

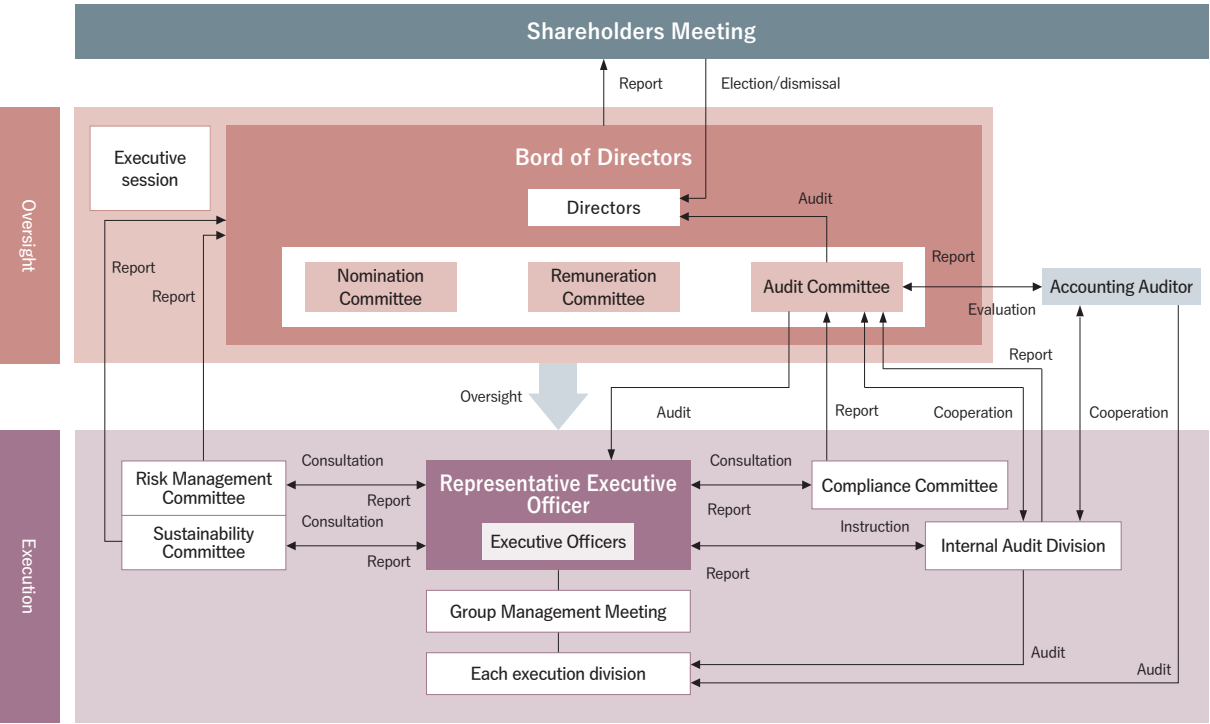
Corporate Governance

J. Front Retailing, which is a holding company, is responsible for ensuring the transparency, soundness, and legal compliance of the management of the entire Group, acting as the central focus of corporate governance for the Group, to realize the Group Mission Statement. We strive to build trust relationships with stakeholders by means including strengthening of information disclosure. And indicating the overall direction that the Group management is to take and building and developing internal control systems, and strengthening corporate governance by overseeing the operational status of such systems are placed at the top of the management agenda.

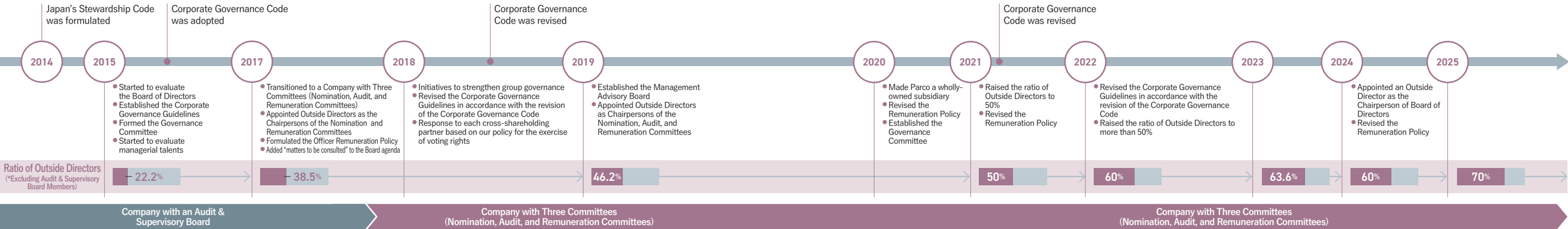
We have adopted a Company with Three Committees (Nomination,

Audit, and Remuneration Committees) system to further strengthen corporate governance by: (i) strengthening the management oversight function by separating oversight from execution; (ii) clarifying authorities and responsibilities in business execution and promoting flexible management; (iii) improving the transparency and objectivity of management; and (iv) building a globally applicable governance system. Under the new management structure that launched in fiscal 2024, we aim to achieve sustainable growth for the Group and improve its corporate value over the medium to long term by accelerating management decision-making and execution, as well as by enhancing governance, including strengthening the oversight function of the Board of Directors.

Corporate governance structure chart



History of the Company's corporate governance



Overview of corporate governance system

We are a holding company, and in order to speed up management decisions and clarify management responsibilities, the authority for execution of business operations of operating subsidiaries is delegated to respective operating subsidiaries except for matters that affect the Group's management.

