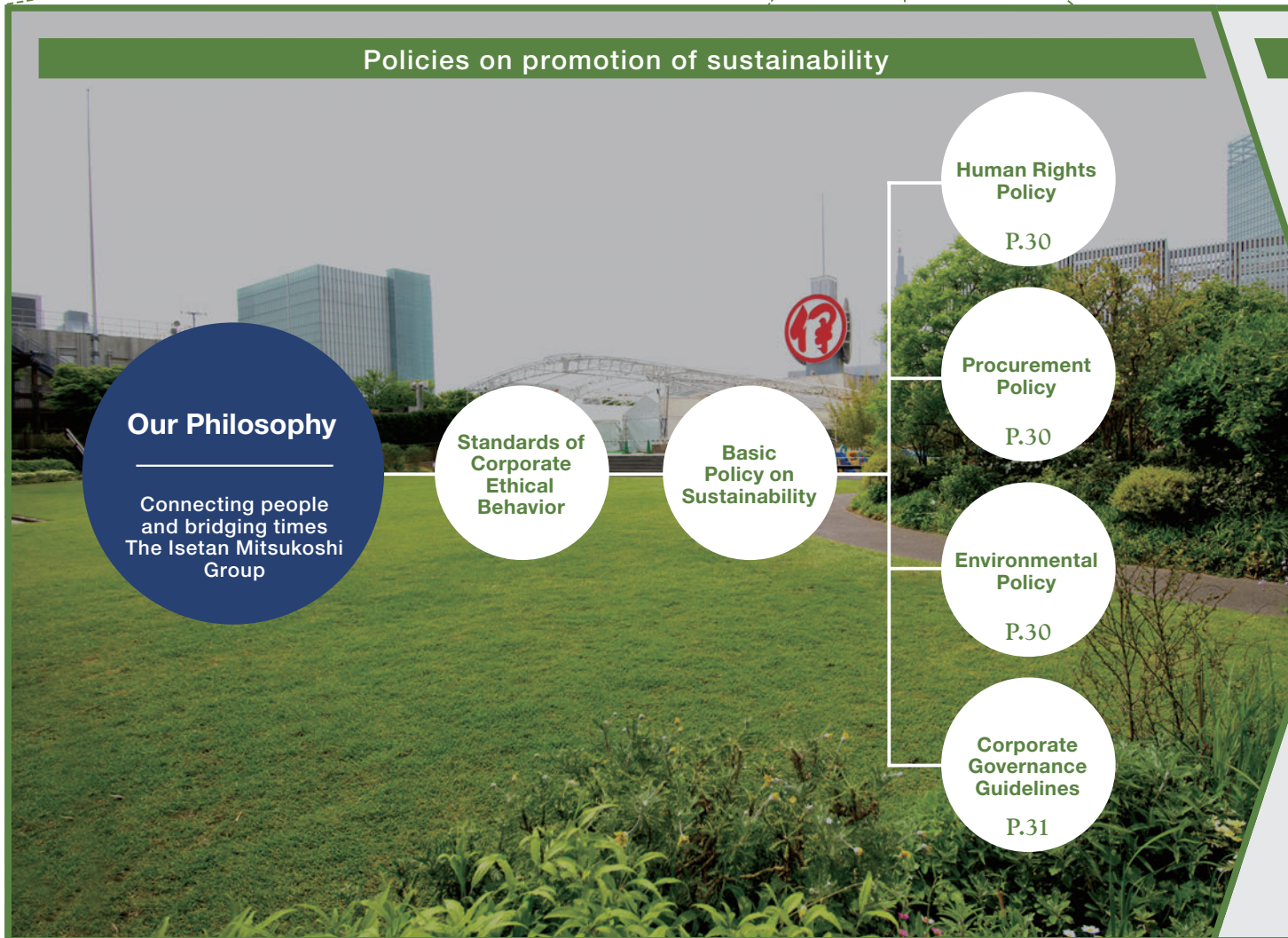
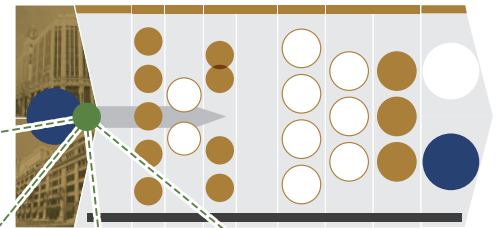


