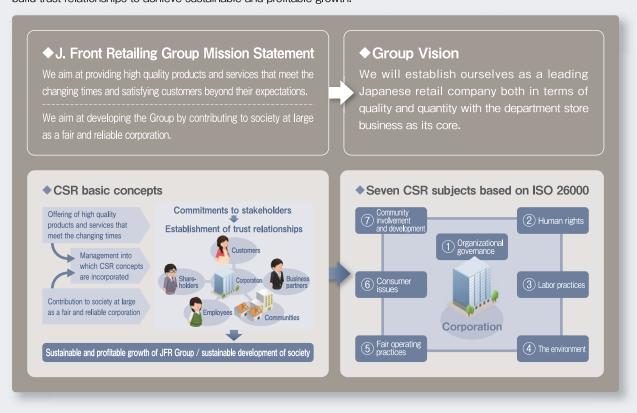
# Corporate Social Responsibility

## **CSR Basic Concepts**

Our guidelines for ensuring CSR are "J. Front Retailing Group Mission Statement" itself.

We will incorporate CSR concepts into management in accordance with the Group Mission Statement toward the achievement of the Group vision. To this end, the Group has set and will steadily address seven subjects based on international standards ISO 26000 as its CSR activities. In addition, we will strengthen CSR to ensure accountability to various stakeholders including customers, shareholders/investors and business partners. Through these efforts, we will build trust relationships to achieve sustainable and profitable growth.



## Organizational Governance

In order for an organization as a collection of people to meet its social responsibility, it is essential to have an effective decision-making system to fulfill its purposes and roles. If clear and transparent decision-making is not conducted as an organization and its conduct is isolated even though each member thinks he/she judges and acts rightly, it cannot be said that organizational governance is enough. If organizational governance is not enough when addressing other six subjects, they will lack substance and it will be difficult to implement them. Accordingly, organizational governance is the basis for ensuring CSR.

J. Front Retailing's efforts to firmly maintain sound management, create economic value such as profit return to society through the creation of employment and tax payment, and ensure appropriate management and disclosure of corporate information include the improvement of corporate bodies and internal control systems, risk management, the implementation of compliance management and proper accounting and tax procedures.

#### **Corporate Governance Structure**

As the core of the unified governance of the Group, J. Front Retailing puts the strengthening of corporate governance at the top of its business agenda to ensure transparency, soundness and legal compliance of the management of the whole Group and focus on and thoroughly fulfill its accountability to its stakeholders (customers, shareholders, employees, business partners, communities and others).

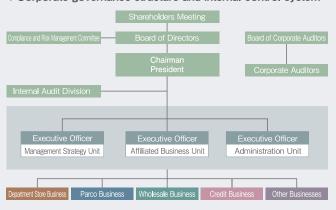
The company has three supervisory units (Management Strategy Unit, Affiliated Business Unit and Administration Unit) in its corporate organization to clarify roles, responsibilities and authorities, thereby improving supervisory function and the internal control systems of the whole Group. In addition, an executive officer system is in place to separate between decision-making and execution of the management, which facilitates speedier decision-making and implementation.

The term for Directors and Executive Officers is one year and they are remunerated based on their individual annual performance to clarify their responsibilities for the enhancement of the management and business results.

#### **Corporate Bodies and Internal Control Systems**

J. Front Retailing has the Board of Corporate Auditors and invites three outside corporate auditors to enable fairer audits. The company also has in place the Compliance and Risk Management Committee, which is chaired by President and consists of a corporate lawyer and the Directors and Corporate Auditors named by the chairman. In addition, the Group adopts a whistle-blowing system called JFR Group Compliance Hotline, which provides external contact (a corporate lawyer) as well as internal one for reporting and is accessible to its all workers. Through these efforts, we strive to resolve compliance-related issues.

#### Corporate governance structure and internal control system



#### Meetings of the Board of Directors and Outside Directors

The Board of Directors as a management decision-making body consists of nine Directors (including two outside directors) and generally meets once a month under the chairmanship of Chairman and with the attendance of Corporate Auditors to discuss and resolve the matters required by laws or prescribed by the articles of incorporation as well as the matters stipulated in the rules and regulations of the Board of Directors.

During fiscal year 2013, the Board of Directors had a total of 17 meetings to discuss and resolve the rebuilding of the south wing of Matsuzakaya Ueno store and the share acquisition of Forest Co., Ltd. (to make it a consolidated subsidiary) as well as approve budgets and settlements.

