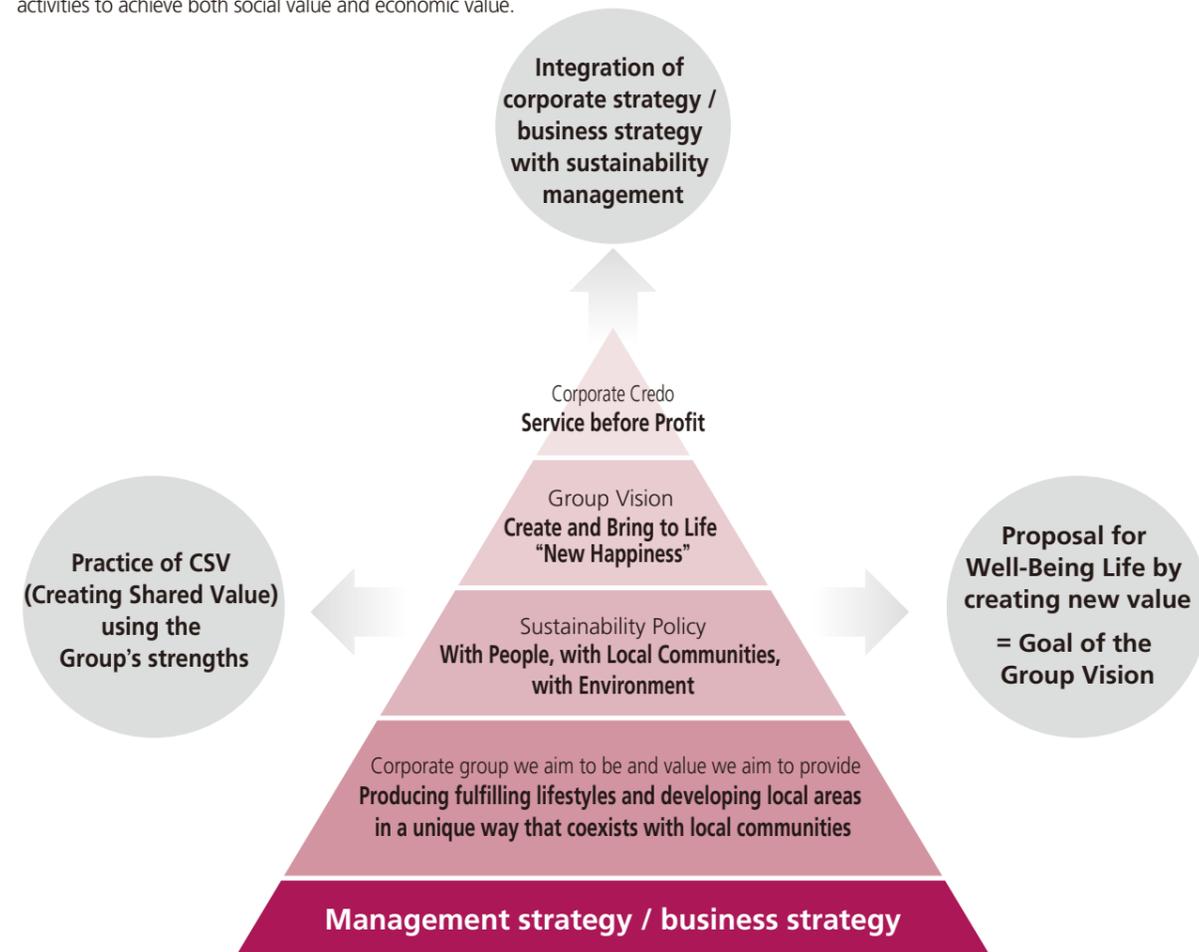


Sustainability Management

The Group has encountered a number of crises over its 300 and 400 year history. Every time we have faced these situations, we have returned to our Corporate Credo, "Service before Profit" and carried out business activities honestly while responding to changes in customers and society quickly. We firmly believe this is what has led us to our current management. Currently it is essential for the management to paint the vision of what the company should be in the future, which will have a prominent presence in a society, from a longer-term perspective. It is evident that we cannot conduct business activities looking away from issues such as the environment, society and human rights. We think we will be able to obtain a framework for sustainable management for future growth by incorporating the concept of sustainability for the solution of these issues into our corporate strategies and business strategies.

Based on the Corporate Credo and with sustainability at the core of management, we will strive to solve social issues through business activities to achieve both social value and economic value.



Review of materiality issues

Recently, a movement to create a new business model is accelerating as a supply chain-wide initiative to create a circular economy mainly in Europe in order to solve global social issues such as resource depletion and the disposal of food and clothing. Consumers are also increasing their interest in ethical consumption, fair trade, traceability and recycling and thus their environmental awareness is greatly changing.