Sustainability of the Isetan Mitsukoshi Group

Value creation process



System for promoting sustainability in FY2018 (management structure)

After the management integration of Mitsukoshi and Isetan and until FY2017, we had been engaged in CSR activities with a focus on the three areas of culture and art, support for the affected areas, and support for local people and their lives, in line with the core topics of ISO 26000. In the field of the environment, we have established the Isetan Mitsukoshi Group Environmental Committee and have been overseeing and promoting activities including energy conservation, resource conservation and 3Rs, charity campaigns for protecting biodiversity, and roof greening, under our Environmental Policy. In FY2018, we significantly changed our structure for managing our CSR activities, including environmental measures, from the viewpoints of environment, society, and governance (ESG) and Sustainable Development Goals (SDGs). (See the figure at right.) We established the Sustainability Promotion Council, which is chaired by the CEO. Under the leadership of our top manager, this council aims for sustainable management that is based on the provision of solutions for social issues through business activities and the improvement of our corporate value as the two inseparable and fundamental elements. We dissolved the previous Isetan Mitsukoshi Group Environmental Committee in a constructive manner and absorbed its functions into the Sustainability Promotion Committee that was established under the Sustainability Promotion Council.

Basic Policy on Sustainability

We fulfill our corporate social responsibility by facing various social issues and contributing to solving them through our corporate activities. We will thereby play a role in realizing the prosperous future of all the people involved and a sustainable society.

Material issues on ESG

1 Connecting people

- Suggesting new value by connecting diverse people with tools, including digital tools, and opportunities
- Improving the workplace environment and investing in human resources with the aim of being the company with the friendliest working environment in Japan



Governance and communication

Promoting fair trade and business activities in the overall supply chain
 Strengthening the governance structure of the entire Group
 Having dialogues with stakeholders proactively



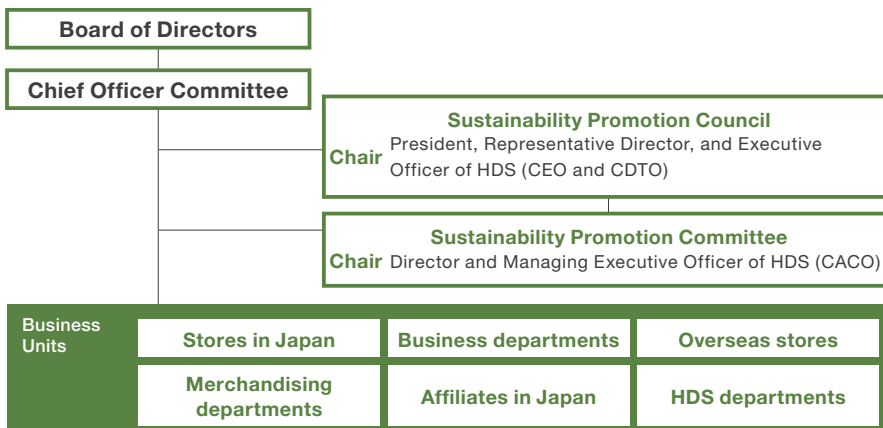
3 Bridging local communities and times

- Succeeding cultural traditions and supporting the revitalization of local industries
- Supporting new technologies and services for passing the technologies of Japan down to future generations



