

Basic Ideas on CSR

The Group puts the guidelines for fulfilling CSR in J. Front Retailing Group Mission Statement, and under the Mission Statement, we remain fully committed to achieving the Group Vision. In order to incorporate the concept of CSR into management and steadily realize it, we divide it into seven subjects based on the international standards ISO 26000

and address these subjects. And by strengthening CSR, we will ensure accountability to various stakeholders including customers, shareholders, investors, business partners, communities and employees. Through these efforts, we will build trust relationships to achieve a sustainable increase in corporate value.

◆ J. Front Retailing Group Mission Statement

We aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations.

We aim at developing the Group by contributing to society at large as a fair and reliable corporation.

◆ Group Vision

We will establish ourselves as a leading Japanese retail company both in terms of quality and quantity with the Department Store Business as its core.

◆ Basic concept of CSR



◆ Seven CSR subjects based on ISO 26000



Human Rights

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

◆ Composition

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 caste-based discrimination issues) → Correct understanding of dowa 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

The department store chain and other companies in the Group are improving 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.

Labor Practices

Through the efficient reform of organizational and human resources structure and the improvement 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 in place systems that offer longer leave periods and more reduced working hours than required by law to support employees' 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

As our specific health care measures based on the basic idea that employees are the company's greatest asset and that 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, we focus on primary disease prevention in light of 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 accumulated skills" and from the standpoint that "the maintenance and creation of employment is a corporate social responsibility."

Considering the diversity of human resources as a source of competitiveness, we assign and use people based on individual ability, performance, aptitude and motivation regardless of gender. In addition, we actively promote the employment of the disabled in the recognition that it is a corporate social responsibility.

Female employees of Daimaru Matsuzakaya Department Stores in management positions (as of March 2015)

- Number of female executive officers: 3
 - Number of female general managers: 13 (10.8% of total 120 general managers)
 - Number of female managerial employees: 204 (30.7% of total 664 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, submanagers, buyers and team leaders (including supervisors and section leaders from Daimaru Matsuzakaya Sales Associates).

The Environment

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.

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 in the Group and strive for continuous improvement to reduce environmental load.

Provision of environment-friendly products, services and information

Effective use of resources and energy

Waste reduction and recycling

Reduction of CO₂ emissions

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 in the Group will tackle environmental tasks voluntarily.

- (4) We will make this environmental policy known to all workers of the companies in the Group and make the policy available to the public.

◆Propose 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.

Participated in a kick-off event for Super Cool Biz 2015

Daimaru Matsuzakaya Department Stores participated in the Super Cool Biz Fashion Show of the kick-off event for Super Cool Biz 2015 “Coolbiz Next” organized by the Ministry of the Environment and the Cool Biz Promotion Council and some employees acted as models to present summer styles. Under the keywords for this year of “Local Creation – Made in Japan” and “Technology,” we presented comfortable and cool commuting styles.



Some employees participated as models in the Super Cool Biz Fashion Show, in which 11 department store chains in Tokyo participated.



Mr. Samura, the Chairman of J. Front Retailing and the Chairman of the Cool Biz Promotion Council, served as the presenter of the Best Cool Biz Award.

◆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.

Increase LED lighting and install solar panels

We strive to reduce electricity consumption and CO₂ emissions by replacing existing lighting with LED units. Daimaru and Matsuzakaya stores actively replace their lighting with LED units. By February 2015, 180,000 units, which account for about 43% of the total number of relevant lighting fixtures, were replaced with LED units. In fiscal year 2015, we are planning to install 6,000 units or more.

At Daimaru Kyoto store, a solar panel, which is 11 meters long and 6.6 meters wide, was installed behind a peacock bronze sculpture when its exterior was renewed in October 2014. It is expected to generate electricity of 6,017 kWh per year, which will power digital signage and external signs.



Peacock with a solar panel (Daimaru Kyoto store)

Power saving measures

In addition to 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 (installing electric fans in high temperature areas); (2) thorough light management using pull switches (making sure to turn off lights when leaving desks); (3) to curb the use of computers and other office equipments (curbing 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.

Reduction and recycling of waste

We implement thorough waste separation to decrease final 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.

■Fair Operating Practices

J. Front Retailing puts the “promotion of high quality management for healthy growth and development” in JFR Group Compliance and Risk Management Manual and the Manual advocates “fair, transparent and appropriate corporate activities, the maintenance of fair relations with business partners, which allow mutual growth, and the promotion of high quality management for healthy growth and development.”

