

JCPenney Catalog Paper Policy

JCPenney's *Matters of Principle: JCPenney & Environmental Responsibility* is the Company's promise of stewardship to the environment, the communities in which it does business, customers, Associates and shareholders.

This *Catalog Paper Policy* further outlines JCPenney's commitment to procuring, using and disposing of paper in a manner that promotes the sustainability of forests and other natural resources. Our aim is to ensure that the Company's operations protect the environment. Having formulated this policy in collaboration with Associates, customers, suppliers and interest groups, the Company commits to maintaining regular dialog with these constituencies to improve in this area.

As a direct marketer whose use of paper is critical to our business, we accept responsibility for careful management of our environmental impacts. As part of this commitment to environmental stewardship, we invest considerable time and resources to understand and address environmental issues associated with production of our catalogs.

Promoting Sustainable Forestry

JCPenney works with suppliers to ensure that the paper used in its catalogs is sourced from well-managed forestry operations, and the Company requires suppliers to be certified and verified by independent third parties. The Company continues to evaluate the efficacy of forestry certification systems to ensure that our practices meet current and widely accepted environmental stewardship goals.

It is JCPenney's policy not to obtain paper fiber from old-growth forests or forests of exceptional conservation value, and the Company works with its suppliers to ensure that this intent is met. We prefer suppliers that take an ecosystem-based approach to managing forestlands and that protect and promote ecosystem values on their property, as well as the properties they operate on or source from. We prefer suppliers who maintain water quality, promote natural habitat diversity, protect special areas such as endangered species habitats and address aesthetic and recreational considerations.

We purchase from suppliers who are leaders in conservation and committed to environmental protection, and we encourage them to work with the scientific community and interested stakeholders to improve their environmental stewardship practices. We also encourage suppliers to work with their communities, and to listen and respond to community concerns. When issues or problems arise, we work with suppliers to encourage resolution.

Other key practices that reflect our commitment to protect forests include:

- We require suppliers to comply with all applicable national and local laws and regulations, and to assure us that they do not produce paper from illegally harvested or stolen wood. We encourage suppliers to audit their sources of pulpwood.
- We require paper suppliers to be certified and verified by an independent third party, and we routinely discuss their participation in third party certification programs. We monitor various third-party certification systems to ensure they are compatible with the values and practices we want our suppliers to achieve.
- To promote safe forestry practices, we require suppliers to use loggers that have been properly trained in recommended harvesting and reforestation methods.
- To reduce waste and promote efficient utilization of wood resources, we require that suppliers use scraps or residues from other wood-using industries in paper production where possible.
- To assess the ongoing support of our environmental principles, we conduct an annual review with each supplier, including on-site visits to observe their forestry management practices.

Reducing Paper Usage

JCPenney is committed to using paper efficiently, and the Company has implemented industry best practices and technology for catalog production and targeted mailings. Efficient production and distribution of our catalogs aligns our business and environmental objectives – contributing to a better return on investment while limiting waste. As part of our annual planning, we seek and review opportunities to reduce paper consumption.

Over the past several years, JCPenney has developed and implemented a number of initiatives for reducing catalog paper requirements. These include:

- We continually refine catalog distribution lists based on anticipated and actual customer response, and maintain “do not mail” lists that promptly respond to customer requests to be removed from distributions. These efforts have cut our catalog distributions by more than 20 percent.
- We are committed to leadership in online technology and the rapid growth of jcpenny.com as a shopping option for our customers. This has and continues to reduce the number of catalogs we distribute. We continually seek ways to attract shoppers to our web site by providing new features and added convenience.
- We are committed to identifying alternative and convenient ways for customers to shop our catalog, and have added an electronic version to jcpenny.com for customers who prefer the catalog format but do not want to receive paper copies.
- We use some of the lowest weight papers in the industry, and we are committed to continuing this practice to limit overall paper consumption. We also reduce catalog dimensions when feasible.
- We are committed to eliminating waste from the printing process, and prohibit overruns and printing of excess catalogs as part of our contracts.

Incorporating Post-Consumer Waste Recycled Content

JCPenney is committed to incorporating 10 percent post-consumer waste (PCW) recycled content into its catalogs as rapidly as possible. Progress on this goal will be determined by the availability of recycled paper, economics and good business practices. With the current shortage of 10 percent, PCW recycled paper in the marketplace; we are actively encouraging paper manufacturers to identify ways to increase supply.

JCPenney is also committed to continuing to explore the potential for increasing the percentage of recycled PCW content in our catalogs. Progress on this goal will be influenced by the availability of recycled paper, its compatibility with printing processes, customer response to test catalogs, economics and our commitment to maintain low paper weights.

Emphasizing Recycling

All paper used in JCPenney catalogs is recyclable. To increase the supply of recycled fiber and reduce the burden of paper waste on the environment, JCPenney is committed to educating consumers on the benefits of recycling. The Company has adopted the Direct Marketing Association's program to promote recycling, and we have added "please recycle me" information to catalogs. We recognize that educating customers and encouraging them to recycle catalogs represents a major opportunity to impact recycling behavior.

Fostering Continuous Improvement

JCPenney continually looks for ways to incorporate recycling into all areas of our business. A cross-functional working group meets regularly and with senior management to review recycling opportunities and benchmark ways to promote recycling inside and outside the Company.

JCPenney is committed to training Associates who are responsible for the management of operations in which environmental issues may arise. In practicing responsible environmental stewardship, we are committed to keeping abreast of relevant developments and cooperating in efforts to advance environmental technologies, practices and programs.

JCPenney is committed to an ongoing process of developing new and additional initiatives to protect forests and promote sustainability. We will review and report our progress to our stakeholders on an annual basis.