

ETHICAL CODE OF PRACTICE

*This policy applies to all Goods and Services supplied to JD Sports Fashion Plc
inclusive of Goods not for Resale (GNFR)*



CONTENTS

INTRODUCTION

What we Stand for
Our Approach

THE GROUP CODE OF CONDUCT

Employment Relationship
Non-Discrimination
Harassment or Abuse
Forced Labour
Child Labour
Freedom of Association and Collective Bargaining
Health, Safety and Environment
Hours of Work
Compensation

STANDARDS & COMMITMENTS

For All Suppliers

NEW SUPPLIER AUDIT & ASSESSMENTS

STANDARDS & COMMITMENTS

Our Commitments
What we expect from you

HOW TO REPORT ISSUES & CONCERNS

INTRODUCTION

WHAT WE STAND FOR

The JD Sports Fashion Plc Ethical Code of practice is to establish a procedure for protecting workers and providing assurance that our products are manufactured within safe and fair conditions. The Ethical Code of Practice applies to everything we do and forms part of the contract with us. The people working for our suppliers are to be treated with respect, and their health and safety and basic human rights must be protected and promoted.

OUR APPROACH

JD Sports Fashion (“JD” or “Group”) recognises that human rights are fundamental principles which allow an individual to lead a dignified and independent life, free from abuse and violations. We will not tolerate, nor will we condone, abuse of human rights within any part of our business or supply chains. Any allegations that human rights are not respected will be taken very seriously.

We are committed to complying with the applicable laws and regulations in all countries in which we operate. We will conduct ourselves with professionalism, honesty and integrity whilst working with our suppliers and third parties to ensure our high ethical standards are maintained.

We are also committed to ensuring that our suppliers are responsible for ensuring that every site producing our products meets or exceeds minimum labour standards and adheres to both local laws and our Code of Conduct.

This Code of Conduct is a set of core principles that suppliers must commit to meeting as a condition of doing business with us. The code is based upon international best practice, including the principles / standards of the International Labour Organisation (ILO) / Fair Labour Association (FLA).

THE GROUP CODE OF CONDUCT

Employment Relationship

Employers shall adopt and adhere to rules and conditions of employment that respect workers and, as a minimum, safeguard their rights under national and international labour and social security laws and regulations.

Non discrimination

No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

Harassment or Abuse

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Forced Labour

There shall be no use of forced labour, including prison labour, indentured labour, bonded labour or other forms of forced labour.

Child Labour

No person shall be employed under the age of 15, or under the age for completion of compulsory education, whichever is higher.

Freedom of Association and Collective Bargaining

Employers shall recognise and respect the right of employees to freedom of association and collective bargaining.

THE GROUP CODE OF CONDUCT

Health, Safety and Environment

Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

Hours of Work

Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

Compensation

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realise a level of compensation that does.

It is important that all workers in our supply chain can understand the Code of Conduct as it sets out their rights in the workplace. This is available in a number of languages on our corporate website, and can be displayed via images, which can be an effective alternative to written language.

STANDARDS & COMMITMENTS

FOR ALL SUPPLIERS

JD recognises that there are specific vulnerabilities to which migrant domestic workers are exposed to. These vulnerabilities are often linked to precarious recruitment processes (including the withholding of a passport and dubious contracts of employment). Certain contracts may indicate excessive fees payable by the employee – please refer to the “the employer pays principal” in this document.

Other vulnerabilities may include:

- The absence of adapted assistance and protection mechanisms.
- The social and cultural isolation they can face at the destination.
 - Language and cultural differences.
- A lack of advance and accurate information on terms and conditions of employment.
- Absence of labour law coverage and/or enforcement in the country of destination.
 - Restrictions on freedom of movement and association.

The Code of Conduct prohibits any type of prison, forced, bonded or indentured labour, and makes detailed provisions for freedom of movement and prohibitions on discrimination based on ethnic background or religion. JD will continue to engage with all our suppliers to evaluate compliance with JD’s Code of Conduct and Code of practice to ensure that an ethical business behaviour is embedded within our supply chain and the supply chain of our partners.

