

Sustainability Report 2021

Promise for the Future

 Well-Being Life

Create and Bring to Life "New Happiness."



J. FRONT RETAILING

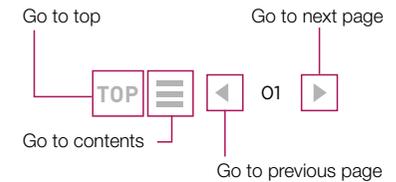


Contents

Introduction	02	Message from Human Resources Officer	33
JFR Sustainability Management		Promotion of Diversity & Inclusion	34
Top message	03	To Become a Company That Allows All Employees to Show Their Abilities	35
What JFR Thinks about Well-Being Life	06	Business Growth by Empowering Women	37
Message from Sustainability Officer	07	Human Resource Development to Help Employees Improve Their Abilities	38
Identification and Expansion of Materiality Issues	09	Promote an Understanding of LGBT and Create a Work Environment	39
Sustainability Policy	10	Realization of Work-Life Integration	40
What Major Operating Companies Think about Sustainability Management		Aiming to Increase Productivity through Flexible Work Styles	41
Message from the President of Daimaru Matsuzakaya Department Stores	11	Realization of the Well-Being Life of Employees and Their Families	42
Message from the President of Parco	12	Realization of Customers' Healthy/Safe/Secure Life	43
Stakeholder Engagement	13	Well-Being Life Proposed for Customers	44
JFR Materiality Issues		Creation of Customer Touch Points with Consideration for Safety and Security	45
KGIs and KPIs of Materiality Issues and Their Progress	14	Coexistence with Local Communities	47
Realization of Decarbonized Society	16	Creation of Prosperous Communities in Which People Gather with Stores at the Core	48
Realization of Carbon Neutrality	17	Collaboration with Local Communities	49
Aiming for 100% Renewable Energy	18	Sustainability Initiatives of Operating Companies	50
Special Report: Information Disclosure in Line with TCFD Recommendations	19	Risk Management	52
Promotion of Circular Economy	25	Information Security	53
Evolution from 3 Rs to Circular Economy	26	External Recognition	54
Seizure of New Business Opportunities	27	Sustainability Data	55
Management of the Entire Supply Chain	28		
Reduction of Scope 3 GHG Emissions in Collaboration with Suppliers	29		
Creation of a Sustainable Supply Chain	30		
Human Rights Due Diligence	31		

This report is an interactive PDF document. Please use icons and link buttons for information search.

Icons in the upper right corner of the page



Link buttons

-  → Link to the relevant page of this report
-  → Link to the website

JFR Policies on Sustainability

-  → Sustainability Policy
-  → Eco Vision
https://www.j-front-retailing.com/english/sustainability/way_to_think.html#sustainability_contents_waytothink_04
-  → Social Vision
https://www.j-front-retailing.com/english/sustainability/way_to_think.html#sustainability_contents_waytothink_06
-  → JFR Principles of Action
https://www.j-front-retailing.com/english/sustainability/way_to_think.html#sustainability_contents_waytothink_13

Introduction

This report supplements the integrated report concerning sustainability information of J. Front Retailing Group (the “Group”). It is intended to share with stakeholders the Group’s stance and activities for sustainable growth with stories linked to management strategies in an easy-to-understand manner and enhance their understanding.

In the Medium-term Business Plan, which started in fiscal year 2021, we showed our idea of sustainability management and our intention to expand materiality issues to realize Well-Being Life. This report contains mainly important information on our sustainability initiatives in fiscal year 2020. Detailed data including data on corporate governance, which forms the basis of our initiatives, and past cases are posted on our website.

Guidelines referred to

- Global Rating Initiative (GRI) Standard
- Guidance for Collaborative Value Creation
- Final report of the Task Force on Climate-related Financial Disclosures (TCFD recommendations)
- SASB Standards

Timeframe

This report contains the latest information available at the time of issue to the extent possible. Data mainly cover fiscal year 2020 (March 1, 2020 through February 28, 2021).

Scope

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

*The Group refers to J. Front Retailing Co., Ltd. and its consolidated subsidiaries.

*J. Front Retailing refers to the unconsolidated holding company.

*Each operating company refers to each of consolidated subsidiaries.

Cautionary statement regarding forward-looking statements

Forward-looking statements in this report represent our assumptions based on information currently available to us and inherently involve potential risks, uncertainties and other factors. Therefore, actual results may differ materially from the results anticipated herein due to changes in various factors.

Issued

October 2021 (Next issue: October 2022, last issue: October 2020)

Third-party assurance

Environmental data (Scope 1, 2 and 3 GHG emissions, water and waste) in this report have received an independent third-party assurance from Lloyd’s Register Quality Assurance Limited (LRQA) to ensure reliability.

Corporate information disclosure

A wide variety of corporate activity information of the Group including this report is disclosed to satisfy interests of various stakeholders including shareholders, investors, and local communities including customers.

Report

Integrated Report

<https://www.j-front-retailing.com/english/ir/library/annual.html>



Corporate Governance Report

<https://www.j-front-retailing.com/english/company/governance/governance01.html>



Annual Securities Report

<https://www.j-front-retailing.com/english/ir/library/statement.html>



Shareholder information (Japanese only)

<https://www.j-front-retailing.com/ir/library/report.html>



Website

Corporate information

<https://www.j-front-retailing.com/english/company/company.html>



IR information

<https://www.j-front-retailing.com/english/ir/index.html>



Sustainability

<https://www.j-front-retailing.com/english/sustainability/sustainability.html>



Contact

Sustainability Promotion Division, Management Strategy Unit

J. Front Retailing Co., Ltd.

Nihonbashi 1-chome Mitsui Building, 1-4-1, Nihonbashi, Chuo-ku, Tokyo 103-0027 Japan

E-mail : esg_info@jfr.co.jp



TOP MESSAGE

Top Message

Sustainability Management to Get through Uncertain Times

YOSHIMOTO Tatsuya

Director, President and Representative Executive Officer, J. Front Retailing Co., Ltd.

What is expected of us who stand at a crossroads

There is not a moment to lose in responding to global environmental issues such as global warming and marine pollution. In recent years, there have been a variety of events, including the Great East Japan Earthquake and the spread of COVID-19. As a result, environmental issues and social issues came into sharp relief. In addition, the COVID-19 pandemic accelerated home country first principle and economic disparities in the world.

Why did they happen? The scheme of things that we have accepted as a matter of course such as the capitalist economic system that has made the world go round until now and the fact that our company has grown in the system has already exceeded the limits.

We must continue to protect what our predecessors have left. And we must pass down them to the earth of the future and the children of the future. This applies not only to the environment but also to companies. Now, in this era when we live, we are at a crossroads.

At present, what is expected of us is to solve social issues, and at the same time, to achieve corporate growth, which may conflict with each other, with a long-term horizon. In order to solve this difficult challenge, we have no choice but to clarify the direction we should aim for in the midst of a violent stream and to step forward with our own feet.

That is the "sustainability management" that the Company has set forth this time. Sustainability management is a major prerequisite for all corporate initiatives. We must constantly consider solutions to this unknown challenge while realizing sustainable corporate growth.

TOP MESSAGE

Sustainability management that JFR aims for

The Group clarified its idea about sustainability management in the Medium-term Business Plan, which started in fiscal year 2021, and set Well-Being Life (both mentally and physically fulfilling life) as a goal of the Group Vision “Create and Bring to Life ‘New Happiness.’” And we improved and expanded materiality issues.

Initiatives to integrate sustainability with corporate strategies and business strategies are very important for thinking about sustainable business growth in the future.

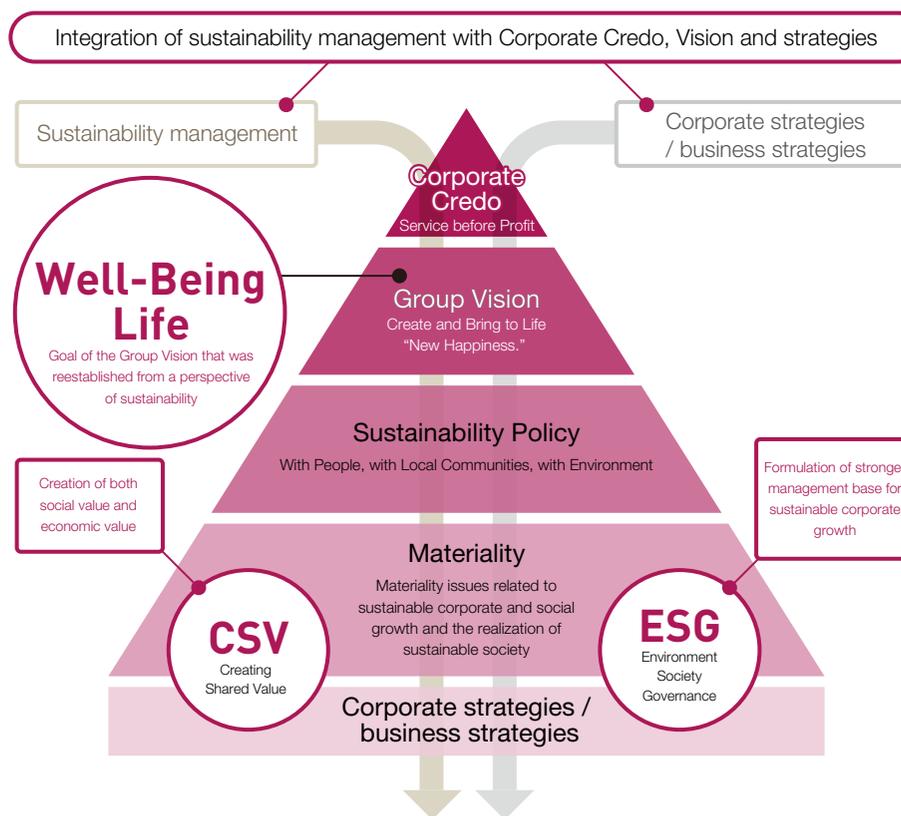
The Group has a Corporate Credo “Service before Profit,” which has been placed at the core of its business for many years. We have offered support to society including customers and have worked to solve problems through businesses. We will continue to promote sustainability management through business activities that realize the Group Vision “Create and Bring to Life ‘New Happiness,’” which inherits the Corporate Credo and its spirit.

In the meantime, the world has changed drastically due to the spread of COVID-19 infection and social structure and consumption structure are changing. And the value expected of retailers is also changing. Amid increasing uncertainty, we carefully considered and had

many discussions on the models that lead to new wealth, security and happiness in the future after the COVID-19 pandemic to promote sustainability initiatives and realize

the Group Vision. As a result, we reached a decision that the goal of the Group Vision we should aim for is the realization of the Well-Being Life of all people.

Overview of sustainability management = Management framework that incorporates ESG, CSV, etc.



TOP MESSAGE

Realize Well-Being Life for all stakeholders

The Group thinks of Well-Being Life as “both mentally and physically fulfilling life” that realizes spiritual wealth (intellectual and cultural wealth), physical wealth and social wealth as well as conventional material wealth and economic wealth and the wealth of the environment surrounding them. The Group will realize the Well-Being Life of stakeholders by connecting tangible goods and intangible goods that are rooted in culture across the world and Japan with consumers and proposing it from the perspective that combines “beauty,” “health,” “high quality,” “culture” and “trust” with “sustainability” and our “ability to connect makers and users.”

Sustainability management is the management that solves social issues and achieves corporate growth at the same time. We will realize it by Creating Shared Value (CSV). We will realize the “Well-Being Life (both mentally and physically fulfilling life)” of all stakeholders including customers, employees and suppliers through CSV initiatives. Seven materiality issues are the important tasks that the Group will tackle to realize it.

We have strengthened sustainability initiatives and have worked to solve social issues. However, many social

issues are left unsolved.

The Group will promote sustainability initiatives and contribute to the “realization of decarbonized society,”

which the Japanese government aims to realize, and strive to solve as many social issues as possible through the growth of businesses.



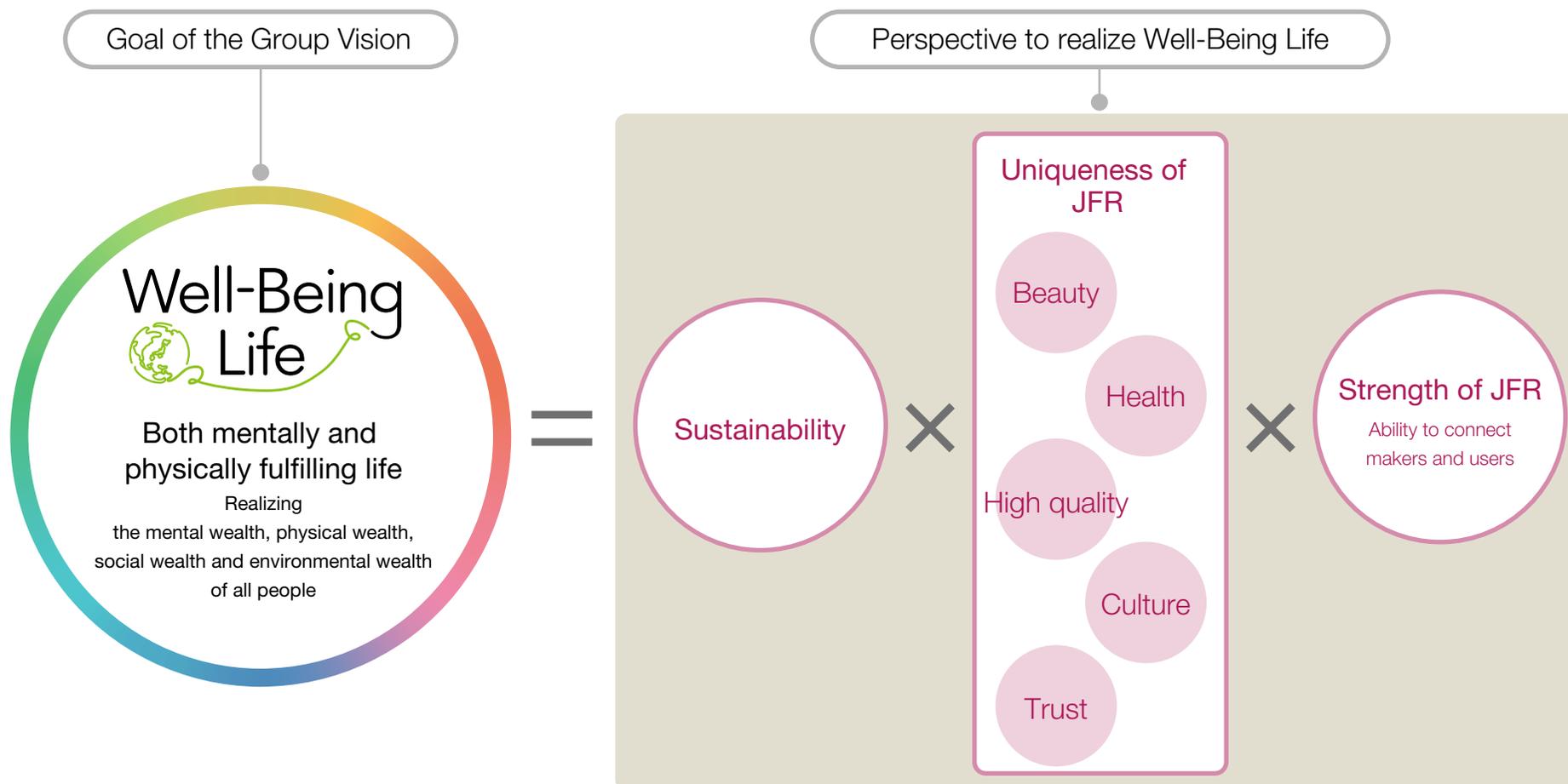
September 2021

YOSHIMOTO Tatsuya

What JFR Thinks about Well-Being Life

The Group thinks of Well-Being Life as “both mentally and physically fulfilling life” that realizes spiritual (intellectual and cultural), physical and social wealth as well as conventional material and economic wealth and the wealth of the environment surrounding them.

The Group will propose Well-Being Life to stakeholders from the perspective that combines “sustainability,” its unique characteristics including “beauty,” “health,” “high quality,” “culture” and “trust,” and its “ability to connect makers and users,” which is its strength.





Message from Sustainability Officer

Improvement and Expansion of Materiality Issues to Realize Well-Being Life

HIRANO Hidekazu

Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management, J. Front Retailing Co., Ltd.

The Group reviewed materiality issues to promote sustainability management and realize “Well-Being Life (both mentally and physically fulfilling life).”

Added two 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 many 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 the

five materiality issues that we identified in the past.

“Promotion of circular economy”

Circular economy is an economic system to use natural resources and products efficiently and circularly, minimize waste generation, and monetize them. The Group has tackled the 3 Rs, which form a part of circular economy.

Meanwhile, the Group thinks that it is important to reduce environmental burdens and at the same time to capture new business opportunities in order to further

evolve the 3 R approach and realize a circular economy.

In March 2021, Daimaru Matsuzakaya Department Stores launched a fashion subscription business AnotherADdress. AnotherADdress started as a service that respects the intrinsic value of fashion and sustainable initiatives and aims to develop into a socially and environmentally sustainable business model.

“Realization of customers' healthy/safe/secure life”

Customers' awareness of ethical consumption is increasing. For example, many of them choose to buy the products that help solve environmental and social issues. In response to this, we will expand the offering of ethical products so that customers can contribute to society and the environment as well as live a comfortable life by buying them. As people are becoming more aware of health and inner contentment due to the COVID-19 pandemic, we will also propose new lifestyles and provide value concerning the wellness field to live a better life from the perspective of health. We would like to help individual customers realize Well-Being Life through these initiatives.

Safety and security measures taken in the stores of Daimaru Matsuzakaya Department Stores and Parco and each operating company include regular disaster prevention training and BCP training in preparation for earthquakes and fires. And in order to prevent COVID-19

infection, we create an environment that does not cause three Cs and strengthen air conditioning in our stores. We will continue to create a store environment that is strong in disaster prevention and epidemic prevention and take safety and security measures so that customers can visit our stores without fear.

Improvement of actions to address materiality issues

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 as the highest priority issue of the Group.