We invite Takayama Tsuyoshi and Tachibana Fukushima Sakie as highly independent outside directors who can judge independently from the top management and appropriately determine the decisions and supervisory actions made by the Board of Directors. They are both in an objective position independent from the management team performing operations. We expect Takayama as an executive of a corporation to reflect his rich experience, achievements and insights in our management. And Tachibana Fukushima is expected to reflect in J. Front Retailing's management her wealth of knowledge, experience and insights regarding the use of people with a global vision and the development of management strategies of domestic and foreign companies.

#### **Audit Function**

In order to support the soundness of its management structure, J. Front Retailing has five Corporate Auditors (including three outside auditors) to determine its audit policy and approach, while having a system that enables their views concerning important audit matters to be reflected in the Board of Directors. We also have Internal Audit Division reporting directly to President to verify the appropriateness and effectiveness of the business process of daily routine and financial operations of J. Front Retailing and the Group according to the annual audit plan. Important matters are duly reported to the Board of Directors and the Board of Corporate Auditors.

#### **Internal Control Systems**

J. Front Retailing develops internal control in line with the Basic Policy to Build Internal Control Systems. With respect to internal control over financial reporting, the Administration Division of Administration Unit that has the function of maintenance and operation and the Internal Audit Division that has the function of independent assessment clarify their roles and authorities and repeat discussions to make a fair assessment.

#### **Risk Management**

With President and Senior Executive General Managers of supervisory units as responsible supervisors, each division assesses and manages risks in a manner suiting the division and reports to the Compliance and Risk Management Committee. The management status of important risks are reported to the Board of Directors on a regular basis. With respect to particularly significant business risk factors thus identified, policies dealing with them are discussed and determined at the Group's strategy meetings and concerned divisions implement them to prevent such risks from arising.

In response to increasingly diverse and complex business risks and growing social demands for companies to react quickly and accurately when risks occur, the Risk Management Guidelines were developed to set out the basic policy and framework for risk management. We have also formulated the Business Continuity Plan (BCP) based on the assumption of the occurrence of weather disasters including earthquakes and torrential rains and a new type of influenza to specify the criteria for forming the emergency headquarters and its members. The plan also sets forth the initial response to disasters, emergency priority operations to continue business and emergency response procedures.

#### **Compliance Management**

J. Front Retailing formed the Compliance and Risk Management Committee as an advisory body to the Board of Directors to make the Group thoroughly comply with laws and corporate ethics and establish a corporate social responsibility structure. Compliance and risk management staff are assigned to each of business headquarters, department stores and business units of the companies of the Group to improve implementation systems, educate and enlighten workers, check the status of compliance with laws and rules in daily operations, prepare improvement plans and train workers to implement these plans at each site.

#### Practice of Compliance under Company Regulations and Operation Manual

J. Front Retailing has developed various guidelines and operation manuals including JFR Group Compliance and Risk Management Manual as its company regulations to ensure the implementation of the Group Mission Statement and the Group Policy on the job, while setting its own strict standards, particularly on quality control, the protection and management of personal information and fair trade, to promote the implementation of compliance management.

- ◆ Four perspectives of compliance principles of action and code of conduct
- 1 Always put customers first
- 2 Promote high quality management for sound growth and development
- 3 Create impartial and vibrant organization where the individuality and ability of each person are respected
- 4 Contribute to society (Good corporate citizen living in harmony with society)

#### Monitoring of Implementation

Persons in charge of compliance and risk management in each business site provide on-site guidance and inspection to check the steady implementation of compliance policies and rules. In case an accident should happen, it will be reported immediately to the Compliance and Risk Management Committee and remedial actions will be taken under the leadership of the Committee.

## 2 Human Rights

We believe that respect for human rights in the workplace will help create a desirable work environment and better motivate each employee to work, which will lead to higher productivity, the creation of new values and the offering of better products and services. In order to fulfill social responsibility and contribute to society through corporate activities, it is essential that each employee work with a solid human rights perspective.

J. Front Retailing provides human rights education and strives to raise employees' awareness of human rights from the perspective that each employee should correctly recognize and understand human rights issues and that we should further promote the creation of corporate culture and corporate social responsibility based on respect for human rights.

