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# Creation of the Sustainability Committee

The Group created the Sustainability Committee to promote sustainability management in a cross-organizational manner in all companies in the Group. The Committee, as well as the Risk Management Committee and the Compliance Committee, is positioned as an advisory committee directly under the President and Representative Executive Officer. It meets biannually to develop action plans and monitor the progress concerning the five materiality issues of each operating company. The Board of Directors receives reports about what was discussed at the Sustainability Committee meetings and discusses and supervises the long-term goals on ESG issues and the progress of actions.



2nd Sustainability Committee meeting

## Membership

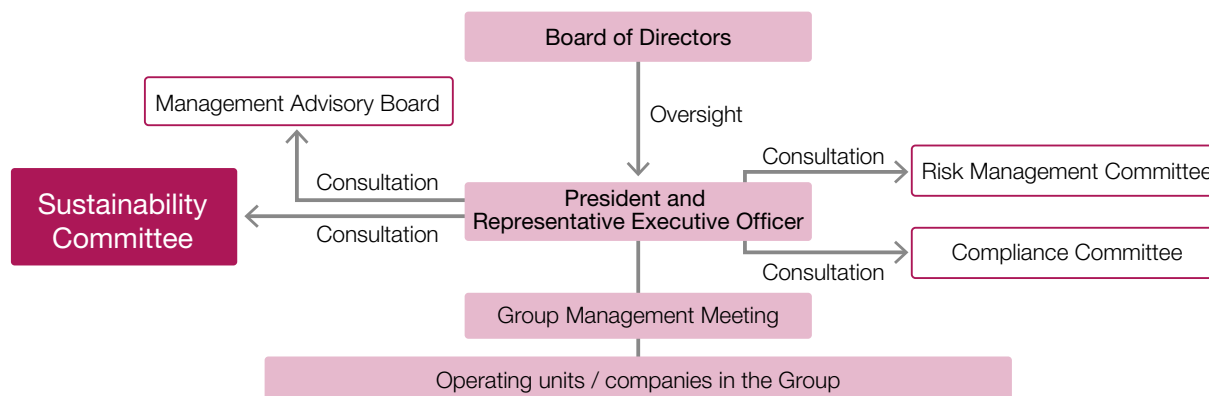
- Chair : President and Representative Executive Officer
- Members : 16 people including 5 Senior Executive General Managers of the business supervisory units of J. Front Retailing and 11 presidents of operating companies in the Group
- Secretariat Chief : Senior Executive General Manager of Management Strategy Unit

## Positioning

As an advisory committee directly under the President and Representative Executive Officer, it assumes final responsibility for formulating policies, strategies, and long-term plans, and monitoring concerning sustainability in the Group.

## Main activities

- Formulation of policies required by the entire Group to promote sustainability management
- Confirmation of the progress of long-term plans and KGIs/KPIs concerning materiality issues including response to climate change
- Discussion on and monitoring of ESG initiatives in each operating company
- Dialogue with experts to share the latest ESG insights

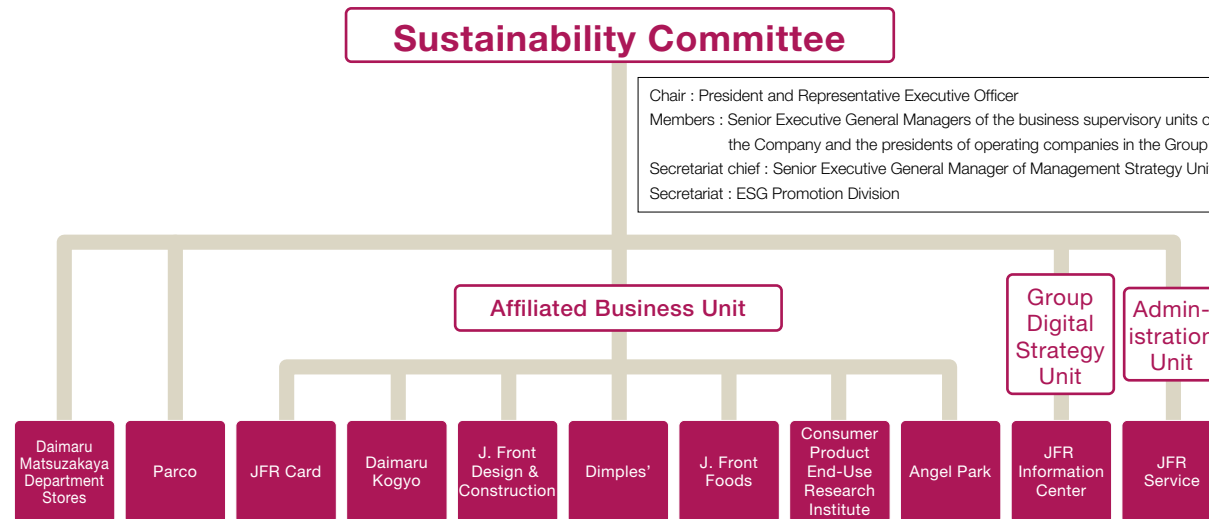


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## ESG Promotion System of Operating Companies

Presidents are responsible for promotion in operating companies.