And we revised “promotion of diversity” and “realization of work-life balance” to “promotion of diversity & inclusion” and “realization of work-life integration,”



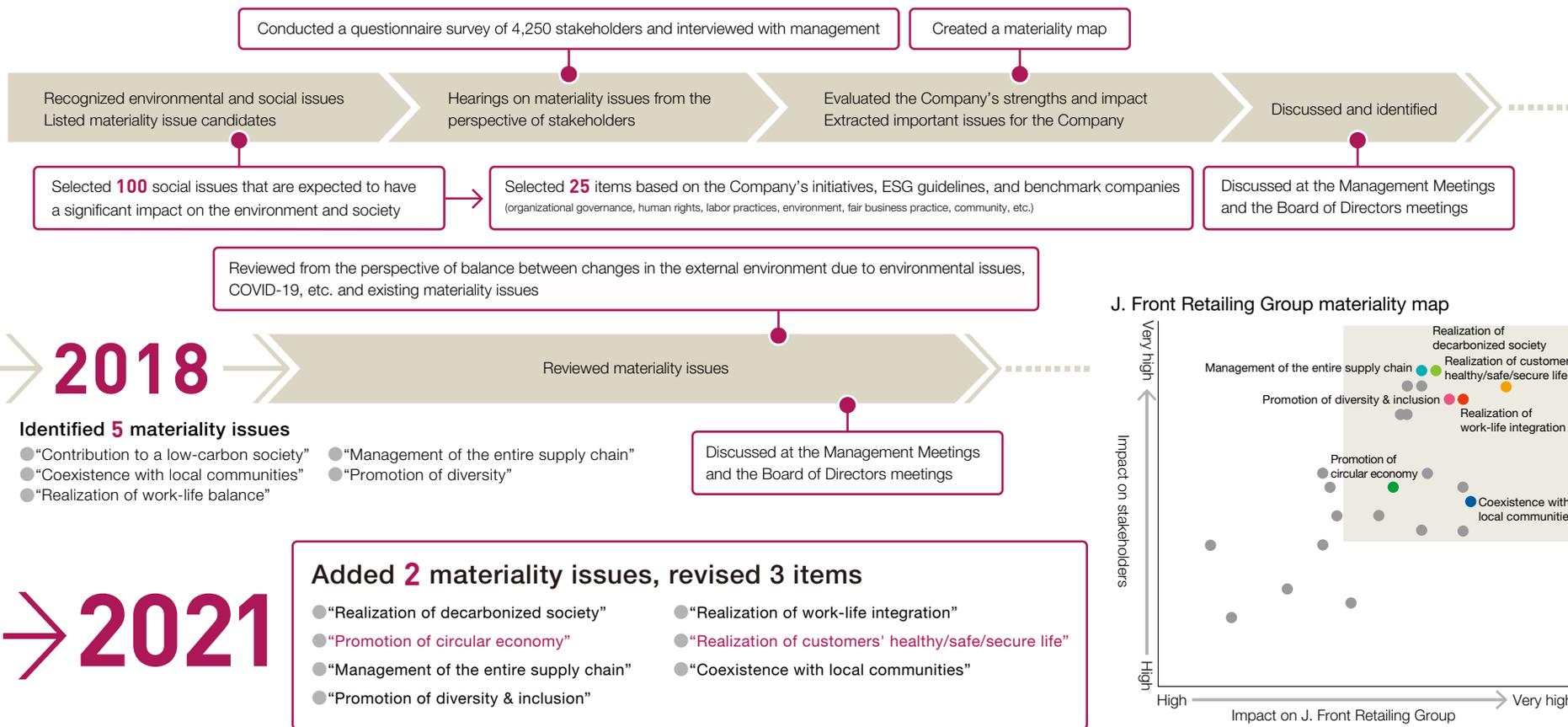
respectively, to improve our actions in response to changes in society.

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.

Identification and Expansion of Materiality Issues

In 2018, we narrowed down materiality issues from the perspectives of: (i) the environmental/social issues that are meaningful for us to address and can produce results and (ii) the issues we can tackle using our core businesses. And we identified five materiality issues by reference to a questionnaire survey of 4,250 stakeholders and various ESG guidelines after discussions within the Company.

In 2020, we reviewed materiality issues from the following perspectives to promote sustainability management and realize Well-Being Life, which is the goal of the Group Vision. And in 2021, we increased materiality issues to seven items.



Sustainability Policy

With People, with Local Communities, with Environment to Realize a Sustainable Society and Bring to Life New Happiness

The society where we live, whether in Japan or overseas, faces various social issues including unusual weather, water resource crisis, resource depletion, widening gap, incomplete employment and human rights issues. Among them, environmental risks have been getting particularly remarkable in recent years. The environment surrounding us is changing significantly due to global warming and worsening global environment. Companies are increasingly expected to contribute to a sustainable society by taking actions to address climate change under the Paris Agreement and social issues covered by the Sustainable Development Goals (SDGs) adopted by the United Nations as part of global initiatives. It is essential for companies to tackle environmental, social and governance issues.

In the meantime, Daimaru and Matsuzakaya on which the J. Front Retailing Group is founded have conducted business activities under the corporate credos “Service before profit” and “Abjure all evil and practice all good,” which show their commitment to pursuing the right path, over their long histories of 300 and 400 years. Based on this, we newly developed a vision: Create and Bring to Life ‘New Happiness.’ And we always think of each and every customer’s life and conduct business activities to make their futures happy.

We have many places where we communicate with customers, including retail stores. Various people including customers, employees, suppliers and local people get together and meet there. Local communities where people root assume an important role in keeping these communication places rich. And we believe it is important to hand down the irreplaceable global environment that supports all to the next generation smoothly so that local communities will continue forever as contact points always filled with vitality. That is to say, it is important to keep communication places in order to create and bring to life new happiness, which is our aim. And this cannot be realized without a sustainable society.

Defining the places where we communicate with customers as a key area of J. Front Retailing’s sustainability management, we are making proactive, united and serious efforts to realize a sustainable society. To this end, we conducted a questionnaire survey of stakeholders and received various opinions from them. And at the same time, we had many discussions at the Management Meetings and the Board of Directors meetings. As a result, we identified seven materiality issues to be addressed by us including “realization of decarbonized society,” which is the highest priority issue, “realization of customers’ healthy/safe/secure life,” “promotion of

diversity & inclusion,” “realization of work-life integration,” “coexistence with local communities,” “management of the entire supply chain” and “promotion of circular economy.” We believe our efforts to address these materiality issues will contribute to achieving the global Sustainable Development Goals (SDGs). Among these seven materiality issues, the management team puts the greatest focus on “realization of decarbonized society (action on climate change),” which is an urgent issue. We developed the JFR Eco Vision with an eye to 2050 to address this issue, which is our mission as a member of society, and to help realize a sustainable society. Based on this vision, we will aim to solve environmental issues and achieve corporate growth at the same time.

As mentioned above, while meeting our environmental and social responsibilities to all customers to realize a sustainable society, we will create new happiness to be brought to each and every stakeholder’s life. At the same time, we will continue sustainable growth by strengthening corporate governance to tirelessly continue this initiative.

YOSHIMOTO Tatsuya

Director, President and Representative Executive Officer
J. Front Retailing Co., Ltd.



Message from the President of Major Operating Company

What Daimaru Matsuzakaya Department Stores Thinks about Sustainability Management

SAWADA Taro President and Representative Director, Daimaru Matsuzakaya Department Stores Co., Ltd.

Daimaru Matsuzakaya Department Stores' key sustainability initiatives include Think GREEN, an action to offer products and services with a light load on the environment and the earth, and Think LOCAL, an action to coexist with local communities.

As the Think GREEN action, we use renewable energy for power needs, switch to LED lighting, and electrify our corporate fleet. In the meantime, we have been engaged in a clothing collection project "ECOFF recycling campaign," which aims for circular shopping, since 2016. Some of the clothing collected from customers up to 2019 was used for a project "Let's fly by 10,000 clothes! JAL Biojet Fuel Flight" as Japan's first biojet fuel and a

flight from Haneda to Fukuoka was realized in February this year.

In the new business "fashion subscription AnotherADDRESS," we planned an online rental business under the belief that fashion is not for single use and many customers have signed up since immediately after we launched it in March.

In July, CHANEL & moi – Les Ateliers, which specializes in product care and repair, opened on the 2nd floor of CHANEL Boutique Shinsaibashi ahead of the rest of the world. CHANEL's wish that really good products will be used for generations and our wish to create a circular society resonated with each other and led to its opening. It already attracts many customers from a wide area.

As the Think LOCAL action, we launched the "Shinsaibashi honey project" to protect the local ecosystem using the rooftop of the main building of the

Daimaru Shinsaibashi store. Honey collected from flowers in Osaka was commercialized with the cooperation of our supplier. The Daimaru Fukuoka Tenjin store launched a project "Kyushu Tankentai" in 2018. They find and widely introduce the food and culture-based experiences of Kyushu to revitalize the entire Kyushu region. As of July 2021, they were certified as an ambassador by 69 cities.

Furthermore, this year we started dialogue with suppliers to reduce Scope 3 GHG emissions and we will seek collaboration. Even if we should face new normal in the future, our mission of "bringing new happiness to the lives" of local communities and customers remains unchanged. Our challenge is how many social good elements that can contribute to realizing a sustainable society we will be able to incorporate in our business activities. We will aim to turn these efforts to "new happiness" in the future, which will lead to the creation of a hopeful society.



Message from the President of Major Operating Company

What Parco Thinks about Sustainability Management

MAKIYAMA Kozo Representative Director, President and Executive Officer, Parco Co., Ltd.

high energy and individualities to new creativity and culture, Parco has always taken on challenges. Shibuya PARCO and Shinsaibashi PARCO, both of which opened recently, implement advanced initiatives such as responses to environmental issues

and digitalization. We will continue to create stages where many next generation creators and designers can show their talents so that people who access them will enjoy experiences they cannot have elsewhere.

In an era when the whole world reaches a significant milestone and actions to maintain the global environment are considered important, Parco would like to begin with doing what it can do in the environment, society and business.

In fiscal year 2021, we revised the themes of our sustainability policy to the following six items. As well as actively addressing environmental issues including contribution to a carbon-free society, in Parco's unique way, we will also create value through culture and the next generation empowerment and continue to contribute to

increasing local appeal.

6 themes

- For a carbon-free society
- Cultural value creation
- With the next generation
- D&I and fulfilling work
- Increasing local appeal
- Co-creation with stakeholders

*D&I: Diversity & Inclusion

Diverse “people” at the core inspire and enrich

At the core are “people.” Diverse people with different personalities and sensibilities get together and inspire and enrich each other in “ways they like” and in harmony. We will strive as a company that is worth engaging and reliable for various partners. I believe connection with partners will also create job satisfaction for “people” at Parco and strengthen relations with “people.”

Let's co-create hand in hand sustainable lifestyles that lead the next era.

Interpret “Well-Being Life” through Parco's Purpose “To Change the World with Sensibility”

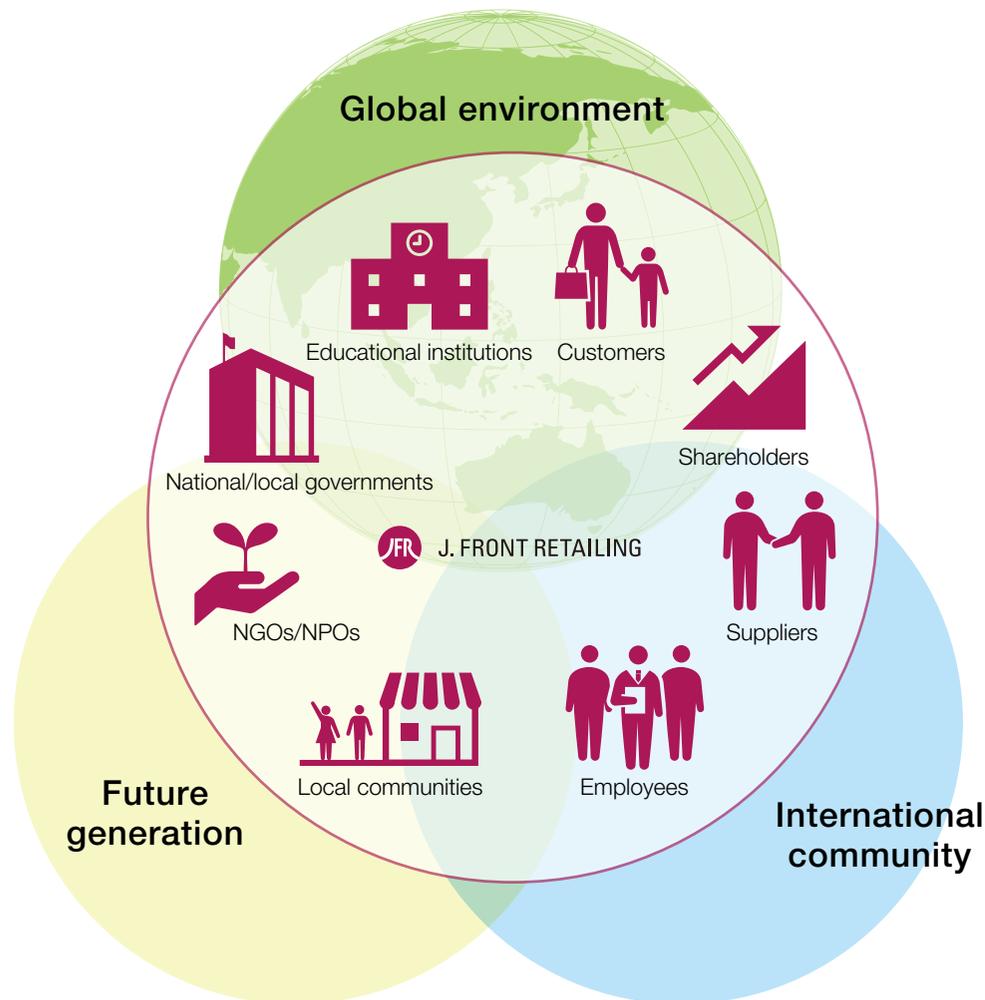
The Group will promote sustainability management under the slogan of “Well-Being Life.” Interpreting “Well-Being Life” through its Purpose “To Change the World with Sensibility,” Parco will evolve for the future to create cultural value that coexists with the environment and society.

Connect diverse individualities and sensibilities and co-create exciting, sustainable lifestyles with the next generation

With a hope to look ahead to the next era and lead

Stakeholder Engagement

The Group deepens relations of trust through active information disclosure and mutual communication and promotes sustainability management to realize the Well-Being Life of all stakeholders.



Stakeholder	Major ways of dialogue/communication
<p>Customers</p> <p>We will provide genuine satisfaction captivating customers by offering new value.</p>	<ul style="list-style-type: none"> ● Daily sales activities ● Customer questionnaires ● Inquiries to Customer Service Office
<p>Shareholders</p> <p>We will increase corporate value over the long term through highly profitable and highly efficient management.</p>	<ul style="list-style-type: none"> ● Annual Shareholders Meetings ● Results presentations for institutional investors and analysts ● ESG presentations ● Integrated Reports, Sustainability Reports ● IR website
<p>Suppliers</p> <p>We will build relations of trust by working hard together and aim to grow together.</p>	<ul style="list-style-type: none"> ● Meetings to explain the Principles of Action for Suppliers ● Daily communication with suppliers ● Semiannual meetings with suppliers
<p>Employees</p> <p>We will realize workplaces in which employees' performance and contribution are fairly evaluated and they can realize their exhibition of ability and growth and have job satisfaction.</p>	<ul style="list-style-type: none"> ● Employee training ● Employee questionnaires ● Internal portal site, internal SNS ● Labor-management consultation ● JFR Group Compliance Hotline (including workers from suppliers in our stores) ● Harassment Consultation Desk
<p>Local communities</p> <p>We will contribute to community development and promote environment-friendly business activities as a good corporate citizen.</p>	<ul style="list-style-type: none"> ● Social contribution activities for local communities ● Collaboration with local communities such as local malls and local companies
<p>NGOs/NPOs</p> <p>We will deeply understand the demand from society through dialogue and collaboration and strive to solve global environmental issues and social issues through business activities.</p>	<ul style="list-style-type: none"> ● Awareness-raising events ● Fund-raising activities ● Food drive activities
<p>National/local governments</p> <p>We will participate in government organizations related to our business and exchange opinions, and at the same time, cooperate with local governments in solving social issues.</p>	<ul style="list-style-type: none"> ● Local comprehensive partnership agreement ● Participation in industry groups ● Provision of opinions to governments through industry groups
<p>Educational institutions</p> <p>We will mutually collaborate in the fields including culture, industry, education and academia and contribute to community development and human resource development.</p>	<ul style="list-style-type: none"> ● Comprehensive partnership agreement ● Industry-academia joint projects ● Education support for future generations, collaboration with educational institutions

→ KGI and KPIs of Materiality Issues and Their Progress

KGIs and KPIs of Materiality Issues and Their Progress

	Materiality issue	KGI	Indicator	2020 results	2023 KPI	2030 KPI
 With environment	 Top priority issue Realization of decarbonized society	Lead a decarbonized society and create a global environment for future generations	● Scope 1 and 2 GHG emissions	● 132,106 t-CO ₂ 32.0% reduction (vs. FY2017)	● 40% reduction (vs. FY2017)	● 60% reduction (vs. FY2017)
			● Share of renewable energy in total electricity used for business activities	● 10.3% (up 6.3% from FY2019) ● Opened Shinsaibashi PARCO, which operates using 100% renewable energy	● 40%	● 60%
			● Energy creation	—	● Introduce in-house generation of renewable energy in collaboration with new power companies	● Expand in-house generation and consumption of renewable energy in collaboration with new power companies
	 Promotion of circular economy	Realize a sustainable global environment for the future and corporate growth through the promotion of circular economy	● Waste generation (including food waste)	● 9,216 t	● 15% reduction (vs. FY2019)	● 50% reduction (vs. FY2019)
● Weight of the items collected via ECOFF for recycling			● 836.4 t in total	● 1,500 t in total	● 3,000 t in total	
● Recycling, reuse			● Collected, reused and recycled clothing through ECOFF	● Recycle and remanufacture used products in collaboration with suppliers and customers	● Expand recycling and remanufacturing of used products in collaboration with suppliers and customers	
● Businesses including sharing, subscription and upcycling			● Launched fashion subscription business AnotherAddress	● Entry into businesses including sharing and upcycling in collaboration with suppliers	● Expand share of businesses including sharing and upcycling in collaboration with suppliers	
 With local communities	Management of the entire supply chain	Realize decarbonization throughout the supply chain created along with suppliers	● Scope 3 GHG emissions	● 2,922,739 t-CO ₂ 5.0% reduction (vs. FY2017)	● 10% reduction (vs. FY2017)	● Aim for 40% reduction (vs. FY2017)
		Realize a sustainable supply chain created along with suppliers	● Dissemination of the JFR Principles of Action for Suppliers	● Prepared for assessment of the Principles of Action for Suppliers (Planned for fall 2021)	● Collection ratio of assessment questionnaire: 80%, dissemination ratio: 25%	● Collection ratio of assessment questionnaire: 95%, dissemination ratio: 100%
		Realize Well-Being Life in which we, along with suppliers, protect the human rights and health of the people working along the supply chain	● Human rights	● Identified human rights risks ● Expanded the Human Rights Policy	● Expand human rights due diligence initiatives ● Employee human rights education ratio: 100%	● Establish business activities in which the human rights of suppliers and employees are respected

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers' Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	--	------------------------------------	---	-----------------	----------------------	---------------------

→ KGIs and KPIs of Materiality Issues and Their Progress

	Materiality issue	KGI	Indicator	2020 results	2023 KPI	2030 KPI	
 <p>With people</p>	Promotion of diversity & inclusion	Realize a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality	● Share of women in management positions	● 19.9%	● 26%	● Aim for 50%, equal to female labor share	
			● Extension of retirement age	● Introduced extension of retirement age to 65 (Daimaru Matsuzakaya Department Stores, JFR Card, Daimaru Kogyo, JFR Information Center)	● Increase operating companies that introduce retirement at 65	● Aim for retirement at 70	
			● Employment rate of the disabled	● 2.21% (as of June, in the special scope of associates)	● 2.6%	● 3.0%	
			● Creation of corporate culture with diversity	● Established LGBT-related systems (same-sex partnership rules, gender change support leave)	● Employee dissemination ratio of diversity & inclusion: 100% ● Provide sales floors, products, services tailored to diverse customers including LGBTs	● Realize business growth using diverse abilities stemming from diversity & inclusion ● Provide sales floors, products, services tailored to diverse customers	
	 <p>With people</p>	Realization of work-life integration	Realize the Well-Being of employees and their families through new work styles for the future in which diversity and flexibility will be realized	● Turnover rate due to childcare and family care	● 1.1%	● Less than 1.0%	● 0%
				● Childcare leave usage rate of male employees	● 18.8%	● 100%	● 100% regardless of gender
				● Work style	● Expanded telework	● Establish systems and evaluation to create an organization that allows employees to work anytime, anywhere	● Increase productivity by the organization that allows employees to work anytime, anywhere
				● Employee satisfaction (employee satisfaction survey)	● Conducted organizational checkups, etc.	● 60%	● 80%
	 <p>Realization of customers' healthy/safe/secure life</p>	Realize a future-oriented Well-Being Life that satisfies the mind and body of customers	● Ethical consumption	● Held ethical life events ● Invited shops that carry fair trade products	● Start to strengthen offering of products certified concerning food safety and environment protection	● Expand ethical consumption in overall lifestyle	
			● Mental and physical health	● OMO (Online Merges with Offline) sales of modern art ● Created wellness business unit (Parco)	● Expand the field of entertainment business including traditional culture, art and culture ● Launch wellness business	● Provide excitement to daily life and create new customer experiences by expanding the entertainment and wellness businesses	
			● Customer awareness and sympathy for sustainability activities	—	● 30%	● 80%	
		● BCP, disaster prevention, epidemic prevention	● Create safe, secure, and resilient stores with an eye on the future	● Revised JFR Crisis Management Rules and formulated JFR Crisis Management Manual ● Live shopping ● Accepted cashless payment	● Sophisticate BCP and strengthen epidemic prevention measures ● Strengthen contactless customer touch points through communication using digital technologies	● Create highly resilient stores by adopting the latest technologies to prevent disasters and epidemics and provide comfortable spaces with consideration for health	
 <p>With local communities</p>	Coexistence with local communities	Together with local people, create prosperous future-oriented communities in which people gather, centered on our store	● Community development	● Shinsaibashi PARCO opened ● BINO Sakae opened	● Make the area more attractive leveraging local uniqueness including culture and history, develop in a way that contributes to attracting crowds to the area ● Shift to CSV in stores (make stores sustainable) throughout the Group		
			● Collaboration with local communities	● Expanded local production for local consumption (<i>chisan-chisho</i>) using website ● Revitalized local communities by crowdfunding ● Concluded industry-academia partnership agreement	● Promote local revitalization in collaboration with governments, educational institutions, NGOs and NPOs ● Promote local revitalization by finding and providing locality content such as <i>chisan-chisho</i> (promote local partnership in all stores)		

Top priority issue

Realization of Decarbonized Society



2030 KGI

Well-Being Life for global environment

Lead a Decarbonized Society and Create a Global Environment for Future Generations

In order to pass on the irreplaceable environment of the earth to future generations, we will contribute to the realization of a decarbonized society by working together as one to expand procurement of renewable energy and thoroughly implement energy-saving measures, etc.

