

2020 -2021 has been a challenging year for everyone in the UK and overseas. JD sports recognises that we have to change the way we work with our suppliers due to the Covid restrictions which may be in place for many months or even years to come.

As a process, JD Group own label brand teams regularly visit the factories to check production and are ideally placed to spot any red flags that may be indicators of modern slavery and reinforce our code of practice and ethical behaviours in this particular area. However, with travel restrictions in place and many countries imposing internal restrictions, reliance has been on 3rd party auditors locally and at times audits had to rely on remote audits. This restricts personal interaction and on site visibility vital to identifying risk factors not clearly visible.

The compliance team work within an internal audit scope defined by the International labour Organisation standards, which classifies all non compliances and from this action plans are formulated.

Through this scope we review and verify closures of all non compliances highlighted in the original audit.

The compliance team have received 201 3rd party audits for the Group, between June 2020 and June 2021. From the information in the audits, non-compliances are categorised according to issue type, root cause and severity level and this is used to create the action plan proposed to the factory to work to resolve and close the issues highlighted in the reports/visit.

For the period 2020-2021 the non compliances disclosed in the audit reports are detailed within this document.

It is important to note that factories are subject to assessment prior to on-boarding to the Group's sourcing database. Those factories found to have defined zero tolerance issues are not accepted and therefore will not be taken forward as a partner. Audits containing non-compliances deemed as critical, must be closed prior to orders being placed unless an acceptable explanation is given.

An example is found on the "Hours of Work" detailed below.

- **Issue Daily working hours exceed 13 hours – Critical Issue – Pakistan Factory**

- Factory response – June 2020 , the factory was forced to close for 6 weeks during May/June 2020. In order to manage their order commitments, overtime was increased to ensure that customer requirements were met. In addition to managing reduced workforce restrictions due to the pandemic, overtime was temporarily increased to ensure fulfilment of orders and subsequent payments would be realised.
- Action by compliance team : time records checked at random for the previous 12 month period to establish any pattern.
- Action by factory : workforce shifts added to allow for an increase in workforce between the periods of August 2020 – February 2021 to just around 30%.
- Long term solution : factory intention is to continue with a steady increase of workforce over the coming months allowing them to monitor the requirement for overtime during peak periods.
- Accepted as a isolated incident

- **Issue Child Labour (2) Violations – Minor Issue – India Factory**

- Policy on Young Worker restrictions : Existing policy was considered inadequate and did not define working hours, breaks and limit duties of the young workers.

Issue Type	Minor	Major	Critical	Remediation/Action	Open	Closed
Forced Labour 0	0	0	0	Policy Review		
				Training		
				Systems		
				Production		
				Other		
Health, safety & Environment 563	367	196	0	Policy Review		37
				Training		35
				Systems		79
				Production		
				Other- maintenance./ installation	15	397
Child Labour 2	2	0	0	Policy Review		2
				Training		
				Systems		
				Production		
				Other		

Issue Type	Minor	Major	Critical	Remediation/Action	Open	Closed
Compensation 125	4	120	0	Policy Review		
				Training	2	
				Systems		2
				Production		
				Other – Internal commitments	120	
Hours of Work 106	2	103	1	Policy Review		
				Training		
				Systems		
				Production	23	83
				Other		
No Discrimination 10	8	2	0	Policy Review		8
				Training		
				Systems		2
				Production		
				Other		

Issue Type	Minor	Major	Critical	Remediation/Action	Open	Closed
Employment Relationship 3	3	0	0	Policy Review		2
				Training		
				Systems		1
				Production		
				Other		
Harassment or Abuse 3	3	0	0	Policy Review		3
				Training		
				Systems		
				Production		
				Other		
Freedom of Association 0	0	0	0	Policy Review		
				Training		
				Systems		
				Production		
				Other		