

To Realize Well-Being Life for Customers

Resilient Supply Chain Created with Suppliers

Empowerment of Diverse Human Resources

# Society

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## To Realize Well-Being Life for Customers

The Group thinks of Well-Being Life as “both mentally and physically fulfilling life” that realizes spiritual and physical wealth and social and environmental wealth as well as material and economic wealth. The Group is working with suppliers to create new customer experience and develop attractive stores and communities that coexist with local areas using its commercial production capability and real estate assets.

### Provision of Excitement to Daily Life and Creation of New Customer Experience

The Group would like to provide excitement and exciting new customer experience to customers' lives making best use of its unique characteristics (beauty, health, high quality, culture, trust, etc.) and strength (ability to connect makers and users).

#### Asumise, Creating the Cycle of Encounters

In the current situation in which people are expected to keep their distance from others and their lifestyles are changing, Daimaru Matsuzakaya Department Stores opened a showrooming space for D2C brands\* “asumise” in the Daimaru Tokyo store in October 2021 using the strength of the Department Store that has physical stores. Customers scan a QR code placed in the space to buy a product from the brand's e-commerce site instead of buying it in the store. The space does not undergo a large-scale renovation work as in the past, and instead, existing furniture and

fixtures and reusable containers and furniture are used to create environmentally friendly space. The ambassadors who have experience in serving customers in department stores mutually communicate the thoughts of makers and the voices of customers, acting as a link between makers and customers.

Under the concept of a place where new possibilities are created through the “cycle of encounters,” we replace brands every three months to provide new encounters.

\*Brands that sell their products directly to consumers through their own e-commerce sites



#### Voice

IKEZAWA Hiroki, Ambassador, asumise, Daimaru Tokyo Store

The role of the asumise ambassadors is not to sell products at the department store but rather to communicate the background behind the launch of the brand and its values, including social issues, that are not posted on its website. When we told customers what social issues the brand is trying to solve, we received comments: “I was looking for a sustainable product.” and “I have been interested in products that would help solve social issues.” For this reason, we focus our efforts on holding study sessions to hear from the founders of the brands. We feel it is the mission of

ambassadors to learn the brand story and share it with our customers.

I have recently seen an increase in the number of young customers who come to the space saying, “I saw it on Instagram.” They are highly interested in solving social issues and sustainable lifestyles. From this perspective, they have found and visited asumise. We as ambassadors hope to continue to build bridges between the brands and our customers and bring our customers new encounters with new products.



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## Welpa, a Place to Take Care of Yourself

In November 2021, Parco opened a new medical mall Welpa, which provides medical care, products, and services under new concept, in Shinsaibashi PARCO. To make customers' daily lives a little more comfortable, the mall, as a "place to take care of yourself" to make your daily life a little more comfortable, offers a wide range of products and services from medical care to food products that are useful for daily self-care.

Welpa has a lounge that can be used before or after a clinic visit. Visitors can relax on the sofas while sipping a drink. The lounge has a book shelf with a collection of wellness-themed books that are useful for mental and physical health.

Women in their 20's to 40's who are Parco's main customers tend to put themselves on the back burner

in order to take care of their daily work and families and face many health challenges, such as a lack of access to information about health checkups and health care. As Welpa is located in an easily accessible commercial facility, we will support women so that they can make it a habit to take care of themselves while having fun.



Welpa Shinsaibashi

## Parco Entertainment Department

Parco has actively provided new culture since its inception. It has produced a variety of attractive content in theater, music, movies, publishing, and art. Even in a world where freedom of action is restricted, we have also begun new initiatives, such as streaming to provide cultural and mentally fulfilling lifestyles. Furthermore, we have added the collaborative projects that transcend genres to provide entertainment that brings excitement and discovery.



PARCO Theater

## Department Store's First Permanent Aquarium

The Matsuzakaya Shizuoka store opened SMART AQUARIUM SHIZUOKA, the first permanent urban aquarium in a department store in Japan, when it reopened in April 2022 after renovation. The aquarium exhibits about 100 species of fish and provides a relaxing environment for visitors. With consumption shifting from tangible goods to intangible goods, it redefines the value of space and creates new experience for customers.



### Voice

**EJIRI Yuko**, Content Development Department, Parco



Since its opening, Welpa has been featured in many media, mainly in Osaka, and we feel that there is a lot of attention and expectation for our new approach in the field of wellness. We have also received a lot of positive feedback from our customers such as, "The lounge is my favorite place to relax and spend time." and "I would like to use a clinic and a pharmacy here again in the future." We are pleased that our customers are gradually appreciating the value that Welpa wants to deliver.

