

# SUPPLIER PRINCIPLES

For more than a century, JC Penney 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 JC Penney's expectations of all suppliers that conduct business with our Company.

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, their suppliers, service providers, and subcontractors.

## ETHICAL BUSINESS PRACTICES

At JC Penney, 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 JC Penney Statement of Business Ethics sets out the standards by which all JC Penney associates promote a culture of integrity and legal compliance, including guidance on relations and interactions with suppliers. Suppliers who do business with JC Penney 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, including laws related to countering bribery and corruption, and JC Penney's standards.
- Maintain independence and impartiality in all business relationships.
- 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 JC Penney as outlined in the [Statement of Business Ethics](#)
- Comply with the JC Penney Gifts Policy.
- Ensure the security, confidentiality, and integrity of JC Penney, customer and associate confidential information and data.
- Maintain accurate books and records in accordance with laws and accepted accounting practices.
- Cooperate with legitimate government investigations.



## WORKING CONDITIONS

JC Penney 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, if provided, residential facilities) and comply with all applicable laws and JC Penney's standards regarding working conditions, including accident prevention, health and safety, fire safety, and electrical, mechanical, and structural safety.
- Implement management systems and controls that identify hazards and assess and control risks.
- Ensure employees, contractors and service providers are not subject to physical, sexual, psychological, or verbal abuse, coercion, or intimidation.
- Compensate employees for their standard and overtime hours in compliance with local laws.
- Comply with all applicable employment, benefits, work hours and overtime laws, including providing workers at least one in seven days off.
- Respect employees' legal rights on freedom of association and collective bargaining.
- Prohibit the use of child labor.
- Prohibit the use of prison, indentured, bonded, slave, forced or compulsory labor, and human trafficking.
- Employ people on the principle of equal opportunities without discrimination based on age, organizational affiliation, disability, gender, marital or family status, pregnancy, national, social, or ethnic origin, race, religion, community identification, or sexual orientation.
- Ensure equal treatment of women in all aspects of employment.
- Ensure the freedom of movement of workers.



## SAFE QUALITY PRODUCTS

At JC Penney, we take special care to ensure that JC Penney merchandise 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. However, JC Penney 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 JC Penney quality standards.
- Implement and maintain processes and procedures to monitor and test the safety and quality compliance of raw materials, packaging components and final products sold to JC Penney.
- Maintain accurate books and records related to product safety and quality compliance.



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## SUPPLY CHAIN SECURITY

JC Penney has been a member of the Customs Trade Partnership Against Terrorism (CTPAT) since 2002. The program is a collaborative government-business partnership that strives to strengthen the international supply chain and U.S. border security. As a member of this program, we

- Conduct routine audits to ensure our supply chain processes continue to meet and exceed minimum security standards set by the importing community and U.S. Customs Border Protection;
- Provide our suppliers with educational materials via a written booklet or an online e-Learning tool and expect them to ensure all product sold to JC Penney complies with our security standards; and
- Comply with all applicable laws and regulations including applicable state requirements and JC Penney's standards and sourcing policies including certification requirements.



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## SOCIALLY RESPONSIBLE SUPPLY CHAIN

JC Penney is dedicated to preventing the sale of products produced at the expense of communities, workers, or the environment. We work with suppliers who share our commitment to a socially responsible supply chain, and we expect our suppliers and their facilities to:

- Comply with all applicable laws and regulations including applicable state requirements and JC Penney's standards and sourcing policies 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.
  - Comply with Conflict Minerals regulations as outlined in [JCPenney Conflict Minerals Policy](#).
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## **ENVIRONMENTAL IMPACT**

JC Penney 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 expect our suppliers to:

- Develop products, packaging and procedures that are environmentally responsible.
- Understand and be aware of significant environmental impacts (negative and positive) of business operations.
- Seek to reduce negative environmental impacts including energy and carbon emissions, waste generation, water usage, and any discharges to the environment.
- Comply with all applicable environmental laws and regulations and JC Penney standards.
- Demonstrate sensitivity to environmental issues that may impact local communities.
- Comply with JC Penney's Restricted Substances List.
- Develop processes and procedures for the proper and safe handling, storage, transportation, and disposal of hazardous waste in compliance with all laws and regulations.

## **COMMUNICATION, COOPERATION AND COMPLIANCE**

JC Penney is committed to working with suppliers to encourage legal and ethical compliance and sound business practices. The relationship between JC Penney and its suppliers is based on open dialogue and joint efforts.

These Principles are an integral part of our supplier selection process. JC Penney works with suppliers, industry groups and experts to identify best practices and to develop tools for assessing, monitoring and improving suppliers' performance and compliance. 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 JC Penney with any questions or concerns about our expectations and are expected to report a potential ethical or legal violation involving JC Penney business which may be reported confidentially in local languages. To that end, we provide a hotline, which can be accessed via a toll-free telephone number 1-800-527-0063 or website found at [www.JCPLine.com](http://www.JCPLine.com). We will never retaliate against someone for raising good faith concerns about potential violations of law, ethics, or JC Penney policy.