Background and our view

In response to the global trend of “decarbonization,” which aims to depart from dependence on fossil fuels, the Group positions the “realization of decarbonized society” using renewable energy and by other measures as its top priority issue.

2030 KPIs

- 60% reduction of Scope 1 and 2* GHG emissions (compared to FY2017)
*Scope 1: Direct emissions from the facilities owned and managed by the company associated with fuel combustion, etc.
 *Scope 2: Indirect emissions from the generation of energy purchased from other companies such as electricity
- Share of renewable energy in total electricity used for business activities: 60%
- Expand in-house generation and consumption of renewable energy in collaboration with new power companies

Measures to achieve KPIs by 2030

- Expand switch to renewable energy in stores and offices held by the Group
- Encourage switch to renewable energy in leased stores and offices
- Continue energy saving actions such as electrifying corporate fleet and switching to LED lighting
- Establish a scheme for in-house generation and consumption of renewable energy
- Install renewable energy equipment in the facilities held by the Group in collaboration with new power companies

→ Realization of Carbon Neutrality Aiming for 100% Renewable Energy Special Report: Information Disclosure in Line with TCFD Recommendations

Realization of Carbon Neutrality

In 2021, the Group revised one of its materiality issues “contribution to a low-carbon society” to “realization of decarbonized society.” The Group will aim to realize carbon neutrality by further accelerating ongoing actions with a strong intention to solve climate change issues.

Scope 1 and 2 GHG Emission Reduction Addressed Ambitiously

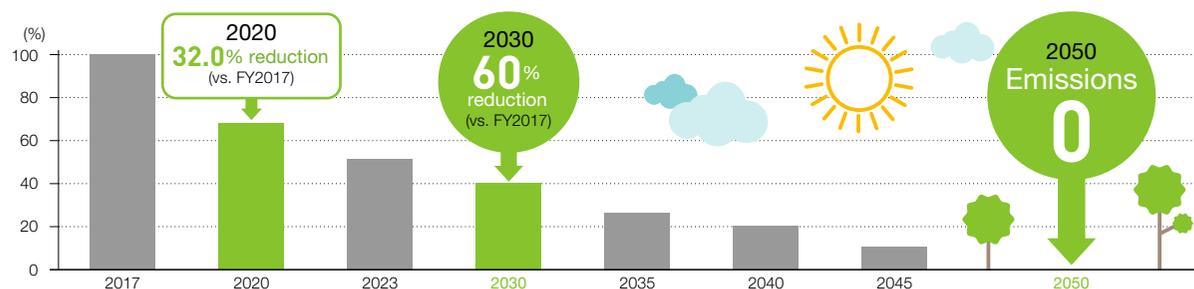
The Group’s Scope 1 and 2 GHG emission reduction targets for 2030 (compared to fiscal year 2017) were approved by the SBT initiative* in 2019. In 2021, as we improved our materiality issues, we revised up our reduction target from 40% to 60%.

In the Officer Remuneration Policy revised in May 2021, we set Scope 1 and 2 GHG emission reduction targets as an indicator to determine performance-based remuneration, and by doing so, we clarified the responsibilities of the management.

Going forward, we will aim to realize a decarbonized society by switching to LED lighting and electrifying more company vehicles as well as switching to renewable

energy to achieve the reduction targets.

* Global initiative established for the purpose of promoting the achievement of science-based GHG emission reduction targets to limit the temperature increase to below 2°C compared to pre-industrial levels



FY2020 Scope 1 and 2 GHG Emission Results

In fiscal year 2020, the Group’s GHG emissions were 132,106 t-CO₂, down 18.7% compared to fiscal year 2019, which is far above the Scope 1 and 2 GHG emission reduction target of 4.0% set by the Group for fiscal year 2020.

The Group’s GHG emissions also decreased by 32.0% compared to fiscal year 2017, which is its SBT base year. Thus we are making good progress toward the achievement of SBT.

FY2020 Scope 1 and 2 GHG emission results

		FY2020	vs. FY2019		vs. FY2017 (SBT base year)	
		Emissions (t-CO ₂)	Reduction (t-CO ₂)	Reduction (%)	Reduction (t-CO ₂)	Reduction (%)
Target	Scope 1 & 2 Total	156,007	▲6,501	▲4.0	▲14,562	▲19.6
Results (breakdown)	Scope 1 & 2 Total	132,106*	▲30,402	▲18.7	▲62,048	▲32.0
	Scope 1	11,983	▲3,231	▲21.2	▲4,069	▲25.3
	Scope 2	120,123	▲27,171	▲18.4	▲57,979	▲32.6

* Received third-party assurance from Lloyd’s Register Quality Assurance Limited

Initiatives to Create Energy

The Group thinks stable procurement of energy including electricity will become a very important risk.

Going forward, we will consider energy creation measures using idle properties such as facilities held by the Group and strengthen resilience by expanding in-house consumption of renewable energy and diversifying energy sources.

Currently, at the Daimaru Kyoto store, a solar panel is installed on the wall of the store to partly power digital signage and external signs.

Realization of Carbon Neutrality → Aiming for 100% Renewable Energy Special Report: Information Disclosure in Line with TCFD Recommendations

Aiming for 100% Renewable Energy

Approximately 80% of the Group’s Scope 1 and 2 GHG emissions come from electricity use in stores. The Group will implement energy measures in a planned way and source 100% renewable energy to power business activities by 2050 to reduce GHG emissions.

Expand Share of Renewable Energy

Roadmap to achieve RE100 (share of renewable energy)



The Group proceeds with the switch to renewable energy in major stores and offices in a planned way since fiscal year 2019. As a result, share of renewable energy was 10.3% in fiscal year 2020, up 6.3% compared to fiscal year 2019.

The Group joined RE100 (100% Renewable Electricity)* in October 2020 and set a target of sourcing 100% renewable energy to power business activities by 2050. We also set an interim target of achieving 60% renewable energy by fiscal year 2030.

Going forward, the Group will strengthen the switch to renewable energy mainly in the stores of Daimaru Matsuzakaya Department Stores and Parco to achieve RE100.

*Global initiative that aims to source 100% renewable energy to power business activities by 2050



Steady Progress of the Switch to Renewable Energy in Stores

In November 2020, Shinsaibashi PARCO made its grand opening as a store that sources 100% renewable energy to power the entire building. Along with the Daimaru Shinsaibashi store, which opened earlier, it serves as the Group’s ESG model store.

In fiscal year 2021, Hiroshima PARCO and Fukuoka PARCO also switched to 100% renewable energy. Thus the switch to renewable energy in the Group’s stores is

making steady progress.

We think the switch to renewable energy in stores will enhance their value and obtain support from environment-conscious customers and suppliers.

Parco’s first store that sources 100% renewable energy Shinsaibashi PARCO



Special Report

Information Disclosure in Line with TCFD Recommendations

Climate change and other environmental issues are becoming serious in the world. Japan has also been heavily affected by frequent major natural disasters caused by abnormal weather. Climate change has developed into a situation companies cannot overlook.

Against that background, the Group considers climate change issues as a top priority issue for sustainability management and recognizes that risks and opportunities stemming from climate change have a significant impact on its business strategies.

In 2019, the Group expressed its support for the final report of the Climate-related Financial Disclosure Task Force (TCFD) (TCFD recommendations). The TCFD recommendations are a global common comparable framework for climate-related information disclosure. One of its main features is that it considers climate change as a business challenge.

They expect all companies to disclose information in accordance with the four recommended disclosure items including "governance," "risk management," "strategy" and "metrics and targets."

The Group will continue to use the TCFD recommendations as guidelines for evaluating the adequacy of its climate actions while taking actions such as the reduction of GHG emissions across the Group.

And we will actively engage in dialogue with institutional investors by participating in the TCFD Consortium to effectively disclose information.



Recommended Disclosure Item (1) Governance

(a) Process by which the Board of Directors receives reports on climate-related issues, frequency with which these issues are tabled for discussion, and monitored items

In the Group, the Group Management Meeting, which is the highest decision-making body in business execution, discusses and makes decisions on specific measures related to environmental issues in order to promote sustainability management across the Group in a cross-organizational manner.

Furthermore, the Sustainability Committee, which meets once every six months, shares the policies for responding to environmental issues discussed and decided by the Group Management Meeting, formulates action plans for the Group's environmental issues, and monitors their progress.

The Board of Directors receives reports on the discussions and decisions made by the Group Management Meeting and the Sustainability Committee, then discusses and oversees the Group's policies for responding to environmental issues and its action plans and so forth.

(b) Responsibility of management for climate-related issues, the process for receiving reports (committees, etc.), and method of monitoring

The President and Representative Executive Officer chairs the Group Management Meeting, also serves as the chairperson of the Risk Management Committee and the Sustainability Committee, both of which are advisory committees under his direct supervision, and assumes the ultimate responsibility for business decisions related to environmental issues. The matters discussed and resolved by the Group Management Meeting and the Sustainability Committee are finally reported to the Board of Directors.

The Group environmental management structure



Meeting bodies and their roles in the environmental management structure

Meeting body and structure	Role
Board of Directors	Supervises the progress of environment-related initiatives discussed and approved in business execution. Meets monthly.
Group Management Meeting	Discusses and decides on the measures related to the Group-wide management including specific environment-related initiatives. The decisions are reported to the Board of Directors. Held weekly.
Risk Management Committee	Extracts comprehensive risks, and discusses and decides on the measures against them. Monitors the progress of operating companies, and the decisions are reported to the Board of Directors. Meets as needed.
Sustainability Committee	Discusses and decides on the policy to address environmental issues discussed at the Group Management Meeting. Formulates the long-term plans and KGIs/KPIs related to environmental issues and monitors the progress of operating companies. The decisions are reported to the Board of Directors. Meets semiannually.
Sustainability Promotion Division	Promotes the Group-wide response to environmental issues. Collects environment-related information and reports to the Group Management Meeting, the Sustainability Committee and the Risk Management Committee.

Realization of Carbon Neutrality | Aiming for 100% Renewable Energy → **Special Report: Information Disclosure in Line with TCFD Recommendations**

Recommended Disclosure Item (2) Risk Management

(a) Detailed processes for identifying and assessing climate-related risks, and method for determining importance

The Group considers risk as the starting point of strategy, and we have defined it as “uncertainty that affects the corporate management’s achievement of goals, having both a positive side and a negative side.” We believe that appropriate handling of risk leads companies to sustainable growth.

The Sustainability Committee conducts more detailed examinations of the environmental risks and shares the results with operating companies. Operating companies incorporate climate actions into their action plans. They discuss and confirm the progress of the action plans at the meetings chaired by their presidents. The Group Management Meeting, the Risk Management Committee and the Sustainability Committee monitor the progress, and finally, report to the Board of Directors.

(b) Detailed processes for management of important climate-related risks, and method of prioritizing them

Firstly, the Group extracted climate risks and opportunities exhaustively for each activity item of supply chain process: “product procurement,” “transportation and customer movement,” “sales in stores,” “use of products and services” and “disposal.”

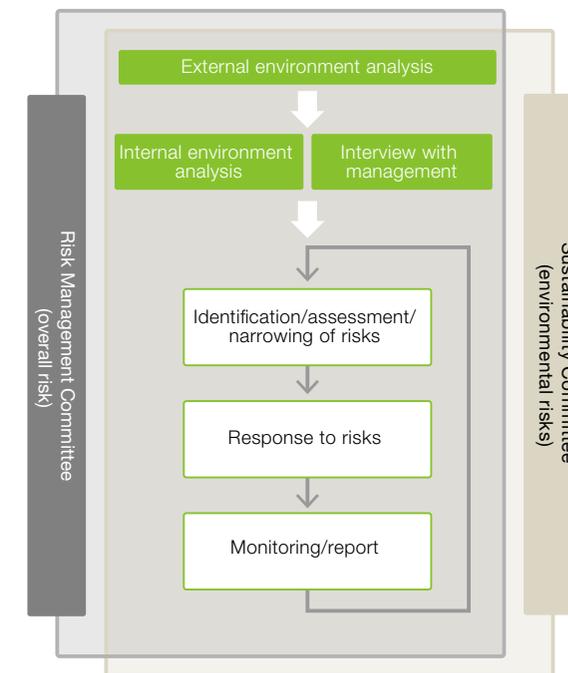
Next, we identified important climate risks and opportunities for the Group from among the exhaustively extracted climate risks and opportunities. Finally, we assessed the importance of the identified climate risks and opportunities based on two assessment criteria including the “degree of impact on the Group and the probability of occurrence” and the “degree of impact on stakeholders.”

The Group reflects, under the supervisory system of the Board of Directors, the climate risks and opportunities rated as particularly important through the above process in its strategies as its corporate risks to address them.

(c) How the processes are integrated into the organization’s overall risk management

The Group has established the Risk Management Committee based on the importance of building a structure for managing risk across the Group. The Risk Management Committee identifies and assesses corporate risks, including environmental risks, based on external environment analysis, narrows them down to the risks that need to be preferentially addressed, and monitors their progress. The matters discussed and approved by the Risk Management Committee are reflected in the Group’s strategy and implemented under the supervisory system of the Board of Directors.

Risk management process



Risk management system

Risk management process	Meeting body in charge
Identification/assessment/narrowing of risks	<ul style="list-style-type: none"> Board of Directors Group Management Meeting Risk Management Committee (Overall management risk) Sustainability Committee (Environmental risks)
Response to risks	<ul style="list-style-type: none"> Operating companies
Monitoring/report	<ul style="list-style-type: none"> Board of Directors Group Management Meeting Risk Management Committee (Overall management risk) Sustainability Committee (Environmental risks)

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

Realization of Carbon Neutrality Aiming for 100% Renewable Energy → [Special Report: Information Disclosure in Line with TCFD Recommendations](#)

Recommended Disclosure Item (3) Strategy

(a) Detailed risks and opportunities the organization has identified over the short, medium and long term

The Group considers it important to examine environmental risks at the appropriate milestone occasions because of the potential impact of environmental risks on its business activities over the long term.

The Group has conducted an examination* of the physical risks such as the risk of abnormal weather brought about by climate change and the transition risks such as the risk of policy regulation introduction by governments and the risk of changes in market needs, looking ahead to fiscal year 2021 to fiscal year 2023 as the execution phase of the Medium-term Business Plan and fiscal year 2030 for which we set SBT, and the risks and opportunities identified as a result have been reflected in the Group's strategies and implemented.

*Listed in the table on the following page "Impact on the Group's business and finance in the below 2°C scenario and the 4°C scenario estimated for 2030"

(b) Description of risks and opportunities and their degree of impact on the organization's business, strategy and financial planning

The Group conducts scenario analysis in order to understand the risks, opportunities, and impacts of climate change for the Group and to examine the resilience of the Group's strategies envisaging the world in 2030, and the necessity of additional measures.

In the scenario analysis, we referenced multiple existing scenarios announced by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). We then considered two world scenarios: one that envisages the achievement of the goal of the Paris Agreement to limit the increase in the global average temperature to below 2°C above pre-industrial levels (the below 2°C scenario); and one that envisages the increase in global GHG emissions beyond the present based on achieving already announced policies and regulations without the introduction of new policies and systems (the 4°C scenario).

To realize our top priority materiality issue, "realization of decarbonized society," we will analyze the impacts of climate change on the Group's business activities, and in both the below 2°C scenario and the 4°C scenario, we will strengthen our strategic resilience from a medium- to long-term perspective.

To this end, in our business strategies and Medium-term Business Plan, we will seek to acquire new growth opportunities, formulating measures to properly avoid negative risks while addressing positive risks by proactively responding to market changes, for example.

Definition of the periods for consideration of climate-related risks and opportunities in the Group

	Period	Definition
Medium-term	FY2021 to FY2023	Execution period of the FY2021 - FY2023 Medium-term Business Plan
Long-term	Until FY2030	Period until the year for which we set SBT for the Group's Scope 1, 2 and 3 GHG emissions

Existing scenarios taken into consideration

Possible world	Existing scenario
Below 2°C scenario	"Sustainable Development Scenario (SDS)" (IEA 2019, 2020)
	"Representative Concentration Pathways (RCP 2.6)" (IPCC 2014)
4°C scenario	"Stated Policy Scenario (STEPS)" (IEA 2019, 2020)
	"Representative Concentration Pathways (RCP 6.0, 8.5)" (IPCC 2014)

Realization of Carbon Neutrality | Aiming for 100% Renewable Energy → **Special Report: Information Disclosure in Line with TCFD Recommendations**

Impact on the Group's business and finances in the below 2°C scenario and the 4°C scenario estimated for 2030

The degree of impact on business and finance is shown qualitatively by the slope of the arrows in the table in three stages.

: The impact on the Group's business and finance is expected to be very large.
 : The impact on the Group's business and finance is expected to be negligible.
 : The impact on the Group's business and finance is expected to be slightly large.