#### Establishment of the Human Rights Awareness Promotion Committee Chairmen (Senior General Managers of Human Resources Division and Business Coordination Division), promotion commissioners (division managers), promotion staff (members) and secretariat Theme of activities 1 Dowa issues (Japan's historical Correct understanding of dowa issues caste-based discrimination issues) ② Disability issues Correct recognition and understanding of disabilities ③ Women's issues Understanding and prevention of sexual harassment, etc. 4 Other human rights issues Protection of the confidentiality of personal information and others Contents of activities 1) Participation in training Training when joining the company, in-house human rights seminars and others 2 Participation in outside training Various seminars organized by governments ③ Hands-on activities Distribution of various educational materials and notices of seminars

#### "Harassment" Prevention

There are some cases where various stresses cause mental illness and harassment to others against the backdrop of recent drastic changes in the environment surrounding companies. In particular, harassment will worsen a work environment, which will result in lower productivity, an increase in mental illness and the loss of human resources. These days when CSR and compliance including corporate duty of care for safety are subject to scrutiny, we recognize that harassment is a great risk factor that may not only greatly damage victims physically and mentally but also lead to the loss of corporate social credibility depending on how to handle it once it occurs.

Therefore, the department store chain and other companies of the Group are establishing systems to prevent all harassment including power harassment as well as sexual harassment, take prompt action at the time of occurrence, and prevent a recurrence by setting up the Harassment Prevention Committee and the Harassment Consultation Desk.

## **3** Labor Practices

Organizations create employment and pay workers wages, which helps maintain and improve the living standards of workers. These labor practices as well as the human rights discussed above have a significant impact on society and the economy.

In Japan, the Labor Standards Act and other labor relations-related laws set forth basic rules regarding labor rights including employment opportunities, working hours and health and safety and require both labor and management to comply with them.

Through the efficient reform of organizational and human resource structure and the reform of human resource system underlying the structure as well as health care and the improvement of work conditions and environment, J. Front Retailing strives to build systems to revitalize human resources. These efforts include the formation of an organization beneficial to both companies and employees, which takes into account work-life balance, the improvement of employee training programs and the creation of human resource development support programs.

# Development and implementation of various systems based on work-life balance

Work-life balance is becoming more important to secure human resources and keep employees healthy both mentally and physically with the backdrop of changes in society and family environment and changes in work environment. We will develop and steadily implement relevant leave and work systems.

#### Development of various leave and work systems and encouragement to use the systems

We strive to reduce extra working hours by streamlining business operations and setting no-overtime day.

We have adopted a short working hour system for child and other family care in addition to existing working systems for child care and family care.

We encourage employees to take annual paid holidays by introducing a half-holiday system and an event leave system and raising employee awareness.

We have adopted a system to make available annual paid holidays after the termination of the right to claim them in case of long-term illness, family care and fertility treatment.

#### Health care measures

Employees are the company's greatest asset. And it is the most important of all things to keep employees healthy both mentally and physically in order to provide better services and a pleasant shopping experience to customers. Therefore, in recognition that it is the important role of the management to create an environment in which employees can work actively and produce great results, we strive to strengthen health care measures.

Specifically, we focus on primary disease prevention based on changes in disease structure. To this end, we conduct health examinations to prevent lifestyle diseases and gynecological examinations for all employees aged 35 and over, as well as legal regular health examinations. By dealing with mental health within the large framework of total mental and physical health care, living conditions surveys are provided as a self-care tool. We put importance on health guidance provided by health care teams based on the results of these examinations and surveys.

#### Maintenance and Creation of Employment Opportunities and Response to Diversity

The Law Concerning Stabilization of Employment of Older Persons revised in 2006 requires companies to take either of job security measures including the raising of the mandatory retirement age, the introduction of continued employment system and the abolishment of mandatory retirement age. We have adopted a re-employment system since before the revision of the Law with a view to passing on long time accumulated skills and from the standpoint that the maintenance and creation of employment is a corporate social responsibility.

We assign and use people based on individual ability, performance, aptitude and motivation regardless of gender.

We also actively promote the employment of the disabled with the awareness that it is a corporate social responsibility.

#### Female employees of Daimaru Matsuzakaya Department Stores in management positions (as of March 2014)

- · Number of female executive officers:
- 3
- · Number of female general managers:
- 12 (10.1% of total 119 general managers)
- Number of female managerial employees: 165 (27.5% of total 601 managerial employees)
- -----
- \*The figures above include workers temporarily transferred to Daimaru Matsuzakaya Sales Associates.
- \*The number of female managerial employees is the total of managers (including supervisors from Daimaru Matsuzakaya Sales Associates), buyers and Daimaru Matsuzakaya Sales Associates' section leaders and chiefs.

### **4** The Environment

Modern society faces various environmental issues including global warming, the depletion of natural resources, air pollution and the collapse of ecosystems. With regard to them, organizations should take responsibility for the environmental impact caused by their activities as well as comply with laws and regulations. It is important to adopt a preventive approach and take preventive measures to minimize such impact even if the impact on the environment is uncertain.

Since J. Front Retailing mainly operates retail business, it can most contribute to the environment through product sales and other activities at stores and we believe that it is our social mission.