Going forward, we would like to not only serve as a convenient and comfortable medical mall but also provide opportunities for customers to face their mind and bodies through Welpa's various content to help customers resolve problems and troubles that they have overlooked and taken for granted, and to help them reach the physically, mentally, and socially fulfilled state (Well-Being) while having fun.

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## Collaboration with Local Communities and Creation of Bustling Communities

The Group is working to create bustling communities and make local areas more attractive by developing local areas and promoting local production for local consumption (*chisan-chisho*) in collaboration with local communities and partners.

### Parco Crowdfunding BOOSTER

Parco has evolved its initiatives for local revitalization using crowdfunding BOOSTER, which is jointly operated by Parco and Campfire, Inc.

BOOSTER also collaborates with Daimaru Matsuzakaya Department Stores and launched crowdfunding-based projects to improve the attractiveness of the areas in which its stores are located.

#### Shizuoka MIRUI Project

This is a crowdfunding-based project launched in January 2020 to “help businesses in Shizuoka try something new and solve problems.”

"MIRUI" used in the project name means "young and immature" in the Shizuoka dialect, and with the hope of leading MIRUI to MIRAI (future in Japanese), BOOSTER, Shizuoka PARCO, the Matsuzakaya Shizuoka store, Shizuoka Shimbun, and Shizuoka Broadcasting act as one to support these businesses.



#### Mikke! kyoto

In July 2021, it was launched as a crowdfunding-based project that contributes to improving the attractiveness of Kyoto with the hope that people will find how fascinating Kyoto is.

The Kyoto Shinkin Bank, which is working daily to build bonds in the community, and the Daimaru Kyoto store, which was founded in Fushimi, Kyoto about 300 years ago and has operated supported by local people, collaborate to communicate the appeal of Kyoto and support businesses in Kyoto.



### Local Revitalization through Industry-Academia Partnership

Tre-Share is Parco's SDGs local revitalization project through industry-academia partnership. With “vitalizing local economy” and “SDGs” as its themes, university students in Tokyo take the lead in searching for attractive local products and services (Treasure) together with local junior and senior high school students and sharing them with a nationwide audience from a student's point of view.

In April 2022, we created with the students of Niigata Prefectural Tsubame Junior High School an opportunity for more people to learn about the charms of the region by selling products in the warehouses of companies in the Tsubame-Sanjo area of Niigata Prefecture through crowdfunding with the theme of how to utilize products that have lost sales opportunities due to replacement with new products.



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## Daimaru Matsuzakaya Department Stores Project for Coexistence with Local Communities Think LOCAL

Think LOCAL is a project to think about and support local issues. We operate the Nippon wo Otoriyose Chisan Ichiba (the best of Japan delivered to your door from local food mart), which introduces and sells delicious specialties and recommended products online, mainly from the areas where our stores are located. In August 2022, Think LOCAL launched “Think LOCAL Web Magazine,” which introduces the appeal of people and activities in each area. While strengthening online sales, we will continue to promote initiatives with local residents at each of our stores.



まちのためにひとのために想いをつなぐ場所になる

### Bussanten (local products fair) that Communicates the Appeal of Hokkaido

Hokkaido Bussanten is the most popular event in the Department Store. At the Hokkaido Bussanten, buyers and planners strive to convey to customers the charms of the region based on their connections with the region and its people by traveling around Hokkaido.

#### Voice

**HONDA Daisuke**, Food Buyer, Merchandising Content Development Division II, Sales and Marketing Headquarters, Daimaru Matsuzakaya Department Stores (left)

**HARA Amita**, Event Planning and Development, Store Planning Promotion Division, Sales and Marketing Headquarters, Daimaru Matsuzakaya Department Stores (right)



#### Do you feel the climate crisis or other environmental changes?

**Honda** The primary industry has changed dramatically in the 19 years I have been in charge of it. The rise in air and sea temperatures is said to be one of the reasons for this change, such as changes in the types of fish caught in nearby waters.

On the other hand, there are also some new standard items that have become available that were not caught in the past. We need to sense the changes in the environment and find new standard items.

