

## **jcpenny Statement on California's Transparency in Supply Chains Act**

For more than a century, jcpenny and its subsidiaries have built a legacy of operating in an ethical and socially responsible manner. The standards that we set for our company and our associates are set forth in jcpenny's [Statement of Business Ethics](#). In addition, we require our suppliers to share our commitment to legal compliance. We recognize that a critical factor in our continuing success as a leader in the retail industry is our ability to build and sustain strong relationships with our suppliers – relationships based on trust, integrity and high standards for ethical behavior and legal compliance. Our expectations of our suppliers are set forth in the jcpenny [Supplier Principles](#).

Below you will find the actions that jcpenny is taking to eradicate slavery and human trafficking from our direct supply chain.

### **1. Verification of Supply Chain and Evaluation of Risk**

jcpenny does not manufacture any of the products that we sell. For our private brand merchandise, we source from suppliers that operate in or import from over 40 countries. These suppliers provide the wide variety of merchandise we offer in our stores, in our catalogs and on [jcp.com](#), including apparel, footwear, furniture, accessories and home decor items. We strive to buy our merchandise from companies that share our values, and we include corporate social responsibility considerations in our sourcing practices. Ensuring that our suppliers' operations reflect our values and that our products are made in safe and humane working conditions are top priorities. Monitoring our supply chain remains a dynamic and evolving process, and we work continuously to improve our processes and practices to adapt to the changing global environment in which we operate. Factories producing jcpenny private brand product undergo an evaluation by jcpenny and third party auditors of the factory's compliance with local health, safety and labor laws and jcpenny expectations

Annual risk assessments of the supply chain are conducted to identify areas of potential risk and to develop action steps to address identified risk. jcpenny participates in industry working groups and collaborative efforts with external stakeholders to improve transparency in the supply chain.

### **2. Auditing**

All factories used by our suppliers to produce direct import or jcpenny private brand merchandise are subject to jcpenny's social compliance program including announced and unannounced audits by jcpenny and third party auditors. The frequency of audits is based upon a risk assessment and prior audit findings. Audit findings are reviewed with the factory management and corrective action plans developed. Factory management is expected to address all issues identified in the audit and corrective action plan. A non-compliant factory that cannot, or will not, meet the requirements to become compliant within the time provided is suspended for a minimum period of 12 months. A suspended factory is not permitted to produce any private brand product for any supplier that sells merchandise to jcpenny during the suspension period.

### **3. Supplier Certification**

jcpenny's contract terms with its suppliers and the jcpenny Supplier Principles require all jcpenny suppliers to comply with all applicable laws, including all labor laws and refrain from using forced labor, whether indentured, bonded, prison or obtained through slavery and human trafficking (including forced child labor). Our expectations are communicated to prospective suppliers during the early part of the contract negotiation process, and suppliers are consistently made aware that they must stay in compliance to do business with us. All suppliers provide certifications of compliance for each shipment of merchandise to jcpenny.

### **4. Accountability**

All jcpenny associates are required to comply with the jcpenny Statement of Business Ethics, which is updated annually. Associate training and certification of compliance is also conducted annually. jcpenny seeks to work with only those suppliers and services providers that share our same values and ethics as set forth in the jcpenny Supplier Principles. All allegations of violations of the jcpenny Statement of Business Ethics or Supplier Principles are investigated and appropriate responsive action taken. If there is credible evidence that one of our suppliers, or one of their contractors, is violating the legal compliance provisions of our contracts, we may take one or more of the following actions: suspend current business activity until the supplier or the contractor is in complete compliance and we are assured the supplier has taken the steps necessary to prevent future violations; cancel outstanding orders; place the violating factory on our suspended factory list, prohibiting its use to produce jcpenny private brand merchandise; terminate our relationship with the supplier; report illegal activity to the appropriate legal authorities.

### **5. Training of jcpenny associates**

jcpenny is dedicated to building a socially responsible supply chain. jcpenny associates who are responsible for international sourcing as well as those who are responsible for oversight and management of social compliance for direct import and private brand suppliers go through periodic training on social compliance issues, including labor compliance issues.