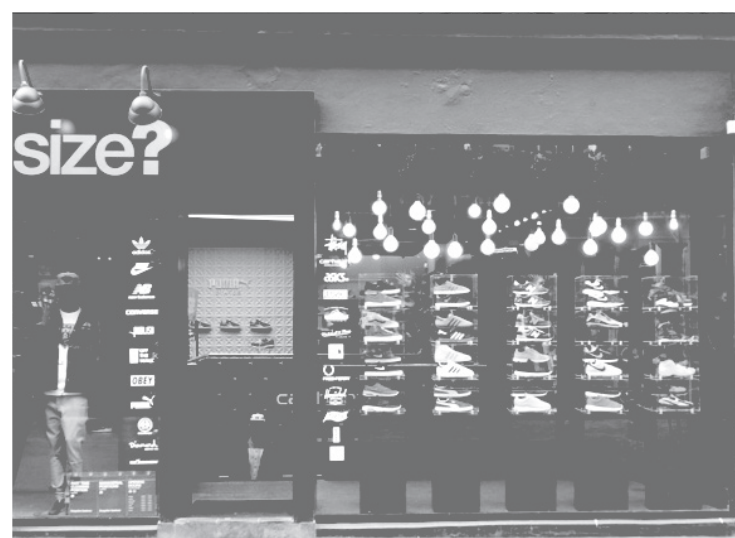




# JD Group PLC MODERN SLAVERY STATEMENT





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# INTRODUCTION

## WHAT WE STAND FOR?

The JD Sports Fashion PLC Ethical Code of practice establishes the Code of Conduct standards, embedded in our business and the minimum standards we expect from our supply chain to ensure the protection of those workers, providing assurance that our products are manufactured within safe and fair conditions.

The Ethical Code of Practice is applied throughout our business and forms part of the contract of the direct and indirect supply of goods and services with the Group.

Those employed in our supply chain have the right to be treated with respect, and their health and safety and basic human rights must be protected and promoted.

**Peter Cowgill**  
*Group Executive Chairman*



**Neil Greenhalgh**  
*Chief Financial Officer*



## OUR APPROACH

JD Sports Fashion Plc (here in after referred to as “JD 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.

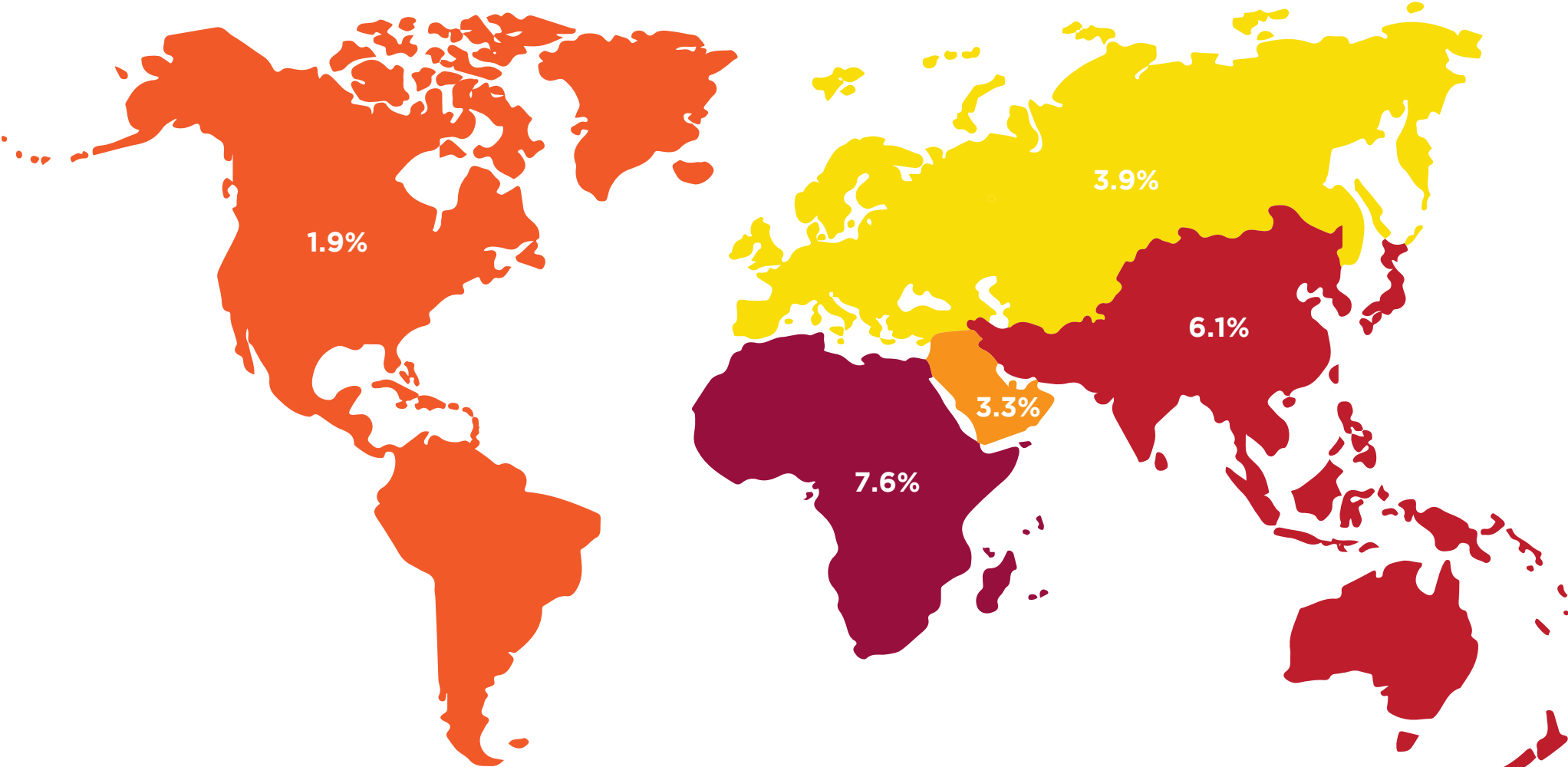
JD Group are committed to complying with the applicable laws and regulation in all those countries in which we operate. We will conduct ourselves with professionalism, honesty and integrity whilst working with our suppliers and third parties to ensure our high ethical standards are maintained.