#### How conscious are you of connecting with the community and people when planning events?

**Honda** Local food, food processing, and tourism are not made possible without people. My job is to put the charms of the region even local people are unaware of out into the world and add value to them. I am working to create new value from it and thinking about what I can do to increase value by creating connections and relationships with all kinds of people.

**Hara** After being transferred to Sapporo in fall 2019, I realized that Hokkaido has more to offer than just food. Hokkaido has a lot of people, especially immigrants, who know they have enough and create things in a free style. Accordingly, we have decided to organize an event “Hokkaido ni Miserareta Hitotachi (people attracted to Hokkaido)” to propose such a slow lifestyle in Hokkaido.

#### What is the most important message you want to convey to Ms. Hara?

**Honda** “Never to give up” and “to have a story to tell.” I tell her to have a sense of responsibility and continue to work on it until we are satisfied so that she can tell customers a story of what we are thinking about the event through various media before it begins.

**Hara** I learned from Honda and became interested in information transmission, sales promotion, and store planning. I am also sending out information through blog and social media before the event begins to captivate more people and make it possible for those who may not feel comfortable visiting the store because of the COVID-19 pandemic to enjoy it.

### Hakata Daimaru Kyushu Tankentai (Kyushu expedition team)

Under the Kyushu Tankentai project, the department store employees visit cities in Kyushu and Okinawa and cooperate with the governments in collecting information on, finding, and introducing attractive people, tangible goods, intangible goods, culture, and others, which are not yet widely known, to revitalize Kyushu as a whole. The Kyushu Tankentai visited all 119 cities by August 2022 and was certified as an information communication ambassador by 91 cities.

The Kyushu Tankentai won the Grand Prix at the JFR Creation Award 2021, an annual competition held by the Group for business ideas conceived by employees.



Certification ceremony with Naha City

📄 → JFR Creation Award

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## Grow with Local Communities by Creating New Value

The Developer Business in the Group consists of the real estate rental business that develops properties and the design and construction contracting business that undertakes interior construction work in commercial facilities, hotels, etc. It is promoting a business strategy in domestic real estate development with the aim of being an “urban lifestyle developer” that delivers diverse proposals for urban living and helps create highly attractive urban districts.

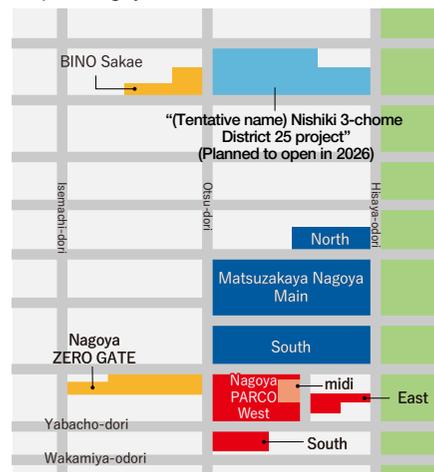
Specifically, the Developer Business will promote large-scale complex development in the prime locations in which the Group’s stores are located and also develop diverse applications including non-commercial ones such as residence, hotels, and offices for the future growth of the Group.

### Began the Construction of “(Tentative Name) Nishiki 3-chome District 25 Project” with Opening Scheduled for 2026

Parco, together with co-developers, is promoting the “(tentative name) Nishiki 3-chome District 25 project” in Nagoya City. With the concept of “a domestic and overseas center for creating cultural and exchange value as a new landmark of Nagoya,” it aims to strengthen the multitiered urban function of the Sakae area. We will aim to improve the attractiveness of the Sakae area by creating synergy with the Group’s existing facilities, such as the Matsuzakaya Nagoya store and Nagoya PARCO. The facility is scheduled to open around summer 2026.

The plan also includes environmental considerations such as the use of natural energy, energy saving, and the securing of at least 20% green space on the planned site. We will also strive to improve disaster preparedness, such as by building an emergency stockpile warehouse and accepting people who have difficulty returning home in the event of a disaster.

Map of Nagoya Sakae area



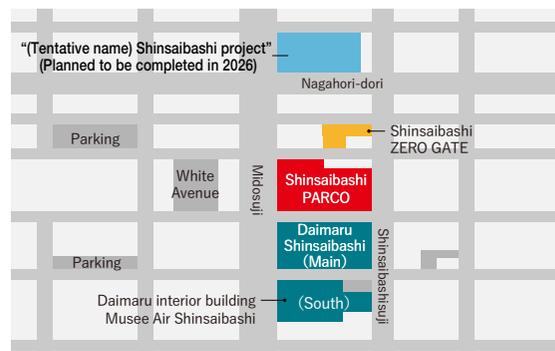
Provided by Mitsubishi Estate Co., Ltd.