- Forced labour within our supply chain is considered as Zero Tolerance.

The success of this policy relies on the direct engagement of our suppliers/factories to ensure that the ethical behaviour is upheld throughout the supply chain and is a critical part of the business relationship. It is expected that all possible steps are taken to ensure that our manufacturers do not enter into agreements with agencies recruiting both domestic and overseas migrants that may be subject to human trafficking. We specifically reference domestic workers from Xinjiang Uighur Autonomous Region (XUAR) and request that all our partners manufacturing in China disclose the region their domestic migrants originate from on the request of the compliance team.

NEW SUPPLIER AUDIT & ASSESSMENTS

The Group utilises a range of audits and assessments to check conditions in the factories that make our products. These checks include site safety and document inspections worker interviews, off site assessments, accommodation checks and general due diligence. Security measures also focus on verifying that the factory being inspected, is the facility that actual manufactures our product.

Our suppliers directly or indirectly offering, paying, soliciting or accepting of bribes or kick-backs, including facilitation payments, is strictly prohibited. A bribe may involve giving or offering ANY form of gift, consideration, reward or advantage to someone in business or government in order to obtain or retain a commercial advantage or to induce or reward the recipient for acting.

The Group adopts the 'Employer pays' principle:

No worker/employee should pay for a job – the cost of the recruitment should be borne not by the worker, but by the employer.

The Group periodically reviews its audit methodology. The Audit formats we accept are summarised below:

- > Sedex members Ethical Trade Audit (SMETA)
 - > A standard methodology ethical audit, widely used by brands and retailers.
 - > Business Social Compliance Initiative (BSCI)
- > Supply chain management system that supports companies to drive social compliance and improvements within the factories and in their global supply chains. Many factories will already have an audit that meets these criteria.
 - > Worldwide Responsible Accredited Production (WRAP)
- > An independent, objective, non-profit team of global social compliance experts dedicated to promoting safe, lawful, humane and ethical manufacturing around the world through certification and education.

Many factories will already have an audit that meets these criteria, to avoid unnecessary expense and 'audit fatigue' we will accept available audits with a corrective action plan ("CAP") in date for completion.

NEW SUPPLIER AUDIT & ASSESSMENTS

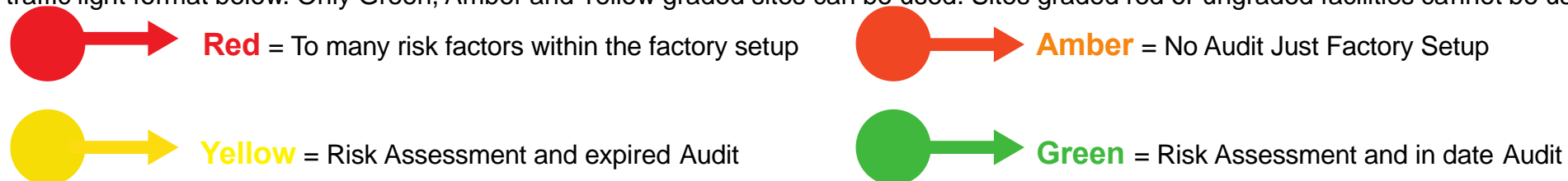
It is critical to our ethical policy that we are aware of every site of manufacture - prior approval of each factory must be sought from the Group. Undisclosed subcontracting is prohibited and constitutes a breach in our Code of Conduct. Workers at unapproved sites engaging in this activity are at more risk of exploitation and for this reason we take any breach extremely seriously.

JD recognise the need for transparency. We are committed to working with our suppliers in an open, constructive and transparent manner and we request our suppliers do the same with ourselves and their own supply chain. There is a greater need than ever to make these standards and management systems part of our supplier's everyday business and for them to be able to demonstrate they are doing so.

Our commitment to transparency requires publicly available information relating to the suppliers and partners with whom we work both in the UK and overseas. This includes information about environmental and ethical attributes and locations used in production of our finished goods. It is a condition of working with JD that the names and locations of our suppliers are disclosed in order that we can meet this commitment. This information will be published on our interactive supply chain map across the supply chain.