JD is 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.

The JD Code of Conduct is a set of core principles that suppliers must commit to meeting as a condition of partnering with us. The code is based upon international best practice, including the principles of the ILO/FLA Standard.

<b>PINKSODASPORT</b>	<b>MCKENZIE</b>	<b>STATUS</b>	<b>SUPPLY &amp; DEMAND</b>	<b>S O N N E T I</b>	<b>size?</b>	<b>FOOTPATROL</b>		
<b>ANDROID HOMME</b>	<b>sex</b>	<b>CREATIVE RECREATION®</b>	<b>MARSHALL ARTIST</b>	<b>RASCAL</b>	<b>CORTICA</b>			
<b>Peter Storm</b>	<b>TECHNICALS</b>	<b>Eurohike</b>	<b>alpine</b>	<b>freedom trail</b>	<b>CALIBRE</b>	<b>OEX</b>	<b>North Ridge</b>	<b>H I G E A R</b>

# MODERN SLAVERY MAP



PREVALENCE OF MODERN SLAVERY BY REGION

- AMERICAS
- AFRICA
- ARAB STATES
- EUROPE & CENTRAL ASIA
- ASIA & THE PACIFIC



# CODE OF CONDUCT

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## Employment Relationship

Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at 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.

\*Any persons less than 15 years of age unless the local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age will apply, if however, the local minimum age law is set 14 years of age in accordance with developing countries exceptions under the ILO the lower will apply.

## Freedom of Association and Collective Bargaining

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

# CODE OF CONDUCT

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## 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

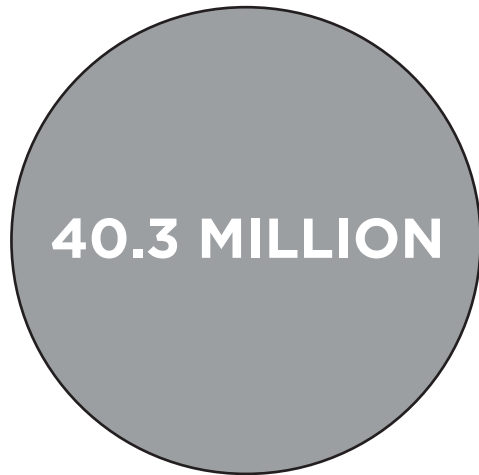
Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, 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 realize 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.

## Employer Pays Principle

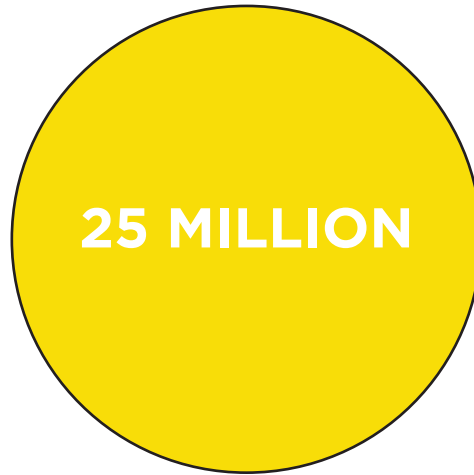
No worker/employee should pay for a job – the cost of the recruitment should be borne not by the worker, but by the employer.

# SCALE OF MODERN SLAVERY



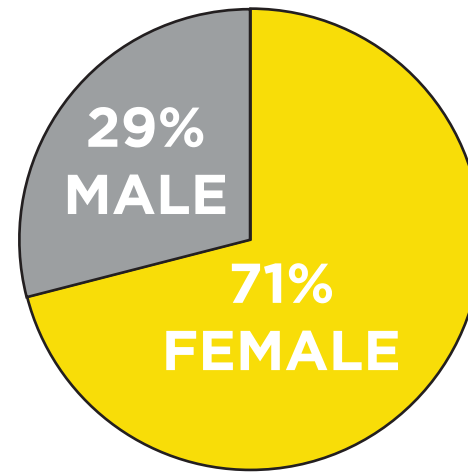
**Men, Women and Children  
are in Slavery globally**