Our roles and responsibilities as a holding company are as follows:

- To plan, formulate, and penetrate the Group Vision, the Group Medium-term Business Plan, and the Group Management Plan for the fiscal year, and the Sustainability Policy and to track the progress and results thereof;
- To set the business domains of the Group;
- Business portfolio management (optimal allocation of management resources);
- To generate synergies between businesses;
- To establish the risk management system for the entire Group;
- Organization design and operation of the entire Group;
- Human resource management of the entire Group;
- Management of shareholders;
- To establish corporate governance practices for the entire Group;
- To make decisions on important matters of business execution relating to the management of the Group; and
- To provide advice and approval for management policy and management strategy of respective operating subsidiaries and to oversee and evaluate the progress thereof.

We have also established supervisory units and promotion divisions (Management Strategy Unit, Financial Strategy Unit, Human Resources Strategy Unit, CRE Strategy Unit, DX Promotion Division, and Business Promotion Division) as our management organizations. We clarify the roles, responsibilities, and authorities of each organization to strengthen oversight function and enhance the internal control system of the Group as a whole.

Board of Directors and three statutory committees

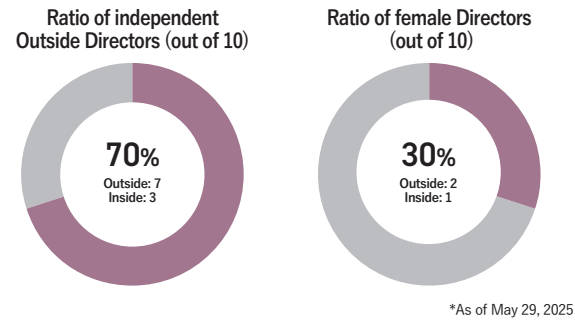
(1) Roles and responsibilities of the Board of Directors

Directors appointed and entrusted with the management of the Company by shareholders fulfill the following roles and responsibilities at the Board of Directors in order to realize the Group Vision, etc. based

on their fiduciary responsibility and accountability to shareholders.

- To indicate the overall direction that the Group management is to take, by engaging in constructive discussions with respect to the Group Vision, the Sustainability Policy, the Group Medium-term Business Plan, the Group Management Plan for the fiscal year, and other basic management policies and carrying out multifaceted and objective deliberations that include the evaluation of risks with respect to the aforementioned;
- To appropriately make decisions in terms of overall policy and plans pertaining to the Group management based on the direction noted above and to oversee the progress and results of the plans;
- To develop an environment conducive to encouraging offensive management geared to achieving discontinuous growth;
- To take steps to build and develop internal control systems of the Group overall and to oversee the operational status of such systems;
- To oversee conflicts of interest between related parties; and
- Based on summary reports furnished by the Nomination Committee, to oversee the progress of the President and Representative Executive Officer succession planning, personnel assignment plans pertaining to managerial talent, and Executive Officer training, about which the Nomination Committee was consulted.

(2) Composition of the Board of Directors



In selecting candidates for the Board of Directors, the Company selects persons with experience and knowledge necessary to appropriately oversee the promotion of sustainability management in order to allow the Board of Directors to effectively fulfill its roles and responsibilities. In selecting candidates for Outside Director, the Company selects persons from the point of view of board diversity who have experience as managers not only in the retail industry that forms

the core of the Group's business but in manufacturing and other non-retail industries, and who have expertise in legal and other fields, a marketing perspective, and extensive experience related to finance and accounting. With regard to candidates for non-executive Inside Director, wide-ranging practical experience within the Group and knowledge in fields such as auditing are sought by the Company. For Director candidates who also serve as Executive Officers, we appoint the President and Representative Executive Officer as the top management leader. Furthermore, since the "expected skills" required to align with our strategy change with each Medium-term Business Plan, we review the skill matrix to align with the strategy at the start of each Medium-term Business Plan. Subsequently, we conduct an annual "confirmation" and make "revisions" as necessary.

(3) Roles and responsibilities of the Nomination Committee

The Nomination Committee determines the content of proposals on the election and dismissal of Directors to be submitted to the Shareholders Meeting and reports to the Board of Directors upon consultations from the Board of Directors regarding the election and dismissal of Representative Officers, Executive Officers, Chairperson of Board of Directors, as well as the chairpersons and members of

individual statutory committees and other matters.

(4) Roles and responsibilities of the Audit Committee

The Audit Committee effectively audits whether the execution of duties by Executive Officers and Directors is in compliance with laws, regulations, and the Articles of Incorporation of the Company and whether they are performing their duties efficiently in accordance with the Company's Basic Mission Statement and the Group Vision. The committee also audits the development and operation of internal control systems and prepares audit reports. In addition, the committee monitors and verifies the execution of duties by the Accounting Auditor to ensure the reliability of financial information, and determines the content of proposals regarding the election and dismissal of the Accounting Auditor to be submitted to the Shareholders Meeting.

(5) Roles and responsibilities of the Remuneration Committee

The Remuneration Committee determines the policy on deciding the content of individual remuneration for Directors and Executive Officers of the Company and eligible officers of major subsidiaries of the Group and determines the content of individual remuneration for Directors and Executive Officers of the Company.