All suppliers will be required to complete an assessment on successful completion will then be added to an 'Approved Supplier' list. The assessment will be initially based on a self-assessment using our 'Factory Setup form' which is assessed for risk factors. The form includes details such as name, address, telephone and fax numbers of the factory and any subcontractors used, as well as vital information to ensure adherence to our Code of Conduct.

On receipt the factory setup is reviewed in detail by the ethical compliance team and any risk areas verified as required. The factory site is then graded using the traffic light format below. Only Green, Amber and Yellow graded sites can be used. Sites graded red or ungraded facilities cannot be used.



If a third-party audit is in place, it will be included in the review and a CAP required to ensure closure of non-compliances is in progress. The factory will then be further graded A, B, C, D based on the non-compliances Minor Major or Critical (see detail below).

In the event that a Critical Failure Point ("CFP") is identified, then the factory will be graded Green D and the CFP must be resolved before the factory can be used.

NEW SUPPLIER AUDIT & ASSESSMENTS

Evidence of the resolution (via verifiable desktop evidence or a re-audit), will be reviewed by the Ethical Sourcing Team, and the facility will be re-graded.

Non-Compliances which are less serious than CFPs will result in a Green A, Green B, Green C grade. These factories can be used, on condition that the supplier or licensee commits to resolve the non-compliances within a reasonable timescale.

Green A = Audit with 0 critical non compliances, 0 to 2 majors, <5 Minors
Green B = Audit with 0 critical non compliances, 3 to 5 majors, < 10 Minors
Green C = Audit with 0 Critical non compliances, 5 + majors, 10 +Minors.
Green D = Critical 1 +

A new full audit must be submitted for review within the audit cycle to ensure that the factory remains approved. If operations are moving to a different manufacturing site, approval of the new site must be in place before manufacturing takes place.

Suppliers that do not meet the minimum expectation will be required to submit CAPs. The CAP shall include detailed steps and timing to ensure that the supplier is operating to a standard that meets the requirements set out in our Code of Conduct. Tier 1 suppliers are also required to apply our supplier Code of Conduct to their supply chain.

The Group Supplier Code of Conduct is regularly reviewed to ensure it remains current and fit for purpose.

STANDARDS & COMMITMENTS – ENVIRONMENTAL PERFORMANCE

GROUP GOODS NOT FOR RESALE (GNFR) SUPPLIERS

The JD Group has made a number of public commitments (detailed in the subsequent pages) as part of our efforts to **reduce the impact of climate change**. These commitments include both our own operations and our supply chain. Our suppliers **must** proactively contribute to efforts to combat the climate crisis, proactively working with JD Group to help **limit global warming** to 1.5°C, as per the [Paris Agreement](#)

The Paris Agreement (<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>) is a **legally binding international treaty on climate change**. Adopted by 196 Parties at COP 21 in Paris in December 2015, and entered into force in November 2016. Its goal is to **limit global warming** to well below 2 degrees, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

To achieve this long-term temperature goal, adopting countries must aim to reach global **peaking of greenhouse gas emissions as soon as possible** to achieve a climate neutral world by mid-century.

JD Group – Climate-related actions taken

Investment:

- ✓ Building Management System investment in 400+ stores, reducing energy usage in non-trading periods, saving 1,657 tonnes of CO2
- ✓ LED technology investment (UK office) reduced energy use by 60%
- ✓ Our colleagues have access to online training in energy management within our induction programme. Our new, CIPD-accredited sustainability course launches in 2021

Transparency and disclosure:

- ✓ JD Group is an **RE100** member (*the world's most influential businesses, committing to 100% renewable energy*), and plan 100% renewable energy in European operations by 2022 (Global 2025)
- ✓ We continue to share our environmental progress via [Carbon Disclosure Project](#) (CDP) submissions on Climate Change and Water. We encourage suppliers to join CDP wherever possible
- ✓ JD Group is a 'Committed' signatory to the [Science Based Target initiative](#) (SBTi). We will 'take action' by submitting scope 1 and 2 targets in 2021, after which our scope 3 targets will be issued

