

# SUPPLIER PRINCIPLES

For more than a century, jcpenny and its subsidiaries have built a legacy of operating in an ethical and socially responsible manner. 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. These Principles outline jcpenny's expectations of all suppliers that conduct business with our Company.

## Ethical Business Practices

At jcpenny, we commit ourselves to the values expressed in our Statement of Business Ethics, which is derived from the belief of our founder, James Cash Penney, in doing business according to the Golden Rule: "Do unto others as you would have them do unto you." The jcpenny Statement of Business Ethics sets out the standards by which all jcpenny associates promote a culture of integrity and legal compliance, including guidance on relations and interactions with suppliers. Suppliers who do business with jcpenny must share our values and ethical commitments. We deal openly and ethically with our suppliers and, in return, we expect our suppliers to:

- Comply with all applicable laws and regulations, and jcpenny's standards.
- Maintain independence and impartiality in all business relationships.
- Never offer or give our associates anything of value.
- Never engage in bribery or corruption, or offer anyone an improper payment or gift for the purpose of obtaining or retaining business or securing an improper advantage for jcpenny.
- Protect jcpenny confidential information.
- Maintain accurate books and records in accordance with laws and accepted accounting practices.
- Cooperate with legitimate government investigations.



By building a brand trusted by the more than half of America's families who shop jcpenny each year, we strive to ensure that all our merchandise is produced by suppliers who share our commitment to responsible corporate citizenship.



## Working Conditions

jcpenny is committed to having a diverse and inclusive workforce where everyone is respected, valued and has a voice in contributing to our business success. We also recognize our responsibility to follow the employment and human rights laws of every country in which we operate. We ask our suppliers to adopt similar practices in their business operations and in their relations with component, raw material and service providers and expect them to:

- Maintain a safe workplace environment and comply with all applicable health and safety laws and jcpenny's standards.
- Ensure employees, contractors and service providers are not subject to physical, sexual or verbal harassment or abuse.
- Compensate employees fairly, competitively within the industry and in compliance with country laws and offer opportunities for skill development.
- Comply with all applicable employment, benefits, work hours and overtime laws.
- Respect employees' legal rights on freedom of association and collective bargaining.
- Prohibit the use of child labor.
- Prohibit the use of prison, indentured, bonded, forced or compulsory labor.
- Employ people on the principle of equal opportunities without discrimination based on age, affiliation, disability, gender, marital or family status, pregnancy, national, social, or ethnic origin, race, religion or sexual orientation.
- Ensure the freedom of movement of workers.



## Safe Quality Products

At jcpenny, we take special care to ensure that the merchandise we purchase and sell to our customers meets the highest quality and safety standards. We have long been a leader in consumer product safety measures to make sure all products we sell meet or exceed product safety requirements. But jcpenny cannot meet its product safety and quality goals alone; we rely on suppliers to implement procedures to fulfill our high standards and we expect our suppliers to:

- Comply with all applicable product safety laws and regulations, including applicable state requirements.
- Comply with applicable jcpenny's quality standards.
- Implement and maintain processes and procedures to monitor and test the safety and quality compliance of raw materials, components and final products sold to jcpenny.
- Maintain accurate books and records related to product safety and quality compliance.



## Socially Responsible Supply Chain

jcpenny is dedicated to preventing the sale of products produced at the expense of communities, workers or the environment. Since jcpenny is not the manufacturer of the finished consumer goods that we sell, we work with suppliers who share our commitment to a socially responsible supply chain and we expect our suppliers to:

- Comply with all applicable laws and regulations and jcpenny's standards including certification requirements.
- Develop processes and procedures for ensuring that material, component and service providers also conduct their business operations in a socially responsible manner.



## Environmental Impact

jcpenny continually seeks to use good judgment with respect to the environmental impact of our business operations, and to develop and implement plans, programs and policies for eliminating or minimizing significant threats to the environment. We work closely with our suppliers to develop products, packaging and procedures that are environmentally responsible. We set ambitious goals to improve our Company's performance in this area and expect our suppliers to set similar commitments, and to:

- Efficiently use available resources to minimize or mitigate environmental impacts.
- Seek to reduce carbon emissions, discharges, waste and use of water and energy.
- Comply with all applicable environmental laws.
- Demonstrate sensitivity to environmental issues that may impact local communities.
- Develop processes and procedures for handling, storage, transportation and disposal of hazardous waste.



## Communication, Cooperation and Compliance

jcpenny is committed to working with suppliers to encourage legal and ethical compliance and sound business practices. The relationship between jcpenny and its suppliers is based on open dialogue and joint efforts. We expect our suppliers to support the fulfillment of these Principles by incorporating them in their own internal business processes, which they consistently apply and communicate to their employees, suppliers and service providers.

These Principles are an integral part of our supplier selection process. jcpenny works with suppliers, industry groups and experts to identify best practices and to develop tools for assessing, monitoring and improving suppliers' performance and compliance. We require our suppliers to cooperate with all audit, assessment and investigation processes requested by jcpenny. If a supplier fails to meet our requirements, we will take decisive corrective action, up to and including cancellation of contracts and termination of our relationship.

Suppliers are encouraged to contact jcpenny with any questions or concerns about our expectations and expected to report a potential ethical or legal violation involving jcpenny business. To that end, we provide a hotline, which can be accessed via a toll-free telephone number or website found at [www.jcpjline.com](http://www.jcpjline.com).