

SUPPLIER DIVERSITY HANDBOOK

PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

INTRODUCTION

COMMITMENT TO SUPPLIER DIVERSITY

The JCPenney Supplier Diversity initiative was formalized in 1972 when the Company became one of the founding members of the National Minority Supplier Development Council (NMSDC), and subsequently, the Women's Business Enterprise National Council (WBENC).

Since its inception, JCPenney has been recognized for fostering an inclusive workplace for our associates and partners. Some of the most notable recognition includes that of Olive Tree Publishing Inc., the publisher of Black EOE Journal, Hispanic Network Magazine and Professional Woman's Magazine, recognizing JCPenney at the "Top Retailer and Top Supplier Diversity Program" awards. The organization also recognized JCPenney in its 2009 "Best of the Best" annual review series, being chosen among 900 leading corporations for achieving excellence in diversity by expanding career advancement opportunities for American minority groups.



PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

INTRODUCTION

VALUE PROPOSITION

We're connecting and engaging our customers like never before, while also shifting perceptions of JCPenney by inviting them to rediscover the incredible style and value we have to offer. This is only enhanced by having a diverse portfolio of suppliers. JCPenney recognizes that supplier diversity can serve as a competitive advantage for the business because it:

- Promotes innovation through the entrance of new products, services and solutions
- Provides multiple channels from which to procure goods and services
- Drives competition (price and service levels) between the company's existing and potential vendors
- Allows a company to take advantage of new business expansion opportunities as new consumer needs emerge based upon shifting demographics
- Demonstrates an organization's commitment to doing business, beyond consumerism, in diverse markets
- Showcases the company's interest in and commitment to the economic growth of all communities



PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

SUPPLIER DIVERSITY PROGRAM OVERVIEW

The JCPenney Supplier Diversity program develops and strengthens relationships with current and prospective vendors by using a three-tiered approach that:

- Connects suppliers to the Buying Teams through the **JCPenney Match Program**
- Provides training for prospective suppliers through the **JCPenney Supplier Readiness Program**
- Offers training for current suppliers through the **JCPenney Supplier Academy**

DIVERSE SUPPLIER REGISTRATION PROCESS

To participate in the JCPenney Supplier Diversity Program, vendors must register in the Supplier Diversity Portal found on the JCPenney corporate website. Program participants must be U.S.-based and diverse-owned (minority-owned, woman-owned, disabled-owned, veteran-owned, service disabled veteran-owned, or LGBT-owned). Participants are expected to maintain certifications from a national, regional or state credentialing agency. JCPenney recognizes certifications from the National Minority Supplier Development Council (NMSDC), the Women's Business Enterprise National Council (WBENC), Disability:In, the National Veteran-Owned Business Association (NaVOBA), the U.S. Pan Asian American Chamber of Commerce (USPAACC), the National LGBT Chamber of Commerce (NGLCC), and Federal, Regional and State certifying agencies.

While there is no cost to participate in the JCPenney Supplier Diversity Program, there are costs associated with being certified as a diverse-owned business; those costs are paid to the certifying organization. Though JCPenney strives to support and develop businesses owned by diverse suppliers, it is equally important to note that participation in the JCPenney Supplier Diversity Program does not guarantee a contract. All contracts awarded must be mutually beneficial for all concerned parties.



PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

VENDOR REQUIREMENTS

There are requirements and review points that will assist your company in pursuing a business relationship with JCPenney.

REQUIRED DOCUMENTATION

Registration Form

- Dun & Bradstreet Validation unless individual not operating as a LLC
- Current certificate from a verified diverse supplier certifying agency
- W-9
- Compliant certificate of insurance for freight carriers and high-risk IT suppliers
- Two years audited financial statements for analysis if spend is > \$250,000

Basic Insurance Requirements

Retail Merchandise:

General Liability (GL) requirement must be on an occurrence basis with the following limits: \$2 million for Bodily Injury and Property Damage (Each Occurrence), Personal & Adv Injury, General Aggregate and Products - Comp/Op Agg.



PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

VENDOR REQUIREMENTS

Not For Retail Products:

These are the basic coverage requirements, with the exception of specialty or high-risk vendors who may require higher limits or additional types of coverages (i.e. Errors and Omissions; Cyber).