Specifically, we strive to comply with various relevant laws and regulations regarding fair trade, including the Antimonopoly Act, the Subcontract Act, the Act against Unjustifiable Premiums and Misleading Representations, insider trading regulations, the appropriate disclosure of corporate information and the severance of relations with antisocial forces.

◆Promotion of fair trade

We make a basic transaction contract with each business partner based on prior agreement while educating and enlightening all employees so that they understand and comply with relevant laws and regulations, including the Fair Trade Commission notification to large-scale retailers, the Subcontract Act and the Act against Unjustifiable Premiums and Misleading Representations, based on the fair trade manual developed by the Japan Department Stores Association.

Recently, we introduced e-learning on compliance to provide training and increase awareness more efficiently.

◆Appropriate management and disclosure of corporate information

We provide financial data, important decisions 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 on our website as needed. We also deliver IR

information by email magazines to help investors in their investment activities. Concerning major store renovations and hot promotions and products, we issue press releases to the media in a timely manner.

◆Prohibition of insider trading -----

Companies in J. Front Retailing Group have set rules for preventing insider trading under the Financial Instruments and Exchange Act to prevent all executives and employees from handling shares in an improper manner and raise their awareness by displaying posters and by other measures.

◆Severance of relations with antisocial forces -----

We have declared that we will sever all relationships with antisocial forces in accordance with the regulations of local governments and seek guidance from police authorities and others to review our trade practices.

■Consumer Issues

With the basic philosophy that we aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations, J. Front Retailing Group as a multifaceted retailer recognizes that its fundamental mission is to provide consumers with appropriate information in a timely manner and with safe and secure products and services.

In the belief that it is important to promote good consumption activities, the Group recognizes that the right way of resolving consumer issues is to earn consumers' strong confidence by providing them with useful products and services while not just complying with laws and regulations but also widely practicing corporate ethics.

We believe that the creation of safe and secure store environment is another important aspect and several equipment management and disaster prevention and security experts are assigned to each department store.

◆Thorough quality control

Consumer Product End-Use Research Institute Co., Ltd., a company in the Group that specializes in quality control, contributes to strengthening product quality control by checking the quality of products and the legality of labeling at companies in the Group and conducting hygiene inspections at restaurants.

Persons in charge of compliance at the headquarters of the department store chain and persons in charge of hygiene at each store provide guidance and monitoring concerning proper labeling and quality maintenance in a timely manner to ensure quality control.

◆Set up Consultation Corners for Consumers

We have set up the Consultation Corners for Consumers at a total of ten stores of Daimaru Matsuzakaya and associated department stores to appropriately respond to and handle complaints and requests for consultation from customers concerning the products they purchased. Certified Consultants for Consumers' Affairs are working to resolve them through consumers' eyes.



Consultation Corner for Consumers

◆Strengthen "food" quality control

In order to ensure food safety, department stores and food-related companies have formulated voluntary rules as well as comply with relevant laws and regulations to promote appropriate management. Consumer Product End-Use Research Institute and persons in charge of hygiene at stores work together to strengthen the monitoring system through periodic on-site inspections on retail floors and at restaurants and other measures. Thus we have in place a system that enables prompt and appropriate actions through cooperation among companies in the Group, stores and persons in charge of compliance promotion and legal affairs at the headquarters if a food-related accident or misrepresentation should be found.

◆Promote the creation of safe and secure store environment

At department stores and other stores and offices, we organize self-defense firefighting teams and conduct emergency drills and BCP trainings¹ in preparation for earthquakes and fires. We also promote the improvement of systems by introducing an earthquake early warning alert system, a safety confirmation system for all employees and satellite-based mobile phones.

Self-defense firefighting teams at stores carry out drills on a regular basis in preparation for emergencies such as fires and earthquakes with the participation of all workers including persons from suppliers to ensure that we can take prompt and appropriate actions including fire fighting, evacuation guidance for customers and information collection. We adopt a system in which an earthquake early warning alert, which is received when an earthquake measuring 5-lower or more on the Japanese intensity scale occurs, is automatically broadcast in stores in real time².

AED (automatic external defibrillator) units are installed mainly in department stores and we continuously train employees to improve life saving measures in an emergency.

¹ BCP: a plan that allows an organization to continue to operate or resume business early in the event of disaster

² Currently this system is in place in Daimaru Shinsaibashi, Umeda, Tokyo, Kyoto, Kobe, Sapporo and Suma stores, Hakata Daimaru Tenjin and Kochi Daimaru stores and all Matsuzakaya 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 (Matsuzakaya Nagoya store)
(Employees acting as shoppers who keep down)
(as instructed by a person in charge)

◆Efforts to help people who have difficulty returning home in an earthquake

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, each store of Daimaru Matsuzakaya Department Stores has in place a system to open part of its floor space as temporary evacuation space to shoppers in the store who have difficulty returning home based on the ideas of "self help," "mutual help" and "public help." In anticipation of shoppers and employees who will be forced to stay in a store for a considerable time, we store a considerable amount of hardtack and drinking water. We also gain agreement from more than 400 food-related suppliers to provide their stocks in our stores in case our stockpile is exhausted.

