

# LR Independent Assurance Statement

## Relating to J. Front Retailing Co., Ltd.'s Environmental Data within its Integrated Reports 2019 for the fiscal year 2017 and 2018

This Assurance Statement has been prepared for J. Front Retailing Co., Ltd. in accordance with our contract but is intended for the readers of this report.

### Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by J. Front Retailing Co., Ltd. ("the Company") to provide independent assurance on its environmental data within its Integrated Report 2019 ("the report") for the fiscal year 2017 (from 1 March 2017 to 28 February 2018) and the fiscal year 2018 (from 1 March 2018 to 28 February 2019), against the assurance criteria below to a limited level of assurance and the materiality of the professional judgement of the verifier using ISAE3000 and ISO14064-3:2006 for GHG ("GHG") emissions data.

Our assurance engagement covered the Company's operations and activities in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies
- Evaluating the accuracy and reliability of environmental data for the selected data sets listed below: <sup>1,2</sup>
  - Energy consumption (kilo-liter of crude oil equivalent and MWh)
  - Scope 1 GHG emissions (tonnes CO<sub>2</sub>e) <sup>3</sup>
  - Scope 2 GHG emissions (Market-based) (tonnes CO<sub>2</sub>e)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe the Company has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable environmental data

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

<sup>1</sup> LR undertook a limited assurance engagement of the GHG emissions and energy consumption data for FY2017 and FY2018 within Financial / Non-financial Highlights of the Integrated Reports 2019.

<sup>2</sup> GHG quantification is subject to inherent uncertainty.

<sup>3</sup> Data collection period of HFC leakage is from 1 April 2017 to 31 March 2018 for the fiscal year 2017, and from 1 April 2018 to 31 March 2019 for the fiscal year 2018.

### LR's approach

LR's assurance engagements are carried out in accordance with ISAE3000 and ISO 14064-3:2006 for GHG emissions data. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification;
- Interviewing with key people responsible for compiling the data and drafting the report.
- Sampling datasets and tracing activity data back to aggregated levels;
- Verifying the historical environmental data and records for the fiscal year 2017 and 2018; and
- Visiting the headquarter of J. Front Retailing Co., Ltd., the headquarter and the Tokyo Store of Daimaru Matsuzakaya Department Stores Co., Ltd., and the headquarter and the Ikebukuro Store of PARCO Co., Ltd., in Japan to confirm the data collection processes and record management practices.

### Observations

The Company should further demonstrate the completeness, accuracy and reliability of its future GHG data reporting. This is particular to establishing robust internal data control systems at both the corporate and member company levels.

### LR's standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part 1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: 29 July 2019



Norihiko Kinoshita

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

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