*Sourced: International Labour  
Organisation*



**People in forced labour,  
50% debt bondage**

*Sourced: Alliance 8.7*



**The percentage split in  
Modern Slavery**

*Sourced: Alliance 8.7*



**Annual trade value of  
people trafficking**

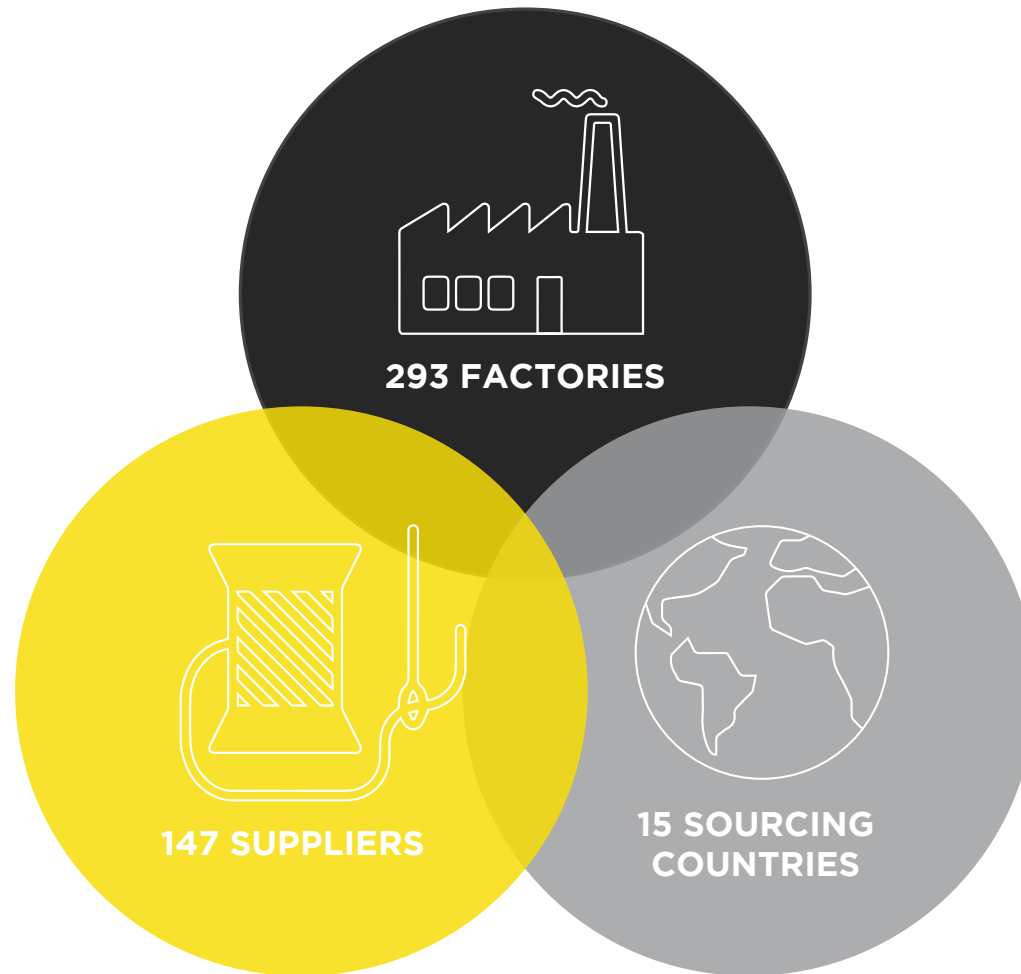
*Sourced: International Labour  
Organisation*



# WHO ARE WE?



# SUPPLIER & FACTORY DATA



# RISK ASSESSMENTS

## RISK TRAFFIC LIGHT SYSTEM

JD's approach to risk assessment comprises of self assessment and country research, Supply chain mapping, 3rd party auditing with Qima, our 3rd party audit company and stakeholder engagement.

Whilst we are mindful of the potential limitation of audits relating to modern slavery, and exposing the "hidden truth", it is a critical enabler in the discovery and management of issues relating to the fundamental principles in our Code of Conduct, with particular relevance to Modern Slavery practices throughout our supply chain.

Audits identify risk at factory level against that Code of Conduct and local laws, enabling us to take immediate action and mitigate risk across our supply chain whilst identifying and addressing potential factors that may exist in the background.

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 opposite.

Only Green, Amber and Yellow graded sites can be used. Sites graded Red (or ungraded facilities) cannot be used.

In certain countries Sub-contracting is an accepted part of the manufacturing process, Turkey is an example of this with a large percentage of factories using sewing units outside of their factories or in-house.