Type of risk and opportunity			Overview of the Group's risks and opportunities	Impact on business and finance	
				Below 2°C scenario	4°C scenario
Risk	Transition risk	Policy regulation	<ul style="list-style-type: none"> ● Increase in operation costs associated with the introduction of policies to control GHG emissions, such as carbon taxes (carbon pricing) and the strengthening of regulations. ● Increased disclosure obligations related to GHG emissions and the risk of fines due to inadequate response 		
		Market	<ul style="list-style-type: none"> ● Loss of growth opportunities due to a delay in response to market changes such as increased demand for low-carbon (carbon neutral) products resulting from diversification of environmental consumer behavior and increased customer awareness of environmental issues ● Loss of growth opportunities due to a delay in response to risk of infectious diseases (COVID-19, etc.) caused by climate change 		
	Physical risk	Acute	<ul style="list-style-type: none"> ● Loss of sales opportunities for products and services resulting from disruption of procurement and logistics routes due to natural disasters caused by climate change ● Damage to stores and offices and suspension of operations due to natural disasters caused by climate change ● Loss of sales opportunities in stores due to increased risk of infectious diseases (COVID-19, etc.) caused by climate change 		
Opportunity	Energy source		<ul style="list-style-type: none"> ● Reduction in energy procurement costs associated with the development and use of new policies and systems related to renewable energy ● Avoidance of energy procurement risks associated with the expansion of renewable energy, strengthening of energy saving, and introduction of energy creation 		
	Products/services		<ul style="list-style-type: none"> ● Increase in revenue due to an increase of demand for reused/recycled products ● Decrease in Scope 3 emissions due to expansion in sales of reused/recycled products 		
	Market		<ul style="list-style-type: none"> ● Expansion of new growth opportunities through new entry into the sharing and upcycling businesses ● Improvement in profitability due to rebuilding of business portfolio beyond the framework of the retail business and entry into and expansion in the market for low carbon (carbon neutral) products associated with diversification of environmental consumer behavior and increased customer awareness of environmental issues ● Expansion of new growth opportunities by response to increased infectious disease risk (such as COVID-19) caused by climate change 		

(c) Risks, opportunities and financial impacts based on relevant scenarios, and strategies and resilience against them

The Group believes that, among the business and financial impacts estimated for 2030 in the two scenarios, the introduction of a carbon tax* and fluctuations in renewable energy-derived electricity rates in Japan, in particular, will be important parameters. Therefore, for the two parameters in the below 2°C scenario and the 4°C scenario, we quantitatively estimate the financial impacts on the Group.

*Taxes levied on CO₂ emissions, which is the main cause of climate change

Financial impacts on the Group estimated for 2030

Important parameter	Financial impacts on the Group estimated for 2030		
	Item	Below 2°C scenario	4°C scenario
Carbon tax	● Carbon tax (thousand yen/t-CO ₂)	10	3.3
	● Increase in costs due to carbon tax (millions of yen)	770	254
Renewable energy-derived electricity rates	● Increase in renewable energy-derived electricity rates (yen/kWh)	1-4	
	● Increase in procurement costs of renewable energy-derived electricity (millions of yen)	196-784	

(Assumptions for 2030)

- Carbon tax price*1: \$100/t-CO₂ (below 2°C scenario), \$33/t-CO₂ (4°C scenario)*2
- The Group's GHG emissions: Approximately 77,000 t-CO₂ (60% reduction compared to FY2017)
- Renewable energy-derived electricity rate: Increase of 1 to 4 yen/kWh (compared to electricity rate other than renewable energy)
- The Group's usage of renewable energy-derived electricity: 196,000 MWh (ratio of renewable energy: 60%)

*1: Based on "Stated Policy Scenario (STEPS)" (IEA 2019)

*2: Tentatively calculated assuming that carbon tax will have been introduced in Japan as of 2030, based on the EU carbon tax price under the 4°C scenario

Realization of Carbon Neutrality | Aiming for 100% Renewable Energy → **Special Report: Information Disclosure in Line with TCFD Recommendations**

Recommended Disclosure Item (4) Metrics and Targets

(a) The metrics used to manage climate-related risks and opportunities

The Group has established two metrics for managing climate-related risks and opportunities: Scope 1, 2 and 3 GHG emissions and the ratio of renewable energy within electricity used in business activities.

(b) GHG emissions (Scope 1, 2 and 3)

The Group started calculating its total GHG emissions in fiscal year 2017.

The Group's Scope 1 and 2 GHG emissions in fiscal year 2020 were approximately 132,106 t-CO₂ (down 18.7% from fiscal year 2019). Further, the Group's Scope 3 GHG emissions in fiscal year 2020 were 2,922,739 t-CO₂ (down 22.7% from fiscal year 2019).

The Group has received third-party assurance for its Scope 1, 2 and 3 GHG emissions in fiscal year 2020 from Lloyd's Register Quality Assurance Limited.



Third-party assurance statement

FY2020 the Group Scope 1 and 2 GHG emission targets and results

		FY2020	vs. FY2019		vs. FY2017 (SBT base year)	
		Emissions (t-CO ₂)	Reduction (t-CO ₂)	Reduction (%)	Reduction (t-CO ₂)	Reduction (%)
Target	Scope 1 & 2 Total	156,007	▲6,501	▲4.0	▲14,562	▲19.6
Results (breakdown)	Scope 1 & 2 Total	132,106*	▲30,402	▲18.7	▲62,048	▲32.0
	Scope 1	11,983	▲3,231	▲21.2	▲4,069	▲25.3
	Scope 2	120,123	▲27,171	▲18.4	▲57,979	▲32.6

* Received third-party assurance from Lloyd's Register Quality Assurance Limited

FY2020 the Group Scope 3 GHG emission results

Category		Emissions (t-CO ₂)	Share (%)
1	Purchased goods and services	2,191,604	74.98
2	Capital goods	84,908	2.91
3	Fuel- and energy-related activities not included Scope 1 or 2	29,252	1.00
4	Upstream transportation and distribution	28,949	0.99
5	Waste generated in operations	1,090	0.04
6	Business travel	1,132	0.04
7	Employee commuting	1,909	0.07
8	Upstream leased assets*1	—	—
9	Downstream transportation and distribution	463,510	15.86
10	Processing of sold products*2	—	—
11	Use of sold products	154	0.01
12	End-of-life treatment of sold products	37,370	1.28
13	Downstream leased assets	82,860	2.84
14	Franchises*2	—	—
15	Investments*2	—	—
Total Scope 3		2,922,739*3	100.00

*1 Excluded from Scope 3 calculation because it is calculated in Scope 1 and 2 GHG emissions

*2 Excluded from Scope 3 calculation because they are not included in the business process of the Group

*3 Received third-party assurance from Lloyd's Register Quality Assurance Limited

Realization of Carbon Neutrality | Aiming for 100% Renewable Energy → [Special Report: Information Disclosure in Line with TCFD Recommendations](#)

(c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets

The Group has set long-term GHG emission reduction targets since fiscal year 2018 aimed at achieving the global target of keeping temperature increase to below 2°C. The Group has set a target of reducing Scope 1 and 2 and Scope 3 GHG emissions by 40% (compared to fiscal year 2017) by 2030 and it was approved by the SBT initiative (SBTi)*1. Following the evolution of its initiatives to date, the Group has revised its Scope 1 and 2 GHG emission reduction target to a more ambitious target of a 60% reduction (compared to fiscal year 2017) by 2030. In addition, the Group has set a target of reducing Scope 1 and 2 GHG emissions to zero by 2050, as it aims to realize carbon neutrality.

To achieve these long-term targets, the Group has started procuring renewable energy-derived electricity for its facilities since fiscal year 2019. In October 2020, we joined RE100*2. We will continue to expand our procurement of renewable energy-derived electricity, aiming to achieve carbon neutrality.

*1 Global initiative established for the purpose of promoting the achievement of science-based GHG emission reduction targets to limit the temperature increase to below 2°C compared to pre-industrial levels

*2 Global initiative that aims to source 100% renewable energy to power business activities by 2050

Targets used by the Group to manage climate-related risks and opportunities

Metrics	Target year	Details of targets
GHG emissions	2050	Zero Scope 1 and 2 GHG emissions
	2030	60%*1 reduction of Scope 1 and 2 GHG emissions (vs. FY2017)
		Aiming for 40% reduction of Scope 3 GHG emissions (vs. FY2017)*2
Ratio of renewable energy in electric power used in business activities	2050	Ratio of renewable energy in electric power used in business activities: 100%*3
	2030	Ratio of renewable energy in electric power used in business activities: 60%

*1 The reduction rate approved by SBTi is 40%.

*2 Approved by SBTi

*3 Joined RE100 in 2020

Future Efforts

The conventional “linear economy” premised on the one-time use and disposal of natural resources and products has brought about serious climate change, such as natural resource depletion due to large-scale extraction, global warming due to GHG emissions, and ocean pollution due to large quantities of waste.

The Group believes it is important to respond to these climate risks and opportunities using the strength of corporate group with retail at its core. Therefore, we will strive to:

- Realize a strong supply chain by strengthening the measures against physical climate risks;
- Contribute to local communities by creating sustainable stores through CSV initiatives with stores at the core;
- Realize new business opportunities by promoting a “circular economy”; and
- Actively provide low-carbon products and services that respond to changes in consumers’ consumption behavior.

Going forward, the Group will promote strengthening of governance in environmental management under the supervisory system of the Board of Directors and promote the Group-wide initiatives such as the formulation of action plans for achieving medium- to long-term targets.

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

→ Evolution from 3 Rs to Circular Economy Seizure of New Business Opportunities



NEW

Promotion of Circular Economy

2030 KGI

Realize a Sustainable Global Environment for the Future and Corporate Growth through the Promotion of Circular Economy

We will cooperate with our suppliers and customers to create innovative business models for generating new environmental value and capture competitive advantages in a circular economy.

Background and our view

As we face globally challenging environmental issues caused by the conventional “linear economy” based on mass production and mass disposal, the Group has positioned as one of its new materiality issues the “promotion of circular economy” that maximizes the value of resources and products.

2030 KPIs

- 50% reduction of waste generation (including food waste) (compared to FY2019)
- Total weight of the items collected via ECOFF for recycling: 3,000 t
- Expand recycling and remanufacturing of used products in collaboration with suppliers and customers
- Expand share of businesses including sharing and upcycling in collaboration with suppliers

Measures to achieve KPIs by 2030

- Reduce product packaging materials in collaboration with suppliers
- Resell products made of waste materials and used materials
- Increase collection by sophisticating ECOFF and rebuilding its scheme
- Invite tenants that carry products for sharing and upcycled products and enter new businesses in collaboration with suppliers
- Expand fashion subscription business

→ Evolution from 3 Rs to Circular Economy Seizure of New Business Opportunities

Evolution from 3 Rs to Circular Economy

The Group newly added the “promotion of circular economy” to its materiality issues in fiscal year 2021. The Group will aim to reduce environmental load and seize new business opportunities at the same time through the “promotion of circular economy.”

What the Group Aims to Be

Capitalism has grown based on the “linear economy” premised on mass production and mass consumption since the industrial revolution. On the other hand, various global environmental issues are worsening due to the explosive growth of the global population and improved living standards.

In this situation, there is an increasing importance of a “circular economy,” which maximizes the efficiency of use of natural resources and products and minimizes waste generation. A circular economy is an economic

system in which we use natural resources and products efficiently and cyclically, minimize waste generation, and commercialize such practices.

To date, the Group has practiced the 3 Rs* to solve global environmental issues and has gained support from stakeholders.

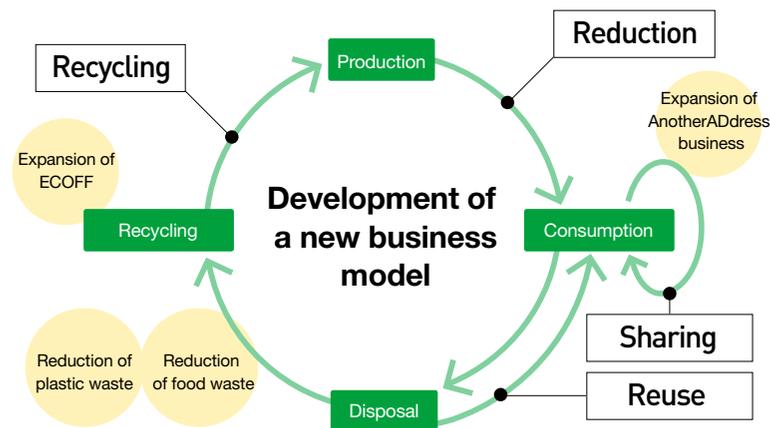
Going forward, the Group will evolve and expand 3 Rs centered on four key actions to realize a circular economy, and by doing so, aim to reduce environmental load and seize new business opportunities at the same time.

*The 3 Rs stand for Reduce, Reuse and Recycle.

[4 key actions]

- Reduction of food waste
- Reduction of plastic waste
- Expansion of project with customer participation ECOFF
- Expansion of fashion subscription business AnotherADdress

Overview of the circular economy the Group aims to create



The Group’s United Efforts to Reduce Waste

The Group with retail at its core has strived to reduce waste in its all companies, and particularly, we think it is important to focus on the reduction of food waste and plastic waste.

● Actions to reduce food waste

Daimaru Matsuzakaya Department Stores’ actions include the reduction of food loss through online sale of short-dated products, the installation of garbage disposers in its stores, and the outsourcing of the processing of food waste into compost and feed.

● Actions to reduce plastic waste

The stores of Daimaru Matsuzakaya Department Stores and Parco promote the use of collapsible containers and department store’ standardized hangers with the cooperation of suppliers. Other operating companies also work on the recycling of plastic waste and other actions.

The Group reviewed the rules for calculating waste generation to unify the management of waste across the Group. As a result, waste generation in fiscal year 2020 was 9,216 t and we received third-party assurance.

Going forward, we will strive to grasp the actual state and promote waste reduction in terms of the reduction of generation and reuse.

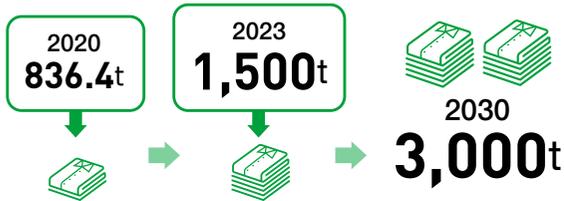
Evolution from 3 Rs to Circular Economy → Seizure of New Business Opportunities

Seizure of New Business Opportunities

The mass disposal and incineration of apparel has become a major social problem in terms of the environment and consumer values shift from “ownership” to “sharing.” Accordingly, the Group will try a new business model with a focus on “sharing” and “upcycling” and aim to seize new business opportunities.

Expansion of ECOFF

Weight of disused articles collected through ECOFF



Daimaru Matsuzakaya Department Stores works on the Think GREEN initiatives to offer sustainable products and services.

Through ECOFF, which is one of these initiatives, Daimaru Matsuzakaya Department Stores collects disused clothing, shoes and bags from customers in its stores to recycle and reuse them. It is a sustainable initiative to reduce environmental load with customers.

ECOFF started in 2016 and we collected a total of 836.4 tons of articles up to fiscal year 2020. In 2021, we launched a new initiative Cosme de ECOFF to collect plastic cosmetics containers and it is established as a project with customer participation. Even amid the

COVID-19 pandemic, this initiative gains popularity from customers partly due to contactless collection boxes.

Going forward, we will expand the items to be collected and review its collection scheme to collect a total of 3,000 tons of articles, which is a KPI to be achieved by 2030.



Contactless ECOFF collection box



Cosme de ECOFF



Launched Fashion Subscription Business AnotherADdress!!

The Group will invite tenants that carry products for sharing and upcycled products and enter new businesses in collaboration with suppliers by 2023 to realize a circular economy.

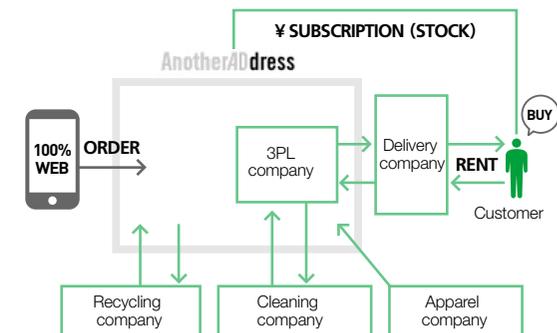
Daimaru Matsuzakaya Department Stores took the initiative by launching a fashion subscription business AnotherADdress in March 2021. Daimaru Matsuzakaya Department Stores as its operating body accepts orders from customers and delivers clothing in partnership with a 3PL* company, a delivery company, a cleaning

company and a recycling company, which promote unique sustainable initiatives.

Through the subscription-based stock business that accepts all orders online, AnotherADdress will try to depart from dependence on physical stores in a conventional department store business and aim to develop as a scalable platform.

*3PL stands for third-party logistics. It means that a third-party logistics provider, which is different from existing logistics provider of the shipper, undertakes logistics services collectively through the provision of a logistics consulting function and a logistics information system.

Business model of AnotherADdress





Well-Being Life of suppliers

2030 KGI

Realize Decarbonization throughout the Supply Chain Created Along with Suppliers

We will engage in procurement, etc., of environment-friendly products and services with our suppliers, while also working to shift to renewable energy and energy saving, so that we can contribute to the realization of a decarbonized society throughout the supply chain.

Toward realizing a decarbonized society, it is required of companies to identify and manage GHG emissions from not only their own business activities but also supply chain activities. It is considered important from an environmental perspective. The Group will aim to reduce Scope 3 GHG emissions in collaboration with suppliers.

Background and our view

- Aim to reduce Scope 3 GHG emissions* by 40% (compared to FY2017)

*GHG emission from activities in the entire supply chain not included in Scope 1 or 2

Measures to achieve KPIs by 2030

- Implement environmental management in collaboration with suppliers
- Reduce waste (food waste, plastic waste)
- Streamline logistics in collaboration with suppliers
- Promote the use of low-emission transportation in collaboration with customers
- Promote telework, review business travel

2030 KPIs

Management of the Entire Supply Chain

2030 KGI

Realize a Sustainable Supply Chain Created Along with Suppliers

We will share our view on sustainability with suppliers and work together with them to fulfill our social responsibilities, thereby contributing to the creation of a sustainable society for the future by the entire supply chain. In addition, we will work with suppliers to create a work environment in which the human rights of the people working in the supply chain will be protected and they will be able to work in good health.

Background and our view

- Collection ratio of questionnaire to assess dissemination of the Principles of Action for Suppliers: 95%, dissemination ratio: 100%
- Establish business activities in which the human rights of suppliers and employees are respected

Human rights issues that arise in the supply chain, such as discrimination and forced labor, and the prolonged spread of COVID-19 have had a major impact on the supply chain. The Group aims to address risks hidden in the supply chain and create a sustainable supply chain.

Measures to achieve KPIs by 2030

- Continuously assess to see the state of compliance with the Principles of Action for Suppliers and improve through dialogue
- Conduct and disclose human rights due diligence
- In-house education on human rights

2030 KPIs

→ Reduction of Scope 3 GHG Emissions in Collaboration with Suppliers | Creation of a Sustainable Supply Chain | Human Rights Due Diligence

Reduction of Scope 3 GHG Emissions in Collaboration with Suppliers

The Group's Scope 3 GHG emissions account for approximately 96% of the emissions from the entire supply chain. In light of this situation, the Group considers the reduction of Scope 3 GHG emissions as well as the reduction of Scope 1 and 2 GHG emissions as its important task and thinks it needs to work on that in collaboration with suppliers.