- Workers' Compensation affording protection under the Workers' Compensation laws in the jurisdiction where the work is being performed and (2) Employers' Liability Protection subject to a limit not less than \$500,000.
- Commercial General Liability Insurance written on an occurrence basis in amounts not less than \$2,000,000 per occurrence as respects bodily injury and property damage with \$2,000,000 annual aggregate. Such insurance shall include: (a) Contractual Liability Coverage; (b) Completed Operations Coverage; and (c) coverage for damage to property in the care, custody or control of Contractor.

The Commercial General Liability insurance shall (i) include J. C. Penney Corporation, Inc., its parent J. C. Penney Company, Inc., its subsidiaries and its affiliates, to the extent of their interest as an additional insured, including without limitation, as an additional insured with respect to third party claims or actions brought directly against JCPenney or against JCPenney and Supplier as co-defendants and arising out of this Agreement, (ii) contain a provision that JCPenney, although named an insured, shall nonetheless be entitled to recovery for any loss suffered by JCPenney as a result of Supplier's negligence, and (iii) be written as a primary policy not contributing with any other coverage which JCPenney may carry.

- Comprehensive Automobile Liability Insurance in amounts not less than \$1,000,000 per person and \$2,000,000 per occurrence as respects bodily injury and \$1,000,000 per occurrence as respects property damage covering all owned, rented and non-owned vehicles.

General NFR Requirements

- Compliant with local, state, and federal laws
- 2 years of financials for review
- Ability to execute a Master Terms and Conditions Agreement (agree to contractual requirements)
- Comply with Business Ethics Statement
- Register & maintain account on our Supplier Internet Site
- Ability to receive POs and submit invoices electronically
- Comply with Freight and Labeling requirements

EDI Capability

JCPenney is 2005 Sunrise compliant. We are able to receive, scan, and process EAN/GS1-8, GS1-12 (UPC), and EAN/GS1-13 Global Trade Item Numbers (GTINs).

JCPenney does not currently support the EAN/GS1-14 GTIN. All item communications between JCPenney and our trading partners must use the EAN/GS1-8, GS1-12 (UPC), or EAN/GS1-13 GTIN. These GTINs are not to be sent with any leading zeroes to mimic an EAN/GS1-14. The GTIN on item communications must exactly match the GTIN as barcoded on the item. Any trading partner planning to implement the EAN/GS1-14 as an actual product GTIN (encoded on the item) should contact EDI9900-sm@jcp.com with your implementation plan/schedule.

PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

VENDOR REQUIREMENTS

Legal Compliance Documents

Listed below are legal compliance requirements, forms, and certifications that JCPenney requires of suppliers. Applicability is noted in parenthesis next to each document.

Labor & Ethical Sourcing

- [Supplier Principles](#)
- [Foreign Sourcing Requirements](#)
(Foreign and Indirect Import Suppliers)
- [Manufacturer's Certificate](#)
(Foreign and Indirect Import Suppliers)
- [EDI 810 Invoice - Fair Labor Standards Act Certification Requirement \(All Suppliers of U.S.-Produced Merchandise\)](#)
- [Policy on Uzbekistan Cotton Production](#)
- [Conflict Minerals](#)
- [Production in Shared Buildings](#)
- [Children in the Work Place](#)
- [Ethics Violations Policy update](#)
- [JCPenney Policy for Waivers Related to Wages and Work Hours](#)
- [Factory Security Audits - Private and Exclusive Brand Indirect Suppliers](#)

JCPenney Annual Due Diligence Survey

- [Supplier Letter 2016 Annual Due Diligence Survey](#)
- [Frequently Asked Questions \(FAQs\) - 2016 Annual Due Diligence Survey](#)