Any organizations consume energy and produce waste, whether on a large or small scale, when conducting business activities and there are many environmental actions they can take. In addition to actions that can be easily incorporated into daily operations including energy saving and resource saving, which are regulated by laws, we will consider and implement other unique approaches feasible in terms of human resources, technology and finances. Daimaru Matsuzakaya Department Stores, Daimaru Kogyo and Consumer Product End-Use Research Institute operate ISO 14001-certified environmental management systems and implement sustainable improvement measures with participation by all workers to reduce environmental impact.

#### J. Front Retailing Environmental Policy

Recognizing our roles and responsibilities to hand down the irreplaceable global environment to the next generation, we at J. Front Retailing Group (the "Group") proactively promote "environment-friendly corporate management" toward the "realization of a sustainable society" with customers, business partners and community members.

(1) Recognizing environmental impacts and their causes, we will establish structures and systems to promote environmental conservation activities through the business activities of the companies of the Group and strive for continuous improvement to reduce environmental load.

Offering of environment-friendly products, services and information

Effective use of resources and energy

Reduction of CO<sub>2</sub> emissions

Waste reduction and recycling

Promotion of environmental conservation activities and social contribution activities with customers, business partners and community members

- (2) We will comply with the requirements of environmental laws, regulations and agreements and strive to prevent contamination.
- (3) We will raise awareness of environmental conservation through educational and awareness activities to strengthen the foundation on which each worker of the Group will tackle environmental tasks voluntarily.
- (4) We will make this environmental policy known to all workers of the companies of the Group and make the policy available to the public.

#### **Environmental Management System**

For example, Daimaru Matsuzakaya Department Stores promotes environmental conservation activities at its stores by appointing Senior Executive General Manager of Administration Headquarters as Environment Administrator, Executive Store Managers and Store Managers as Environment Managers and Division Managers as Environmental Promotion Managers. Environmental promotion staff in charge of practical operations is assigned to each division to support Environmental Promotion Manager and educate and enlighten the members of the division. The Corporate Environmental Promotion Secretariat consisting of dedicated members considers company-wide activities and develops an environmental management manual and corporate purposes and goals to operate the management system.

\*The following companies of the Group are also working on environmental activities with department stores.

( Daimaru Matsuzakaya Sales Associates, Daimaru Matsuzakaya Tomonokai, JFR Card, Dimples', J. Front Foods, JFR Office Support and JFR Service

#### **◆**Proposing Environment-Friendly Lifestyles

At Daimaru and Matsuzakaya stores, we provide ideas for smart eco-friendly living as a priority item of our environmental activities. In June and October, which have been designated as Environment Months, we offer environment-conscious products and make various lifestyle proposals to reduce environmental load at stores.



"Smart Cool Biz" that proposes pleasant cooling styles for working fathers
(Matsuzakaya Nagoya store)



"Smart Cool Life" that offers a total selection of natural cooling items with a focus on comfortable materials (Daimaru Kyoto store)

#### "Cool Biz" and "Warm Biz" campaigns for 2013

Daimaru Matsuzakaya Department Stores participated in the kick-off fashion show for the "Super Cool Biz" and "Warm Biz" campaigns organized by the Ministry of the Environment, Cool Biz Promotion Council and the Japan Department Stores Association and some employees acted as models to present summer and winter styles. Through in-store posters and announcements, we actively raised awareness of the "Cool Share" and "Warm Share" programs that ask people to turn off air conditioning and come to department stores during periods of peak power demand to help save power.



Kick-off event for "Super Cool Biz" in which 11 department stores in the Tokyo metropolitan area participated



Employees of Daimaru Tokyo store appeared as models at a kick-off event for "Warm Biz"

#### **◆**Contribution to Creating Low-Carbon Society

J. Front Retailing adopts various energy saving measures to reduce CO₂ emissions and prevent global warming. High energy efficient equipments are installed on the occasions of facility replacement, store renovation and new store opening.

#### Promoting the replacement of store lighting with LED units

We are replacing existing lighting with LED units to reduce electricity consumption and CO<sub>2</sub> emissions.

In response to the supply and demand balance of local electric power companies and the power saving requests from the government in the wake of the Great East Japan Earthquake, we actively replace the lighting of Daimaru and Matsuzakaya stores with LED units. By February 2014, 180,000 units, which account for about 42% of approximately 428,000 lights to be replaced with LED units in all stores, were replaced with LED lights. Compared to traditional lighting fixtures, annual electric usage and CO<sub>2</sub> emissions are expected to decrease by approximately 22,860 thousand kwh and approximately 8,370 tons, respectively. In fiscal year 2014, we are planning to install 13,000 units or more.

