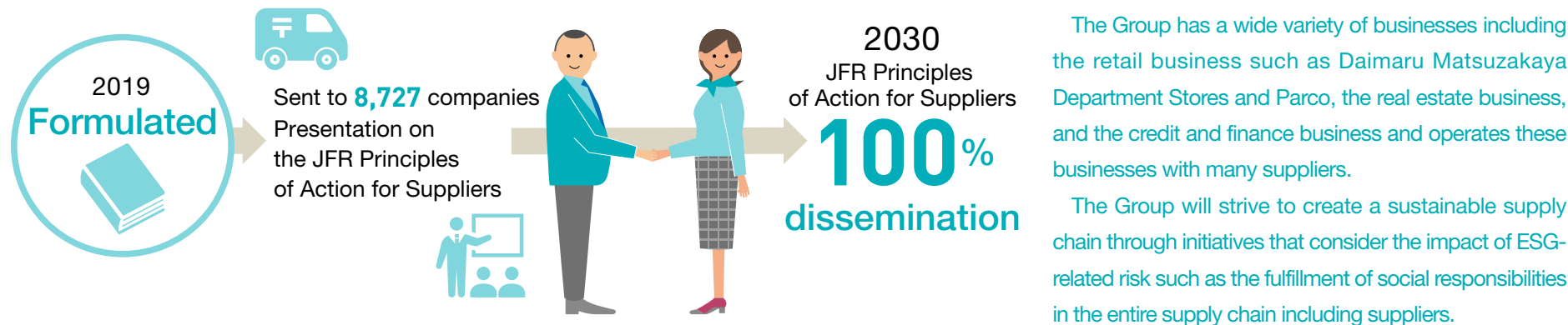


→ Formulation and Dissemination of the JFR Principles of Action for Suppliers | Scope 3 GHG | For the Realization of a Circular Society

Formulation and Dissemination of the JFR Principles of Action for Suppliers

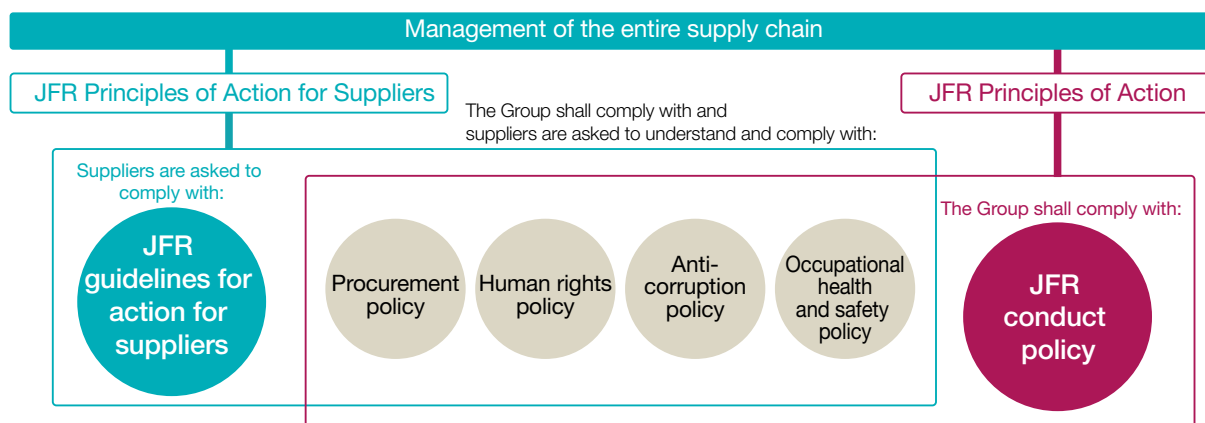
Long-term targets



Formulation of the “JFR Principles of Action for Suppliers”

J. Front Retailing formulated the “Principles of Action for Suppliers” in June 2019 to indicate its stance on corporate behavior that leads to the creation of a sustainable society, which the Group will realize with suppliers. Based on this stance, we will eliminate risk in the entire supply chain by fulfilling social responsibilities and promoting environment-friendly initiatives.

Suppliers and the Group will comply with the JFR Principles of Action for Suppliers and the JFR Principles of Action to fulfill social responsibilities and enhance corporate value together.