Number of the Board of Directors and statutory committee meetings and main agenda items in FY2024 (March 2024 to February 2025)

	Number of meetings	Attendance rate	Main agenda items	Average duration per meeting	【Reference】Number of members *As of May 29, 2025
Board of Directors	15	100%	- Growth strategy for interior design business and BM/FM business - Business updates and future measures for operating subsidiaries - Evaluation from the capital market and challenges following Q1 financial results - JFR Group's human resources strategy toward FY2030 - Progress on the Medium-term Business Plan - Report on the evaluation of effectiveness of the Board of Directors, etc.	2 hours 12 minutes	7 Outside Directors out of 10 Outside Chair Inside
Nomination Committee	14	100%	- Succession plan - Director structure, independent Outside Director structure - Confirmation of the skill matrix - Election of candidates for Directors - Candidates for Executive Officers and Representative Executive Officers to be proposed to the Board of Directors - Candidates for Chairperson of Board of Directors and committee chairpersons and members to be proposed to the Board of Directors	1 hour 7 minutes	3 Outside Directors out of 4 Outside Inside Chair
Audit Committee	24	100%	- Reports from the Internal Audit Division - Reports from the Compliance Committee - Audit reports from corporate auditors of the Group companies - Reports on the operating company phase management - Evaluation of Accounting Auditor	1 hour 5 minutes	4 Outside Directors out of 5 Outside Inside Chair
Remuneration Committee	10	100%	- Review of officer remuneration system - Revision of the officer remuneration policy - Verification of officer remuneration levels and composition using external data - Officers evaluation results, bonuses for officers - Performance-linked factors and awarded points for stock-based remuneration for officers - Extension of trust period due to continuation of stock-based remuneration plan for officers, additional contribution to the share distribution trust, and revision of share granting rules - Individual officer remuneration amounts	43 minutes	3 Outside Directors out of 4 Outside Inside Chair

Skill matrix (Skills expected of Directors)

*As of May 29, 2025

	Committee (◎ indicates chairperson)			Attribute	Corporate management	Finance & accounting	Marketing	Human resource & organization development	Legal affairs & compliance	IT & digital	E: Environment	S: Society	G: Governance
	Nomination	Audit	Remuneration										
 KOIDE Hiroko Chairperson of Board of Directors	○		○	Non-executive Independent Outside	○		○	○					○
 YAGO Natsunosuke	◎		◎	Non-executive Independent Outside	○						○		○
 HAKODA Junya		◎		Non-executive Independent Outside	○	○							○
 SEKI Tadayuki		○		Non-executive Independent Outside		○			○			○	○
 OMURA Emi		○		Non-executive Independent Outside					○	○		○	○
 New YAMADA Yoshihito	○		○	Non-executive Independent Outside	○		○	○					○
 New SAITO Kazuhiro		○		Non-executive Independent Outside	○	○	○				○		○
 YOSHIMOTO Tatsuya	○		○	Non-executive	○		○				○		○
 HAMADA Kazuko		○		Non-executive				○				○	○
 ONO Keiichi				Executive	○		○				○		○

*Non-executive: Director who does not concurrently serve as Executive Officer, Executive: Director who concurrently serves as Executive Officer, Independent: Independent officer whose status as such is registered with the stock exchange, Outside: Outside Director

Skill list

Corporate Management	Management experience as well as knowledge and experience related to corporate management, such as strategy planning toward enhancement of corporate value, and method for identifying issues for formulating the Medium-term Business Plan
Finance & accounting	A wide range of knowledge and experience related to finance and accounting, such as enhancement of corporate value through establishment of a solid financial base and financial strategy planning that factors in the cost of capital
Marketing	Knowledge and experience in activities that bring about customer satisfaction and continuous enhancement of corporate value through identifying customers' problems and creating products and services to solve them, communicating effectively, and providing added value
Human resource & organization development	Knowledge and experience in human capital management that brings out individuality and abilities of diverse employees and induces new value creation
Legal affairs & compliance	Advanced and specialized knowledge of corporate legal affairs and knowledge and experience in promoting compliance management, in order to ensure lawful and appropriate corporate management, which is the foundation for sustainable enhancement of corporate value

IT & digital	Knowledge and experience for overseeing ICT utilization support and new business development from the customer's perspective and with a good grasp of the latest IT trends, with aim to promote digital transformation of existing businesses
E: Environment	Knowledge and experience in appropriately overseeing business activities conscious of solving environmental issues and the JFR Group's "environmental co-existence" efforts, such as environmental plans including setting of the medium- to long-term targets
S: Society	Knowledge and experience in appropriately overseeing the JFR Group's efforts toward "co-prosperity with communities" and realization of a sustainable society
G: Governance	Knowledge and experience in corporate governance for improving the effectiveness of the oversight function of the Board of Directors, in order to establish an appropriate governance system, which is the foundation for sustainable enhancement of corporate value

Executive session

Executive sessions are exclusive meetings of independent Outside Directors for free exchange of opinions and sharing of information. Participants debate on matters that need to be watched from a position of oversight, such as issues in the Board of Directors or problems to be addressed in order to improve the effectiveness of the Board of Directors. (The lead director is independent Outside Director SEKI Tadayuki.) At the request of the lead director, the President and Representative Executive Officer also participates in discussions.

Evaluation of the effectiveness of the Board of Directors

The Company's evaluation of the effectiveness of the Board of Directors by a third-party organization has been conducted annually since 2015.

