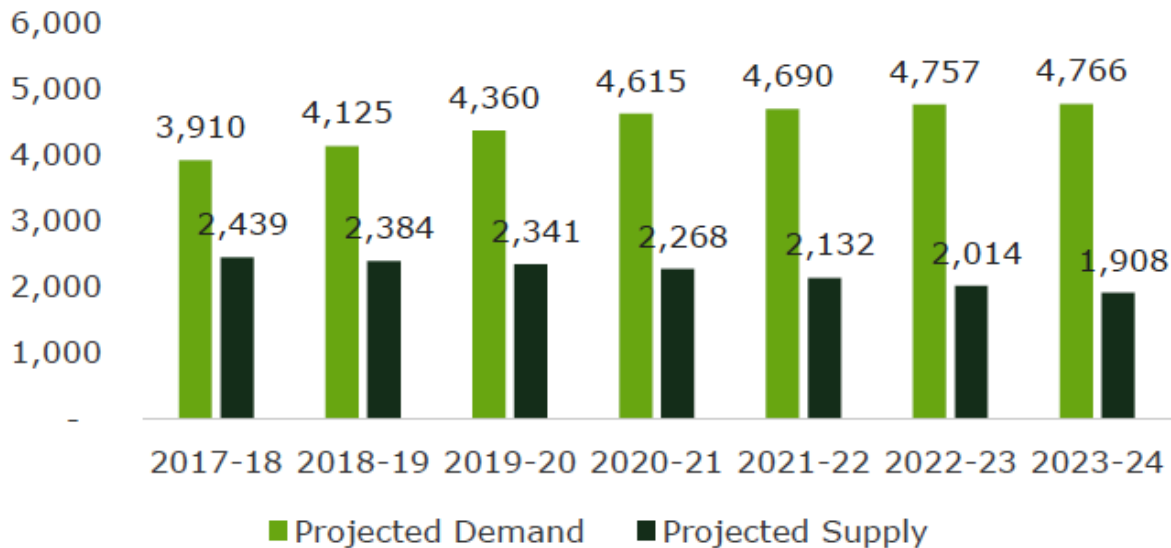
**Natural Gas Tariff Price Trend in Bangladesh
(Taka/MCF)**



Source: Petrobangla Annual Report 2016

Natural Gas Is A New Challenge...

Gas Demand Supply Gap Forecast (MMCFD)



Source: Petrobangla Annual Report 2014-15 and JICA Gas Survey Report 2012

But... things are changing



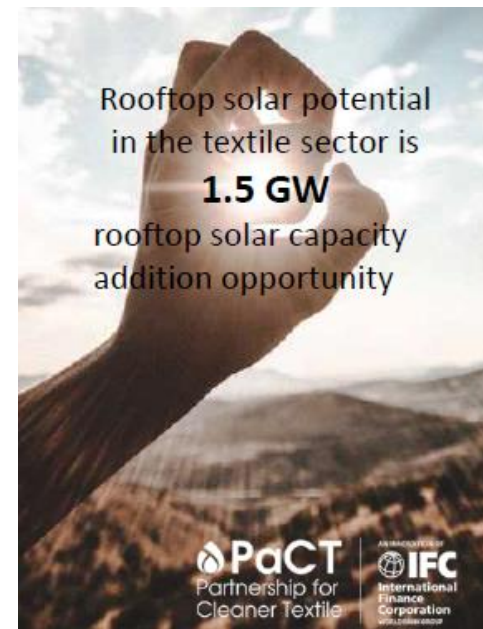
RE 100

bdnews24.com

Omera signs MoU with Bitopi for Bangladesh's 'largest' rooftop solar system

2019-10-11 02:12:59
News Desk, bdnews24.com

Omera Renewable Energy Ltd has signed a memorandum of understanding with Tarasima Apparels Ltd, a subsidiary of Bitopi Group, for installation of a 2.6MW rooftop solar grid-tied system.



Tuesday, January 21, 2020

NEWAGE Bangladesh

Adverts

In Focus | 11th JS Elections | Dhaka's Pollution Focus | Classroom in focus | Politics | Foreign affairs

TRENDING: Rohingya Crisis | Kashmir

Gas stock to end in 11yrs

Staff Correspondent | Published: 02:10, Jan 21, 2020

The existing stock of 10.63 trillion cubic feet gas will come to an end in 11 years if the current rate of production—2,570 million cubic feet per day—continues.

State minister for power, energy and mineral resources Nasrul Hamid told parliament on Monday that the total amount of extractable gas reserve in the country was 10.63 tcf and daily production rate was

Our need in Bangladesh



*Demand is here - We need **Investments***



Financial Support



***Opened Renewable Energy market** and allowing PPA and EAC*



*Limited land - need **Offsite Projects***



*Natural Gas limited - need **alternative***

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*“To **sustainably** make the benefits and pleasure of sport accessible to the many.”*

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