Product Safety

- [Toxics in Packaging Restrictions \(All Suppliers\)](#)
- [All Suppliers- Products That May Contain Hazardous Materials](#)
- [Suppliers of Items Containing Composite Wood UPDATED](#)
- [Restricted Substances List Bulletin 2-10-15](#)
- [Restricted Substances List - Revised](#)
- [Requirements for Lead, Cadmium and Phthalates](#)
- [All Suppliers of Personal Care Products Containing Coconut Oil Diethanolamine Condensate \(Cocamide DEA\), including but not limited to shampoo and liquid soap \(No Exempt Suppliers\) 12-18-13](#)
- [All Suppliers of Mattress Toppers Containing Chlorinated TRIS Flame Retardants 12-10-13](#)
- [EDI 810 \(Invoice\) CARB ATCM Requirements \(All Suppliers\)](#)
- [Metal Detector Letter \(JCPenney Brand Children's & Toy's Suppliers\)](#)

California Proposition 65

- [California Proposition 65 Revised Policy and Notification Form](#)
- [California Proposition 65 Supplier Notification Form](#)
- [California Proposition 65 Supplier Compliance Policy](#)
- [California Proposition 65 Chemicals - TDCPP and TCEP - Filled Home Products Containing Chlorinated TRIS Flame Retardants](#)
- [California Proposition 65 Chemical - Bisphenol-A \(BPA\)](#)
- [California Proposition 65 Chemical - Styrene](#)

PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

VENDOR REQUIREMENTS

Consumer Product Safety Improvement Act (CPSIA)

- [CPSIA - Cautionary Statement for Internet and Catalog of Toys and Games \(All Toy Suppliers\)](#)
- [CPSIA - Disposition of Children's Products Failing to Meet New Federal Lead Content Standards](#)
- [Certification of Compliance on Drawstrings in Children's Apparel \(All Children's Apparel Suppliers\)](#)
- [CPSIA Infant and Toddler Registration Cards](#)
- [CPSIA - Children's Product Testing Program - Private/Exclusive Brand Suppliers](#)
- [CPSIA - Children's Product Testing Program to ICIX - Direct Suppliers](#)
- [CPSIA - Standard for Lead and Phthalates in Children's Products](#)
- [Children's Product Certificate \(CPC\) formerly GCC](#)
- [CPSIA - Requirements for Tracking Labels on all Children's Products](#)
- [CPSIA - Children's Product Material Change Tracking](#)
- [Material Change Tracking Form](#)

State Chemical Reporting Requirements - Children's Products

- [Washington State Children's Safe Product Act September 2013](#)
- [Washington State Children's Safe Product Act - Lead, Cadmium and Phthalate Requirements](#)
- [Washington and Vermont Children's Product Supplier Bulletin](#)
- [Washington and Vermont Children's Product Supplier Certificate](#)

Environment

- [Toxics in Packaging Restrictions \(All Suppliers\)](#)
- [Suppliers of Items Containing Composite Wood](#)
- [EDI 810 \(Invoice\) CARB ATCM Requirements \(All Suppliers\)](#)
- [State of California's Title 20 Appliance Efficiency Regulations](#)

Labeling

- [Product Packaging, Labeling and Fitness for Transport](#)
- [State of New York New Faux Fur Labeling Requirement \(All Merchandise Suppliers\)](#)
- [California SB 1019 Upholstered Furniture-Flame Retardant Chemicals - FR Declaration](#)
- [All Bedding, Stuffed, Quilted and Upholstered Products](#)

Jewelry

- [New Compliance Program and Procedures for Fine Jewelry Products Including Watches](#)
- [JCPenney Reconfirmation of Statement of Commitment](#)
- [JCPenney's Commitment to Responsible Sourcing of Gold and Metals](#)
- [Fine Jewelry Supplier Responsible Sourcing & Legal Certification Requirements](#)

Fur

- [Policy on Products that Contain Fur \(All Merchandise Suppliers\)](#)
- [State of New York New Faux Fur Labeling Requirement \(All Merchandise Suppliers\)](#)

Miscellaneous

- [JCPenney Preferred Providers](#)
- [RN Compliance Charge \(ALL JCPenney Suppliers\)](#)
- [Indirect Import Document Compliance Program \(Indirect Import Suppliers\)](#)
- [SOLAS Container Weight Requirements for Direct Imports](#)

PEOPLE. PASSION. PURPOSE.