### Announced “(Tentative Name) Shinsaibashi Project” with Completion Scheduled for 2026

Parco, together with co-developers, is promoting the “(tentative name) Shinsaibashi project” in the Shinsaibashi area. The planned site is located in a highly visible place at the intersection of Midosuji, which is the main street of Osaka, and Nagahoridori in “Shinsaibashi.”

We are planning to invite luxury brands to open (two- to three-floor) duplex boutiques on its lower floors facing the streets of Midosuji and Nagahori-dori. By merging diverse applications including stores, a hotel, and offices, we aim to attract more crowds to and further revitalize its surrounding area.

Map of Osaka Shinsaibashi area



### Entry into the Residence Business

In April 2022, Parco announced its entry into the residence business as the development of real estate applications not limited to commercial ones. We are planning to develop condominiums for lease and sale in Nagoya, Yokohama, Kyoto, and other cities.



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## Realization of Customers' Health, Safety, and Security

Customers' awareness of health, safety, and security is increasing as the SDGs become more widespread and they live their lives in the COVID-19 pandemic. In response to such changes in customer values and consumption, Daimaru Matsuzakaya Department Stores is working to handle ethical products and create a store environment that customers can feel safe to visit.

### Certified Product Offerings

The Group is strengthening offerings of environmentally and socially friendly products that have acquired third-party certifications to provide our customers with healthy, safe, and secure lives.

Daimaru Matsuzakaya Department Stores surveyed the status of offerings of certified products such as "organic JAS" certified products and products with "international fair trade certification labels" in the grocery and fresh fish sections on the food floor of each store.

Going forward, we will further expand the range of products that satisfy our customers and promote efforts to make our customers aware of our certified product offerings.

Daimaru Matsuzakaya Department Stores results of the survey of certified product offerings (conducted in June 2022)

Name of certification label	Store	Daimaru											Matsuzakaya			
	Sapporo	Tokyo	Kyoto	Umeda	Shinsabashi	Ashiya	Kobe	Suma	Kochi	Shimonoseki	Hakata	Ueno	Shizuoka	Nagoya	Takatsuki	
Organic JAS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
International fair trade certification label	●	●	●	●	●			●	●			●	●	●	●	
Rain Forest Alliance	●		●			●	●	●	●	●	●	●		●		
World Fair Trade Organization (WFTO) Mark			●		●			●								
Good Agricultural Practice (GAP) certification	●		●							●						
Marine Eco-Label (MEL) certification															●	
Roundtable on Sustainable Palm Oil (RSPO) certification										●						

\*We also surveyed about the Marine Stewardship Council (MSC) certified products and the Aquaculture Stewardship Council (ASC) certified products and found no offerings of such products.

### Creation of Store Environment that Is Strong in Disaster and Epidemic Prevention and Reassures Customers

The Group is working in an organized way to thoroughly prevent infection by verifying the measures we have taken so far and compiling the JFR New Infectious Disease Response Manual in preparation for

a new pandemic in the future.

The stores of Daimaru Matsuzakaya Department Stores and Parco periodically provide disaster training and BCP training and take safety and security

measures for customers and employees, such as creating a store environment to prevent infectious diseases such as COVID-19.

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## Contactless Communication Using Digital Technologies

### Virtual Market

Daimaru Matsuzakaya Department Stores opened a next generation store Virtual Daimaru Matsuzakaya in the Virtual Market 2021, the world's largest VR event organized by HIKKY Co., Ltd. In the virtual market in the metaverse, 3D items such as avatars and real goods (clothes, PCs, food and beverages, etc.) can be bought and sold.

During the event, a "metaverse banquet" was held and staff from Daimaru Matsuzakaya Department Stores as avatars served customers and introduced recommended gourmet products. Customers were able to hold a 3D model of a food product in their hands to check the shape of the product before

buying it. More than 100 customers visited the event.

We are working on new communication with customers, shopping experience, and service experience that cannot be experienced in physical stores.



Virtual Daimaru Matsuzakaya

### Digitization of Customer Touch Points through App

The recent COVID-19 pandemic has most clearly revealed how real store-based businesses are limited by "time and place."