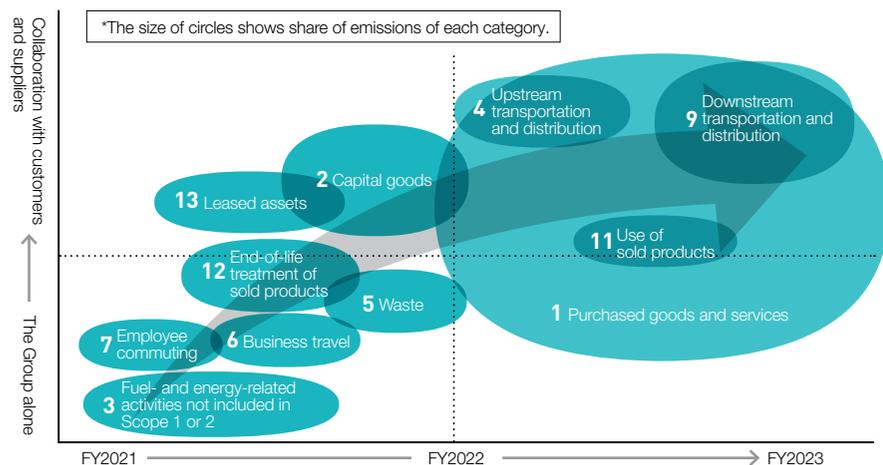
Start to Approach Suppliers

As the Group is a corporate group with retail at its core, approximately 90% of its total Scope 3 GHG emissions are constituted by emissions from the production of goods and services purchased from suppliers (Category 1) and emissions from transportation and distribution (Category 4 and 9).

In light of this situation, the Group thinks that it is important to reduce Scope 3 GHG emissions not by the Group alone but in collaboration with suppliers.

Daimaru Matsuzakaya Department Stores whose Scope 3 GHG emissions account for approximately 80% of the Group's total emissions will start to approach suppliers in fiscal year 2021 to share its GHG emission reduction targets and reduction measures with them.

Direction of the Group's Scope 3 GHG emission reduction



FY2020 Scope 3 GHG emission results

In fiscal year 2020, Scope 3 GHG emissions were 2,922,739 t-CO₂, down 22.7% compared to fiscal year 2019. Compared to fiscal year 2017, which is its SBT base year, they decreased by 5.0%.

The Group's Scope 3 GHG emissions received third-party assurance from Lloyd's Register Quality Assurance Limited.

FY2020 the Group Scope 3 GHG emission results

Category	Emissions (t-CO ₂)	Share (%)
1 Purchased goods and services	2,191,604	74.98
2 Capital goods	84,908	2.91
3 Fuel- and energy-related activities not included in Scope 1 or 2	29,252	1.00
4 Upstream transportation and distribution	28,949	0.99
5 Waste generated in operations	1,090	0.04
6 Business travel	1,132	0.04
7 Employee commuting	1,909	0.07
8 Upstream leased assets*1	–	–
9 Downstream transportation and distribution	463,510	15.86
10 Processing of sold products*2	–	–
11 Use of sold products	154	0.01
12 End-of-life treatment of sold products	37,370	1.28
13 Downstream leased assets	82,860	2.84
14 Franchises*2	–	–
15 Investments*2	–	–
Total Scope 3 GHG emissions*3	2,922,739	100.00

*1 Excluded from Scope 3 calculation because it is calculated in Scope 1 and 2 GHG emissions

*2 Excluded from Scope 3 calculation because they are not included in the business process of the Group

*3 Received third-party assurance from Lloyd's Register Quality Assurance Limited



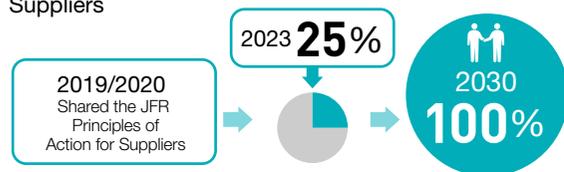
Reduction of Scope 3 GHG Emissions in Collaboration with Suppliers → **Creation of a Sustainable Supply Chain** → Human Rights Due Diligence

Creation of a Sustainable Supply Chain

As it is more than ever required of companies to address sustainable procurement, the Group promotes the actions that fulfill social responsibilities and consider the environment throughout the supply chain. Thereby we will contribute to realizing a sustainable society and work with suppliers to mutually enhance corporate value.

Realization of Sustainable Procurement through the Dissemination of the JFR Principles of Action for Suppliers

Dissemination ratio of the JFR Principles of Action for Suppliers



We sent the formulated JFR Principles of Action for Suppliers to suppliers and asked them to support our view and rules on social responsibilities.

Furthermore, Daimaru Matsuzakaya Department Stores held meetings to explain the JFR Principles of Action for Suppliers and 530 suppliers attended them.

We will conduct such assessment continuously on a biennial basis by sending suppliers questionnaire concerning the major content of the JFR Principles of Action for Suppliers including environment and human rights and asking them to answer. Particularly, concerning human rights, we ask many questions in accordance with the Human Rights Policy.

If there are some problems in the result of the assessment, we will make improvements through the dialogue with relevant suppliers as necessary.

By repeating the improvement process through assessment and dialogue, the Group will disseminate the Principles of Action for Suppliers, thereby identifying risks in the supply chain and creating a sustainable supply chain with suppliers.

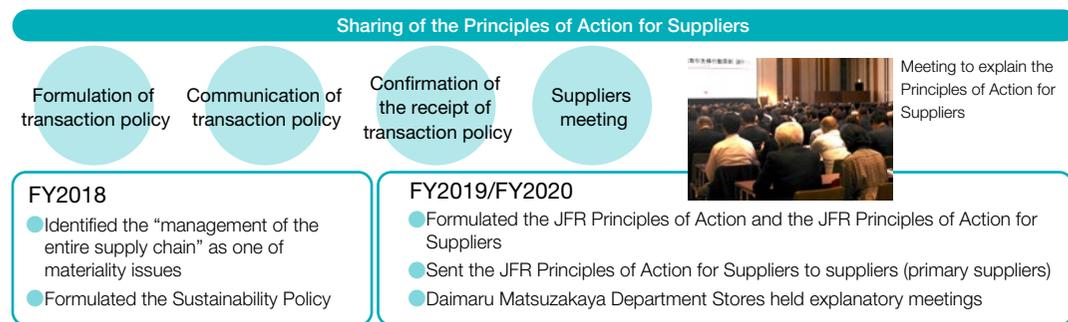
Formulation and sharing of the JFR Principles of Action for Suppliers

The Group identified the “management of the entire supply chain” as one of its materiality issues in 2018 and formulated the JFR Principles of Action and the JFR Principles of Action for Suppliers in 2019.

To conduct an assessment

In fiscal year 2021, we will start an assessment of the suppliers that have supported the Principles of Action for Suppliers to see the state of their understanding of and compliance with the shared Principles of Action for Suppliers.

Flow of the dissemination of the JFR Principles of Action for Suppliers



Reduction of Scope 3 GHG Emissions in Collaboration with Suppliers | Creation of a Sustainable Supply Chain → [Human Rights Due Diligence](#)

Human Rights Due Diligence ~Respect for the Human Rights of Suppliers and Employees~

With respect for human rights underlying all its business activities, the Group deepens the understanding of human rights issues in all relevant countries and business activities in accordance with the Guiding Principles on Business and Human Rights established by the United Nations. And by addressing human rights due diligence, we promote business activities that respect the human rights of suppliers and employees.

Human Rights Due Diligence Initiatives

The Group formulated its Human Rights Policy based on identified human rights risks and shared it with suppliers. And we confirm the status of their compliance with the shared Human Rights Policy through assessment. When a problem is found, we make improvements through dialogue with relevant suppliers. We implement such human rights due diligence activities.

Process of human rights due diligence

Identification of human rights risks	Formulation of the Human Rights Policy	Assessment	Dialogue for improvement	Disclosure to stakeholders
Identify human rights risks from the Group risk list.	Adopt a Human Rights Policy that responds to social conditions as a commitment to human rights.	Confirm compliance with the shared Human Rights Policy through assessment.	Have dialogue for improvement with suppliers who were found to have a problem as a result of assessment.	Periodically disclose information on human rights due diligence.

Identification of Human Rights Risks

In 2020, the Group identified human rights risks arising from its business activities. The Risk Management Committee identified and assessed risks based on environmental analyses, narrowed them down to the ones to be prioritized, and shared risk awareness throughout the Group as the “Group risk list.” We selected important human rights risks from them and identified them as the human rights risks of the Group.

Identified human rights risks

Subject	Human rights risk
The Group	Inadequate labor management, such as the health of the Group’s employees (including foreigners and disabled people)
The Group + Primary suppliers	Inadequate employment, subcontracting, outsourcing and worker dispatch
Primary suppliers	Sustainability of supply chain

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

Reduction of Scope 3 GHG Emissions in Collaboration with Suppliers Creation of a Sustainable Supply Chain → [Human Rights Due Diligence](#)

Formulation of the Human Rights Policy

In 2019, the Group formulated the Human Rights Policy. This Human Rights Policy is based on the International Bill of Human Rights, the Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact. This Human Rights Policy provides our ideas for deepening the understanding of various human rights issues that underlie all our business activities and for taking appropriate actions.

Improvement through Assessment and Dialogue

The Group will confirm the status of suppliers' compliance with the shared Human Rights Policy through assessment in fiscal year 2021. And depending on its result, we will promote dialogue with suppliers for improvement. In addition, we will periodically disclose information on the result of human rights due diligence.

In-house Education on Human Rights

We strive to create a corporate culture based on respect for human rights while making individual employees correctly aware of and understand human rights. From the perspective of further promoting the fulfillment of corporate social responsibilities, we use our intranet to help all employees deepen their understanding of human rights at any time. Furthermore, every year we provide human rights training for employees in management positions.

Harassment Consultation Desk and Whistleblowing System

In 2020, the Group adopted a Declaration on the Elimination of Harassment to eliminate and prevent harassment, which it considers as one of human rights risks. The "Harassment Prevention Committee" and the "Harassment Consultation Desk" are in place to take prompt action at the time of occurrence and prevent a recurrence. In addition, we have a whistleblowing system

that enables all officers and employees of the Group and all people working in the Group (including part-time workers and temporary staff from suppliers) to directly notify the Compliance Committee of any compliance-related problems and ask for correction. In March 2020, this whistleblowing system was registered with the Consumer Agency's "Whistleblowing Compliance Management

System certification (registration system based on the self-declaration of conformity)" (WCMS certification), and in March 2021, this registration was renewed.



Message from Human Resources Officer

To Realize the Well-Being Life of JFR

MATSUDA Hirokazu

Managing Executive Officer, Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit and in Charge of Compliance, J. Front Retailing Co., Ltd.

J. Front Retailing Group (the “Group”) considers that it is “people” who can unlock the future in a highly uncertain world and positions people as the most important asset (treasure) for a company. And the Group aims to realize a “human resource development company” that strives to enhance human resources capabilities.

New ideas and co-creation through empathy and sympathy are indispensable for the Group’s human resources to achieve the Group Vision “Create and Bring to Life ‘New Happiness.’” and the Well-Being Life of all stakeholders through corporate activities. I think the promotion of diversity & inclusion and the realization of work-life integration that accepts diverse human resources underlie them.

As an initiative for diversity & inclusion, we actively hire mid-career employees who have expertise developed in other companies. As part of that, we hold seminars for women who think of a new career path accompanying

childbirth and childcare. After joining the Group, they flexibly select the work styles that enhance both their work and life and perform well in their divisions.

By promoting mid-career recruitment, existing members are exposed to new knowledge and skills, which facilitates human resource development. Different values sometimes cause conflict but also cause new awareness. I think the Group’s corporate culture and organizational climate are changing gradually.

With regard to LGBT, we think it is important to understand based on correct knowledge. We started with training for the management team. The management team continues to learn as one of the items of periodic training by management rank. This fiscal year, we will provide e-learning for all employees and distribute pocketable guidebooks so that they can always carry them to ensure their understanding. At the same time, we are improving an environment by placing a consultation desk (person in charge) in each company in the Group



and introducing the same-sex partnership rules and gender change support leave.

In addition, concerning the employment of disabled people, not only the entire Group strives to achieve the statutory employment rate but also we established a special subsidiary company JFR Create Co., Ltd. It actively operates by not only accepting orders from within the Group but also providing companies in the Group with advice on their recruiting, work environment, business and management.

Through these initiatives, I recognize that a diverse environment is being put into place. However, in order to achieve the conditions that allow individual employees to show their individualities and abilities to the fullest, we would like to step up efforts to realize inclusion at a higher level through thorough human resource management that faces individual employees squarely and training to eliminate unconscious bias.

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

→ Message from Human Resources Officer To Become a Company That Allows All Employees to Show Their Abilities Business Growth by Empowering Women Human Resource Development to Help Employees Improve Their Abilities Promote an Understanding of LGBT and Create a Work Environment



2030 KGI

Realize a Highly Diverse Society in Which Everyone Recognizes Each Other's Diversity and Flexibly Demonstrates His/Her Individuality

Based on the themes of diversity and flexibility, we will value the different individuality and perspectives of all our stakeholders, which form the essence of diversity, and create a company where diverse abilities can be demonstrated. We will also aim to grow our business in line with diverse customers' expectations by driving innovation through the mutual interaction and complementary functions of diverse individualities and abilities (inclusion).

Background and our view

The decrease in the working population due to the declining birthrate and the aging population has become a social problem. The Group has an environment in which diverse human resources work together, such as women, elderly people, mid-career workers. We have therefore taken one of our materiality issues one step further to the "promotion of diversity & inclusion." We respect diverse abilities and create unity, which will lead to enhanced corporate competitiveness.



2030 KPIs

- Share of women in management positions: Aim for 50%, equal to female labor share
- Aim for retirement at 70
- Employment rate of the disabled: 30%
- Realize business growth using diverse abilities stemming from diversity & inclusion
- Provide sales floors, products and services tailored to diverse customers

Measures to achieve KPIs by 2030

- Expand initiatives for women's empowerment
- Reform systems to realize the work styles according to female life stages
- Provide training for employees in management positions
- Provide early career education
- Expand occupational fields for the elderly empowerment
- Expand outside employment
- Promote the employment of the disabled in each operating company
- Expand LGBT-related systems

Promotion of Diversity & Inclusion



To Become a Company That Allows All Employees to Show Their Abilities

The Group aims to create an environment that can realize the Well-Being Life of all employees. In order to realize that, we promote diversity & inclusion, which allow individual employees to show diverse abilities using their attributes (age, gender, etc.) and skills (career, education, etc.).

Evolution of Materiality Issues

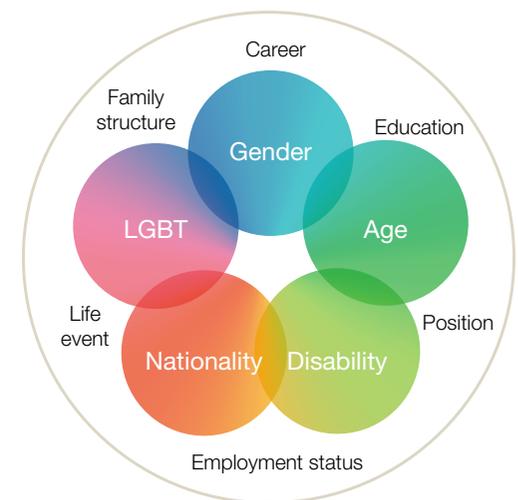
The Group aims to become a company in which diverse human resources show their abilities and perform well by respecting each other's diversity and accepting each other's individuality. Based on such recognition, we evolved the "promotion of diversity," which had been one of our materiality issues, into the "promotion of diversity & inclusion" in 2021.

Going forward, the Group will aim that diverse human resources will cooperate while discussing to connect their abilities and individualities and make them work (inclusion). To this end, we will promote diversity & inclusion by creating a corporate culture that allows all employees to work in ways they like and strengthening systems and education so that individual employees can show their abilities and individualities.

Diversity & Inclusion That Lead to Innovation

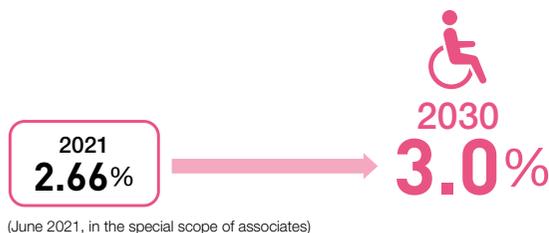
The Group will strive to promote diversity & inclusion for the creation of innovation and business growth.

The Group's employees have diverse attributes (age, gender, etc.) and skills (career, education, etc.). These diverse human resources who have different abilities and individualities get together like mosaic to cooperate and bounce ideas off each other. Thereby ideas will evolve, which will lead to the creation of innovation. And by connecting diverse human resources who have diverse abilities so that they can enhance each other, we will be able to meet the needs of diverse customers, which will lead to business growth.



Create a Work Environment in Which We Work with Disabled People

Employment rate of the disabled



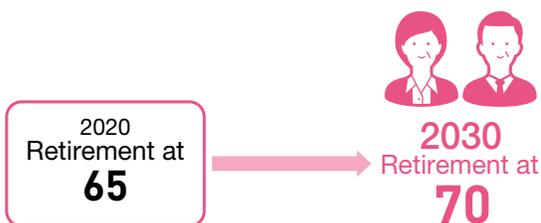
The Group recognizes that the employment of disabled people is a corporate social responsibility and its operating companies promote hiring and the creation of a work environment.

In 2017, we established JFR Create Co., Ltd. in 2017 and it was certified as a special subsidiary company by the Health, Labor and Welfare Ministry. The company

was recognized for enabling the work styles that consider individual situations and certified as a Company Empowering People with Disabilities in 2019.

In 2020, operating companies in the Group jointly conducted job interviews with disabled people and hired some of them.

Promotion of the Elderly Empowerment



J. Front Retailing, Daimaru Matsuzakaya Department Stores, JFR Card, Daimaru Kogyo and JFR Information Center extended the retirement age to 65 in March 2020. Other operating companies also consider extending the retirement age to 65. We aim to extend the retirement age to 70 by 2030 to use the skills and expertise of

experienced older employees to increase productivity and added value.

Business Growth by Empowering Women

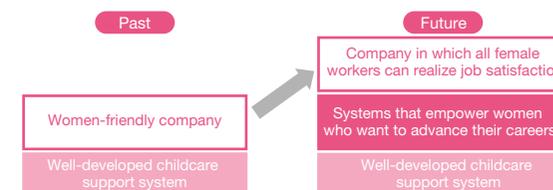
To date, the Group has promoted women’s empowerment and the share of women in management positions is increasing every year. We have strengthened education for and the recruitment of women since 2018 and created an environment that empowers female employees. In 2021, a female Director was appointed from within the Group.

To Become a Company That Allows Women to Advance Their Careers

In promoting diversity & inclusion, the Group considers women’s empowerment as an important management strategy that leads to business growth and strengthens it.

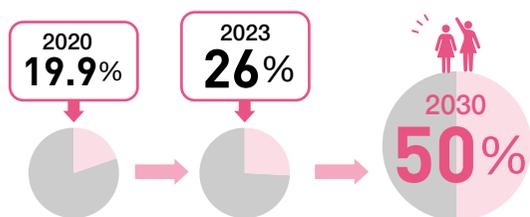
To date, the Group has built a women-friendly work environment including well-developed childcare support systems. Going forward, we will strengthen support for

women’s career advancement and aim to become a company that can realize easiness to work as well as job satisfaction. To this end, with a strong commitment of the top management, we will promote initiatives with a focus on corporate culture, systems and education as three pillars for promoting women’s empowerment.



Increase the Share of Women in Management Positions

Share of women in management positions



The Group utilizes human resources on the basis of their individual abilities, aptitudes, ambitions, etc. regardless of gender. At the same time, in order to support female employees who are raising children, we have in place systems that exceed statutory limits. As a result, women can work continuously even if there are some changes in their life stages.

And in order to help female employees who are raising children advance their careers, we provide career training named “JFR Women’s School.” Some trainees were promoted to management positions.

