

## **JJB SPORTS PLC**

### **CODE OF PRACTICE ON SOCIALLY RESPONSIBLE TRADING**

JJB are the UK's leading sports retailer and a prominent FTSE quoted company. Furthermore, given the nature of our supply chain, JJB is also part of an international business. This fact, along with the ongoing globalisation of the world economy, brings with it exciting opportunities for the future of JJB, but it also raises genuine concerns over the conditions in which the goods we sell through our stores are produced. These concerns are real and important to JJB because they are important to our customers. Furthermore, we also recognise our responsibility as a business for working closely with our suppliers to ensure that decent working conditions are upheld across the supply chain. We also share our suppliers' beliefs that better working conditions result in better productivity and better quality of output and therefore socially responsible trading is in the interests of employees, suppliers, retailers and consumers.

It must be stressed that JJB itself sources almost no product directly from the factories where its products are manufactured. Subsequently, the vast majority of products are purchased direct from UK companies who themselves source the product from the manufacturers and therefore JJB's Code of Practice has to be initially discussed with JJB's UK suppliers.

This Code of Practice on Socially Responsible Trading clearly sets out what we expect from our suppliers in terms of labour conditions. The Code of Practice will be distributed to all of our suppliers. JJB will also work closely with key suppliers to monitor and review their processes for ensuring ongoing compliance with their own Codes of Practice and internationally accepted best practice principles of labour standards (for example, the Ethical Trading Initiative (ETI) 'Base Code' and the 'Model Code of Conduct' devised by the World Federation of the Sporting Goods Industry). We believe that this process, along with our suppliers' own processes and controls, will help to ensure that labour standards continue to improve across the global sports and leisure industry supply chains.

## **THE PRINCIPLES OF SOCIALLY RESPONSIBLE TRADING**

The principles adopted by JJB are based on the internationally accepted principles of the ETI Base Code of Labour Standards and the Model Code of Conduct devised by the World Federation of the Sporting Goods Industry. We expect our suppliers to comply with the principles outlined below:

### **Employment should be freely chosen**

There should be no forced, bonded or involuntary prison labour and employees should be free to leave their work, after giving reasonable notice.

### **Freedom of association and the right to collective bargaining are respected**

Workers are free to join trade unions and other such organisations and worker representatives will not be discriminated against.

### **Working conditions must be safe and hygienic**

Workers must receive health and safety training, have access to clean toilets and potable water. Accommodation, if provided, must be clean and safe.

### **Child labour shall not be used**

There shall be no new recruitment of child labour and companies must provide for the transition of former child labourers out of the working environment.

### **Living wages are paid**

Wages must meet minimum national standards or industry benchmarks, workers must be aware of the conditions of their employment and illegal deductions will not be made from wages.

### **Working hours are not excessive**

Working hours must comply with local national law or industry benchmarks. Workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

### **No discrimination is practiced**

There will be no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

### **Regular employment is provided**

To every extent possible, work performed must be on the basis of recognised employment relationships established through national law and practice.

**No harsh or inhumane treatment is allowed**

Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

**Health and Safety**

Suppliers and their partners shall endeavour to provide working environments that comply with all relevant health and safety legislation and best practice.

**Environment**

Suppliers and their partners shall minimise adverse effects on the environment and demonstrate commitment to ensuring continuous improvement in terms of their environmental performance.

**Legal Compliance**

Suppliers and their partners shall operate in full compliance with national and local laws, rules and regulations relevant to their business operations.

**Community Development**

Suppliers and their partners recognise the economic and social impact of their work and are committed to improving conditions in the wider community.

Furthermore, we expect our suppliers to comply with the following:

**Monitoring and Compliance**

Suppliers are able to demonstrate that Codes of Conduct on social responsibility and environmental matters are being adhered to across supply chains, via effective and ongoing internal and/or external monitoring procedures.

**Awareness Raising**

Suppliers and their partners will make efforts, in addition to the distribution of a Code of Conduct across their businesses and supply chains, to promote awareness and understanding of the principles amongst all employees.

**Fair Trading**

The manufacturers used by our suppliers are treated fairly and with respect and undue pressure is not placed on them through terms and conditions of supply.

## **JJB WORKING WITH OUR SUPPLIERS**

To satisfy ourselves as to compliance by our suppliers with these principles, JJB will adopt the following process:

- This Code of Practice will be distributed to all of our suppliers, along with a covering letter explaining that their compliance with the standards is expected and that this will be reviewed on an ongoing basis.
- Key supplier Codes of Conduct will be obtained and reviewed to ensure that they are in line with the principles outlined above.
- Procedures adopted by key suppliers for ensuring compliance with Codes of Conduct (e.g. independent inspections and audits) will be ascertained and assessed for reasonableness, giving consideration to scope of work, evidence obtained, frequency of visits, reporting, procedures in cases of non-compliance, extent of control over sub-contractors and continuous improvement.
- Reports of work done, if made available, will be reviewed by JJB to assess ongoing compliance with Codes of Conduct. Ongoing liaison between JJB and our suppliers will also help to ensure that Codes of Conduct are being complied with.
- In the event that a supplier does not or cannot ensure ongoing compliance with the principles outlined above, JJB will work with the supplier to ensure that the situation may be corrected on a timely basis. In cases of serious, repeated and ongoing non-compliance, alternative supply arrangements may be made.