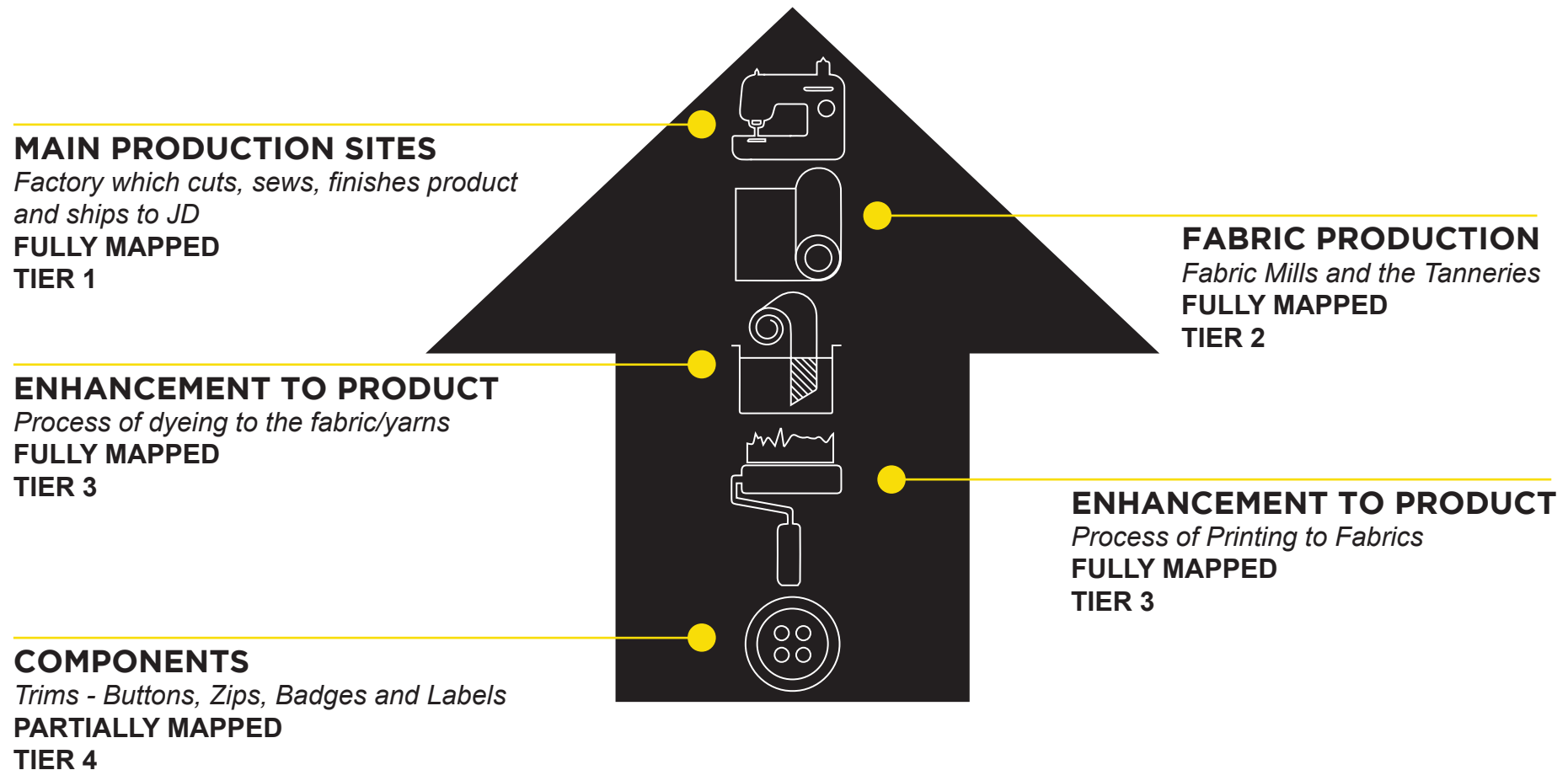




# TRANSPARENCY

The Group have completed the full mapping of our supply chain to our 4th Tier manufacturing base on private label, identifying our manufacturing base across the globe. Whilst we are aware of the need to go further down the chain, the challenges lie in the establishment of the relationships needed to identify and engage with these tiers. This is identified in our risk assessment and appropriate action is taken to remedy this.

This strategy requires continual engagement with our partners, as manufacturing chains beyond first tier will often be one that changes due to demand and capacity. As a supplier of fully factored garments, our partnership does not currently extend past tier 1 historically, and we recognise the need to promote the development of these relationships further by our 1st Tier suppliers.



# WAREHOUSES



	AMERICAS	EUROPE & CENTRAL ASIA	ASIA & THE PACIFIC
GROUP OPERATED WAREHOUSES	1	20	1
3RD PARTY WAREHOUSES	0	16	4
FREIGHT HOLDING WAREHOUSES	0	6	0
TRANSIT HUBS	MULTIPLE	10	0

*\*NOT INCLUDING GNFR*

# CONTRACT & AGENCY WORKERS

## WHAT'S THE ISSUE?

Agency workers are often less secure in their employment than contracted workers. They may have less rights in the workplace, and are more vulnerable to exploitation in their need to earn money to gain employment. Contract workers both in the UK and overseas are often less secure in their employment, may have less rights in the workplace and are therefore more vulnerable to exploitation.

Labour recruiters create an additional layer between employers and workers, leaving workers exposed to deceptive or coercive recruitment practices leading to forced labour and bonded labour.

## ONGOING COMMITMENTS!

- Cascade awareness training within the UK Distribution Centre
- Implement training on Modern Slavery with Welfare champions over 3 levels (Spot the Signs, Mental First Aid and Escalation Process) within the UK DC.
- Improve agency and JD induction to include detailed information on Modern Slavery.
- Implement routine administrative audit checks on permanent employee records.
- Implemented universal, externally managed, whistleblowing helpline in China and India. Will roll out this programme to other countries by AW20

## WHAT HAVE WE DONE TO COMBAT THIS?

- Joined Stronger Together and carried out an assessment of the Rochdale distribution centre and the agency labour providers.
- Continued pay parity between entry level permanent and agency workers in distribution and returns reprocessing centres.
- Key stakeholders in UK and global supply chain trained in identifying modern slavery risks.
- Designed remediation process for supporting victims of modern slavery in the event it is discovered within the UK business.



- Joined with the Apparel and General Merchandise Public Private Protocol. As a signatory the JD Group commit with other signatories to work together to eradicate slavery and exploitation in textile supply chains.