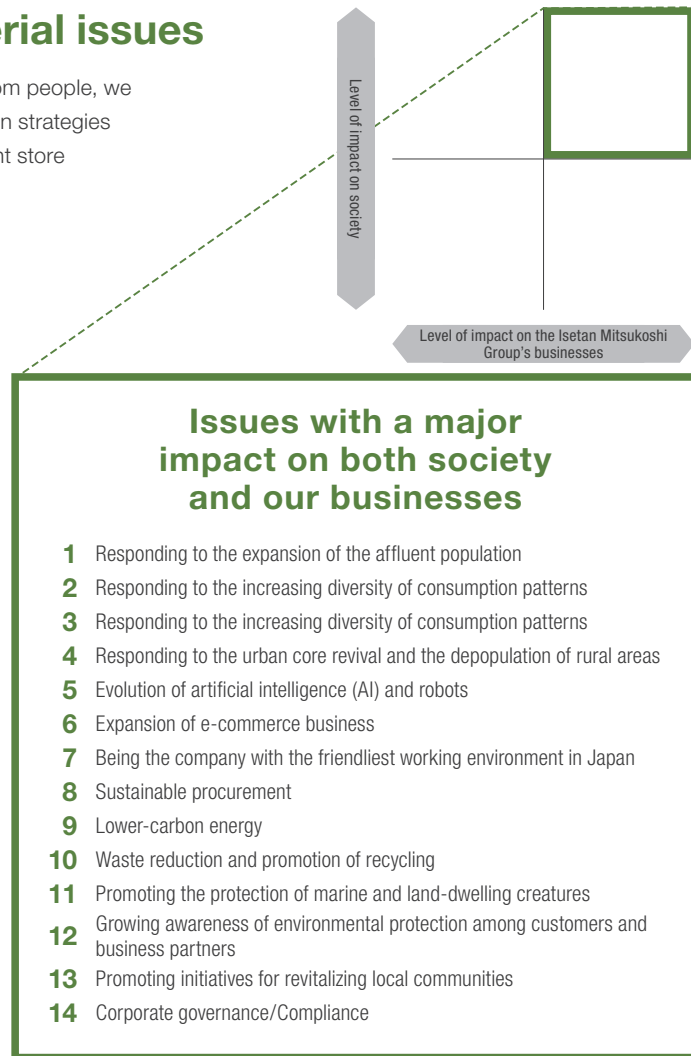
2 Connecting sustainable societies

- Providing safe, secure products and services
- Realizing a low-carbon society and reducing the environmental impact



Process of selecting material issues

In response to issues faced in society and requests from people, we will strive to create social and economic value based on strategies that make full use of our strengths, with the department store business at the core.



Toward sustainable growth



Important Policies of the Isetan Mitsukoshi Group

1. Isetan Mitsukoshi Group Standards of Corporate Ethical Behavior

These standards form the foundation on which every single employee of the Isetan Mitsukoshi Group puts Our Philosophy into practice. They also serve as standards for their daily activities. These standards consist of ten sections, including ones on the promotion of sustainability, compliance, and what we should do for the benefit of each stakeholder. The whistle-blowing system is also referred to in these standards.

2. Isetan Mitsukoshi Group Human Rights Policy

This policy consists of eight sections: (1) Respect for human rights, (2) Compliance and fair employment, (3) Prohibition of unfair labor, (4) Prohibition of harassment, (5) Respect for diversity, (6) Prohibition of discrimination, (7) Maintenance and promotion of health, and (8) Ensuring occupational safety and hygiene. It expresses

our determination to respect the human rights of the stakeholders involved in our corporate activities. We train all officers and employees based on this policy, raise their awareness of it, and strive to communicate and enforce it so that businesses in the entire supply chain will be operated in consideration of human rights.

3. Isetan Mitsukoshi Group Procurement Policy

This policy consists of 12 sections: (1) Compliance and fair trade, (2) Quality control and information disclosure, (3) Sustainability, (4) Responding to biodiversity (5) Reducing environmental loads and preventing pollution, (6) Controlling waste discharges and recycling resources, (7) Eliminating chemical substances, (8) Respecting human rights and prohibiting unfair labor practices, (9) Employment, working conditions, safety and hygiene, (10) Managing information (secret information, personal information, etc.), (11) Protecting intellectual property rights, etc., and (12) Excluding antisocial forces. The policy was designed to correspond to the Sustainable Development Goals (SDGs) that international society is making concerted efforts to achieve by 2030.

In addition, we will also apply this policy for solving issues that are difficult for department stores to solve by themselves, such as the reduction of food loss, biodiversity protection, and logistics efficiency improvement. We will have the entire supply chain address these issues by sharing this policy.

Moving forward, we will study measures for increasing the effectiveness of the Procurement Policy, such as questionnaires of our business partners and inspections of their factories. We have made notifications to this effect to a total of 12,000 business partners of the department store companies of the Group, many of whom are their suppliers.

4. Isetan Mitsukoshi Group Environmental Policy

This policy expresses the Isetan Mitsukoshi Group's determination to take measures for realizing a sustainable society, where people and the global environment coexist in harmony with each other, by coming face to face with our customers and all the other people involved and regarding the implementation of the measures as necessary for fulfilling our corporate social responsibility.

