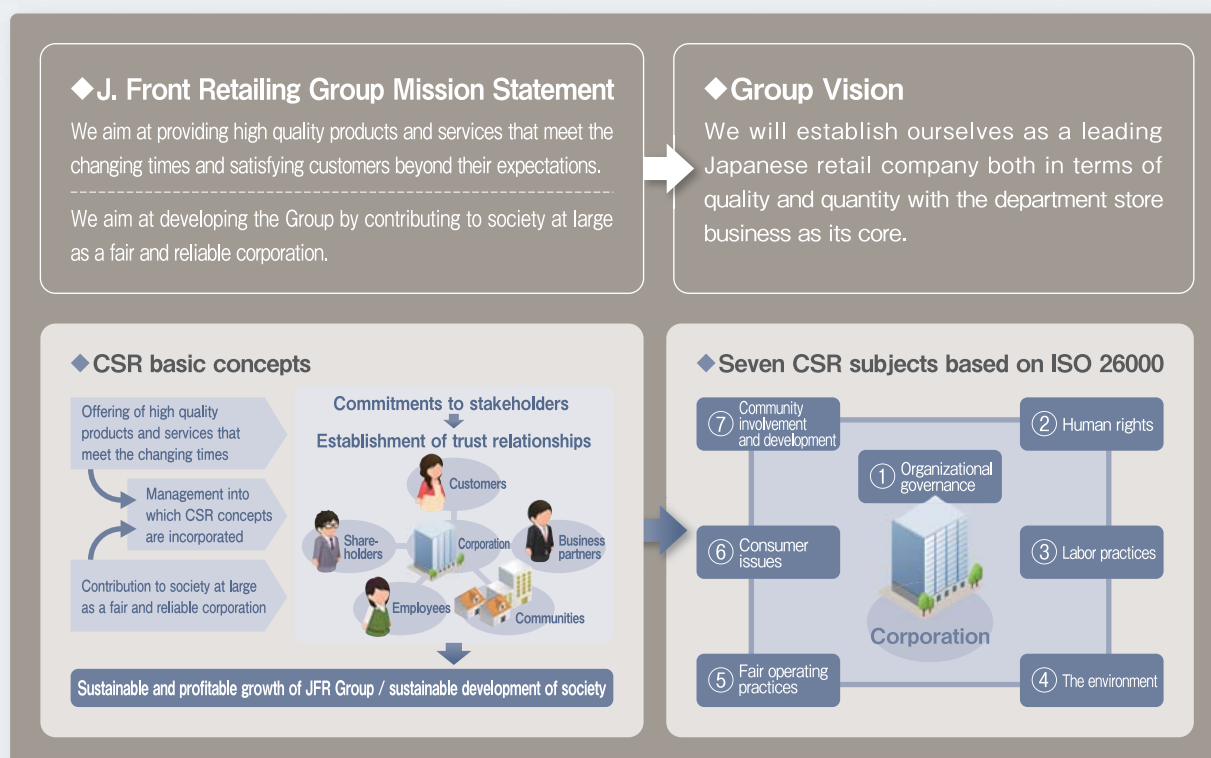


CSR Basic Concepts

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.



1 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.

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 Tenjin 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 launched 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 (Left: Mr. Oishi, Director General of JCV)



Kochi Daimaru collected caps from and presented a certificate of gratitude to Sasaba Elementary School in Nakatoso-cho

“Pink Ribbon Campaign” and “Love 49” Project

Daimaru Matsuzakaya 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 contribution 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 and early diagnosis of breast cancer



Simulated mammography screening for breast cancer (Daimaru Sapporo store, cooperated by Toshiba Medical Systems Corporation)

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 to encourage uterine cancer screening



Collected money to help raise 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.

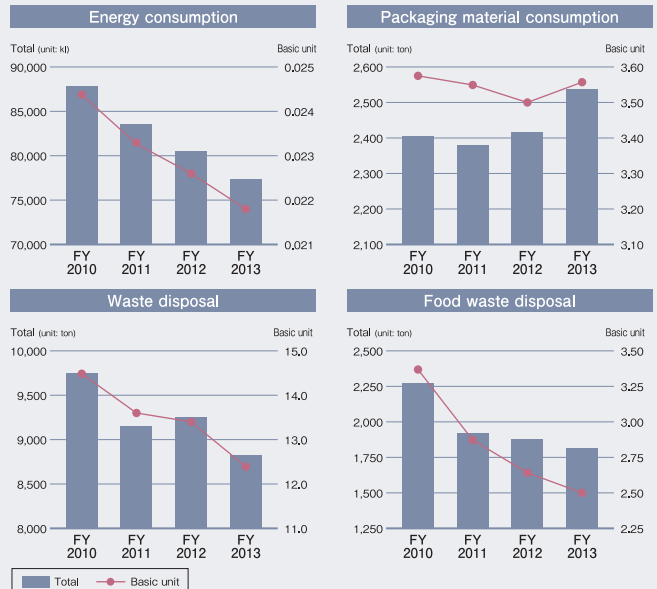
The Foundation maintains and manages these valuable cultural assets and organizes their public displays and exhibitions to contribute to art and culture.



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 stores.
 *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 Children (JCV)	Vaccination aid (Note 1)	1,380	172	100
	Kids Smile Project	1,874	3,620	4,955
Japan Committee for UNICEF	Aid for the Great East Japan Earthquake	664	—	—
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