[Items evaluated]

About 40 items, including the Board of Directors' contribution to the entire Group, the Board of Directors' composition, its operational status, the content of deliberations, and the effectiveness of activities of the Nomination, Remuneration, and Audit Committees

[Evaluation methodology]

- Preliminary questionnaire for Directors
- "Individual interviews" conducted by the third-party organization based on the preliminary questionnaire
- Direct observation of deliberations by attending the Board of Directors and committee meetings
- Access to discussion materials of the Board of Directors meetings, etc.

The method used was based on the results of which were collated and analyzed in the form of a report, which was then deliberated by the Board of Directors.

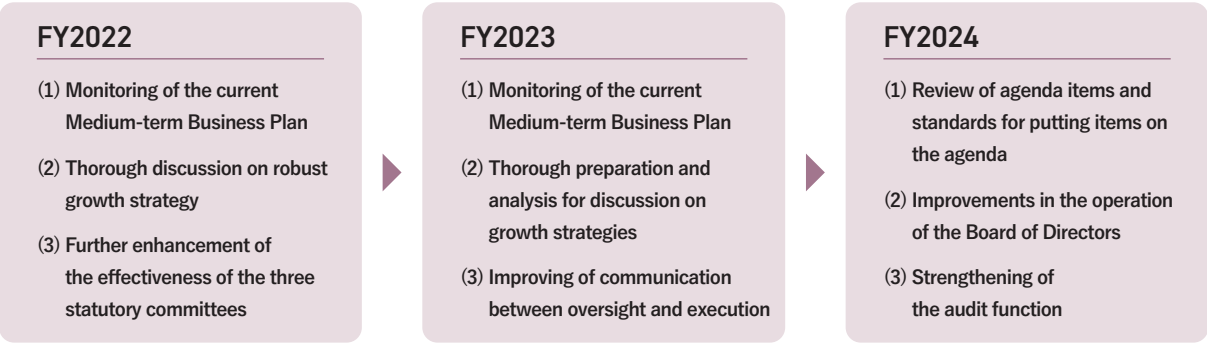
The Company conducted its tenth evaluation of the effectiveness of the Board of Directors between September and October 2024. Based on the results of the prior questionnaires given to all Directors, a third-party organization conducted individual interviews, and those details were discussed at a meeting of the Board of Directors held in November.

As a result of the evaluation of effectiveness, it was confirmed that, of the issues raised in the previous fiscal year, "thorough preparation and analysis in preparation for discussions of growth strategy" and "improvements in communication between oversight and business execution" had been resolved to a reasonable extent. On the other hand, the evaluation for fiscal 2024 led to the raising of further issues to enhance the effectiveness of the Board of Directors, which were "review of agenda items and standards for putting items on the agenda," "improvements in the operation of the Board of Directors," and "strengthening of the audit function."

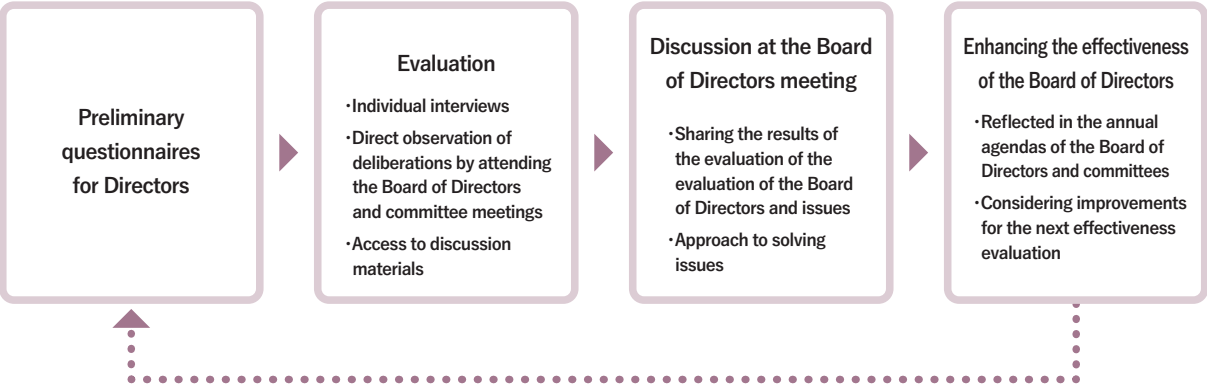
In response to this, approaches for resolving these issues were again discussed at a meeting of the Board of Directors held in December, which led to a concrete plan of action that has also been reflected in the annual agenda for the Board of Directors in fiscal 2025.

We will continue to strive to share issues based on the evaluation of the effectiveness of the Board of Directors and substantively improve the effectiveness of the Board of Directors.

Changes over time in issues identified in the evaluation of the effectiveness of the Board of Directors



Cycle of the evaluation of the effectiveness of the Board of Directors



Succession planning

[Selection of the President and Representative Executive Officer]

Selection of the President and Representative Executive Officer is a critical aspect of strategic decision-making, and accordingly the Company regards drawing up and implementation of succession plans as matters of particular importance in terms of management strategy.

The Company clarifies the selection process and ensures transparency and objectivity through repeated deliberations conducted by the Nomination Committee, which consists of three independent Outside Directors and one non-executive Inside Director.

The Board of Directors focuses on realizing the Basic Mission Statement and the Group Vision, selects the President and Representative Executive Officer, and plays a supervisory role based on proposals received from the Nomination Committee.