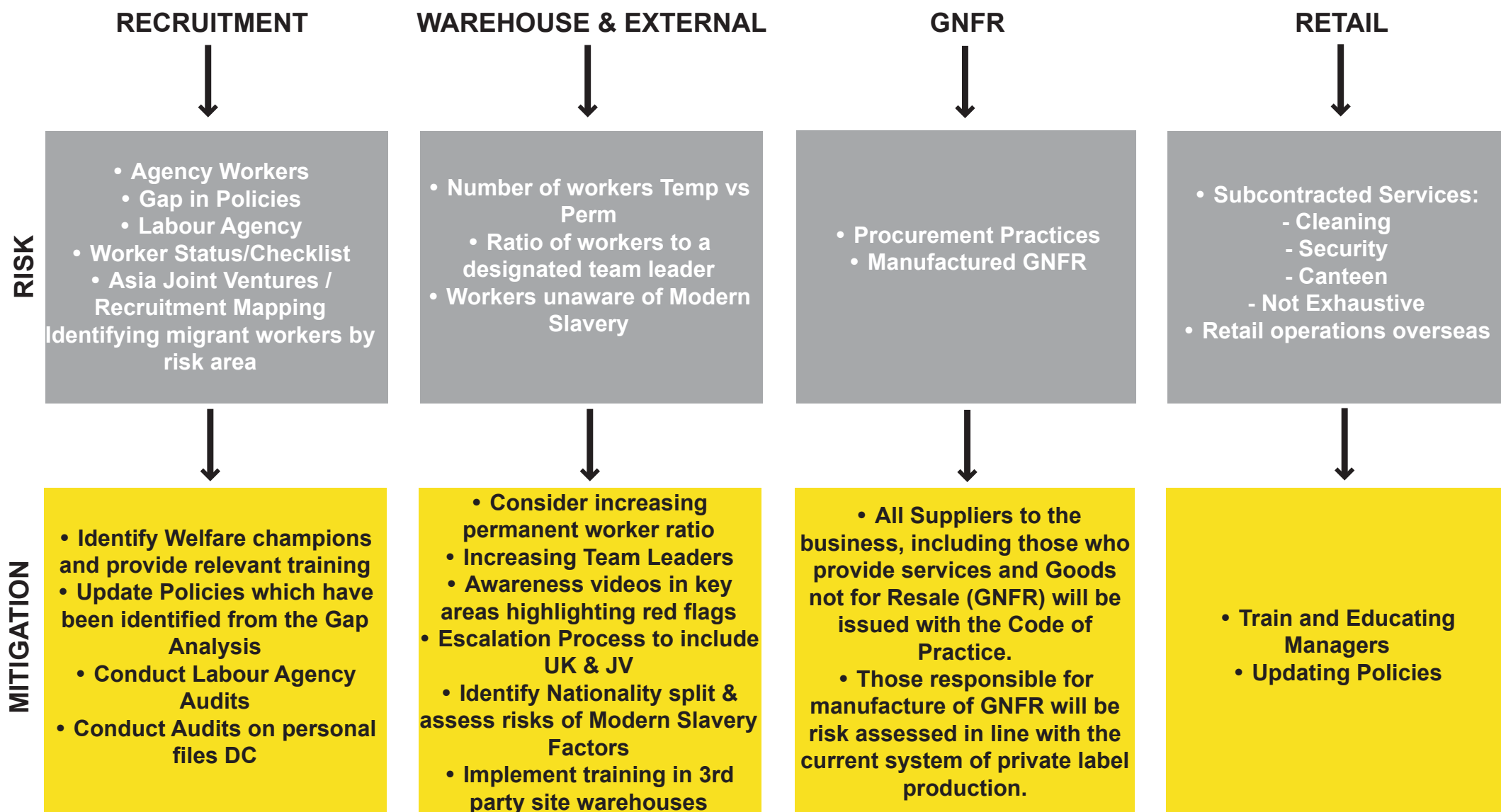
GLAA Head of Business Change Sam Ireland said:

“We are delighted that JD Sports has signed up to the Apparel Protocol and pledged to fight modern slavery and labour abuse. When organisations agree to the protocol, they commit to work in partnership with us to protect vulnerable and exploited workers. They also agree to share information to stop exploitation and pledge to raise awareness of slavery through textile supply chains.

It is crucially important for respected organisations such as JD Sports to sign up to the protocol. Together, we can put an end to modern slavery and labour exploitation for good.”



# RISK ANALYSIS - UK & OVERSEAS (JVs)



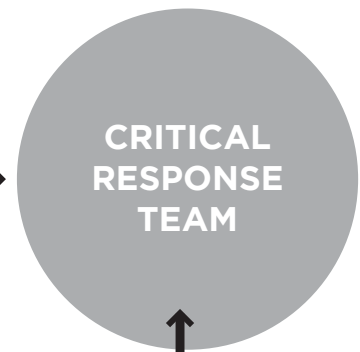
# ESCALATION PROCESS FLOW

No of Employees : 108  
Training :  
- Modern Slavery  
- Spot the signs  
- Mental Health  
- First Aid  
- GDPR

No of Employees : 111  
Training :  
- Modern Slavery  
- Spot the signs  
- Mental Health  
- First Aid

Key People : 3  
HR Manager  
Supply Chain Manager  
Site Security Manager

Key People :  
Head of Sourcing QA & Ethics  
Head of HR Operations  
Snr Group Security Manager  
Distribution Logistics



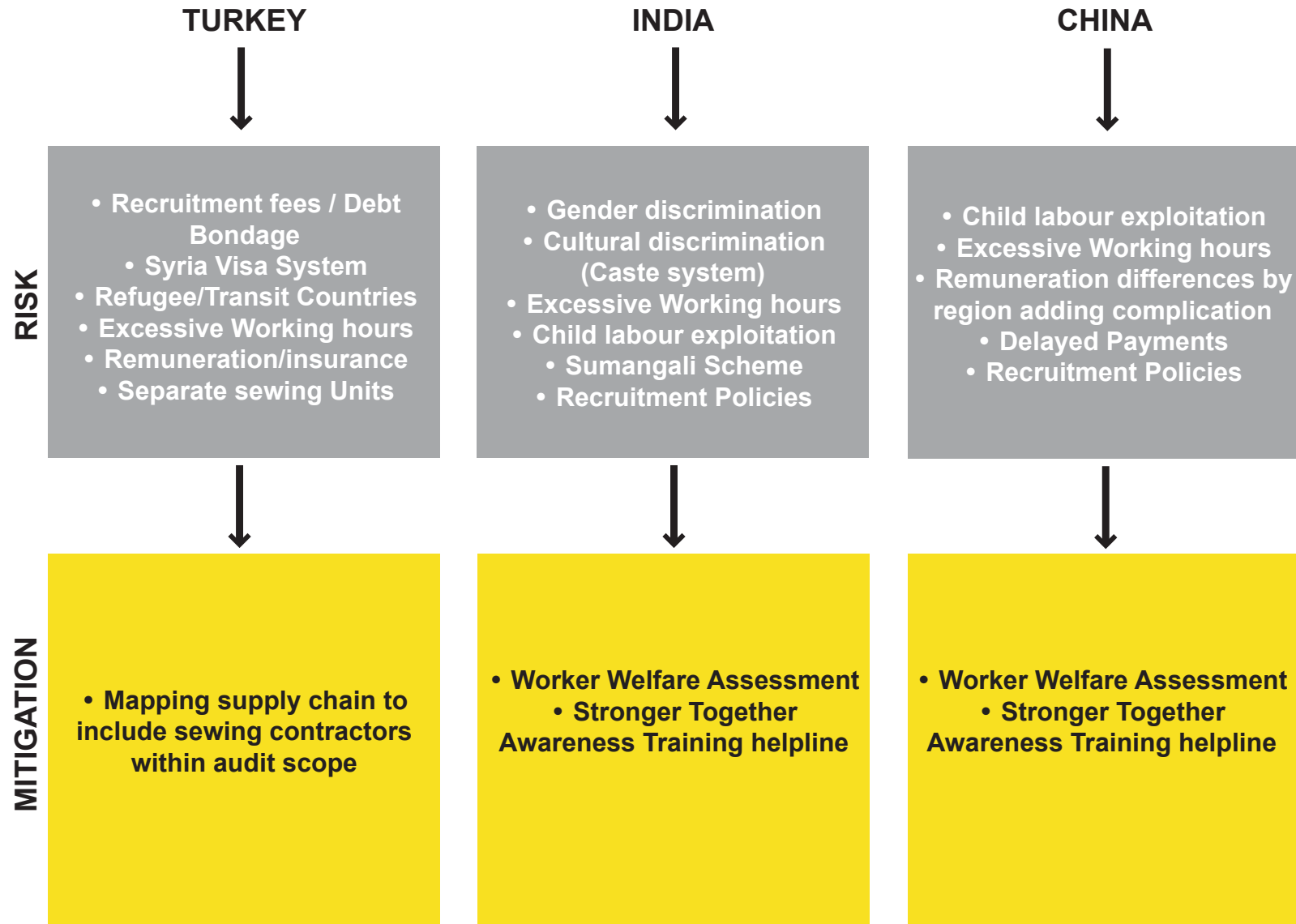
**ROLE**  
To provide first line support to colleagues.