Top
CommitmentSustainability
Promotion SystemJFR
Materiality IssuesContribution to
a Low-Carbon
SocietyManagement
of the Entire
Supply ChainCoexistence
with Local
CommunitiesPromotion of
DiversityRealization
of Work-Life
BalanceOperating
Companies'
ESG InitiativesOutside
Director's
Message

Governance

Data

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Approach to Suppliers

Mailing of the JFR Principles of Action for Suppliers

Each operating company in the Group sent the “Principles of Action for Suppliers,” which was formulated in June 2019, to the representatives of suppliers. By doing so, the Group ensures that they understand and comply with the Group’s view and rules and the Group will fulfill social responsibilities with suppliers to mutually enhance corporate value. (Sent to 8,727 companies as of November 30, 2019, on a consolidated basis)

Presentation on the JFR Principles of Action for Suppliers

In October 2019, Daimaru Matsuzakaya Department Stores, a main operating company, held a “presentation on the JFR Principles of Action for Suppliers” in Tokyo and Osaka at the same time and 652 people from 530 companies attended it.

In the presentation, Mr. YAMAMOTO Ryoichi, the Director, President and Representative Executive Officer of J. Front Retailing, explained the corporate mission statement and the Group’s initiatives for sustainability management and Mr. YOSHIMOTO Tatsuya, the President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd., explained

the recognition of environmental and social issues surrounding Daimaru Matsuzakaya Department Stores and the JFR Principles of Action for Suppliers.

Main feedback and questions from suppliers

- The company’s view on cost increase associated with investment in and resources for ESG initiatives
- View on business hours and the number of business days
- I felt we have reached the point where our generation that will lead the next era should think seriously.
- I expect the Group will take leadership in expanding ESG initiatives to the entire department store industry.
- It is likely to generate synergy on sales floors and in gaisho events in combination with next generation education.

Through the presentation, we will share our view with suppliers and make them understand and comply with the JFR Principles of Action for Suppliers.

Going forward, we will also develop a self-assessment system.



Daimaru Matsuzakaya Department Stores presentation on the JFR Principles of Action for Suppliers

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Formulation and Dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG For the Realization of a Circular Society

JFR Principles of Action for Suppliers

The Principles of Action for Suppliers set forth the matters with which the Group and suppliers shall comply to fulfill their social responsibilities together.

By complying with these Principles, the Group will fulfill its social responsibilities along with suppliers and aim to enhance corporate value.

We hope suppliers will understand and comply with these Principles.

Introduction

Since its inception, the Group has conducted business activities trusted by customers and other stakeholders based on the corporate credos "Service before profit" and "Abjure all evil and practice all good."

With increasing economic globalization and diversification of stakeholder needs, what is expected of business activities is greatly changing.

In particular, in procuring products and materials, ESG-related actions including consideration for the environment, work environment and human rights are becoming more important in addition to quality, performance, price, delivery time, etc., which have been deemed important before, and we are expected to promote ESG activities in the entire supply chain.

In response to such movement, the Group formulated a Sustainability Policy to make it clear that we will strive to resolve social issues through business activities in order to create values for suppliers and other stakeholders and contribute to creating a sustainable society.

We have to fulfill our social issues in each process of the supply chain in order to realize a sustainable society. Accordingly the Group newly developed the "Principles of Action for Suppliers." These Principles clearly state the Group's basic ideas on social responsibilities to be fulfilled as well as the code of conduct to be followed by the Group together with suppliers.

We hope the suppliers that deal directly with companies in the Group will understand and follow these Principles to ensure the prevention of legal violation, the safety of products, quality improvement and ESG initiatives.

We expect not only the Group's direct suppliers but also their suppliers from which they procure products, raw materials, etc. to understand the Group's Principles of Action for Suppliers to enhance corporate value in the entire supply chain.

1. "Guidelines for action for suppliers"

(1) Fair business activities

Suppliers are expected to comply with laws and regulations and social norms and conduct fair and transparent business activities. Suppliers are also expected to comply with rules on antimonopoly, fair competition and fair transactions and not to engage in acts that deviate from these rules.

(i) Legal compliance

Suppliers are expected to comply with laws and regulations and relevant rules that apply in the countries and regions where they engage in business activities.

(ii) Prohibition of transactions with antisocial forces

Suppliers are expected to have no relationship with antisocial forces, organizations, groups or individuals that threaten social order and the safety of civilian life. And suppliers are expected to adopt a resolute stance against their pressure and eliminate them.

(iii) Prohibition of corruption, bribery and the like

Suppliers are expected to maintain a healthy and normal relationship with government agencies and civil servants and not to give bribes, illegal political contributions, etc.

(iv) Prohibition of giving and accepting of improper benefits

Suppliers are expected not to give to or accept from business

partners including those in the Group improper benefits that lack or could undermine fairness.

(v) Prohibition of anticompetitive acts

Suppliers are expected not to engage in private monopoly, unfair restraint of trade such as a cartel, and other acts that interfere with free and fair competition.

(vi) Disclosure of information

In case suppliers become aware of events that cause doubt about the quality, safety, effectiveness, etc. of the products and services they offer, they are expected to actively disclose information to the Group regardless of whether or not such disclosure is required by laws and regulations.