Since LED lights generate much less heat compared to halogen lights, they contribute



significantly to improving the efficiency of in-store cooling.

LED lighting that can simultaneously control brightness and color was installed (Food floor "Table Plus," Matsuzakaya Nagoya store)

#### Power saving measures

In addition to promoting the replacement of store lighting with LED units, the company-wide efforts of back-office sections include: (1) to keep the air conditioning at set temperatures of 28 degrees centigrade or above in summer and 20 or below in winter (install electric fans in high temperature areas); (2) to ensure thorough light management using pull switches (make sure to turn off lights when leaving desks); (3) to curb the use of computers and other office equipments (curb the use of high power consuming computers and other appliances in offices); and (4) to promote the use of stairs (two up and three down campaign).

#### **◆**Contribution to Creating Recycling-Based Society

Creating a recycling-based society is an important task to facilitate sustainable social growth. Recognizing the environmental impacts of business activities and their causes, J. Front Retailing is engaged in various efforts to reduce environmental load, including the "reduction of the usage of packaging materials," the "reduction and recycling of waste" and the "reduction of food waste."

#### Reduction of packaging materials

At Daimaru and Matsuzakaya stores, workers are repeatedly trained based on a smart wrapping manual. At checkout counters, salespersons ask for shoppers' cooperation for simple packaging such as packing their purchases with their baggage in one bag. We also develop and sell beautifully designed and high value added "eco bags" to propose department store worthy shopping styles.

#### Sales of "original eco bags"

Original eco bags are sold at all Daimaru and Matsuzakaya stores to promote resource saving and reduce waste by the use of shoppers' own bags.

Daimaru Matsuzakaya Department Stores "original eco bag' designed by Wakisaka Katsuji at SOU·SOU, a textile designer working for renowned overseas brand as well



#### Reduction and recycling of waste

We implement thorough waste separation to decrease waste and promote recycling. At Daimaru and Matsuzakaya stores, we promote recycling systems by using collapsible containers and standardized department store hangers with the cooperation of suppliers to reduce packaging and the total amount of waste. At Daimaru Tokyo, Kyoto and Sapporo and Matsuzakaya Ueno stores, we greatly reduce the volume of EPS waste generated in these stores by compressing and dissolving it to recycle it. In our store staff cafeterias, we use chopsticks that can be repeatedly washed and reused instead of disposable *waribashi* chopsticks.

## **5** Fair Operating Practices

In order for an organization to fulfill its social responsibilities, it is necessary and fundamental to take an ethical action toward society as an organization. The organization that wrongfully profits from its fraudulent acts cannot be said to fulfill its social responsibilities. Tasks for fair operating practices include fair competition, the promotion of social responsibility in the value chain and the prevention of corruption.

J. Front Retailing is aiming at high quality management for healthy growth and development by promoting fair, transparent and appropriate corporate activities and maintaining fair relations with business partners, which allow mutual growth, as set forth in its corporate regulations JFR Group Compliance and Risk Management Manual.

Specifically, we promote compliance with laws and regulations including the Antimonopoly Act that prohibits unfair competition including bid rigging, the Subcontract Act that prohibits unfair trade practices and insider trading regulations. We also promote awareness of compliance to encourage employees to act in accordance with the right ethical standards as members of society.

#### ◆Promotion of fair trade

We make a pre-agreed basic contract with each business partner and educate and enlighten employees to ensure compliance with the fair trade manual developed by the Japan Department Stores Association, the Fair Trade Commission notification to large-scale retailers under the Antimonopoly Act and relevant laws including the Subcontract Act and the Premiums and Representations Act, while developing systems to ensure appropriate business operations.

- ◆Appropriate management and disclosure of corporate information
- J. Front Retailing provides financial data and information related to shareholders meetings to relevant authorities including the Finance Bureau and the Tokyo Stock Exchange in a timely manner and promptly disclose such information online as needed. We also deliver IR information by e-mail magazine to help investment behavior.
- ◆Prohibition of insider trading

The companies of the Group have set rules for preventing insider trading to ensure the appropriate management of corporate information, while raising employee awareness by displaying posters and by other measures.

## **6** Consumer Issues

We should not disadvantage consumers by using ambiguous and false advertising and should not endanger consumers by offering products that are defective in safety. It is also important to prevent the use of our products and services by consumers from causing adverse impact on society including environmental damage.

J. Front Retailing believes that both companies that offer products and consumers who use them need to perform consumption activities so as not to adversely affect society.