**ROLE**  
To provide support to Welfare Champions and provide first line advice.

**ROLE**  
Key management stake holders to ensure the documented escalation process is followed in consultation with the critical response team.

**ROLE**  
To alert Directors of the wider business and to notify / liase with authorities as appropriate.

# RISK ANALYSIS - GLOBAL MANUFACTURING



# KEY ACTIVITIES 2019/2020



Assigned explicit responsibility and accountability for addressing human rights risks including modern slavery and human trafficking in the Group.

Implemented a Strategic Response Team in place for the DC sites that consists of senior management from Head Office and the Rochdale warehouse site.



Undertaken proactive management of the issues and collaborating with the GLAA and local Non-Governmental Organisations (NGOs).

Working with Retail Trust to increase awareness to our workforce population by giving our employees to opportunity to come forward and seek support, whether emotional, physical, vocational & financial wellbeing.



Initiated a needs analysis for workers at the UK warehouse site to determine and meet its need for internal capacity building training and specialist support.

Created a strategic response unit, incorporating key stakeholders at the Rochdale warehouse; demonstrated awareness and commitment to addressing human trafficking and forced labour by revamping all material, i.e. posters through the warehouse.

Implemented Video streams of examples of modern slavery in key areas of the warehouse.

# KEY ACTIVITIES 2019/2020



- Audit all agency/contracted workers  
Increase the amount of audits undertaken for agency suppliers within the UK

- Audit all employees within workforce in relation to:
  - > The right to work documents
  - > The number of occupants at the same addresses



- Reviewed all group policies and procedures and undertaken a gap analysis making any necessary updates

- As part of this gap analysis we reviewed our recruitment policy and agency workers policy which highlighted disparities. As a result, we are now constantly reviewing our service provisions to ensure they are compliant with appropriate controls in place.

Examples of these are:

- > Bank account review
- > Verification of accommodation details
- > Authentication of ID throughout interview and actual start process

# KEY ACTIVITIES 2019/2020

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Commenced a needs analysis for workers at the UK warehouse site to determine and meet its need for internal capacity building training and specialist support.

Upwards of 100 personnel within the UK Distribution centre and key subsidiaries have been trained in the JD Academy site by Stronger Together on how to identify Modern Slavery indicators in the UK business and to report appropriately following the company guidelines.

Welfare Champions have been carefully selected across the UK business to provide first line support to colleagues on site on issues relating to general health difficulties and to support the detection and appropriate escalation of potential modern slavery matters. An escalation process is in place within the head office business and a critical response team set up which is headed up by the Head of Sourcing QA & Ethics and the Head of HR Operations.



# MODERN SLAVERY TRAINING

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## UK

In the early part of 2019 the JD Group became members of Stronger Together. Audits were undertaken both on the Global and UK supply processes. This year the focus is to be on the UK distribution Centre in Rochdale which employs 6,000 staff during peak seasons many of these supplied by our agency partners. Training and raising awareness is a critical element within any business and extended supply chains. Building on the capability of key employees who have been given the increased responsibility for understanding and mitigating Modern Slavery risk in our business is important. This training is now incorporated not only in existing staff training but within the induction of new employees to the business. Modern Slavery is now an integral part of the process and will be supported with Stronger Together material in Induction packs.