[Dismissal of the President and Representative Executive Officer]

A proposal for dismissal of the President and Representative Executive Officer is discussed and determined by the Board of Directors after being discussed and resolved by the Nomination Committee based on the goals set, expected and actual results (e.g., annual performance and strategy execution status), and the status of performance of duties achieved by successor candidates who are selected under the succession plan resolved by the Nomination Committee.

[Qualities required of successors]

For the President and Representative Executive Officer of the Company and people who assume the management of the Group, the Company clearly defines the necessary values, capabilities, and behavioral traits in the form of qualities required of an officer under the "Desirable qualities required of the JFR Group managerial talent" and the "Discernible capabilities required of JFR's President and Representative Executive Officer" in accordance with the Basic Mission Statement and the Group Vision.

The Nomination Committee has discussions on succession planning in a planned and consistent manner in view of changes in environments and situations surrounding the Company, the progress of strategies formulated, etc. Election and dismissal of Executive Officers are deliberated by the Nomination Committee and its proposals are deliberated and determined by the Board of Directors, as in the case of the President and Representative Executive Officer.

Following this process, a new President and Representative Executive Officer was appointed in March 2024.

Desirable qualities required of the JFR Group managerial talent	
Strategic mindset	Reform-oriented leadership
Tenacity for achieving results	Organization development strengths
Human resource development strengths	

Discernible capabilities required of JFR's President and Representative Executive Officer	
Capacity to conceive a business vision	Capacity to communicate a vision
Persistence and capacity to achieve results	Moral character and charisma

Officer remuneration system

In April 2017, the Company announced the formulation of an officer remuneration policy, and it then revised the officer remuneration system in May 2021, to match the Medium-term Business Plan. The officer remuneration system and the officer remuneration policy were subsequently amended in

fiscal 2024, to coincide with the start of the new Medium-term Business Plan. The Company also designed the officer remuneration to function as incentive for achieving and promoting sustainability management.

(1) Basic policy on officer remuneration

Our officer remuneration system is based on the following basic policy, aiming to realize and promote sustainability management (pay for purpose). Furthermore, the same basic policy shall apply to the officers of the Group's major subsidiaries: the Directors and Executive Officers of Daimaru Matsuzakaya Department Stores and Parco and the Representative Directors of J. Front City Development, JFR Card, and J. Front Design & Construction (hereinafter called "eligible officers of major subsidiaries of the Group").

- To contribute to the sustainable growth of the Group and medium- to long-term enhancement of corporate value, and to stay consistent with its corporate culture;
- To establish a remuneration system that facilitates the achievement of duties (mission) based on management strategies of professional corporate managers;
- Remuneration levels that can secure and retain human resources who have the "desirable managerial talent qualities" required by the Company;
- To increase shared awareness of profits with shareholders and awareness of shareholder-focused management; and
- Enhanced transparency and objectivity in the remuneration determining process

(2) Process for determining remuneration

In order to ensure the appropriateness of the level and amount of remuneration and the transparency of the decision-making process, the specific remuneration amount is decided by resolution of the Remuneration Committee, which consists of four members, including three independent Outside Directors and one non-executive Inside Director, and is chaired by an independent Outside Director. The Company seeks to ensure comprehensive coordination in activities related to the areas of nomination and remuneration of management, including the eligible officers of major subsidiaries of the Group, by having the same members serve on both the Remuneration Committee and the Nomination Committee, and using the same evaluation sheet for both committees. In the event of contingencies, changes arising in the external environment, or other such developments unforeseen at the time of formulating the Medium-term Business Plan, the Company shall conduct a review of remuneration levels, and of evaluation methods for bonuses and performance shares (performance-linked stock-based remuneration).

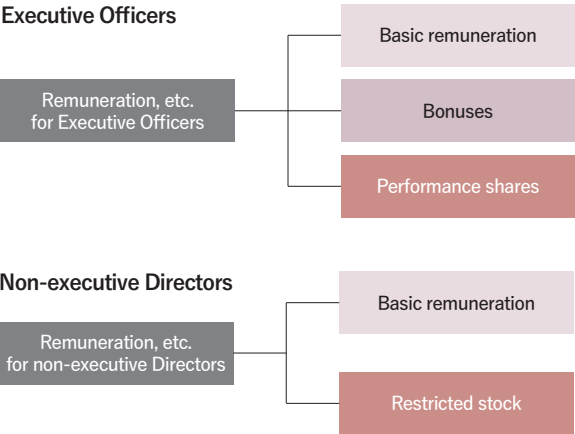
[Forfeiture of remuneration] (clawback and malus)

Regarding Executive Officers' bonuses and stock-based remuneration, the right to payment of bonuses and granting of stock-based remuneration may be forfeit or the Company may request the return of remuneration that has already been paid or granted in cases such as where the Board of Directors has resolved that the financial results are to be amended afterwards due to a serious accounting misstatement or fraud, or where there has been a serious infringement of the appointment contract, etc., between the Company and an officer, or when an officer has retired for his/her own reasons during his/her term of office against the will of the Company.

(3) Remuneration composition for Executive Officers and non-executive Directors

Remuneration for Executive Officers shall comprise (a) “basic remuneration” (monetary remuneration) in accordance with job size, (b) “bonuses” (monetary remuneration) based on individual evaluations conducted each fiscal year, and (c) “performance shares (performance-linked stock-based remuneration)” (trust-type stock-based remuneration) linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan.