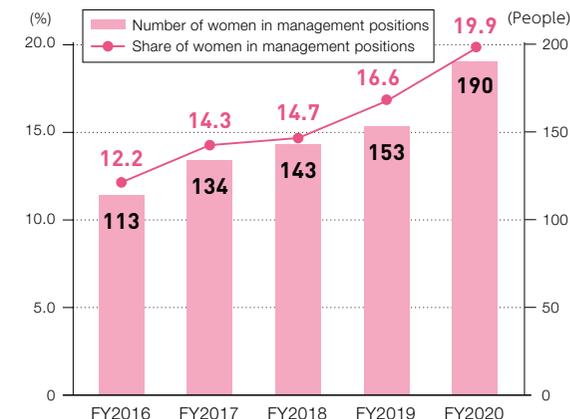
In the Officer Remuneration Policy, which was revised in May 2021, the share of women in management positions is set as an indicator to decide performance-linked remuneration. Thereby the responsibility of the management for promoting women’s empowerment was clarified.

Appointment of female Directors

J. Front Retailing has three female Directors (one Inside Director and two Outside Directors) of a total of twelve

Directors as of May 2021. Female Directors account for 25%.

The Group women in management positions



Performance related to the promotion of women’s empowerment in FY2020

Human Resource Development to Help Employees Improve Their Abilities

The Group thinks the diversity of employees' skills and experiences leads to business growth. Therefore, we provide various educational opportunities for employees to help them improve their skills. We also have a system that allows employees to express their intention on their careers, which offers an opportunity to try something new in the company.

Employee Education

The Group provides various educational opportunities to help them develop their careers.

Trainings for new employees include a new employee training provided immediately after they join the Group and the JFR Three-year Training School for New Employees with College Degrees to develop their early careers for three years after joining the Group. In addition, we provide a "career development training" to employees at the age of 27, which we consider as a milestone for career formation.

Management trainings provided every six months include general manager trainings, manager trainings,

and trainings for newly appointed general managers and managers. In 2017, the Group introduced open-type trainings so that employees can actively learn.

The Group also actively gives employees opportunities to work for external bodies and attend MBA programs and external training sessions to improve their skills. And we strive to improve the expertise courses of the Career Support College (including distance learning courses) to give opportunities for obtaining professional knowledge and skills.

In addition, the Group adopts an in-house recruitment system. Employees can apply for desired jobs across the Group, mainly new positions created when launching new businesses and newly creating or restructuring an organization. We also provide opportunities to show their intentions including a self-application system and milestone interviews. Through these initiatives, we strive to help employees improve their skills through jobs.

Trainings provided in FY2020 (consolidated)

Training	Total number of participants
New employee training	94
JFR Three-year Training School for New Employees with College Degrees	296
Career development training	83
Management training	620
Newly appointed management training	118
The Group open-type training, etc.	25
Career Support College	1,038
Average training cost per employee	¥17,436
Average training hours per employee	6.81 hours

Development of the Next-Generation Management Human Resources

With recognition that it is necessary to find and develop human resources early, the Group selects the next-generation management candidates. Since 2017, the JFR School has provided focused education programs to educate the next-generation candidates for key management positions. The JFR School consists of three stages: the JFR Business Management School (for the next-generation top management candidates); the JFR Management School (for the next-generation general manager candidates); and the JFR Leader School (for the next-generation manager candidates). It is building a system for producing management human resources in the medium to long term.

In addition to planned and strategic placement, the system aims for earlier education of the next-generation core human resources by fostering management perspectives, sharing top management's awareness of problems, and providing training in strategy formulation.

Numbers of officers and general managers appointed from the JFR School (2017 to February 28, 2021)

JFR Business Management School (next-generation top management candidates)	4
JFR Management School (next-generation general manager candidates)	20

Promote an Understanding of LGBT and Create a Work Environment

The Group is actively working on LGBT initiatives to promote diversity & inclusion. We set up systems and promote understanding to create a work environment that allows individual LGBT employees to show their individualities and abilities.

New Systems Related to LGBT

In March 2021, the Group newly created the “same-sex partnership rules” and “gender change support leave” and set up LGBT Consultation Desks in all operating companies to create an environment in which LGBT employees can work in ways they like.

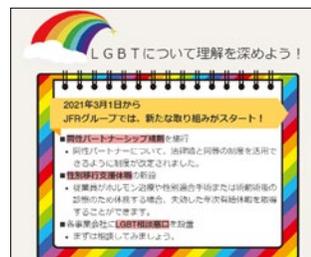
System	Details
Same-sex partnership rules	A relationship with a same-sex partner will be recognized as equivalent to marriage (same-sex partnership) and the “marriage” and “spouse” under the current employment rules, etc. will apply to such partnership.
Gender change support leave	An employee with gender identity disorder can use necessary number of annual paid leave that expired in the last two years when he/she is absent from work due to hormone treatment, gender reassignment surgery and/or examinations before and after surgery.
LGBT Support Desk	Set up LGBT-related consultation desks in all operating companies

*The same does not apply to some operating companies.

Initiatives to Promote an Understanding of LGBT

The Group provides training by rank to promote all employees’ understanding of LGBT. In 2019, we invited outside teachers to provide training for the management team. In addition, in 2020, we provided training for all employees in management positions, and in 2021, we provided all employees with an e-learning course and a comprehension test.

In 2020, in order to raise awareness, we posted pages on LGBT in our internal website to promote an understanding of LGBT. A video that



Internal website

provides basic knowledge is posted and LGBT-related systems and the Group’s initiatives are presented there. In 2021, we distributed pocketable LGBT guidebooks to all employees to thoroughly promote an understanding of LGBT.

J. Front Retailing has received a “silver” rating in the PRIDE Index certified by a voluntary organization “work with Pride” to evaluate initiatives relating to LGBTs and other sexual minorities at workplaces.

Details of LGBT initiatives



The Group’s LGBT initiatives

2019

- Added an explicit prohibition of discrimination and harassment against LGBT people to the JFR Human Rights Policy
- Provided training for the management team
- Held LGBT-related events in the stores of Daimaru Matsuzakaya Department Stores
- Installed an all gender restroom “Personal room” in Shibuya PARCO
- Established an Ally Community

2020

- Formulated the Group Declaration on the Elimination of Harassment
- Started LGBT-related training for employees in management positions
- Raised awareness on the internal website
- Installed All Gender Restroom in Shinsaibashi PARCO

2021

- Newly created same-sex partnership rules
- Newly created gender change support leave
- Newly created LGBT Support Desks
- Provided LGBT-related e-learning course
- Distributed pocketable LGBT guidebooks



→ Aiming to Increase Productivity through Flexible Work Styles | Realization of the Well-Being Life of Employees and Their Families



Well-Being Life
of employees and their families

2030 KGI

Realize the Well-Being of Employees and Their Families through New Work Styles for the Future in Which Diversity and Flexibility Will Be Realized

As new work styles in the new normal era, we will promote work styles with the keywords of diversity and flexibility, and maintain physical and mental health at the same time. It will realize the Well-Being Life of employees and their families and lead to increased productivity of the organization.

Background and our view

Work styles are diversifying due to the evolution of IT, an increase in the number of people that achieve a balance between work and childcare and family care, and the impact of COVID-19. We evolved one of our materiality issues into the “realization of work-life integration” so that employees will strive to improve both work and life, which will lead to increased productivity of the company.

2030 KPIs

- Turnover rate due to childcare and family care: 0%
- Childcare leave usage rate: 100%
- Increase productivity by the organization that allows employees to work anytime, anywhere
- Employee satisfaction: 80%

Measures to achieve KPIs by 2030

- Develop and flexibly operate childcare and family care systems
- Increase the number of companies that introduce a short-term childcare leave system (paid)
- Build a system to promote the use of childcare leave by men
- Reduce overtime, promote the use of paid leave
- Expand a telework system
- Design and conduct an employee satisfaction survey

Realization of Work-Life Integration

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

→ **Aiming to Increase Productivity through Flexible Work Styles** Realization of the Well-Being Life of Employees and Their Families

Aiming to Increase Productivity through Flexible Work Styles

The Group evolved one of its materiality issues into the “realization of work-life integration” to realize the Well-Being Life of employees. We will create an environment that allows employees to work anytime, anywhere by expanding telework and other means and promote the use of paid leave to increase productivity.

Evolution of Materiality Issues

The Group evolved one of its materiality issues the “realization of work-life balance” into the “realization of work-life integration” to realize the Well-Being Life of employees and their families. It is based on our idea that various experiences and new ideas will arise from not

only fulfilling work but also fulfilling life, which will lead to motivation for work and the creation of innovation.

The Group developed flexible work styles that allow its employees to work anytime, anywhere and created an environment in which they can work in ways they like. By

doing so, we will flexibly integrate employees’ work and personal life at a higher level to generate synergy and enhance a sense of fulfillment. At the same time, we will aim to increase the productivity of the organization to realize both mentally and physically healthy Well-Being Life.

Flexible Work Styles That Allow Employees to Work Anytime, Anywhere

The Group strives to provide flexible work styles and create a system that supports them to increase the productivity of the organization.

J. Front Retailing and Daimaru Matsuzakaya Department Stores adopt a flextime system and a telework system. By combining these two systems, it has become possible for employees to adjust working hours and workplaces on an hourly basis and work efficiently to suit their work and family circumstances. Parco made a contract with satellite

offices considering employees’ home environments.

We also aim to promote communication and streamline operations using IT such as cloud services and video conference systems.

In addition, we strive to promote the use of paid leave and reduce overtime. J. Front Retailing and Daimaru Matsuzakaya Department Stores give their employees consecutive days off to promote the use of paid leave. They can take ten consecutive days off twice a year by

combining regular days off and paid leave.

Our measures to reduce overtime include the promotion of the use of the flextime system and the telework system, time management by individual employees using IC cards, and the adoption of No Overtime Days.

Going forward, we will create an environment that allows employees to work flexibly to realize their Well-Being Life and increase the productivity of the organization.



Improvement and Expansion of Telework System

In March, 2021, J. Front Retailing improved and expanded its telework system and created an environment that allows its employees to work independently anytime, anywhere according to their duties. We expanded the eligibility for telework to include all employees including officers and employees in management positions and eliminated the restrictions on the number of permitted telework days.

J. Front Retailing telework system

<ul style="list-style-type: none"> ● Flextime system without core time ● Eliminated the restrictions on the number of permitted telework days 	<ul style="list-style-type: none"> NEW ● Work in places other than home such as satellite offices NEW ● Can combine work from home and work at an office in one day 	<ul style="list-style-type: none"> NEW ● Give allowance according to the number of telework days
<ul style="list-style-type: none"> NEW ● Can take personal time off during telework hours NEW ● Interval system 		

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

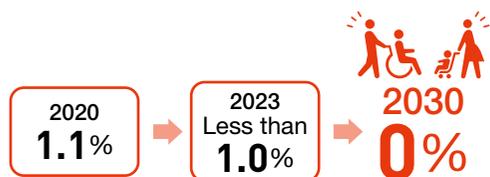
Aiming to Increase Productivity through Flexible Work Styles → Realization of the Well-Being Life of Employees and Their Families

Realization of the Well-Being Life of Employees and Their Families

The Group promotes initiatives to increase all employees' sense of fulfillment in both work and life. We will create an environment in which employees in various life stages such as childcare and family care can continue to work satisfactorily and healthily to realize the Well-Being Life of employees and their families.

Prevention of Employee Turnover by Supporting Balancing Childcare and Family Care and Work

Turnover due to childcare and family care



The Group implements various initiatives to create an environment that allows its employees to balance work and childcare and family care. J. Front Retailing and Daimaru Matsuzakaya Department Stores have

in place support systems that exceed statutory limits and strive to create an environment in which employees can continue to work while raising children and caring for their families. Using a flextime system and a telework system combined, employees can work flexibly.

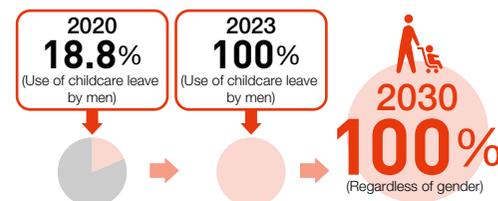
Going forward, we will create an environment that allows employees to balance work and childcare without leaving their jobs or taking long leave, and in addition, we will help individual employees maintain and improve their careers.

Promotion of Health Management

We promote health management, for which an Executive Officer in charge of human resources is responsible, across the Group. The Human Resources Strategy Unit works with the human resources division of each operating company, industrial doctors and the health insurance association to maintain and improve health using the Group Human Resources Partnership Meeting and the Safety and Health Committee. We adopted a Health Declaration in 2021, and going forward, we will actively engage in health management.

Initiatives to Promote the Use of Childcare Leave by Men

Childcare leave usage rate



The Group aims to create an environment in which all employees who are raising children, including women, men and LGBTs, can take childcare leave by 2030. To this end, we aim to achieve men's childcare leave usage rate of 100% by 2023.

J. Front Retailing and Daimaru Matsuzakaya Department Stores introduced a "short-term paid childcare leave system" (up to two weeks) in 2019 to create an environment that makes it easy for men to take childcare leave. Parco gives incentives to its employees who took childcare leave regardless of gender.

Going forward, we will expand the "short-term childcare leave system" to cover other operating companies so that their employees in management positions and people in human resources divisions will strongly encourage their employees to take childcare leave.

【J. Front Retailing Health Declaration】

J. Front Retailing Group (the "Group") aims for the Well-Being Life (both mentally and physically fulfilling life) by realizing the Group Vision "Create and Bring to Life "New Happiness." To this end, we think it is very important that individual employees live a Well-Being Life and are happy. Health underlies Well-Being Life. Health is essential for employees themselves and their families and it is the management foundation of the Group that considers human resources as its most important assets.

With this recognition, the Group will actively work to maintain and improve the mental and physical health of employees and thereby bring energy to the company to realize growth.

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers' Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	--	------------------------------------	---	-----------------	----------------------	---------------------

→ Well-Being Life Proposed for Customers Creation of Customer Touch Points with Consideration for Safety and Security



NEW

Realization of Customers' Healthy/Safe/Secure Life

Well-Being Life of customers and suppliers

2030 KGI

Realize a Future-oriented Well-Being Life That Satisfies the Mind and Body of Customers

We suggest Well-Being Life that is unique to each customer and a fulfilling and exciting future by providing high quality and comfortable products and services that support the both mentally and physically healthy and safe lives of customers.

Background and our view

Triggered by the COVID-19 pandemic, consumers' values and lifestyles have changed significantly, and there are growing needs for products and services that provide solutions for environmental and social issues and enhance health. Against the backdrop of these changes in the external environment, we will strengthen our effort to realize customers' health, safety and security as our new materiality issue.

2030 KPIs

- Expand ethical consumption in overall lifestyle
- Provide excitement to daily life and create new customer experiences by expanding the entertainment and wellness businesses
- Customer awareness and sympathy for the Group's sustainability activities: 80%

Measures to achieve KPIs by 2030

- Strengthen the offering of certified products
- Launch a wellness business
- Strengthen hybrid entertainment (live + digital)
- Conduct customer sustainability questionnaire surveys

2030 KGI

Create Safe, Secure, and Resilient Stores with an Eye on the Future

We will address disaster prevention, infection risks and BCP (business continuity plan) to increase the resilience of our stores. At the same time, by building operational systems that utilize digital technologies, we will create new customer touch points with consideration for safety and security and promote the creation of stores that meet the expectations of society.

Background and our view

Through the COVID-19 pandemic, there are growing needs for safety and security with the aim of preventing infections. The Group will actively work on contactless communication so that customers can enjoy shopping in a safe and secure way.

2030 KPIs

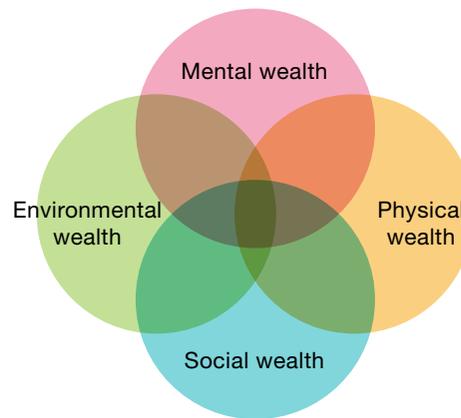
- Create highly resilient stores by adopting the latest technologies to prevent disasters and epidemics and provide comfortable spaces that give consideration to health

Measures to achieve KPIs by 2030

- Provide BCP training periodically
- Transition to a cloud-based system in BCP
- Establish cashless payment
- Expand OMO (Online Merges with Offline) shopping

→ Well-Being Life Proposed for Customers Creation of Customer Touch Points with Consideration for Safety and Security

Well-Being Life Proposed for Customers



The Group thinks “mental wealth,” “physical wealth,” “social wealth” and “environmental wealth” as well as conventional material and economic wealth will lead to the realization of Well-Being Life.

In response to growing customer awareness of ethical consumption, such as selecting products that provide solutions for environmental and social issues, Daimaru Matsuzakaya Department Stores and Parco strive to provide more products and services that support ethical consumption. Going forward, the Group will conduct questionnaire surveys on customer awareness and sympathy for its sustainability activities.

Mental wealth

Provide excitement to daily life and create new experiences that excite customers through art, culture and entertainment.

- Webinar talk event for the generation that has a strong interest in modern art
- 3D view online modern art exhibition and a physical exhibition at the same time in PARCO MUSEUM TOKYO and sold related goods online

and others



Webinar talk event on modern art

Physical wealth

Propose lifestyles such as exercise, sleep, meals, fashion and beauty, which make customers “beautiful and healthy” from inside and outside the body, so that they can enjoy an active life.

- Opening of Welpa, a healthcare mall with new concept, which provides medical care, products and services seamlessly, on the 10th floor of Shinsaibashi PARCO in November 2021
- Concept zone “michi kake,” which offers support to women, in the Daimaru Umeda store and others



Parco's wellness business Welpa

Social wealth

Value “connection” with people and local communities and expand the offering of ethical products. Customers can contribute to society by buying them.

- Ethical consumption events that brought together brands working on sustainability
- Invitation of shops that carry fair trade products that support developing countries
- Event titled Think Local with TOHOKU to support the Tohoku region, which had been hit by the earthquake, by selling its local products

and others



Think LOCAL with TOHOKU

Environmental wealth

Expand the offering of sustainable products and services through which customers can learn about the global environment.

- Sales of organic JAS certified, MSC (marine eco label) certified, and other certified products
- Sales of upcycled products made from marine plastic
- Events to reduce food loss
- Urban beekeeping on the rooftop of the Daimaru Shinsaibashi store that gives consideration to the environment and coexistence with local communities and commercialization of honey collected by these bees

and others



Honey project in Daimaru Shinsaibashi store

Well-Being Life Proposed for Customers → Creation of Customer Touch Points with Consideration for Safety and Security

Creation of Customer Touch Points with Consideration for Safety and Security

Through the COVID-19 pandemic, customer awareness of safety and security is greatly increasing. We will continue to take measures to prevent COVID-19 infections with customers and provide a safe and secure shopping environment, for example, by selling in a new way that uses digital technologies for contactless communication.

Create Resilient Stores

The Group is strengthening its efforts to ensure safety and security. In 2020, we revised the JFR Crisis Management Rules and compiled the JFR Crisis Management Manual in a structured manner.

The stores of Daimaru Matsuzakaya Department Stores and Parco and operating companies periodically provide disaster training and BCP training to prepare for earthquakes and fires. At the same time, in light of the experience when our stores were hit by great earthquakes (the Great Hanshin Awaji Earthquake and the Great East Japan Earthquake), we put in place a safety confirmation

systems to check the status of all employees promptly when a disaster occurs. And we have included in the BCP plan changes to the manual regarding specific actions to take and use of multiple means of communication (e.g. wireless hand-held devices for use during disasters, company smartphones, the corporate intranet, etc.). In addition, the Group places emergency walkie-talkies in all operating companies and we are continuously increasing stockpiles such as drinking water and emergency food.