JD Group - Our success stories

Contributing to a climate-neutral world:

- ✓ We re-launched the JD Group [corporate website](#) and encourage suppliers to visit and learn of our environmental approach, and to view case studies sharing our successes across a wide spectrum of environmental issues
- ✓ Within the most recent Carbon Disclosure Project ('CDP') audit, JD Group was awarded a **milestone score of 'A-' for the Climate Change** category, a 'Leadership' score, and three grades higher than our sector average
- ✓ Our proactive approach to renewable energy means that JD Group's UK, ROI, and the majority of mainland European stores are at 100% renewable energy. We aim to have Europe 100% renewable by 2022
- ✓ The progress of our Own Brand team on conserving water was endorsed via a high 'B' score for CDP 'Water Security' audit - two grades above our sector average for this bio-diversity-impacting topic
- ✓ JD Group's Distribution Centre at Rochdale (our largest directly-controlled site) achieved 'zero waste to landfill' accreditation in 2020

STANDARDS & COMMITMENTS – ENVIRONMENTAL PERFORMANCE

GROUP GNFR SUPPLIERS

WHAT WE EXPECT FROM YOU

The Group has provided its environmental commitments, key actions undertaken and our achievements to date. We require our suppliers to honour the following environmental related principles and statements:

Reducing Carbon Emissions:

- Measure your own carbon emissions and be able to demonstrate and verify your strategy to reduce Scope 1, Scope 2, and Scope 3 carbon emissions. Further information on Scope 1-3 emissions can be found at various environment organisations, such as <https://www.carbontrust.com/>
- We expect you to work with recognised bodies for carbon reporting such as CDP and RE100 (<https://www.cdp.net/en/info/about-us>) (<https://www.there100.org>). These organisations and surveys can help to quantify your emissions, identify risks and assist the development of a more sustainable economy
- At minimum every year, we expect you to disclose your most recent carbon emissions, year on year variations in emissions, and progress made. Any requests for carbon emission data (if not publicly available) must be submitted 14 days from request of JD
- Move to using renewable energy for your business. JD Group can help to enable this change. Contact Energyandenvironment@jdplc.com

Resource management – reducing waste, increasing recycling and contributing to the ‘circular economy’

- Our suppliers must be able to provide weight data and final re-use, or disposal outcomes and destinations for all waste streams
- We encourage suppliers to adopt the simple practice of ‘The 3 R’s’: Reduce, Reuse, Recycle. We expect our suppliers to identify resource wastage within the products and services that you supply to JD, and to help repurpose and redeploy materials or resources wherever feasible to do so.
- We expect our suppliers to be able to demonstrate your work towards ‘zero waste to landfill’ (or your local country equivalent measure) by the end of 2022, and to share your data with JD data (if not publicly available) within 14 days of any such request from JD
- Our suppliers product packaging should utilise maximum levels of recycled content, encourage reuse or recyclability after initial usage, and comply to all environmental legislation for territories - from the location of manufacture, through to the countries where it fulfils its purpose, and finally the locations where the packaging is repurposed at end of life.

STANDARDS & COMMITMENTS – COMMERCIAL PROCESSES

GROUP GOODS NOT FOR RESALE ('GNFR') SUPPLIERS

GNFR (or 'indirect' services) account for up to 20% of our cumulative third-party supplier expenditure.

Suppliers manufacturing goods bespoke to, or produced solely for JD Group use, must commit to the JD Group 'Ethical Code of Practice' and comply with the core principles of the Group Code of Conduct. This is a condition of doing business with us. For GNFR, additional commitments from JD Group, and standards we expect from our Suppliers are listed below.

JD Group commitment: All suppliers will be treated fairly – whether existing providers of goods and services, or potential new suppliers participating within JD Group market reviews or formal tender processes.