■ Community Involvement and Development

The Group promotes social contribution activities through business activities to contribute to community revitalization and social issues as a corporate citizen with a focus on “support for the next generation,” “support for women,” “promotion of healthy food” and “close contact with communities.”

①Activities leading to “support for the next generation”

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

Daimaru Matsuzakaya Department Stores has placed collection boxes at its stores and employee facilities to collect unnecessary PET bottle caps as a community-based social contribution activity since December 2009. The collected caps are recycled through a non-profit organization Re Lifestyle and we donate the full amount paid for them to an authorized non-profit organization Japan Committee Vaccines for the World's Children (JCV) to fund vaccines for children around the world.

Since we started this initiative, the number of caps collected is increasing every year and as the number of local groups that bring caps is increasing and the total number of caps reached 79 million by May 2015. The amount received from recycling them and the total amount donated to JCV are equivalent to polio vaccines for approximately 170,000 children.

In September 2014, we sold Sakura Panda × Hello Kitty Collaboration Eco Bags with donations to JCV and donated ¥79,160, which is equivalent to polio vaccines for 3,958 persons, from their proceeds.



Sold Thanks Festival charity pins

At spring and fall Thanks Festivals held in March and September, respectively, Daimaru Matsuzakaya Department Stores sells charity pins and donates a portion of their proceeds to children's scholarship funds in Miyagi, Iwate and Fukushima to help rebuild the Tohoku region.

We donated ¥1,526,359 in spring 2014 (collaboration with Hiyoko-chan of Nissin Foods) and ¥2,482,368 in fall (collaboration with Funasshi), totaling ¥4,008,727, to (1) Higashi Nihon Daishinsai Miyagi Kodomo Ikuei Bokin in Miyagi, (2) Iwate no Manabi Kibo Bokin in Iwate and (3) Higashi Nihon Daishinsai Fukushima Kodomo Kifukin in Fukushima.



Funasshi × Sakura Panda pins



Hiyoko-chan × Sakura Panda pins

Charity Santa

As an initiative to support the next generation, Daimaru Matsuzakaya Department Stores conducted Christmas campaign 2014 “Charity Santa.” With the purchase

of specified amount or more at toy departments and others, customers could apply for this campaign and Santa Clauses delivered presents to the children of the winners selected in a drawing from among applicants.

Santa Clauses heading to children's homes to deliver presents to them.



②Activities for “support for women”

Pink Ribbon Campaign

Daimaru Matsuzakaya Department Stores and Parco are involved in the Pink Ribbon Campaign, an educational activity to promote early diagnosis, detection and treatment of breast cancer, as the right social contribution activity for the companies that have many female customers and employees. Mainly on Mother's Day and during Pink Ribbon Month (October), we conduct educational activities including the distribution of awareness booklets for the early detection of breast cancer, an experience event using a breast model and screening experience on a mammography van as well as donate proceeds from sales of original pins and Pink Ribbon charity bread to a Pink Ribbon awareness organization.



We donate a portion of proceeds from sales of original pins (¥200 including tax) and heart bread to a Pink Ribbon awareness organization.



Sakura Panda, a corporate character of Daimaru Matsuzakaya Department Stores, and Parcoala participated in the Pink Ribbon Campaign. (Matsuzakaya Nagoya store and Nagoya Parco)

Love 49 Project

We participate in the prevention and awareness activities for cervical cancer implemented by the Love 49 Project that designates April 9 as Uterus Day.

We hand out newsletters in Daimaru and Matsuzakaya stores in cooperation with local cytotechnologists while selling button badges and collecting money in stores to donate to an authorized non-profit organization known as Orange Clover, which is working to raise awareness of cervical cancer.



Newsletters were handed out to encourage cervical cancer screening. (Shimonoseki Daimaru)

③Activities related to the “promotion of healthy food”

Participation in the Table for Two program

Daimaru Matsuzakaya Department Stores and Parco support the activities of an authorized non-profit organization Table for Two International (TFT), which helps provide school meals for children in developing countries, by donating a portion of proceeds from their restaurants and staff cafeterias.