With regard to COVID-19, we established the Emergency Response Headquarters at an early stage and continue to

take thorough infection prevention measures in an organized manner. In addition, we are verifying the measures we have taken so far and compiling an Infection Response Manual in preparation for a new pandemic in the future.

2020 BCP and disaster prevention initiatives

Item	Details
Crisis management measures	● Revised the JFR Crisis Management Rules and compiled the JFR Crisis Management Manual
Disaster prevention measures	● Periodically provide BCP training in each company and each store in the Group ● Consider the structure of BCP for the systems that respond to disasters in the entire Kanto region
Epidemic prevention measures	● Prepare an Infection Response Manual to prevent COVID-19 infections.
Measures for stranded people	● Measures to increase stockpiles
Enhancing stores' earthquake resistance	● Completed in all stores in 2019

Responsible Marketing

Amid the COVID-19 pandemic, customer awareness of the safety and security of health and food is increasing. Therefore, the Group added an item of “responsible marketing” to the JFR Principles of Action and the JFR Principles of Action for Suppliers as our responsibility to customers in January 2021. We will fulfill our responsibility to customers by considering the health impact of alcohol and processed food and providing correct and easy-to-understand allergy information on food labels.

Daimaru Matsuzakaya Department Stores places the Food

Safety and Security Team (secretariat) in the Compliance and Safety and Security Group of Administration Division to ensure food safety and security. They work with food hygiene staff members of the food department of each store.

Food hygiene staff members conduct hygiene control such as the inspection of kitchens and quality control such as the inspection of labels in accordance with the Food Sanitation Act and the Food Labeling Act on a term, monthly, weekly and daily basis. In June 2021, we started the “hygiene control that incorporates the concept of HACCP*” in accordance with the amended

Food Sanitation Act and we are working harder than ever with suppliers to prevent food poisoning. The Food Hygiene Committee of each store, which is chaired by a store manager, meets monthly and discusses the inspection of kitchens and remedies in response to the results of inspection, the verification of the prevention of food accidents and the measures to prevent recurrence to enhance the risk management of the food department.

Going forward, we will step up efforts to ensure greater food safety and security.

* HACCP is a global food hygiene control system.

Well-Being Life Proposed for Customers → Creation of Customer Touch Points with Consideration for Safety and Security

Measures to Prevent the Spread of the COVID-19 Infection

The Group strives to prevent the COVID-19 infections giving top priority to the safety and security of customers and workers including suppliers.

Daimaru Matsuzakaya Department Stores and Parco take safety and security measures, such as creating an environment that does not have the three Cs and strengthening air conditioning in buildings, to prevent the COVID-19 infection. We ask customers to wear masks, measure their body temperature with thermography, and use alcohol sanitizer at the entrance. In addition, for employees, health management is thoroughly implemented and measures are taken to prevent infections, including the use of anti-droplet shields.

Going forward, while more thoroughly implementing existing measures, we will introduce as many new measures as possible to prevent the spread of infection.

New measures taken by Daimaru Matsuzakaya Department Stores as of August 2021

- Showing the number of customers who stay in the store
- Anti-virus paint on the equipment used by a large number of unspecified customers, including elevators, escalators, powder rooms, and the wrapping desks of food departments
- Placing more sterilizers in employee facilities and others



Temperature check at the store entrance

Safe and Secure Contactless Payment Service

The Group also proceeds with initiatives for contactless cashless payment.

In June 2021, Daimaru Matsuzakaya Department Stores newly added “app payment service” to existing “Daimaru Matsuzakaya app.” A customer can complete his/her payment with just a smartphone by registering his/her Daimaru Matsuzakaya credit card on the app.

Parco operates POCKET PARCO, an app that provides mobile QR code payment service. Furthermore, Parco expanded and improved payment functions and provide one-to-one service based on location information and buying information and distributes owned media PARCO Journal with media commerce function that allows users to buy from the articles of the Journal to improve convenience.

Going forward, we will try new initiatives to contribute to the safety and security of customers.

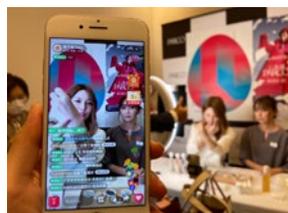


Focus

Contactless Communication Using Digital Technologies

Introduced cross-border live commerce for China

In June 2020, Parco launched cross-border live commerce for China. It is intended to continuously communicate with and provide information for foreign customers amid decreased inbound demand and to support Parco's tenants by creating new sales. We aim to build a sustainable scheme in which each stakeholder can continuously participate even after inbound demand recovers.



Distribution of live commerce

Virtual events for *gaisho* customers

An event for *gaisho* customers Kihinkai was held physically, and at the same time, virtually as live shopping.

We also strengthen the dedicated website “connaissligne,” which offers selected products, information and services to *gaisho* customers. Communication with customers is revitalized through *connaissligne*. For example, a customer who could not travel abroad due to COVID-19 asked for advice about buying luxury brands. Going forward, we will proceed with the shift of our *gaisho* business, mainly sales of luxury brands, to OMO as media that expand customer touch points.



JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

→ Creation of Prosperous Communities in Which People Gather with Stores as Core in Collaboration with Local Communities



2030 KGI

Together with Local People, Create Prosperous Future-oriented Communities in Which People Gather, Centered on Our Store

Together with local communities, governments, NGOs and NPOs, we will use our stores as a base to contribute to the creation of sustainable communities that draw on local assets. We will also identify the charm and attractions of each area and make them widely known so as to offer exciting new experience to its visitors.

Background and our view

Japan's population, while continuing to shrink and age, is increasingly concentrated in urban areas, leaving the non-urban societies to face the challenge of boosting their attractiveness and revitalizing the regions. Companies are expected to work to revitalize not only urban areas but also rural areas. The Group will work with local communities to enhance local attractiveness centered on its nationwide stores.

2030 KPIs

- Make the area more attractive leveraging local uniqueness including culture and history, develop in a way that contributes to attracting crowds to the area
- Shift to CSV in stores (make stores sustainable) throughout the Group
- Promote local revitalization in collaboration with governments, educational institutions, NGOs and NPOs
- Promote local revitalization by finding and providing locality content such as *chisan-chisho*

Measures to achieve KPIs by 2030

- Redevelopment of District 25, Nishiki 3-chome, Naka-ku, Nagoya (planned to open in 2026)
- Redevelopment of 3 key areas: Shinsaibashi, Nagoya and Fukuoka
- Promote industry-academia partnership
- Operate a crowdfunding business
- Collaboration with local companies
- Local revitalization by expanding the sales channels of local products

Coexistence with Local Communities

→ Creation of Prosperous Communities in Which People Gather with Stores at the Core Collaboration with Local Communities

Creation of Prosperous Communities in Which People Gather with Stores at the Core

The Group's business model has been to make the whole area attractive with its store at the core and grow with the area. By implementing this strategy, we will make the area more attractive and contribute to the area.

Development of Local Areas Using Their Attraction

We are developing local areas based on our accumulated ability to develop shops and insights into customer needs by enhancing local attractiveness with our stores at the core and using their uniqueness.

This initiative has its root in the development of shops around our department store in the Former Foreign Settlement in Kobe. The Daimaru Kobe store has invited luxury brands to open their boutiques in buildings around the store in the Former Foreign Settlement to make the area lively and strengthen the ability of the entire area to attract customers. We use this know-how to develop other areas.

Particularly, in Sakae, Nagoya and Shinsaibashi, Osaka, which are the Group's key strategic areas, we are working to add attraction and revitalize them. We will build commercial facilities that maximize synergy between the Department Store and Parco SC, like the Daimaru Shinsaibashi store and Shinsaibashi PARCO,

to create new consumption and customers.

The Group will aim to create attractive areas that coexist with local communities with a long-term perspective by attracting crowds to the areas and developing content toward future lifestyles.

The Group's development of local areas



Shinsaibashi PARCO and BINO Sakae Opened in 2020

In November 2020, Parco opened Shinsaibashi PARCO in the Shinsaibashi area, Osaka and BINO Sakae in the Sakae area, Nagoya.

Shinsaibashi PARCO has become a new landmark of the Shinsaibashi area alongside the "main building of the Daimaru Shinsaibashi store," which reopened after renovation in 2019. Each of these two large buildings distinguishes itself and contributes to the diversity of the area. Using their strengths, they provide various

customers who visit Shinsaibashi with not only tangible goods but also new values, intangible goods and experiences and attract new crowds to the area.

Going forward, we will implement initiatives that enhance local attractiveness based on synergy between the Department Store and Parco like this.

BINO Sakae, along with the Matsuzakaya Nagoya store, contributes to improving shopper circulation around the Sakae area and making the area more



Shinsaibashi PARCO and Daimaru Shinsaibashi



BINO Sakae

attractive. As the Group's stores are concentrated in the Sakae area, Nagoya, we can show our strengths there. Going forward, we will engage in redevelopment projects to revitalize local areas.

Creation of Prosperous Communities in Which People Gather with Stores at the Core → [Collaboration with Local Communities](#)

Collaboration with Local Communities

Using its strength of having stores nationwide and the know-how of retail, the Group will revitalize local areas in collaboration with local stakeholders including governments, schools and NGOs. We also support local suppliers affected by the COVID-19 pandemic.

Local Attractiveness Found and Communicated by Stores

Using its strength of having stores nationwide, the Group contributes to revitalizing local areas by finding and communicating local attractiveness. We will promote local revitalization through initiatives for *chisan-chisho*, or local production for local consumption, such as Daimaru Matsuzakaya's project Think LOCAL and Parco's crowdfunding BOOSTER.

Chisan-chisho through Daimaru Matsuzakaya Department Stores' Think LOCAL project

As part of its sustainability activity, Daimaru Matsuzakaya Department Stores engages in the Think LOCAL project that considers local problems and supports the area. In September 2020, the company ran the Let's Buy, Eat and Be a Part! Campaign consisted of online sales of local specialties from around the country and a digital charity through which donations go to NPOs, etc. in the areas where the stores are located. The company carried out the Best of Japan Delivered to Your Door from Local Food Mart, which sold recommended delicacies



online from where its stores are located, and the online fundraising to support local companies, facilities and organizations affected by the COVID-19 pandemic.

Local revitalization through Parco's crowdfunding BOOSTER*

Parco has evolved its initiatives for local revitalization using crowdfunding BOOSTER, which is jointly operated by Parco and Campfire, Inc. In October 2020, the company, mainly Sendai PARCO, launched #Stand by Tohoku project, which supports traditional crafts, local products, etc. from six prefectures in the Tohoku region to support the artisans and companies that have overcome the Great East Japan Earthquake and have proceeded powerfully.

*Crowdfunding site jointly operated by Parco and Campfire, Inc., which is one of Japan's largest crowdfunding platforms



BOOSTER #Stand by Tohoku

Industry-Academia Partnership to Develop Future Generations

The Group promotes industry-academia partnership agreements to develop future generations.

The Matsuzakaya Nagoya store concluded a comprehensive partnership agreement with National University Corporation Nagoya University in 2017 for the purpose of developing the local area and human resources in the fields of culture, industry, education, and so on. As part of this initiative, we opened an innovation facility Sakae College "Common-S" in 2019.

The Daimaru Kobe store concluded a comprehensive partnership agreement with Kobe Gakuin University in 2018 to revitalize local communities and promote life education. The parties provide local disaster prevention and mitigation education ahead of the rest of Japan to apply the lessons from the earthquake.

Parco concluded an industry-academia partnership agreement with Showa Women's University in February 2021 for the purpose of practical, project-based learning and regional revitalization. Students will address real issues in society and business and utilize their fresh sensibilities to identify issues faced by society and propose plans to solve them.



WEB → Initiatives with Showa Women's University (Japanese only)

Sustainability Initiatives of Operating Companies

JFR Card

JFR Card promotes the online issue of credit card statements, the digitalization of paper-based documents and completely paperless meetings. The company achieved the target percentage of the online issue of credit card statements for fiscal year 2020 with the cooperation of cardholders. In February 2021, the company was certified by the Qualified Security Assessor (QSA) for its compliance with PCI DSS*, the global security standards for credit card numbers, etc., to strengthen security. In addition, by expanding its merchant network to shops around our department stores, the company is creating a cashless environment in the whole areas.

*PCI DSS stands for Payment Card Industry Data Security Standard. It is a set of criteria developed to handle credit card holder data safely.

 → JFR Card website (Japanese only)

J. Front Design & Construction

J. Front Design & Construction's efforts to reduce GHG emissions include the switch to LED lighting in offices and factories, online meetings for promoting paperless practices, and waste reduction by using reusable system panels to construct temporary enclosures in demolition work sites. In designing, the company actively promotes consideration for the environment and the use of energy-saving materials.

For increasing female employees, the company provides human resource development programs and “seminars for women” to promote their understanding of various systems. In addition, they promote diverse work styles by introducing a telework system and a half-day leave system.

 → J. Front Design & Construction website

Dimples'

Dimples' promotes the use of human resources based on individual abilities, performance, aptitudes and motivation. The share of women in management positions is 37.7% in the head office, branches, and outsourcing divisions (as of August 2021). Thus women are widely empowered. Disabled workers mainly support outsourced operations in department stores. In addition, they, as a staffing service company, actively refer job applicants with disabilities to other companies so that they will be hired.

 → Dimples' website (Japanese only)

Daimaru Kogyo

Daimaru Kogyo is working on switching to LED lighting in offices and paperless meetings to reduce GHG emissions.

Its automobile-related departments obtained the international standard ISO 9001 certification to strengthen quality control.

The company also engages in a new business to prevent animal damage, which has become a social issue.

 → Daimaru Kogyo website

Consumer Product End-Use Research Institute

Consumer Product End-Use Research Institute provides the quality tests of various products and consultation concerning product quality. Against the backdrop of recently growing consumer interest in “food safety and security,” the company launched a new business that certifies food safety standards in 2019. Currently, as a JFS standards assessment company of the Japan Food Safety Management Association, they audit and judge whether a company provides food safely.

In addition, in response to the amended Food Sanitation Act in June 2020, which in principle requires all food business operators to implement hygiene control based on the HACCP* principles, the company operates a business to support the introduction of HACCP.

The company also focuses on contribution to local communities, for example, by jointly holding an event for infants “Science Lab” with JFR Kodomo Mirai and participating in the earthquake recovery project of Organization for Small & Medium Enterprises and Regional Innovation, Japan and providing seminars for business operators in the affected prefectures in the Tohoku region.

* HACCP is a global food hygiene control system.

 Consumer Product End-Use Research Institute website (Japanese only)

Angel Park

Angel Park installed two more 200-volt EV charging stands in the car park operated by the company in fiscal year 2020. Thereby they have a total of seven stands including three in the south area of the parking, three in the north area and one in the parking area of Yaba Park. Going forward, the company will respond to EVs, which are expected to increase, to contribute to reducing GHG emissions.

 Angel Park website (Japanese only)

JFR Service

In fiscal year 2020, JFR Service reduced the amount of paper used by approximately 25% from the previous year by going paperless through the promotion of the electronic authentication of internal applications and other measures.

And in order to realize work-life integration, the company has promoted diverse work styles by promoting telework and encouraging employees who are raising children or taking care of their families to work shorter hours and male employees to take childcare leave. The company also actively hired disabled people, which resulted in its employment rate of 5.15%.

 JFR Service website (Japanese only)

JFR Information Center

JFR Information Center strives to go paperless by issuing digital vouchers and promoting the use of online storage. In addition, the company promotes diverse work styles by setting up an infrastructure for telework, for example, by promoting the electronic authentication of internal applications.

 JFR Information Center website (Japanese only)

→ Information Security

Risk Management

The Group’s View and System of Risk Management

The Group defines risk as “uncertainty that affects the achievement of business management goals and has both a positive side and a negative side.” We believe a company will grow in a sustainable way if the positive side and the negative side of risk are addressed properly. In our risk management system, we have formed the Risk Management Committee, which is chaired by the President and Representative Executive Officer and comprises Executive Officers and other members, as an advisory body to the President and Representative Executive Officer. The committee has a secretariat headed by an officer in charge of risk management.

The secretariat shares important matters decided by the committee with operating companies to promote enterprise risk management (ERM).

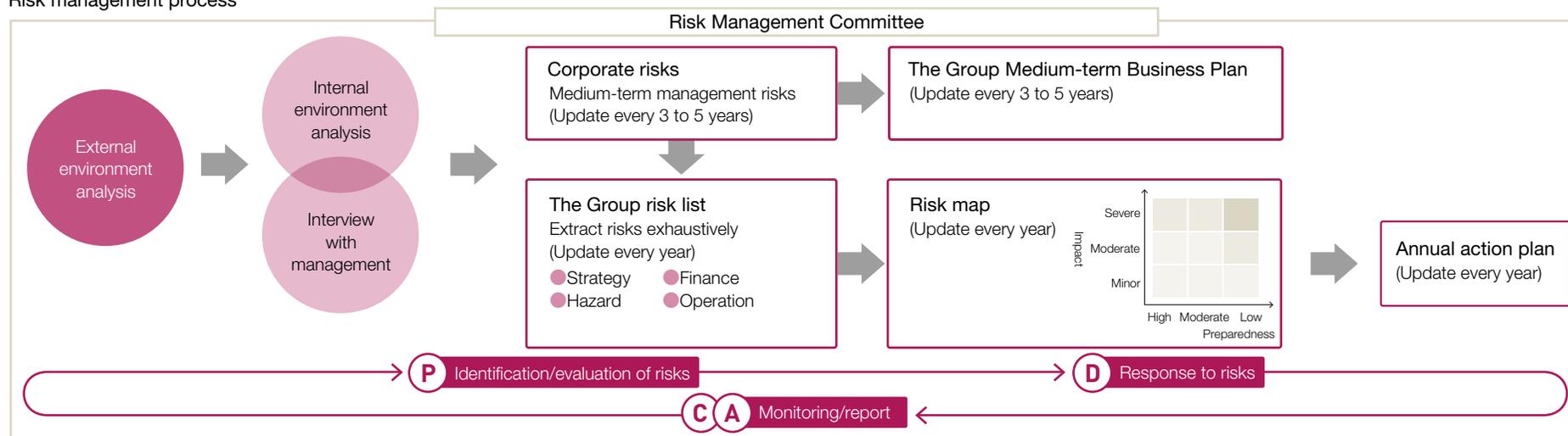
We position risk as the starting point of strategy and link risk with strategy so that we can enhance corporate value through risk management.

Risk Management Process

The Group promotes risk management through the process below. Specifically, based on external and internal environment analyses and the recognition of the management team including Directors and people responsible for practical operations, we strive not to omit any important risks for the Group. Extremely important risks in the Group’s management over the medium term are positioned as “corporate risks,” which are the starting point of the Group’s Medium-term Business Plan.

Annual risks identified based on the “corporate risks” are listed in the “Group risk list” and evaluated using a “risk map” and we implement measures to address them in order of priority.

Risk management process



→ Information Security

Corporate Risk List

The following list summarizes the impact of the fourteen “corporate risks” on the Group and the measures against them. The measures are linked to the Medium-term Business Plan and we periodically manage their progress.