The corporate divisions of the Company monitor their ESG action plans in cooperation with them by attending the ESG committee meetings and other meetings of operating companies to control the entire Group. In the 1st Sustainability Committee meeting in March 2019, we shared the targets set for fiscal year 2019 and specific initiatives concerning priority issues selected based on the characteristics of each operating company to realize sustainability management. And in the 2nd Sustainability Committee meeting in September in the same year, operating companies' GHG emissions reduction targets for fiscal year 2020 were discussed and the progress of each company's ESG action plan was checked.



\*Presidents are responsible for promotion in operating companies.

## Establishment of ESG Promotion Division in the Company

As ESG initiatives gain importance for companies to achieve sustainable growth, the Group thinks proactively addressing social issues through business and creating value for society will lead to sustainable corporate growth. The Group positions ESG initiatives as growth strategy and formed ESG Promotion Division in Management Strategy Unit in March 2018 to speed up the implementation of these initiatives.

ESG Promotion Division works with business supervisory divisions including Management Planning Division and Human Resources Policy Division and operating companies to formulate policies and strategies concerning sustainability of the Group.

The Group takes various internal dissemination measures so that individual employees treat ESG initiatives as their own affairs and tackle them as such.

And at the same time, we actively disclose what we think of sustainability outside the Company.

We will enhance sustainable corporate value through active engagement and dialogue to receive understanding and empathy from stakeholders for new collaborative value creation.

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# Internal Dissemination of Sustainability Management

The Group actively disseminates ESG initiatives among employees through trainings, internal newsletters, and internal website.

The top management people explain in person the background and importance of ESG initiatives in internal trainings such as general manager trainings and management line trainings and in each operating company for internal dissemination.

In May 2019, we published an “ESG special issue” of internal newsletter, which contains basic information required by all employees to promote ESG initiatives, for all employees of all companies in the Group. It is intended to raise awareness about ESG issues and receive understanding and empathy about the ideas on the resolution of social issues through business so that individual employees treat ESG initiatives as their own affairs.

Furthermore, we launched an ESG-dedicated internal website in September in the same year and use it as a tool to provide internal and external ESG information in a timely manner. Ideas and tips to help resolve social issues through business are posted on the website. Information is interactively shared with the employees of each operating company on the social networking site.

## ● ESG special issue for employees



## ● Presentation by the management



## ● ESG website for employees



# ESG Presentation

The Group has published integrated reports since 2017 to disclose financial and non-financial information. The President in person has active dialogue with investors in Japan and abroad concerning sustainability of the Group every year.

The “ESG presentation” has been held once a year since 2018 to report the direction of our sustainability efforts, long-term goals and the progress of specific initiatives and we have direct dialogue with investors in a question and answer session. 56 investors attended the presentation in fiscal year 2018 and 59 attended in fiscal year 2019.

We will actively disclose information in the reports and website that contain abundant information concerning the sustainability management of the Group to reach more investors.

 → ESG presentation



2nd ESG presentation

## 1st ESG presentation held on November 30, 2018

Agenda .....

- (1) To create a sustainable society  
Presented by: YAMAMOTO Ryoichi  
Director, President and Representative Executive Officer

## 2nd ESG presentation held on November 19, 2019

Agenda .....

- (1) The Group's ideas on ESG  
Presented by: YAMAMOTO Ryoichi  
Director, President and Representative Executive Officer
- (2) Activities concerning five materiality issues in the year  
Presented by: SAWADA Taro  
Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit, and in charge of Risk Management
- (3) Current status and expectations of J. Front Retailing from the perspective of an Outside Director  
Presented by: TACHIBANA FUKUSHIMA Sakie  
Outside Director  
Chairperson of Nomination Committee and Remuneration Committee Member

## Questions from investors

- Engagement with suppliers such as GHG emissions reduction in the supply chain (Scope 3) and monitoring of the improvement of the work environment
- How to balance “discontinuous growth” and the “selection of managerial talent that secures objectivity and transparency” in trying something new to create innovation
- Ideas on setting of targets for materiality issues for 2050, 2030, and 2025
- Internal dissemination and sharing of ESG initiatives
- Ideas from a CSV perspective concerning return of ESG taken as risk
- Ideas on priorities among five materiality issues
- Achievements and problems of activities for one year after identifying five materiality issues
- Allocation of roles between the Board of Directors and the Management Advisory Board and the impact of the Management Advisory Board on the Board of Directors
- Levels of transparency, fairness, and liveliness of the Board of Directors
- What the Nomination Committee, which is also involved in managerial talent development, particularly focuses on