SUPPLIER DIVERSITY HANDBOOK

VENDOR OPPORTUNITIES

Retail Vendors

- Women's Apparel - Accessories, Active, Athletic, Casual, Career, Contemporary, Day Wear, Denim, Dresses, Footwear, Intimates, Juniors, Outerwear, Sleepwear, Swimwear
- Men's Apparel - Accessories, Active, Athletic, Contemporary, Denim, Footwear, Furnishings, Neckwear, Outerwear, Sportswear, Suits, and Young Men's
- Children's - Apparel (all size ranges), Footwear, Outerwear, and Swimwear
- Accessories - Scarves, Hats, Eyewear, and Belts
- Jewelry - Fine and Fashion Jewelry
- Sephora
- Salon
- Home - Decorative Home, Textiles, Small Electrics, and Housewares

Non-Retail Vendors (Operating Goods and Services)

- Building Equipment
- Construction Products and Services
- Freight, Transportation, and Related Services
- Human Resource Services
- IT Hardware, Software, and Services
- Maintenance, Repair, and Operations
- Marketing, Advertising & Media Management Services
- Office Supplies, Furniture, and Accessories
- Packaging and Packing Supplies
- Professional Services
- Sales & Merchandising Materials
- Building Equipment



FREQUENTLY ASKED QUESTIONS

What is a diverse supplier?

A diverse supplier is defined as a proprietorship, partnership, corporation or joint-venture that is 51% owned and operated by a woman, minority, veteran, member of the LGBT community, or person with a disability. Businesses can be classified as one or more of these categories but must obtain certification(s) from one or more of the following before it will be recognized by JCPenney as diverse-owned: National Minority Supplier Development Council (NMSDC), the Women's Business Enterprise National Council (WBENC), Disability:In, the National Veteran-Owned Business Association (NaVOBA), the US Pan Asian American Chamber of Commerce (USPAACC), the National LGBT Chamber of Commerce (NGLCC), and Federal, Regional, and State certifying agencies.

How does a company become certified?

To obtain certifications through one of the agencies recognized by JCPenney, contact the following agencies:

- National Minority Supplier Development Council
www.NMSDC.org
- Women's Business Enterprise National Council
www.WBENC.org
- Disability:In www.DISABILITYIN.org
- DVBE Center for Veteran Enterprise www.VETBIZ.gov
- National Veteran-Owned Business Association
www.NAVOBA.org
- US Pan Asian American Chamber of Commerce
www.USPAACC.com
- National LGBT Chamber of Commerce
www.NGLCC.org
- Federal Government
- Local Government
- Veterans DD Form 214

How much does it cost for a supplier to become diverse certified?

There is no cost for registering or participating with JCPenney's Supplier Diversity program. However, there are costs to obtain certifications from one of the certifying organizations. The cost ranges from \$350-\$1000 annually and varies depending on certifying organization, region and size of company. For additional details on pricing, visit the certifying agency's website.

How long does certification take?

Certification can take several months to be approved by certifying agencies as the process may include an audit of the supplier's financial data, location, and business practices before certifying that a supplier is a proprietorship, partnership, corporation or joint-venture that is 51% owned and operated by a woman, minority, veteran, member of the LGBT community, or person with a disability.

How does a diverse supplier register to participate in the Supplier Diversity Program?

All diverse suppliers (potential and current) need to self-register their companies through JCPenney's Supplier Diversity Portal.

Does JCPenney track/monitor if a supplier's certification expires (or is going to expire)?

The Supplier Diversity Portal tracks and sends out an automatic email request to the diverse supplier if they are nearing the expiration of their diverse certification. Supplier Diversity pulls reports at regular intervals to flag any potential concerns.

Why should a vendor register through the Supplier Diversity Portal?

Registration in the Supplier Diversity Portal is a means for current and prospective vendors to keep their business capabilities and diverse certifications updated. Registrants are also added to JCPenney's vendor database for consideration to meet business needs. Registrants who meet the criteria to be classified as a diverse owned company are also enrolled in JCPenney's Supplier Diversity Program and will receive communication from Supplier Diversity, merchants, and the procurement offices.

Where should businesses direct questions about Supplier Diversity or the Supplier Diversity Portal?

Please visit jcpenney.com/supplierdiversity or email SupplierDiversity@jcp.com.