To ensure a comprehensive and consistent to approach to supplier reviews, a checklist has been prepared - this can be found as an appendix to this Code of Practice. Initial meetings will be held with all key suppliers to go through the points in this checklist to ascertain in detail their procedures in respect of social responsibility issues. Following on from these initial meetings, periodic reviews will be performed to ensure ongoing adequacy of supplier compliance and monitoring procedures. Any incidences of non-compliance will be reported to the JJB Board and to the supplier, with the intention of finding workable solutions that are suitable to all parties concerned.

**APPENDIX 1 – SUPPLIER SOCIAL RESPONSIBILITY CHECKLIST**

<b>Requirement</b>	<b>Y/N</b>	<b>Comments</b>	<b>Rating</b>
Is there a current business Code of Conduct in place? Obtain and review the code.			
Does it cover all aspects of the Base Code of labour practice as devised by the ETI? I.e. does it cover the following areas: <ul style="list-style-type: none"> <li>• Employment should be freely chosen</li> <li>• Freedom of association and the right to collective bargaining</li> <li>• Safe and hygienic working conditions</li> <li>• Child labour not used</li> <li>• Living wages are paid</li> <li>• Working hours are not excessive</li> <li>• No discrimination is practiced</li> <li>• Regular employment is provided</li> <li>• No harsh or inhumane treatment is allowed</li> </ul>			
Does the Code also satisfactorily cover the areas of: <ul style="list-style-type: none"> <li>• Fair trading</li> <li>• Environmental standards</li> <li>• Health and safety</li> </ul> If not, are we satisfied that the supplier acts responsibly in these areas as well?			
Does the Code of Conduct take into account local legislation? Which takes precedence?			
Is there a dedicated owner of the Code of Conduct?			

<b>Requirement</b>	<b>Y/N</b>	<b>Comments</b>	<b>Rating</b>
Is the Code of Conduct reviewed and updated on a regular basis?			
Is there a dedicated resource made available to implementing and ensuring compliance with the Code of Conduct?			
Is the Code of Conduct distributed to all relevant parties? Who exactly receives copies?			
Do all manufacturing outlets, owned and subcontracted, receive copies of the Code of Conduct? Do they have to sign as evidence of receiving and reviewing the code, and also to agree to comply with its principles?			
Is the Code of Conduct translated into all languages relevant to the locations of manufacturing facilities used by the supplier?			
Is the Code of Conduct displayed prominently or made directly available to all employees within all manufacturing facilities used by the supplier?			
Are other efforts made by the supplier to encourage employee understanding of the code (e.g. training sessions)?			
Is there a process whereby employees can identify breaches of the Code of Conduct to the supplier, confidentially if required?			

<b>Requirement</b>	<b>Y/N</b>	<b>Comments</b>	<b>Rating</b>
Is there a process whereby the supplier can ensure ongoing compliance with the Code of Conduct within manufacturing facilities?			
Are independent audits / reviews performed on facilities?			
Do reviews cover all functions and areas within the facilities?			
Are the reviews performed by suitably skilled staff? Are they independent? Is local resource used (for better understanding of language and laws)?			
Is a standard scope / checklist / audit approach followed? Obtain and review details, if available.			
Are independent interpreters used? Are confidential employee interviews performed? What testing is performed? What forms of evidence are obtained?			
Are ratings given to facilitate benchmarking and continuous improvement and to highlight problem areas, etc? What is the ratings framework?			
Is there a process whereby findings are reported to local management? To supplier group management? To interested third parties? Obtain and review sample reports, if available.			
Are actions and timescales agreed on with local management for rectification of non-compliance issues?			
Are physical follow up reviews performed to check on action taken?			

<b>Requirement</b>	<b>Y/N</b>	<b>Comments</b>	<b>Rating</b>
<p>Is there a standard procedure in cases where adequate action has not been taken? What is the procedure if there are repeated incidences of non-compliance with the Code of Conduct? Are supply arrangements ever terminated due to breaches of the Code of Conduct? Are such incidences reported to external Human Rights Organisations?</p>			
<p>Is the schedule of site reviews cyclical or risk based? How often are sites visited, on average?</p>			
<p>Is adequate control exercised by the supplier over non-owned facilities?</p>			
<p>Is the supplier involved in / does the supplier actively promote community development schemes in production areas?</p>			