

Sourcing & Purchasing

Practices and Policies

1. Summary

JD Sports Fashion plc (“JD”) is committed to implementing, monitoring and managing responsible sourcing and purchasing practices across our supply chain.

We believe in enabling positive change at supplier level, across multiple tiers of our supply chain. It is part of our ethos to ensure that the workers within our supply chain benefit from our continued growth, and the orders we place with suppliers

To balance ethical and commercial priorities, it is essential that both JD and our suppliers demonstrate:

- Senior level commitment
- Clear lines of accountability
- A robust approach to managing change in support of the development of responsible and sustainable purchasing practices

Further information on our approach to sustainable sourcing (for our Private Label brands) can be found [here](#)

2. Potential impacts of poor supply chain management

It is important to recognise the impact of decisions made during sourcing and buying processes. When supply chains are not managed correctly, workers within the supply chain are often the first to feel the impact. Examples include:

- Poorly planned buying calendars, which may result in compacted lead times throughout the supply chain
- Last-minute changes to products and orders, which can lead to shortened lead times and problems including pressure on overtime limits, increased use of casual labour, and unauthorised sub-contracting
- Pressure from retailers to reduce prices, which may, in turn, increase the risk of suppliers not paying workers the living wage within their respective territory

In summary, poor purchasing practices may result in JD Code of Conduct violations and potential breaches of local labour law and standards, placing workers at risk.

3. Our approach

Successful partnerships require honest relationships where direct, frequent engagement ensures that both parties can negotiate, and mitigate risks that may arise. Such an approach ensures that, by advocating trust, transparency and regular communication, both buyer and suppliers are committed to supporting human rights within the supply chain.

JD considers it essential to recognise a responsible purchasing strategy. This ensures that our buyers prioritise ethical criteria and behaviour during supplier negotiations, understand that all aspects of the supply chain must be considered within the 'final price'.

Agents within the supply chain must take responsibility to ensure that they do not adversely impact pricing structures. Examples of this include the use of non-transparent costings, or undertaking practices such as adding commissions to both sides. Such actions may result in increased risk via cost-reduction measures undertaken to complete orders to time and volume.

4. Our Strategy

JD established an Environmental, Social and Governance (ESG) Committee in 2020. The [ESG Committee](#) is supported by periodic (four-weekly) Board Reports including our latest Environmental and Social updates.

- We define internal responsibilities, and integrate responsible purchasing goals into senior job descriptions
- We undertake collaborative cross-department and function communication, collaborating with JD colleagues working in teams including, but not limited to Buying, Quality Assurance, Indirect Procurement, Environment and Legal
- We undertake clear communication on planning and product development, providing suppliers with access to forecasting and production planning to suppliers
- We operate fair payment terms. JD has adopted an approach and process that ensure all supplier payment terms are agreed by both parties, and JD is committed to prompt payments in accordance with agreed supplier terms.
- We commit to manage orders effectively, using methods such as critical paths to highlight key dates and process needs. This ensures that we operate achievable delivery dates across the supply chain
- Ongoing collaboration with key JD and supplier stakeholders to provide relevant (and regularly updated) training on subjects ranging **from x to y**

JD has adopted the buyer and supplier code of conduct for purchasing practices based on ETI suggestion:

5. Our suppliers commitments

Our suppliers **should commit to meeting** the required labour rights standards outlined in the **JD Ethical Code of Practice and Code of Conduct**, developed in accordance with ILO standards;

- Comply with both domestic laws, and JD-instructed standards with regards to prevention of engagement or participation within corruption at any level of the supply chain
- Provide evidence of clearly communicated, understandable written information to workers on wages, working hours, benefits, terms of employment and their rights as workers
- Provide regular employment and not avoid obligations to employees through subcontracting, homeworking, apprenticeships or use of revolving short-term contracts
- Paying male and female workers equal wages for equal work for a standard working week that are enough to meet basic needs and provide discretionary income and make no unfair deductions from pay
- Comply with, and operate within territory-specific laws and regulations relating to male and female workers, working conditions, and treating workers of all genders equally, and with respect and consideration, upholding their dignity in accordance with ILO standards
- Ensure that policies are in place to prevent discrimination against workers based on gender, race, sexual orientation caste, national origin, religion, age, disability, marital status, sexual orientation, union membership, political affiliation, medical condition etc.
- Ensure that no harsh treatment is used towards any workers including actual or threatened physical or verbal abuse, sexual harassment, or other forms of intimidation as per ILO standards
- Evidence management practices to demonstrate and verifiably evidence that non-discrimination policies are proactively managed, providing audit information to JD upon request
- Ensure that anti-discrimination policies, include non-discrimination against workers representatives, enabling them to function safely and without intimidation in the workplace
- Recognition of both worker representative groups, and unions recognised by the government of the sourcing location(s) of the supplier
- Minimise the impact of the production process on local environments and natural resources by methods including but not limited to:., identification of opportunities to use renewable energy (where possible), and to reduce both water consumption whilst reducing and eliminating wastewater
- Inform JD (as the customer) if our purchasing practices are undermining the supplier's ability to uphold decent working conditions and achieve compliance with legal and regulatory standards

6. Our buyers' commitments

To build long-lasting and beneficial relationships with our suppliers in accordance with our Ethical Code of Practice and Code of Conduct

- Continuous work to improve our policies and practices, enabling our suppliers to meet their commitments as outlined within the Code of Conduct
- We shall treat suppliers with respect and consideration in all our dealings and communications
- We will communicate clearly, promptly and accurately on areas of the critical path and order placement
- We shall not knowingly negotiate a price that is below the cost of production, cognisant of the impact such an approach has on the wages and working conditions of workers
- Orders will be placed within agreed lead times to ensure that we do not contribute towards excessive working hours, or unauthorised sub-contracting
- We shall refrain from changing orders repeatedly and at short notice. If changes are unavoidable, we will agree amended delivery times with suppliers