There remain many consumer-related issues, for some of which laws including the Product Liability Act are in place, and new issues occur with changes in society. Thus the social awareness of consumer issues is increasing. In these circumstances, we focus on voluntary and active efforts including the securing of food safety, proper labeling, the protection of personal information and the creation of consumer contact points. Meanwhile, department stores strive to create safe and secure stores and environment and actively promote the efforts to offer useful services to consumers.

#### **Thorough Quality Control**

Companies help consumers live rich lives by offering products and services. However, some corporate behaviors may greatly affect consumers. J. Front Retailing makes the companies of the Group use Consumer Product End-Use Research Institute, which specializes in quality control, to maintain and improve their quality control so that both companies as providers and consumers as demanders can conduct sales or consumption activities without anxiety and enhance the quality of their lives.

#### "Food" Quality Control

In order to ensure food safety, department store operators and food-related companies conduct appropriate management in accordance with management rules concerning food labeling and expiration dates, while periodically checking the status of food control in cooperation with Consumer Product End-Use Research Institute. The Group has in place a system that enables prompt action to be taken in cooperation with compliance promotion staff of each company of the Group when a serious food-related accident occurs.

# Consumer Product End-Use Research Institute —Totally support quality control operations as "quality" professional in retail industry!

Consumer Product End-Use Research Institute is located in Osaka, Tokyo and Nagoya. Its operations include tests to identify product performance and the causes of complaints, the verification of product labels and expressions in sales promotion media under relevant laws and regulations, and consulting, trainings and seminars concerning product control in general. The Institute sends certified consultants to the consultation corners for consumers of a total of ten Daimaru, Matsuzakaya and affiliated department stores.

For the companies of the Group, the Institute conducts various tests to ensure the safety of products in use including quality tests of various products for sale, load bearing tests of wrapping paper and shopping bags and color fastness tests, as well as pre-sale tests, product label checks at stores and hygiene inspections of food floors and restaurants.

#### **Creation of Safe and Secure Stores**

We conduct emergency drills on a regular basis and adopt an earthquake early warning system in preparation for earthquakes and fires.

In Daimaru and Matsuzakaya stores, we organize self-defense firefighting teams and regularly carry out drills with the participation of all store staff so that we can promptly notify of and extinguish a fire and guide customers to safety. When an earthquake measuring 5-lower or more on the Japanese intensity scale occurs, we receive the earthquake early warning alert, which is automatically announced over the in-store PA system in real time\*. We repeatedly conduct emergency evacuation drills based on our emergency action manual to ensure that we can take the most appropriate action reflexively in case of emergency.

When the Great East Japan Earthquake occurred on March 11, 2011, our store staff in the Tokyo metropolitan area could quickly and safely evacuate customers based on these drills. Daimaru Matsuzakaya Department Stores has installed AED (automatic external defibrillator) units in all its stores and continuously train employees to improve life saving measures in an emergency.

\*This system is already in place in Daimaru Shinsaibashi, Umeda, Tokyo, Kyoto, Kobe, Sapporo, Suma, Ashiya, Hakata Daimaru Teniin and Kochi Daimaru stores and all Matsuzakaya stores. We plan to install it in all other stores.



At the disaster prevention center of Daimaru Tokyo store, we centralize control through various monitors to confirm the safety of the whole building.



Training in case of receiving the earthquake early warning (Employees acting as shoppers who keep down as instructed by store staff / (Matsuzakaya Nagoya store)

#### Efforts to help shoppers who have difficulty returning home in a disaster

From the experience of the Great East Japan Earthquake, the Tokyo Metropolitan Ordinance Covering the Measures for People Who Have Difficulty Returning Home was enacted in April 2013. In line with that, Daimaru and Matsuzakaya stores have organized a system in which they open part of their floor space to shoppers who have difficulty returning home as temporary evacuation space based on the ideas of "self help," "mutual help" and "public help."

Specifically, in anticipation of the number of shoppers and employees in stores who may have difficulty returning home when a great earthquake occurs, we store an equivalent quantity of hardtack and drinking water. And at the same time, we explain to the suppliers of food products and restaurants and ask them to sign a memorandum to the effect that they agree to offer their unexpired products on our store shelves in case of a shortage of reserves.

(\*We have concluded this memorandum with approximately 480 suppliers as of March 2014.)

## 7 Community Involvement and Development

From the standpoint of fulfilling corporate responsibility, it is important for organizations to develop with the communities to which they belong by communicating and actively involving themselves with the communities in order to grow and develop the communities. They are expected to be involved with and contribute to communities in various forms including dialogues with community residents, the improvement of education and culture in the regions to which organizations belong and the creation of employment resulting from the development of organizations.

