Every Day Matters –
Corporate Social Responsibility at JCPenney

Fashion Institute of Technology
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Jim Thomas
VP, CSR - JCPenney
• One of America's leading retailers, operating more than 1,000 department stores throughout the US and Puerto Rico.
• Operate one of the largest apparel and home furnishing sites on the Internet, jcp.com, and the nation's largest general merchandise catalog business.
• Revenue of $19.9 billion in 2007 and have over 155,000 Associates.
• Approximately half of America shops at JCPenney in a given year. On average, more than 3 million customers make purchases at a JCPenney store each day.
The Environment is Gaining Credence in Business Circles

Fortune: April 2, 2007

Business Week:  
January 29, 2007

WWD: April 10, 2007  
WWD Green Issue  
“Green is the New Black”
Other Media
Ecological Footprint

But there are only 15.71 global hectares available per person on a renewable basis. This means we are overshooting the Earth’s biological capacity by nearly 50%. To sustain present levels of consumption, we would need:

Source: http://www.myfootprint.org/en/
Business: Help or Hurt?

"During the past year, how much did American businesses do to HELP the natural environment?"

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"During the past year, how much did American businesses do to HARM the natural environment?"

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Company or Country?

Corporate vs Country Economic Clout
The Top 100 (52 corporations, 48 countries)

Wal-Mart was #19 with sales of $247B in 2002.
Note: Wal-Mart’s sales in 2007 were $345 billion.

Are Consumers Willing to Pay?

Willingness to pay for products with environmental & social benefits, 2007, %

- Willing to pay & does: 21%
- Willing to pay but doesn’t currently: 13%
- Concerned but not willing to act: 53%
- Not concerned about the environment: 13%

Lack of knowledge is a barrier: 13%
Can’t afford to pay: 8%
Won’t compromise convenience: 9%
Both price & convenience are issues: 9%
Don’t want to Compromise quality: 13%

Source: September 2007 McKinsey survey of over 7000 global consumers
• **Community** - Foster youth development in our communities

• **Associates** - WINNING TOGETHER culture that values, develops and rewards our Associates

• **Responsible Sourcing** - Partner with our suppliers to improve social, labor and environmental conditions

• **Environment** - Reduce our environmental footprint through energy reduction and waste minimization

• **Sustainable Products** - Simply Green – promote products that reduce environmental impacts
JCPenney C.A.R.E.S.

JCPenney Afterschool Fund

- Provide America’s children with access to safe, high-quality afterschool programs
- JCP is one of the nation’s largest champions and shapers of the afterschool movement
- JCPenney and the JCPenney Afterschool Fund have contributed more than $70 million to support afterschool initiatives
- More than 20,000 children were sponsored in afterschool activities in 2007
With a focus on engagement, we’ve developed and branded an Associate philosophy called WINNING TOGETHER, built on:
• Communication
• Training
• Recognition
• Inclusion & Diversity

Mike Ullman, Chairman and CEO (left), and Mike Theilmann, Chief Human Resources and Administration Officer, interact with Associates at a leadership development class.
Our Supplier Legal Compliance Program strives to ensure that the factories producing JCPenney private brand products comply with applicable national health, safety and labor laws and regulations, and our own requirements.

In recent years, we have reduced our direct sourcing supplier base. Today, we place a majority of our orders in 10 countries. In the future, we aim to work in even fewer countries and with fewer suppliers.

We hold an annual Supplier Summit with our largest suppliers to provide a forum for communication and knowledge sharing. In these meetings, we update suppliers on industry and business trends and on new CSR and compliance initiatives.

Two years ago, we began recognizing our suppliers’ CSR efforts with a JCPenney Corporate Social Responsibility Award of Excellence. In 2007, we presented the award to one of our top suppliers, House of Pearl Fashions of India.
• PRODUCT TESTING & SAFETY
  – A long history of product testing and emphasizing product quality
  – We established our first testing laboratory more than 75 years ago and operate our own testing laboratories (one of the few retailers to have this capability)

• PRODUCT STEWARDSHIP
  – Recently formed a Product Stewardship Committee to coordinate efforts regarding the safety and impact of products and chemicals

A JCPenney Associate conducts safety testing on cribs.
• ENERGY STAR
  – Recognized by the EPA as an ENERGY STAR Partner of the Year for 2008 for Energy Management (for the 2nd year in a row).

• SmartWay
  – JCPenney was one of only 34 businesses and organizations recognized by the EPA with its 2007 SmartWay Excellence awards for environmental leadership in reducing fuel consumption and lowering greenhouse-gas emissions from big trucks.
JCPenney C.A.R.E.S.

- Four JCPenney stores in Washington State became the first retail stores in the nation to earn the ENERGY STAR label for superior energy efficiency and environmental performance.
- The JCPenney Home Office also achieved ENERGY STAR certification under the existing building designation (1 of only 183 office buildings so certified in the State of Texas).
Simply Green™

- Developed and launched Simply Green™, an exclusive-to-JCPenney designation that assists customers in making environmentally conscious purchases. It is currently focused on 3 areas:

  - organic - must be made from at least 70% raw materials such as organic cotton or linen, which have been grown without chemical fertilizers or pesticides
  - renewable - must be made from at least 25% renewable materials such as bamboo, sorona, ingeo, soy, capiz shells or wood that comes from certified, well-managed forests
  - recycled – must contain at least 25% recycled materials, such as recycled cotton, recycled glass (home products) or recycled polyester made from plastic bottles

A wide range of merchandise will bear the Simply Green mark.
We have partnered with Chaser Merchandising and the World Wildlife Fund (WWF) to offer a line of WWF T-shirts for young women which are made from a blend of organic cotton and recycled polyester. $1 is donated to WWF for every T-shirt sold. The program has already raised over $500,000 for WWF.

Danny Seo is serving as our green living partner, providing consultation and acting as an advocate for eco-friendly living by highlighting the benefits of using Simply Green-designated JCPenney merchandise. Through his bestselling books, television programs, magazine columns and how-to lifestyle lectures, Danny shares his creative ideas that have made him America’s leading lifestyle authority on modern, eco-friendly living.