In addition, with the current COVID-19 pandemic, there

is a growing need for safety and security with infection prevention in mind, wellness and healthcare, and new values and lifestyles are beginning to take root.

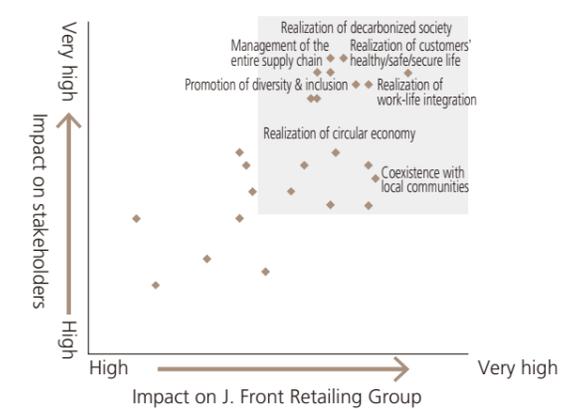
Looking at such a situation, and as a result of repeated discussions at the Management Meetings and the Board of Directors meetings, we decided to newly add two items including "promotion of circular economy" and "realization of customers' healthy/safe/secure life" to our five materiality issues that we identified in the past.

In the meantime, we also revised some of existing materiality issues. Specifically, with regard to "contribution to

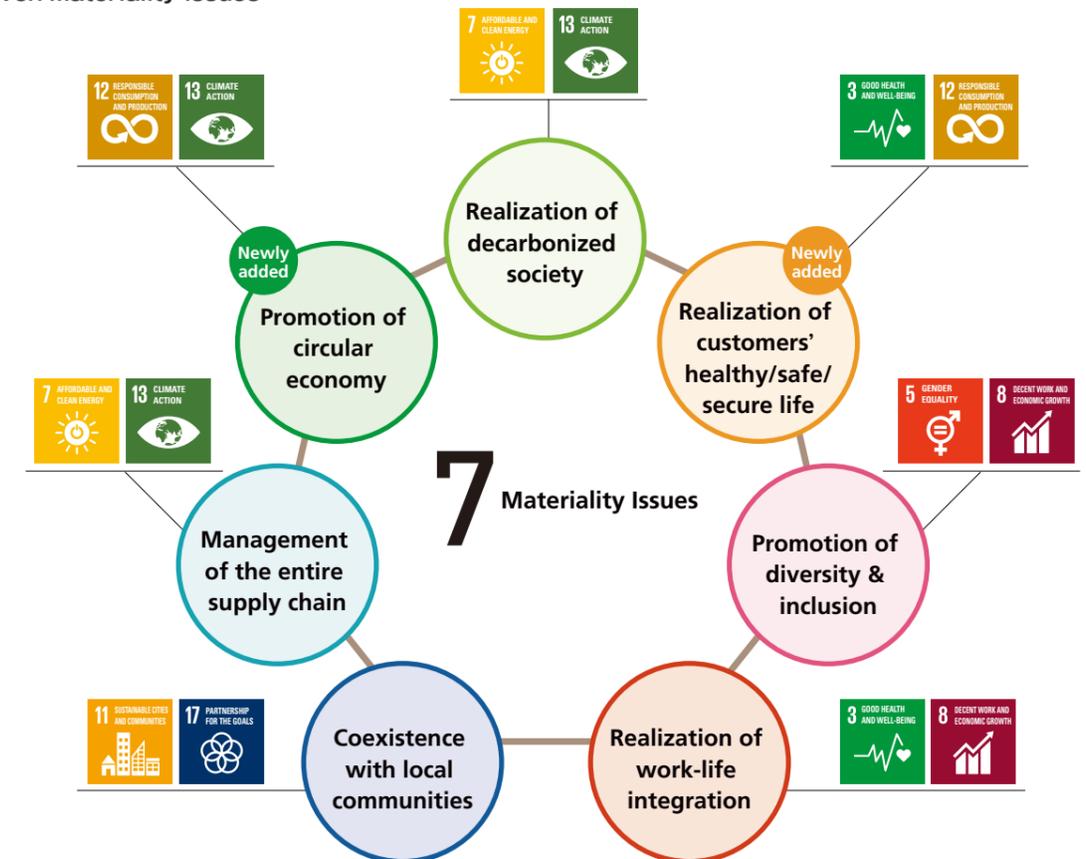
a low-carbon society," in response to the growing awareness of decarbonization in Japan and abroad, we revised it to "realization of decarbonized society" to strengthen our actions. And we also revised "promotion of diversity" and "realization of work-life balance" to "promotion of diversity & inclusion" and "realization of work-life integration," respectively, to improve our actions in response to changes in society.

Going forward, with regard to these seven materiality issues, we will identify both risks and opportunities and create business opportunities for each materiality issue to achieve social value and economic value at the same time.

J. Front Retailing Group materiality map



Seven materiality issues



Process for identifying materiality issues