J. Front Retailing strives to contribute to community revitalization and various social issues as a corporate citizen by using the assets of the Group companies and through its business activities. In this effort, we will select our activities by adding "modernity and news hooks" to four key words "customer participation," "education and enlightenment," "parents with children and women" and "community-based" and continue and deepen them.

#### **Social Contribution Activities Charity Bazaars and Fund Raising**

Daimaru and Matsuzakaya stores continue the efforts to contribute to society at large using the department store's capabilities to draw customers and transmit information. These stores organize charity bazaars and raise money with customer participation in order to preserve the global environment and support the regions suffering from severe hunger and poverty. When great disasters occur, we collect money in stores and offices and donate the money to disaster areas through the Japanese Red Cross Society.

#### "Let's Collect PET Bottle Caps to Fund Vaccines for the World's Children!" Campaign

Collection boxes are placed in Daimaru and Matsuzakaya stores and employee facilities to collect unnecessary PET bottle caps. The collected caps are sent to recycling companies through a non-profit organization Re Lifestyle and we donate the full amount paid for them to a specified non-profit organization Japan Committee Vaccines for the World's Children (JCV) to fund vaccines for children around the world.

This initiative that we launced in November 2009 attracted cooperation from many customers, and in October 2013, the total number of caps collected exceeded 53 million, which funds polio vaccines for 100,000 children. To celebrate this, Daimaru Matsuzakaya Department Stores donated ¥100,000, which is equivalent to polio vaccines for 5,000 children, to JCV in November 2013.



Donation catalog presentation ceremony to celebrate the achievement of the equivalent of polio vaccines for 100,000 children of gratitude to Sasaba Elementary School in Nakatosa-cho



Kochi Daimaru collected caps from and presented a certificate

#### "Pink Ribbon Campaign" and "Love 49" Project

Daimaru Matsuzakava Department Stores and JFR Card are involved in the Pink Ribbon Campaign, an educational activity to promote early diagnosis, detection and treatment of breast cancer, as the right social contributtion activity for the companies

that have many female customers and employees. While donating from the sales of original pins and raising money, we distribute screening booklets, provide hands-on experiences and co-sponsor seminars in order to prevent breast cancer.



Mother's Day Pink Ribbon Campaign Awareness poster to promote early detection breast cancer and early diagnosis of breast cancer



Simulated mammography screening for

Since 2013, we have been involved in the Love 49 Project that strives to raise awareness of regular screenings for cervical cancer. The Project designates April 9 as Uterus Day and implements preventive and awareness-raising activities for cervical cancer. We agree to these activities and take actions including handing out newsletters in cooperation with local cytotechnologists, selling button badges and collecting money in Daimaru and Matsuzakaya stores.



Handed out newsletters in front of a store Collected money to help raise to encourage uterine cancer screening



awareness of cervical cancer

#### "Table for Two" Program

Daimaru Matsuzakaya Department Stores and Parco support the activities of a specified non-profit corporation Table for Two International (TFT), which funds school meals for children in developing countries, by donating a portion of proceeds from their restaurants and staff cafeterias. Parco launched this initiative in 2011 and promotes activities in collaboration with local university students who support TFT.

Matsuzakaya Nagoya store participated in TFT's "One Million People to Share TFT Meals!" campaign for almost one month from October 16 (the UN designated World Food Day), 2013 and offered TFT meals at its 21 restaurants and cafes to fund school meals for children in Africa. In February and March 2014, three Daimaru stores (Umeda, Kobe and Kyoto stores) in the Kansai area offered meals with donations for TFT at a total of 49 restaurants and

cafes. We also held a tasting event and exchanged opinions on healthy menu with the local members of the university association that supports TFT.



"One Million People to Share TFT Meals!" campaign poster @Dentsu



TFT thanks poster Matsuzakaya Nagoya store

#### Support Activities for Children Affected by the Great East Japan Earthquake

At the Spring Thanks Festival in March 2013, Daimaru Matsuzakaya Department Stores sold "Sakura Panda × Parcoala"

pins as the first collaboration with Parco. We sold them at Daimaru, Matsuzakaya and Parco stores and donated ¥2,479,416. a portion of proceeds from their sales, to the Kids Smile Project promoted by JCV.



At the Fall Thanks Festival in September 2013, we sold "Sakura Panda × Akubi Girl" pins, which celebrate the 50th

anniversary of Tatsunoko Production, at Daimaru and Matsuzakaya stores and donated ¥1,833,310, a portion of proceeds from their sales, to JCV Kids Smile Project.