Non-executive Directors’ remuneration shall consist only of fixed remuneration, which shall be (a) “basic remuneration” (monetary remuneration) in accordance with responsibilities and (d) “restricted stock (non-performance-linked stock-based remuneration)” (trust-type stock-based remuneration), which is not linked to performance, as part of the stock-based remuneration system.



(a) Basic remuneration (monetary remuneration)

Executive Officers’ basic remuneration is positioned as fixed remuneration and is decided for each job size based on the size (weight) of each officer’s responsibility. Non-executive Directors’ basic remuneration is positioned as fixed remuneration and is decided based on a table according to the size (weight) of each officer’s responsibility.

(b) Bonuses (monetary remuneration)

Bonuses are paid to Executive Officers as performance-linked remuneration to facilitate the achievement of goals set for each fiscal year as milestones for the Medium-term Business Plan, and evaluation for the bonuses is carried out using the “fiscal year’s financial indicators,” serving as quantitative evaluation, and the “fiscal year’s non-financial indicators,” which include qualitative evaluation.

Target figures for performance-linked stock-based remuneration

Short term	KPI		Target figures	Weight
	Financial	Consolidated business profit	¥56.0 billion (FY2026)	100%

Medium to long term	KPI		Target figures	Weight
	Financial	(i) ROE	8% or more (FY2026)	40%
		(ii) Consolidated ROIC	6% or more (FY2026)	20%
	Stock price	(iii) r-TSR (compared to dividend-inclusive TOPIX growth rate)	Dividend-inclusive TOPIX growth rate	20%
	Non-financial	(iv) GHG reductions (Scope 1 & 2 emissions)	70% decrease (vs. FY2017)	10%
		(v) Ratio of women in management positions	31% (FY2026)	10%

Note: The fluctuation range for remuneration in accordance with the performance achievement rate is between 0% and 200%. For each key performance indicator, a performance-linked coefficient is established based on the degree of goal achievement.

(c) Performance share (performance-linked stock-based remuneration)

As performance share, the Company issues its shares to Executive Officers linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan to help the Group achieve sustainable growth and increase corporate value over the medium to long term. Under this system, 40% (short term) of the entire amount of performance-linked stock-based remuneration is to be issued in shares each year in order to promote management from the shareholders’ perspective, and the remaining 60% (medium to long term) is to be issued in shares in a single issuance at the end of the Medium-term Business Plan.

(d) Restricted stock (non-performance-linked stock-based remuneration)

Restricted stock is a system for issuing the Company’s shares in a way that is not linked to performance, with the objective of involving non-executive Directors in management with a medium- to long-term view in order that they should strengthen offensive and defensive governance of the Company from a different standpoint to the executives as representatives of stakeholders. The shares are issued upon their retirement from office.

Proportion of remuneration by type for Executive Officers

[President and Representative Executive Officer]

Basic remuneration	Bonuses	Performance share
33.3%	33.3%	33.3%

[Executive Officers excluding the Representative Executive Officer]

One of the following applies in accordance with responsibilities

Basic remuneration	Bonuses	Performance share
38.5%	30.8%	30.8%

Basic remuneration	Bonuses	Performance share
45.4%	27.3%	27.3%

Note: The above figure represents the case of a bonus for a standard ranking where the performance achievement rate for stock-based remuneration was 100%.
Note: The same remuneration composition as above is also to apply in accordance with job size with regard to eligible officers of major subsidiaries of the Group.

Basic capital policy

The Company believes that any increase in free cash flow and improvement in ROE should help to ensure its sustainable growth and increase corporate value over the medium to long term. To such ends, in consideration of the business environment and measures for addressing risks, the Company promotes a capital policy that takes a balanced approach to “undertaking strategic investment,” “enhancing shareholder returns,” and “increasing shareholders’ equity.”

Moreover, in procuring funds through interest-bearing liabilities, we aim to achieve an optimal structure of debt to equity in a manner cognizant of our funding efficiency and cost of capital, carried out on the basis of having taken into consideration our capacity for generating free cash flows and our balance of interest-bearing liabilities. A “business strategy” where higher sales are accompanied by profits and a “financial strategy (encompassing the capital policy)” that heightens profitability of invested capital are essential elements with respect to improving free cash flows and ROE. To achieve this, we will focus our management resources on strengthening our core businesses, expanding our business domains, and actively developing new businesses. The key financial indicators for the achievement of the Medium-term Business Plan are ROE for capital efficiency, consolidated business profit and ROIC for business profitability, free cash flows for profitability and safety, and ratio of equity attributable to owners of parent to total assets (equity ratio) for financial soundness.

Shareholder Return Policy

The Company’s basic policy is to appropriately return profits. Hence, while maintaining and enhancing its sound financial standing, the Company strives to provide stable dividends and purchase treasury shares flexibly, taking profit levels, future capital investment, free cash flow trends, and other such factors into consideration.

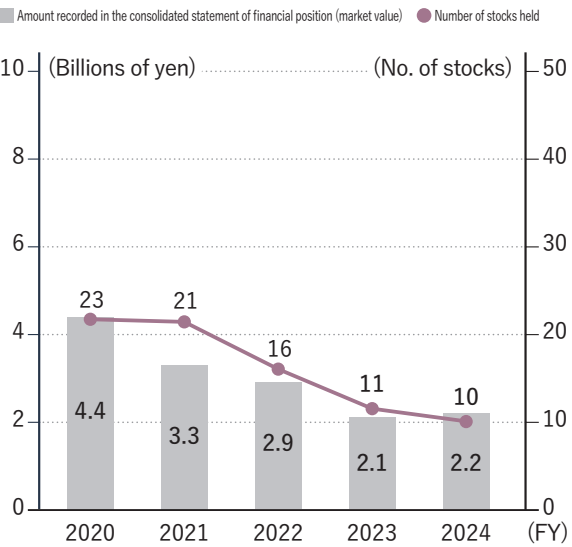
In accordance with this policy, the Company will strive to optimize shareholders’ equity by providing dividends with a targeted consolidated dividend payout ratio of 40% or more and purchasing treasury shares during the period of its current Medium-term Business Plan (FY2024 to FY2026).