(vii) Prevention of leakage of personal information

Suppliers are expected to appropriately manage and protect personal information of customers, third parties and suppliers' employees.

(viii) Protection of intellectual properties

Suppliers are expected to respect the rights of suppliers that have intellectual property rights in procurement transactions. And suppliers are expected not to engage in any transaction that violates third party's rights. Suppliers are expected to actively disclose information on the quality, safety, effectiveness, etc. of products and services.

(2) Consideration for human rights and the work environment

Suppliers are expected to respect the human rights of everyone in the entire supply chain and not to be involved in human rights violations. And suppliers are expected to give consideration to the work environment and realize a safe and pleasant work environment.

(i) Prohibition of discrimination

Suppliers are expected not to discriminate on the basis of race, ethnicity, nationality, social status, gender, disability, health condition, thought and creed, sexual orientation and gender identity, job, employment status, etc. in head offices, business places and associated companies in Japan and abroad.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Formulation and Dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG For the Realization of a Circular Society

(ii) Prohibition of harassment

Suppliers are expected to respect employees' human rights and not to be involved in any abuse, physical punishment, psychological/physical/sexual harassment and intimidation in head offices, business places and associated companies in Japan and abroad.

(iii) Provision of safe work environment

Suppliers are expected to design and build facilities and ensure the safety of facilities in consideration of the health and safety of employees in head offices, business places and associated companies in Japan and abroad. And suppliers are expected to monitor the situations where employees contact with biological and chemical substances that are harmful to humans, noise, bad odor, etc. in workplaces and take appropriate measures.

(iv) Respect for freedom of association and collective bargaining

In head offices, business places and associated companies in Japan and abroad, suppliers are expected to respect employees' rights to form a labor union, to join or not to join it, and to engage in collective bargaining with head offices, business places and associated companies in Japan and abroad.

(v) Prohibition of forced labor

Suppliers are expected not to use any forced labor such as labor by means of physical or psychological restraint and not to engage in human trafficking in business places and associated companies in Japan and abroad.

(vi) Prohibition of child labor

Suppliers are expected not to hire children who do not reach the minimum labor age and not to allow child labor that may impair children's development in head offices, business places and associated companies in Japan and abroad.

(vii) Responsibility for local communities

Suppliers are expected to strive to contribute to the development of the local communities affected by their businesses.

(viii) Disaster prevention measures

Suppliers are expected to prepare measures for possible emergencies including disasters and accidents, keep employees informed about them, and implement disaster prevention measures.

(3) Consideration for the environment

Suppliers are expected to comply with all environmental laws and regulations that apply in the countries and regions where they engage in business activities, maintain a proactive stance on environmental conservation through business activities, and strive to contribute to the development of society by reducing greenhouse gas emissions, saving energy and other resources, reducing waste and wastewater, recycling, preventing pollution, conserving biodiversity, and other means.

(i) Actions against global warming

Suppliers are expected to work to reduce greenhouse gasses to counter global warming.

(ii) Sustainable use of resources

Suppliers are expected to work to save energy and other resources, recycle and reduce waste. Suppliers are also expected to strive to reuse water resources and appropriately manage wastewater.

(iii) Prevention of pollution

Suppliers are expected to work to prevent pollution and health damage.

(iv) Biodiversity

Suppliers are expected to comply with international conventions and relevant laws and regulations and work to ensure biodiversity-conscious procurement to promote conservation of biodiversity and sustainable use.

(v) Elimination of chemicals

Suppliers are expected not to handle products using chemicals and raw materials prohibited by international conventions and relevant laws and regulations.

(4) Consideration for the safety and security of products and services

Suppliers are expected to provide products and services that comply with all laws and regulations that apply in the countries and regions where they engage in business activities. And suppliers are expected to strive to prevent accidents related to products and services from happening.

(i) Suppliers are expected to improve the quality of products and services and provide products and services that meet both the safety standards set in each country and by suppliers.

(ii) In case there is a fear that an accident that could affect the safety of customers may happen, suppliers are expected to take appropriate measures to prevent the accident from happening or expanding.

(iii) Suppliers are expected to respond to inquiries from customers in good faith and reflect them in improvement of products and services.

(5) Contribution to local communities

Suppliers, as corporate citizens that coexist with society, are expected to respect local culture and actively engage together with local stakeholders in creative activities that contribute to the development of local communities.

(i) Suppliers are expected to strive to engage in activities to realize together economic and cultural development of local communities in order to contribute to the development of local communities.

(ii) Suppliers are expected to pursue cooperation with a wide range of stakeholders including local communities, governments and educational institutions.



- ➡ Procurement policy
- ➡ Human rights policy
- ➡ Anti-corruption policy
- ➡ Occupational health and safety policy

Established on June 17, 2019