Objectives from the training sessions are :

- To understand what modern slavery and forced labour is
- Recognise the indicators
- Know how to deal with potential issues and have in-depth knowledge of the company escalation processes

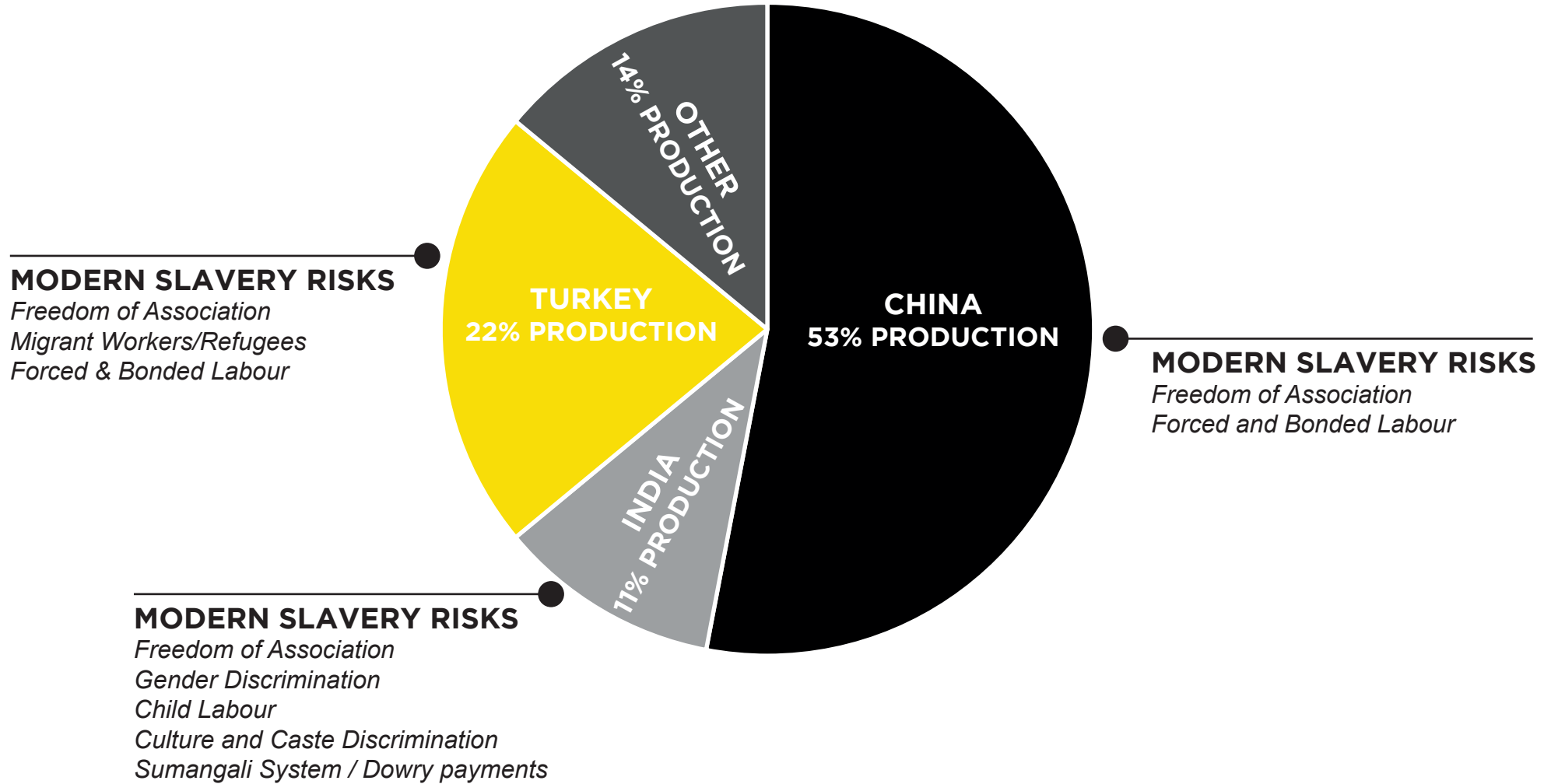
## GLOBAL

JD have worked with QIMA, our 3rd party auditor, to deliver training to all their China based auditors through their E Learning platform which involves passing a final test to demonstrate understanding. We will work on adapting and translating this to other languages and roll it out to all their sites but we recognise extensive research is required in order to deliver this correctly.

This year the training has been delivered by Stronger Together in workshops to UK personnel in the buying functions, sourcing & supply chain teams. This will continue on our E- learning platform. The training covers two key areas which are deemed to be the most important to our group; Preventing Exploitation and Practical Steps for Procurement.

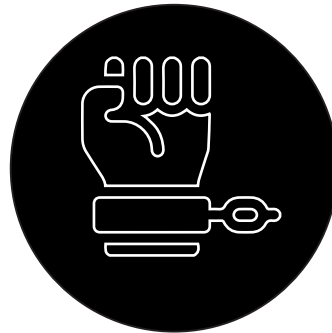
During 2019/2020 this will be integrated into the business and become a core part of management training in retail. JD have recognised that high areas of risk within our UK business model is the distribution centre and the retail stores. We aim to roll this out to further areas of the owned businesses during 2020.

# SOURCING COUNTRIES



# ONGOING COMMITMENTS

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## FORCED LABOUR

The main common risk identified is that of FORCED LABOUR both Globally and in the UK. JD recognise the importance of our Direct and Indirect workers and those in the extended supply chain. It is important that they can raise any issues of concerns with either JD personnel or an escalation team in confidence and safety.

All of the Group sites will display posters throughout our first tier factories, in local language, giving workers confidential contact information to report issues such as forced labour/ debt bondage/ withholding identity documents/ threatening or violent behaviour etc. For China this will include a WECHAT ID.

Working with 3rd party Auditors, Qima JD have widened our scope developed by the JD CR team and are referred to as Worker of ethical Audits to specifically identify Modern Slavery indicators which may not be visible in standard audit protocols. These have been named WORKER WELFARE ASSESSMENTS and are mainly interview focused specifically to engage the workers in more detail about their individual situations. The areas of focus for these assessments will include the following identified red flags.