Cross-shareholdings

(1) Holding policy

In principle, we will not newly acquire cross-shareholdings (cross-shareholdings are holdings of listed and unlisted shares other than those of subsidiaries and associates which are not held for pure investment purposes). However, this does not apply to shares where it has been recognized that they are necessary for the promotion of the Group’s business strategy, and that the holding of such shares will contribute to the increase of corporate value in the medium to long term through the validation of rationale for holding them. For such shares already held (listed/unlisted) that have been judged as not being rational in the validation result, we negotiate with companies whose shares we hold, and appropriately reduce them upon reaching a consensus regarding sale method, period, etc.

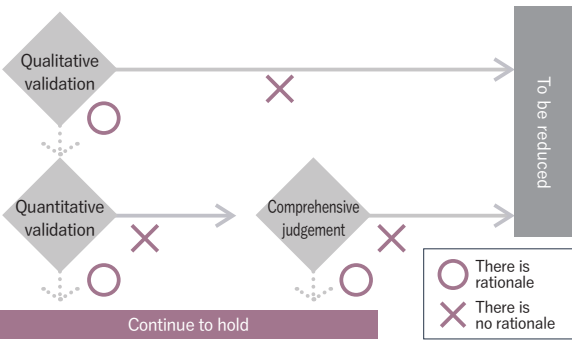
Changes in the number of cross-shareholdings (listed shares excluding deemed holdings)



(2) Validation of rationale for holding

Every year, the Board of Directors validates the rationale of holding individual issues from both quantitative and qualitative perspectives. The qualitative perspective relates to business strategies such as maintaining harmonious and favorable business relationships with companies with which the Company makes up a community, corporate customers, and business partners, and securing supply chains. The quantitative perspective relates to whether profitability by holding shares, including related trading profits and dividends, exceed capital costs, etc.

Validation of rationale for holding



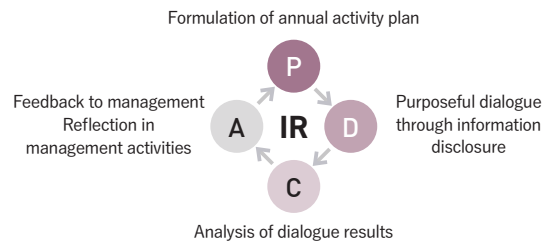
(3) Policy on exercising voting rights

We determine whether to exercise our voting rights considering both whether such exercise will contribute to the sustainable growth and the medium- to long-term enhancement of corporate value of the company whose shares we hold and whether such exercise will contribute to the sustainable growth and the medium- to long-term enhancement of corporate value of the Group. Particularly, in regard to proposals that we consider to be of high priority with respect to strengthening corporate governance, such as proposals relating to the corporate governance system (election of company officers), proposals relating to shareholder return (appropriation of surplus), and proposals that have an effect on shareholder value (introduction of takeover defense measures), we establish policies upon which to base judgment of our exercise of voting rights, and acting as the Group as a whole, we take a response that is in line with such policies. We engage in dialogue with companies whose shares we hold, if necessary, when we exercise voting rights.

Disclosure and IR activities

Based on the Basic Mission Statement that we aim at developing the Group by contributing to society at large as a fair and reliable corporation, the Company promotes IR activities for the purpose of maintaining and developing relations of trust with stakeholders including shareholders and investors. By accurately and plainly disclosing important information about the Company in a fair, timely and appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company.

IR activity cycle contributing to enhancing corporate value



The Company discloses important company information to which the timely disclosure rules apply through the Timely Disclosure Network (TDnet) system provided by the Tokyo Stock Exchange, while posting the same information on the Company’s website, etc. as quickly as possible. With respect to any information that is deemed to help stakeholders better understand the Company, even where the timely disclosure rules do not apply to it, the Company works to publicize such information on its website as well as by publishing Integrated Reports and other means. The Company releases information in a timely and appropriate manner by making use of the TDnet and EDINET platforms, Sustainability Reports, the Company’s website, and other means according to the attributes of the information to be disclosed. Moreover, to ensure that we disclose information in an impartial manner, we prepare and make available English translations of our Notices of Convocation of Shareholders Meeting, Integrated Reports, Annual Securities Reports, timely disclosure information, financial information, Sustainability Reports, and website.