#### Rob Ryan's Christmas Charity Project

Daimaru Matsuzakaya Department Stores auctioned the original artworks of a world-famous cut paper artist Rob Ryan and placed Christmas message trees as a Christmas charity project for 2013 to continuously help victims of the Great East Japan Earthquake. We donated a total of ¥310,615 including ¥165,000 of the proceeds from the sale of his original artworks and ¥5 per message (a total of ¥145,615 for 29,123 messages) to JCV Kids Smile Project.



Christmas message tree (Daimaru Shinsaibashi store)

#### Contribution to Art and Culture

#### ◆J. Front Retailing Archives Foundation

J. Front Retailing Archives Foundation Inc. (JFR Archives Foundation) was established in March 2011 with the aim of passing on the cultural assets of the Group to the future generations and making an academic and cultural contribution. Specifically, the Foundation maintains and manages: (1) kimono fabric designs, industrial designs and historical materials; and (2) materials on the foundation and history of Daimaru Matsuzakaya Department Stores Co. Ltd., which is the core of the Group.

Matsuzakaya, which has a long history as a kimono fabric dealer, has collected dyed textile products including kosode (small-sleeved kimono) of the Edo period in order to use the excellent designs and dyeing techniques of antique dyed textile products to make original luxury kimono fabrics. The Foundation's collection ranges widely from kosode and Noh costumes to cloth including ancient cloth and foreign cloth and furniture.

The Foundation maintains and manages these valuable cultural assets and organizes their public displays and exhibitions to contribute to art and culture.



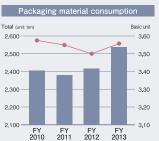


Daimaru kimono fabric store in Tokyo (Meiji period) Ito kimono fabric store (Matsuzakaya) in Nagoya (Meiji period)

#### **Historical Performance Data**

#### ◆Daimaru Matsuzakaya Department Stores energy saving and reduction of waste disposal









- \*FY 2010 is used as a base year and the figures for FY 2011 to 2013 are based on basic units.
- Based on comparable stores excluding Daimaru Umeda and Matsuzakaya Ginza store
- \*Energy consumption is crude oil equivalent of total usage of electricity, gas, gasoline, light oil and heavy oil (unit: kiloliter).
- \*Packaging material consumption is the weights of wrapping paper, shopping bags, paper bags and plastic bags for food products (unit: ton).
- Waste disposal is the weights after subtracting the weights of waste recycled from the total weights of waste generated including general waste, raw garbage and industrial waste (unit: ton). \*Food waste disposal is included in waste disposal.

Basic unit

- ·Energy basic unit: usage (kiloliter×1000) ÷ total floor space (m2) ÷ business hours (h)
- Packaging material basic unit: usage (ton×1000) ÷ sales (¥million) ·Waste disposal basic unit: disposal (ton×1000) ÷ sales (¥million)
- ·Food waste disposal basic unit: disposal (ton×1000) ÷ sales (¥million)

#### "Let's Collect PET Bottle Caps to Fund Vaccines for the World's Children!" campaign

All Daimaru and Matsuzakaya stores		FY 2009 (3 months)	FY 2010	FY 2011	FY 2012	FY 2013
No. of collected PET bottle caps	Annual total	1,900,000	10,200,000	14,200,000	16,300,000	15,770,000
Polio vaccine equivalent	Annual total	3,500	19,600	26,700	31,200	30,100

- \*The number of collected PET bottle caps is calculated at 400 pieces per kilogram.
- \*Polio vaccine equivalent is calculated at approximately ¥20 per child (unit: persons).

#### ◆Charitable donations (unit: ¥1,000)

	(			
Donated to	Description	FY 2011	FY 2012	FY 2013
Japanese Red Cross Society	Aid for the Great East Japan Earthquake and the Philippines typhoon	75,127	118	435
Japan Committee Vaccines for World's	Vaccination aid (Note 1)	1,380	172	100
Children (JCV)	Kids Smile Project	1,874	3,620	4,955
Japan Committee for UNICEF			_	_
Regional Pink Ribbon awareness organizations	Pink Ribbon campaign	650	683	1,848
Funds to support the future and children of East Japan (Note 2)	Charity sale of cell phone charms "Department Store Kitty!" as joint sales promotion with the Japan Department Stores Association	2,428	2,110	3,118
Table for Two International (Note 3)	Activities to help fund school meals for children in developing countries	_	_	643

- Notes: 1. Vaccination aid (donation) to JCV does not include the proceeds from the campaign to collect PET bottle caps.
  - 2. We donated money to children's relief funds in Fukushima, Iwate and Miyagi, including the Great East Japan Earthquake orphans' fund in Fukushima, through the Japan Department Stores Association.
  - 3. Amount donated by Daimaru Matsuzakaya Department Stores