Category	Item	Impact	Outlook for next fiscal year	Negative side	Positive side	Measures
Strategy risk	Decline of existing business models	Very severe	↑	●Decreased vitality of the entire Group due to weak performance of core businesses	●Regrowth by radical change of core business model	●Increasing store appeal and asset value of urban large-scale stores by enhancing content appeal, fusing with digital technologies, and increasing environmental value
	Advanced sustainability management	Very severe	↑	●Defection of investors and shareholders, lower rating due to delay in taking action	●Sustainable growth by steady action	●Realizing Well-Being Life by promoting 7 materiality issues including “realization of decarbonized society”
	Response to increasingly accelerated digitalization	Very severe	↑	●Sluggish growth of the entire Group ●Declining competitiveness	●Changing the business models of existing businesses ●Renewing awareness of real connection with people	●Changing business models through OMO ●Improving communication physically and digitally ●Changing operations by digitalization
	Urban decentralization (Rebalancing between urban and rural areas)	Severe	↗	●Decline in conventional urban commercial facilities’ ability to attract customers	●Business in response to urban decentralization	●Strengthening epidemic prevention and contactless services in urban stores ●Real estate development in urban and semi-urban areas for not only commercial but mixed use
	Changes in consumer behavior after COVID-19	Severe	↘	●Poor performance due to failure to meet consumer needs	●New market development	●Rightsizing commodities ●Enhancing customer satisfaction through OMO ●Strengthening art, culture and ethical products
	Accelerated reorganization and M&A beyond industry boundaries	Severe	↗	●Hostile takeover of the Group	●Overhaul of business portfolio ●Corporate growth using M&A	●Increasing resilience of business portfolio ●Creating new businesses by M&A and business alliance with other companies
	Work styles in new normal era, progress of HR/ organization reforms	Severe	↘	●Talent drain ●Losing the war for talent	●Creating innovation by changing corporate culture	●Strengthening mid-career employment ●Improving flexibility in work styles ●Changing to sustainable organization
	Accelerated income polarization	Severe	↗	●Poor performance due to shrinkage of volume market	●Emergence of new affluent markets	●Rightsizing products/services in volume price ranges ●Deeply cultivating affluent markets with diverse approaches
	Changes in customers, particularly low birthrate / longevity	Severe	↗	●Shrinkage of domestic markets	●Expansion of senior markets	●Deeply cultivating high quality children’s markets ●Creating safe and secure store environment ●Strengthening art/culture/wellness
	Uncertainty about non-Japanese market	Severe	↗	●Prolonged significant decrease in inbound sales	●Acquisition of foreign demand with new approach	●Reviewing inbound strategy ●Strengthening cross-border EC and live commerce
Finance risk	Increasing importance of financing management	Severe	↗	●Business failure due to lack of funds ●Sluggish growth due to financing on unfavorable terms	●Business development by investing in growth areas and securing funds	●Centralizing the Group’s financing and improving fund efficiency ●Diversifying financing methods
	Need for cost structure that can respond to environmental changes	Very severe	↘	●Business survival crisis ●Delay in performance recovery	●Business portfolio realignment ●Investment in growth businesses	●Cost reduction by business model reform ●Narrowing down business base
Hazard risk	Frequent natural disasters / epidemics	Very severe	↗	●Damage to the lives of customers and employees ●Business continuity crisis	●Contribution to ensuring the safety and security of local communities	●Developing manuals for “business continuity” and “response to infections” ●Continuously conducting BCP training
	Increasing importance of information security	Severe	↗	●Loss of social credibility and operating loss due to the leakage of important information ●Delay/stagnation of operations	●Promotion of smooth DX (digital transformation)	●Developing Information Security Policy and IT Governance Policy ●Promoting transition to cloud-based systems ●Improving information literacy through education/training

Information Security

With increasingly sophisticated cyber attacks, the Group promotes security measures based on the NIST*1 Cyber Security Framework to restore as early as possible premised on the assumption that it is impossible to completely prevent from being hacked and that the Group is subject to attack.

CSIRT*2 was established in the Company and the Company works with people responsible for information security management of each company in the Group to develop manuals in preparation for incidents and provide incident response training to strengthen the security management system of the entire Group.

The IT Governance Policy and Rules formulated in 2020 define compliance with the Information Security Policy as one of the Group’s key measures. As such measures, we continuously provide e-learning programs and targeted attack email training for all employees to ensure employees’ compliance with and raise their awareness of information security.

In addition, in light of environmental changes including the penetration of telework and the expansion of cloud services, we are working to introduce the systems that isolate and restore devices for business use at the time of incident and visualize and control unauthorized cloud services. We will take information security measures that are safe and not bound by workplaces. And at the same time, we will put in place systems that promptly analyze and respond to cyber attacks and update them all the time to prevent any omissions in the measures.

*1 National Institute of Standards and Technology
*2 Computer Security Incident Response Team

External Recognition

Third-Party Assurance

Selected as a constituent of the MSCI Japan Empowering Women Index (WIN)*

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Rated 4.5 stars in Nikkei “SDGs Management” Survey 2020

Rated on the “A list” of CDP climate change research 2020

Rated 4 stars in the 4th Nikkei Smart Work Management Survey

Selected as a constituent of the SNAM Sustainability Index

Ranked 2nd in the “overall ranking of three CSR categories” and 1st in the “environment category” in the 15th Toyo Keizai CSR Ranking

Selected as FY2020 Semi-Nadeshiko

Received a “silver” rating in the PRIDE Index 2020

Certified under the Kurumin mark system

Registered with the Whistleblowing Compliance Management System certification (registration system based on the self-declaration of conformity)

Received the Good Performance Prize at the 24th Environmental Communication Awards

Independent assurance statement

Lloyd's Register
LR Independent Assurance Statement
 Relating to J. Front Retailing Co., Ltd.'s Environmental Data within its Integrated Report 2021 for the Fiscal Year 2020

The assurance statement has been prepared by J. Front Retailing Co., Ltd. in accordance with our standard assurance procedures for environmental data.

Terms of engagement

The assurance engagement was undertaken by LR, as commissioned by J. Front Retailing Co., Ltd. ("Client") for the fiscal year 2020 (March 2020 to 29 February 2021), against the assurance criteria set out in a limited form of assurance and the applicability of the professional judgment of the assurance team.

Assurance objectives

The assurance engagement covered the following and its associated subsidiaries' operations and activities:

- Scope 1 and 2 GHG emissions
- Water consumption
- Wastewater discharge
- Landfill waste
- Hazardous waste
- Non-hazardous waste
- Air quality
- Noise
- Air pollution
- Soil pollution
- Biodiversity
- Land use
- Environmental impact
- Environmental risk
- Environmental compliance
- Environmental reporting
- Environmental management system
- Environmental policy
- Environmental objectives
- Environmental indicators
- Environmental data
- Environmental information
- Environmental communication
- Environmental risk management
- Environmental impact assessment
- Environmental impact monitoring
- Environmental impact mitigation
- Environmental impact restoration
- Environmental impact compensation
- Environmental impact avoidance
- Environmental impact prevention
- Environmental impact control
- Environmental impact reduction
- Environmental impact elimination
- Environmental impact minimization
- Environmental impact management
- Environmental impact planning
- Environmental impact implementation
- Environmental impact evaluation
- Environmental impact review
- Environmental impact improvement
- Environmental impact innovation
- Environmental impact leadership
- Environmental impact excellence
- Environmental impact sustainability
- Environmental impact resilience
- Environmental impact adaptability
- Environmental impact inclusivity
- Environmental impact transparency
- Environmental impact accountability
- Environmental impact responsibility
- Environmental impact integrity
- Environmental impact trustworthiness
- Environmental impact credibility
- Environmental impact reliability
- Environmental impact consistency
- Environmental impact coherence
- Environmental impact complementarity
- Environmental impact synergy
- Environmental impact multiplier effect
- Environmental impact ripple effect
- Environmental impact domino effect
- Environmental impact chain reaction
- Environmental impact butterfly effect
- Environmental impact leverage effect
- Environmental impact catalytic effect
- Environmental impact multiplier effect
- Environmental impact ripple effect
- Environmental impact domino effect
- Environmental impact chain reaction
- Environmental impact butterfly effect
- Environmental impact leverage effect
- Environmental impact catalytic effect

Assurance standards, competence and independence

The assurance engagement was undertaken in accordance with the assurance procedures set out in the assurance statement and the assurance criteria set out in a limited form of assurance and the applicability of the professional judgment of the assurance team.

Assurance objectives

The assurance engagement covered the following and its associated subsidiaries' operations and activities:

- Scope 1 and 2 GHG emissions
- Water consumption
- Wastewater discharge
- Landfill waste
- Hazardous waste
- Non-hazardous waste
- Air quality
- Noise
- Air pollution
- Soil pollution
- Biodiversity
- Land use
- Environmental impact
- Environmental risk
- Environmental compliance
- Environmental reporting
- Environmental management system
- Environmental policy
- Environmental objectives
- Environmental indicators
- Environmental data
- Environmental information
- Environmental communication
- Environmental risk management
- Environmental impact assessment
- Environmental impact monitoring
- Environmental impact mitigation
- Environmental impact restoration
- Environmental impact compensation
- Environmental impact avoidance
- Environmental impact prevention
- Environmental impact control
- Environmental impact reduction
- Environmental impact elimination
- Environmental impact minimization
- Environmental impact management
- Environmental impact planning
- Environmental impact implementation
- Environmental impact evaluation
- Environmental impact review
- Environmental impact improvement
- Environmental impact innovation
- Environmental impact leadership
- Environmental impact excellence
- Environmental impact sustainability
- Environmental impact resilience
- Environmental impact adaptability
- Environmental impact inclusivity
- Environmental impact transparency
- Environmental impact accountability
- Environmental impact responsibility
- Environmental impact integrity
- Environmental impact trustworthiness
- Environmental impact credibility
- Environmental impact reliability
- Environmental impact consistency
- Environmental impact coherence
- Environmental impact complementarity
- Environmental impact synergy
- Environmental impact multiplier effect
- Environmental impact ripple effect
- Environmental impact domino effect
- Environmental impact chain reaction
- Environmental impact butterfly effect
- Environmental impact leverage effect
- Environmental impact catalytic effect

Environmental data (Scope 1, 2 and 3 GHG emissions, water and waste) in this report have received independent third-party assurance from Lloyd's Register Quality Assurance Limited to ensure reliability.

WEB → Acquisition of third-party assurance

Sustainable Finance

Issued sustainability bonds

In April 2021, the Company issued “sustainability bonds” for the first time. The Company received external evaluation (third-party evaluation) from Japan Credit Rating Agency, Ltd. (JCR) for its conformity to principles including the Sustainability Bond Guidelines.

*Bonds where the proceeds are used for projects that both: (1) have a positive impact on the environment (environmental/green features) and (2) contribute to solving social issues (social features)

Signed a loan agreement for the “Positive Impact Finance”

The Company has signed a loan agreement with Sumitomo Mitsui Trust Bank, Limited for the Positive Impact Finance in an alignment with the Principles for Positive Impact Finance established by the United Nations Environmental Programme Finance Initiative for the first time as a retailer. To sign the agreement, the Company has received a third-party opinion from JCR concerning the evaluation procedures.

*The inclusion of J. Front Retailing Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or Index names herein do not constitute a sponsorship, endorsement, or promotion of J. Front Retailing Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

JFR Sustainability Management	JFR Materiality Issues	Realization of Decarbonized Society	Promotion of Circular Economy	Management of the Entire Supply Chain	Promotion of Diversity & Inclusion	Realization of Work-Life Integration	Realization of Customers Healthy/Safe/Secure life	Coexistence with Local Communities	Sustainability Initiatives of Operating Companies	Risk Management	External Recognition	Sustainability Data
-------------------------------	------------------------	-------------------------------------	-------------------------------	---------------------------------------	------------------------------------	--------------------------------------	---	------------------------------------	---	-----------------	----------------------	---------------------

→ Environmental Data Social Data Corporate Governance Data

Environmental Data

		Boundary	Unit	2016	2017	2018	2019	2020		
Scope 1 and 2 greenhouse gas (GHG) emissions	CO ₂ emissions	Scope 1 results	Consolidated	t-CO ₂	–	14,548	13,823	13,074	11,170	
		YoY change	Consolidated	%	–	–	▲ 5.0	▲ 5.4	▲ 14.6	
	*Received third-party assurance	HFC emissions	Scope 1 results	Consolidated	t-CO ₂	–	1,504	2,137	2,140	813
			YoY change	Consolidated	%	–	–	42.1	0.2	▲ 62.0
Total	Scope 1 and 2 results	Consolidated	t-CO ₂	–	194,154	182,566	162,508	132,106		
		YoY change	Consolidated	%	–	–	▲ 6.0	▲ 11.0	▲ 18.7	
Scope 3 GHG emissions	Scope 3 results	Consolidated	t-CO ₂	–	3,074,960	3,123,238	3,782,555	2,922,739		
*Received third-party assurance	YoY change	Consolidated	%	–	–	1.6	21.1	▲ 22.7		
Energy usage	Electricity usage	Consolidated	MWh	–	333,514	328,900	327,851	288,691		
		YoY change	Consolidated	%	–	–	▲ 1.4	▲ 0.3	▲ 11.9	
	City gas usage	Consolidated	MWh	–	70,353	67,118	64,095	58,064		
		YoY change	Consolidated	%	–	–	▲ 4.6	▲ 4.5	▲ 9.4	
	Gasoline, light oil, heavy oil A, natural gas usage	Consolidated	MWh	–	6,888	6,379	5,537	3,083		
		YoY change	Consolidated	%	–	–	▲ 7.4	▲ 13.2	▲ 44.3	
	Steam, cold water, hot water usage	Consolidated	MWh	–	64,758	65,969	68,730	54,133		
		YoY change	Consolidated	%	–	–	1.9	4.2	▲ 21.2	
Total energy usage	Consolidated	MWh	–	475,513	468,366	466,214	403,973			
YoY change	Consolidated	%	–	–	▲ 1.5	▲ 0.5	▲ 13.4			
Ratio of renewable energy to total electricity usage	Renewable energy ratio	Consolidated	%	–	0.0	0.0	4.0	10.3		
	YoY change	Consolidated	%	–	0.0	0.0	4.0	6.3		
Water usage	Water usage	Consolidated	m ³	–	–	–	–	2,065,467		
	*Received third-party assurance	YoY change	Consolidated	%	–	–	–	–		
Waste generation* ¹ (including food waste)	Waste generation	Consolidated	t	–	–	–	–	9,216		
Food waste	Food waste	Daimaru Matsuzakaya Department Stores	t	1,824	2,081	1,835	1,769	1,029		
	YoY change	Daimaru Matsuzakaya Department Stores	%	19.4	14.1	▲ 11.8	▲ 3.6	▲ 41.8		
Food recycling ratio	Food recycling ratio	Daimaru Matsuzakaya Department Stores	%	59.8	53.7	57.4	59.6	64.3		
	YoY change	Daimaru Matsuzakaya Department Stores	%	▲ 5.7	▲ 6.1	3.7	2.2	4.7		
Packaging material usage	Packaging material usage	Daimaru Matsuzakaya Department Stores	t	2,409	2,370	2,236	2,030	1,075		
	YoY change	Daimaru Matsuzakaya Department Stores	%	▲ 5.6	▲ 1.6	▲ 5.7	▲ 9.2	▲ 47.0		

*1 Waste includes general waste, industrial waste and food waste.

Environmental Data → **Social Data** Corporate Governance Data

Social Data

	Boundary	Unit	2016	2017	2018	2019	2020
Number of employees	Consolidated	People	10,732	10,429	10,276	9,844	9,635
Share of female employees	Consolidated	%	—	57.2	56.8	57.0	56.3
Share of women in management positions*1	Consolidated	%	12.2	14.3	14.7	16.6	19.9
Number of new graduate hires	Consolidated	People	58	79	94	76	94
Men	Consolidated	People	24	36	44	38	41
Women	Consolidated	People	34	43	50	38	53
Share of female new graduate hires	Consolidated	%	58.6	54.4	53.2	50.0	56.4
Employment rate of disabled people	Consolidated*2	%	—	—	2.21	2.21	2.21
Number of foreign employees	Consolidated	People	—	—	15	14	40
Share of foreign employees	Consolidated	%	—	—	0.1	0.1	0.4
Employee turnover rate*3	Consolidated	%	—	3.6	3.3	3.9	1.9
Involuntary turnover rate	Consolidated	%	0	0	0	0	0
Number of employees who took childcare leave	Daimaru Matsuzakaya Department Stores	People	186	175	203	161	139
Number of employees working shorter hours for childcare	Daimaru Matsuzakaya Department Stores	People	135	137	166	157	209
Return rate after childcare leave	Daimaru Matsuzakaya Department Stores	%	89.3	93.0	97.4	89.5	94.4
Number of men who took childcare leave	Consolidated	%	—	—	—	—	18.8
Number of employees who took long family care leave	Daimaru Matsuzakaya Department Stores	People	2	2	10	3	2
Number of employees who took short family care leave	Daimaru Matsuzakaya Department Stores	People	20	31	42	30	30
Number of employees working shorter hours for family care	Daimaru Matsuzakaya Department Stores	People	1	0	1	0	0
Percentage of employees earning minimum wage by region*4	Daimaru Matsuzakaya Department Stores	%	0	0	0	0	0
Health examination participation rate	Daimaru Matsuzakaya Department Stores	%	99.7	99.7	99.9	99.6	100
Stress check response rate	Daimaru Matsuzakaya Department Stores	%	94.0	95.9	96.4	96.5	97.4
Number of labor accidents (work accidents)	Consolidated*5	—	31	40	38	68	81
Number of labor accidents (commutation accidents)	Consolidated*5	—	25	26	17	23	38
Number of harassment cases	Consolidated	—	16	14	22	50	40
Number of usage of JFR Group Compliance Hotline	Consolidated	—	22	28	24	36	24
Data security: Number of data breaches*6	Consolidated	—	0	0	0	0	0

*1 Manager level or above

*2 As of June each year, in the special scope of associates

*3 Number of retired employees during the year / Number of employees at the beginning of the year × 100 (%) (The number of retired employees excludes employees who retired because of mandatory retirement age, transfer and appointment as an officer.)

*4 Grade 1 and 2 dedicated employees of Daimaru Matsuzakaya Department Stores paid according to a wage table by region

*5 Figures up to FY2018 are for Daimaru Matsuzakaya Department Stores.

*6 Confidential information breaches and personal data breaches

Environmental Data Social Data → Corporate Governance Data

Corporate Governance Data

	Unit	2016	2017	2018	2019	2020	2021
Directors	People	9	13	13	13	13	12
Men	People	8	12	11	11	12	9
Women	People	1	1	2	2	1	3
Independent Outside Directors	People	2	5	5	6	6	6
Men	People	1	4	3	4	5	4
Women	People	1	1	2	2	1	2
Share of independent Outside Directors	%	22.2	38.5	38.5	46.2	46.2	50.0
Combined Directors and Executive Officers	People	7	5	5	4	4	4
Share of combined Directors and Executive Officers	%	77.8	38.5	38.5	30.8	30.8	33.3
Share of female Directors	%	11.1	7.7	15.4	15.4	7.7	25.0
Audit & Supervisory Board Members	People	5	—	—	—	—	—
Men	People	5	—	—	—	—	—
Women	People	0	—	—	—	—	—
Independent Outside Audit & Supervisory Board Members	People	3	—	—	—	—	—
Men	People	3	—	—	—	—	—
Women	People	0	—	—	—	—	—
Share of independent Outside Audit & Supervisory Board Members	%	60.0	—	—	—	—	—
Share of female Audit & Supervisory Board Members	%	0	—	—	—	—	—

*J. Front Retailing made the transition to a Company with Three Committees (Nomination, Audit and Remuneration Committees) at the Annual Shareholders Meeting held on May 25, 2017.

Well-Being Life

Create and Bring to Life "New Happiness."



J. FRONT RETAILING