We disclose on our website as soon as possible presentation videos, materials, and summary texts of Q&A sessions for financial results presentations, IR Day, etc. and summary texts of Q&A sessions for

Dialogue activities with investors in FY2024

Dialogue opportunity	No. of times	Remarks
Financial results presentation (Q2, Q4)	2	Held in person, online, and by phone. Videos are available in both Japanese and English on demand on the Company's website. The summaries of their Q&A sessions are also available in both Japanese and English.
Earnings call (Q1, Q3)	2	Held by phone. The summaries of their Q&A sessions are also available in both Japanese and English.
Small meeting	10	Mostly held in person, online, and by phone.
IR Day (including the presentation by Outside Director)	1	Held in person and online. Videos are available in both Japanese and English on demand on the Company's website. The summaries of their Q&A sessions are also available in both Japanese and English.
Overseas IR	21	Held in person.
Conference for overseas investors hosted by securities companies	31	Held in person, hosted by 5 securities companies.
Individual IR meeting	211	Some held in person, but mainly online and by phone.
Individual SR meeting	12	Some held in person, but mainly online.
Store tour	3	Held at Daimaru Shinsaibashi store, Shinsaibashi PARCO, and GINZA SIX.
Presentation for individual investors	3	Held in person.

earnings calls, both in Japanese and English. In addition to the provision of information through timely disclosure, our website, and others, we organize a range of briefings and meetings and respond to inquiries from shareholders and investors on a daily basis, seeking to enhance communication with them.

Opinions and requests from shareholders and investors are shared widely at the Company and relevant companies in the Group through feedback opportunities from the IR division and other means, and we use them for reference in corporate management toward increasing corporate value.



Interim results presentation for the six months ended August 31, 2024, held on October 8, 2024



IR Day held on December 10, 2024

External recognition for IR activities

Through its IR activities, the Company was ranked third in the retail category of the Award for Excellence in Corporate Disclosure (sponsored by the Securities Analysts Association of Japan) for fiscal 2024, following fiscal 2023.

Risk management

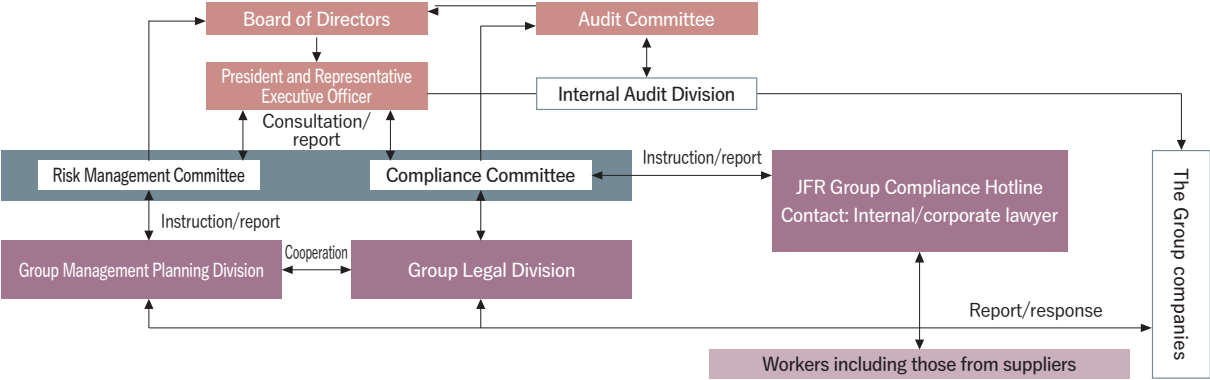
The Company defines risk as “uncertainties that have both potential positive and negative sides that could have an impact on the achievement of business management goals.” The Company has positioned risk management as “activity that increases corporate value by managing risks by reasonable and optimal methods from a company-wide perspective” to achieve sustainable corporate growth by addressing the positive side and the negative side of risk properly. The Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer. The committee discusses important matters, including risk identification and evaluation, and determination of risks to be reflected in strategies, and utilizes risk management for management decision-making. The committee also reports details of its deliberations to the Board of Directors in a timely manner.

Furthermore, in order to effectively perform risk management, we have established the following three lines.

- First line: Operating divisions such as operating subsidiaries. These divisions identify risks and take the necessary measures on their own.
- Second line: The holding company’s divisions. Each division provides support, guidance, and monitoring regarding risk management from a perspective that is independent of the operating divisions.
- Third line: The Internal Audit Division. This division oversees the validity of the risk management functions and the internal control system from a perspective that is independent of the operating divisions and each division of the holding company.

While identifying “important risks for the JFR Group” (see page 31), which serve as the starting point for the FY2024 to FY2026 Group Medium-term Business Plan, we have broken down and detailed them into “the JFR Group risks for the fiscal year,” and implement measures to deal with them according to priority.

Risk management and compliance structure chart



Compliance

The Company has established the Compliance Committee, whose membership includes a corporate lawyer, for the purpose of properly addressing issues of the Group’s compliance management. The committee is chaired by the President and Representative Executive Officer and continuously oversees development of the foundations of compliance system and the status of implementation through enhanced collaboration with the divisions responsible for promoting compliance of each Group company, and promotes compliance with laws and regulations, corporate ethics, and other such standards. It also draws up a policy for addressing matters involving serious compliance-related violations. The committee also reports details of its deliberations to the Audit Committee regularly and in a timely manner.

JFR Group Compliance Hotline

The Company has established a whistleblowing system that enables all the Group’s officers and employees as well as all individuals working at the Group (including part-timers and workers seconded from suppliers) to notify the JFR Group Compliance Hotline Office established at the Company with respect to compliance-related issues, and to seek corrective action. The Company has set up points of contact for whistleblowers both internally and outside the Company (a corporate lawyer). The Group’s internal rules rigorously provide for the whistleblowing system in terms of protecting the confidentiality of whistleblowers and prohibiting disadvantageous treatment thereof.

Types of reports