Daimaru Matsuzakaya Department Stores joins TFT's "One Million People to Share TFT Meals!" campaign on October 16, World Food Day, every year and offered TFT meals at its 107 restaurants and cafes to help provide school meals for children in Africa. We also conduct activities in collaboration with the local members of the university association that supports TFT.

Daimaru Matsuzakaya Department Stores planned and sold "traditional osechi (New Year's meals in Japan) with regional delicacies X Table for Two" and donated 1% of their sales.



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



Traditional osechi with regional delicacies X Table for Two Japanese-style food in three-tiered boxes only available in Daimaru and Matsuzakaya stores (¥27,000 including tax, for four people)

④Charity bazaars and fund-raising activities

Daimaru Matsuzakaya Department Stores continues the efforts to contribute to society at large using the department store's capabilities to draw customers and transmit information. Each store organizes charity bazaars and raises 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 and others.

⑤Contribution 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.



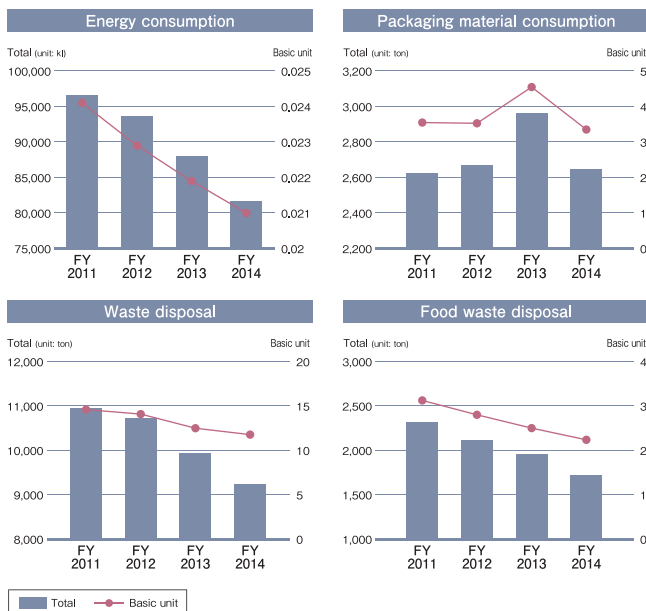
Daimaru kimono fabric store in Tokyo (Meiji period)



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

Historical performance data

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



*Energy consumption is crude oil equivalent of electricity, gas, gasoline, light oil and heavy oil (unit: kiloliter).

*Packaging material consumption is the weights of wrapping paper, shopping 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 (㎡) ÷ business hours (h) (megaliter)/(㎡×h)

•Packaging material basic unit: usage (ton×1000) ÷ sales (¥million) (kiloton)/(¥million)

•Waste disposal basic unit: disposal (ton×1000) ÷ sales (¥million) (kiloton)/(¥million)

•Food waste disposal basic unit: disposal (ton×1000) ÷ sales (¥million) (kiloton)/(¥million)

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

All Daimaru and Matsuzakaya stores		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
No. of PET bottle caps collected	Annual total	10,200,000	14,200,000	16,300,000	15,800,000	17,100,000
Polio vaccine equivalent	Annual total	19,600	26,700	31,200	28,900	31,000

*The number of PET bottle caps collected is calculated at 400 pieces per kilogram.

*Polio vaccine equivalent is calculated at approximately ¥20 per child (unit: persons).

◆Charitable donations (Note 1)

(unit: ¥1,000)

Donated to	Details	Amount of donation
Scholarship funds to support children affected by the Great East Japan Earthquake	Donated a portion of proceeds from the sale of charity pins at Thanks Festivals in spring and fall (Note 2)	4,008
Authorized NPO Japan Committee Vaccines for the World's Children (JCV)	Donated proceeds from the sale of charity eco bags to fund vaccines in developing countries	79
Authorized NPO Orange Clover	Donated a portion of proceeds from the sale of original eco bags and others to support cervical cancer prevention awareness activities	310
Local Pink Ribbon support groups	Donated a portion of proceeds from the sale of original pins and heart bread and others to support breast cancer prevention awareness activities	811
Authorized NPO Table for Two International	Donated a portion of sales of healthy meals and others to help provide school meals in developing countries (Note 3)	1,524
	Donated a portion of sales of original osechi to help provide school meals in developing countries	276

Notes: 1. Major charitable donations made by Daimaru Matsuzakaya Department Stores in fiscal year 2014 are shown.

2. Total amount donated to scholarship funds for children affected by the Great East Japan Earthquake in Miyagi, Iwate and Fukushima

3. Total amount donated from restaurants and staff cafeterias in Daimaru and Matsuzakaya stores.