# ONGOING COMMITMENTS

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## RECRUITMENT PRACTICES

Payment of salaries/bank accounts/overtime/social insurance

- > Correct recruitment policies are in place and agencies are registered with no fees in place for workers
- > Particularly difficult in rural areas
- > Ensure contracts are in place for all workers, inclusive of probation and termination
- > Identify and protect home workers



## EXTENDED AUDITING POLICIES

Counties and regions of risk have been identified using documented data and a number of assessments were trialled and introduced in China. This has been successful and proven to be more informative. For example an issue with delayed payments were identified, which otherwise had not reported in the standard audit process. This issue was immediately remedied by working with the supplier and factory to align the payments. All workers now receive the payment in a timely manner and this will continue to be monitored.

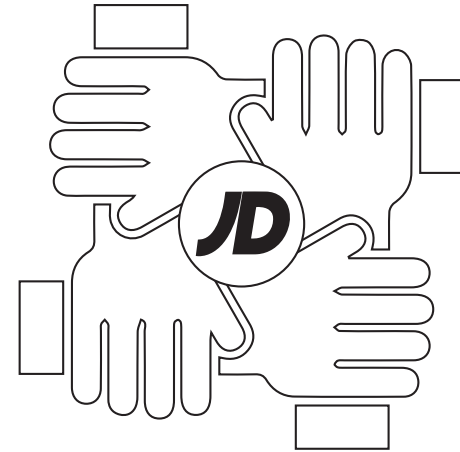
JD are looking to extend this assessment over the next 12 months and are currently working to adapt this assessment for India. It is important to recognise that different countries and cultures will need different approaches and whilst the issues are the same, the reasons can be more complex.

# ONGOING COMMITMENTS

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 re-enforce our code of practice and ethical behaviours in this particular area.

All product teams have received extensive training both in the “classroom” environment at head office but importantly on the ground in the factories from the senior sourcing team, to enable them to report potential risks back to the escalation team in the UK.

A senior member of the Sourcing & Supply chain team will undertake a rollout of the head office practices on recruitment and worker welfare of all UK/Europe Subsidiaries and 3rd Party Warehouses.



## CASE STUDY

During a recent visit to China, an issue was detected by a member of the product team. The staff member noted an agency worker who was employed in the final inspection/trimming area who looked underage.

The outcome was the agency worker had indeed brought her daughter to work during the school holidays. The daughter was 14. The agency worker was employed as a piece worker and was therefore being paid for both of their work. This was discussed at senior level with the factory and it was further highlighted that the girl was unknown to the factory and not registered as being in the building.

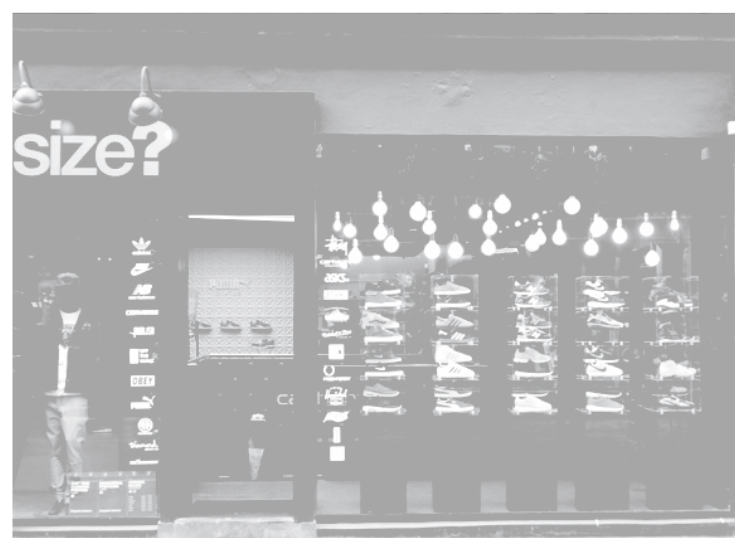
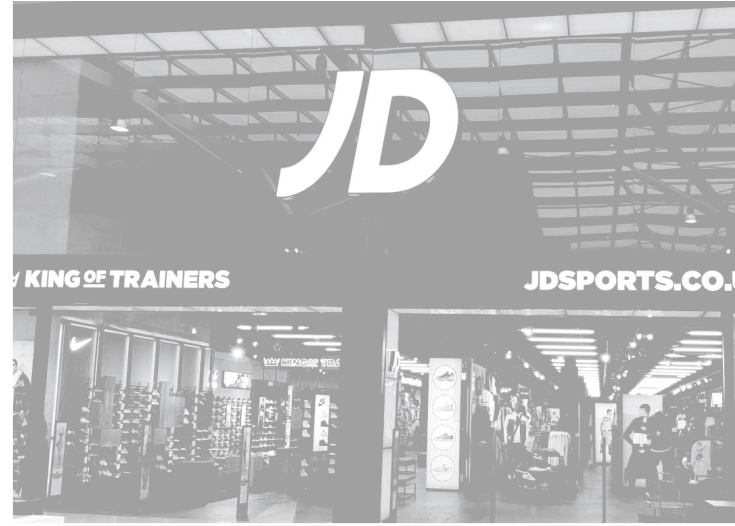
It was explained to the factory that this was not permitted but it was taken into account that the girl was clearly educated, well groomed, and did not seem intimidated in any way. The opportunity was taken to further explain the need to ensure the factory was secure and all staff on site were signed in and identified for fire safety and security. No disclosure had been made of agency staff being employed and a recruitment policy is now in place.

## CASE STUDY

During the first site visit to a factory by the head office sourcing team, some anomalies were identified in capacity V machine workers and it was concluded that sub-contracting was evident. This investigation is on-going and whilst the factory has not yet been alerted to this issue, once the full facts are known it will be decided what action to take. A freelance QC has been employed who will be tasked with establishing where the production is at the right time in the critical path.

We recognize the danger of this practice but also that we need to have the full facts of the non-compliance in order to ensure worker safety and forward actions.





THANK YOU