All supplier proposals will be evaluated based upon a number of factors, typically including (but not limited to) evidence of:

- Experience, standing, and evidenced record of quality and achievement within your industry or sector, including financial stability and ability to honour competitive commercial terms
- Demonstrating that the supplier is taking meaningful, verifiable action to reduce its environmental impact. This includes both the suppliers own operations, and the products/services for which they are proposing to supply to JD Group
- Ability to improve our customer and colleague experience via quality product, service, or innovative use of technology
- We expect existing, and potential suppliers to embed plans to limit and reduce their carbon emissions in accordance with the both the Paris Agreement, and domestic carbon-reduction legislation

Our commitments to suppliers submitting tender / Request for Proposal (RFP) responses to the JD Group include:

- ✓ Providing all suppliers with access to the same level of information for tender processes (insofar as such disclosure is permitted under GDPR, Intellectual Property, NDAs, existing contracts etc.)
- ✓ The JD Group will respond to any requests for contacts and advice relating in order to help suppliers reduce their own carbon footprint
- ✓ When notified in writing, we will respect any unique proposals, ideas, or registered Intellectual Property Rights as appropriate
- ✓ Unsuccessful suppliers will be offered the chance to receive feedback on their proposals
- ✓ JD Group shall not enforce retrospective variations relating to terms of supply unless we have supplier agreement to do so

STANDARDS & COMMITMENTS

GROUP GNFR SUPPLIERS

WHAT WE EXPECT FROM YOU

The Group has provided its commitments and evaluation criteria. We require our suppliers to honor the following principles and statements:

- You will comply with the UK Bribery Act 2010, its territory-specific equivalents, and all legislation relating to your industry or sector. You shall check (and be able to verify) that your supply chain complies to the aforementioned standards, for both their own suppliers and colleagues
- With regards to information security, you (and your supply chain) shall protect the data and privacy of our company, colleagues and suppliers
- Personal data shall be managed in accordance with the specific legal obligations of The General Data Protection Regulation (EU) 2016/679 (GDPR), and any subsequent updates to the GDPR. Guidance on 'Data processor', 'Data controller' and other key definitions and checklists can be found at: <https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/key-definitions/>
- Our suppliers shall disclose all energy and environmental data and reports in accordance with the legislation of their primary operating territory. Our suppliers shall actively work to reduce the impact of their operations on the environment, including but not limited to; reducing carbon emissions, water usage, and increasing the reuse of materials such as plastic and cardboard
- Your employees and colleagues shall conduct themselves with honesty and integrity, providing us with truthful, accurate and verifiable information in your dealings with us. You must tell us if you plan to sub-contract work, confirming that your proposed sub-contractors have been audited
- Regardless of whether you are a UK or International supplier, you will inform us whether you presently work with, or are approached by direct JD Group competitors for similar goods and services (to those that you supply, or propose to supply to JD Group). JD Group will never ask for competitor data or plans, but must ensure that our own commercial information, data, and strategic plans remain confidential
- You shall treat our discussions and information (including but not limited to emails and files) as confidential. Our growth plans, store openings, specifications and product details are not for discussion or sharing unless permission is provided by an authorised JD Group representative
- You will disclose any potential, actual or perceived conflicts of interest. This includes commercial contact with JD Group employees, and any relationships and dealings with either our competitors, or competitor employed staff or contractors/consultants

HOW TO REPORT ISSUES & CONCERNS

ALL SUPPLIERS

SEEN SOMETHING WRONG? DO SOMETHING RIGHT!

If you have any concerns relating to the conduct of JD Sports Fashion plc or its employees, please contact us via the appropriate escalation procedures, below:

<i>Modern Slavery Helpline (managed by Unseen)</i>	08000 121 700
<i>Chief Financial Officer</i>	Neil.Greenhalgh@jdplc.com
<i>Group HR Director</i>	Nicola.Kowalczyk@jdplc.com
<i>Group Company Secretary</i>	Siobhan.Mawdsley@jdplc.com
<i>Group Head of Sourcing, QA & Ethics</i>	Traci.Corrie@jdplc.com
<i>Group Head of Indirect Procurement & Environment</i>	Neil.Bradford@jdplc.com
<i>Group Head of Investor Relations</i>	Jennifer.Iveson@jdplc.com