Daimaru Matsuzakaya Department Stores and Parco use "app" as digital touch points with customers. The app allows us to connect with our customers 24 hours a day. By providing the most relevant information for each occasion such as before visiting the store, in the store, and after leaving the store, our communication with customers has evolved. Through app, we strive to provide better services and improve CRM\*.

\*CRM stands for Customer Relationship Management, which means building and maintaining good relationships with customers by responding appropriately to customers.

### Parco NFT\* Demonstration Test

In December 2021, Parco concluded a business alliance agreement with HARTi Inc., and is considering using NFT technology in commercial facilities. We collaborated with ANREALAGE, which has a shop in Shibuya PARCO, to produce an NFT of ANREALAGE's logo design and distributed it at the shop in Shibuya PARCO on a first-come, first-served basis. This is one of the projects of CYCLE, a whole building event held at Shibuya PARCO with the theme of "sustainable." It also serves as a demonstration test of a new approach to circular creation that does not overproduce things using NFT. We aim to provide fun and new experience to our customers, both real and virtual.

\*NFT stands for Non-Fungible Token, which uses blockchain technology.

## Voice

**TANAKA Naoki**, Gift Planning and Operation, Food, Merchandising Content Development Division II, Sales and Marketing Headquarters, Daimaru Matsuzakaya Department Stores



We opened a store in the virtual market for the first time at the end of 2020. At that time, store sales significantly decreased due to the COVID-19 pandemic and I was looking for a contactless way to sell. And as a person in charge of gift products, I was concerned that continuing to produce paper catalogs for summer and year-end gifts is not a good idea from the perspective of sustainability and considering producing digital catalogs.

The strength of metaverse is that people can connect with each other in that space. Thankfully, people who have

experienced the Virtual Daimaru Matsuzakaya said on social media, "The Virtual Daimaru Matsuzakaya is fun to play with." I feel that the virtual space is attracting the interest of people who were not familiar with real department stores before.

We are working to make people who live in the metaverse aware of what department stores are like and enjoy them.



Employee avatars

## Resilient Supply Chain Created with Suppliers

The Group has set the “management of the entire supply chain” as its materiality, and promotes compliance with social responsibilities and environmentally friendly initiatives throughout its supply chain. We are committed to building a more sustainable and resilient supply chain by sharing with and disseminating to our suppliers the JFR Principles of Action for Suppliers and reducing risks in the supply chain through human rights due diligence.

### Human Rights Due Diligence

Through the implementation of human rights due diligence, the Group will realize business activities that respect the human rights of consumers, suppliers, and employees, and will contribute to the realization of Well-Being Life for all stakeholders.

#### Human Rights Due Diligence Management Cycle

Amid growing concern about human rights issues in Japan and abroad, such as forced labor and discrimination in supply chains, the Group is working on the PDCA management of human rights due diligence in accordance with the Guiding Principles on Business and Human Rights established by the United Nations and basing all its business activities on respect for human rights.



#### Human Rights Assessment

From October to December 2021, we assessed 7,415 suppliers\* to see the dissemination status of the JFR Principles of Action for Suppliers. As for human rights, we checked their efforts in accordance with the “human rights policy” included in the Principles of Action.

We received responses from 3,012 suppliers, making the response rate 40.6%. We saw no human rights risks to which we should pay close attention in this assessment.

On the other hand, as some suppliers had not yet in place human rights policies or guidelines, we will share the importance of human rights efforts through dialogue with suppliers to encourage them to make improvements.

\*Scope of assessment: Head office of J. Front Retailing, Daimaru Matsuzakaya Department Stores, and seven associates

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## Human Rights Risks

In 2022, the Group identified anticipated human rights risks considering its business characteristics.

And as subjects for considering their impacts on human rights, we identified “employees,” “suppliers (primary suppliers),” and “consumers (customers).”

### Reference Sources for Identifying Human Rights Risks

• International human rights guidelines for business including the United Nations “Guiding Principles on Business and Human Rights” and the Japanese Government “Action Plan on Business and Human Rights”

• The JFR Group Risk List created by exhaustively extracting the Group’s risks

• The “results of the supplier assessment” conducted in fiscal 2021

**WEB** → Results of supplier assessment

• The “results of the harassment questionnaire” given to all employees in the Group

We will focus on identified human rights risks, and at the same time, considering constantly changing environment around human rights, we will review human rights risks periodically and continuously.

FY2022 JFR Group Human Rights Risk List

	FY2022
Employees	<ul style="list-style-type: none"> <li>● All forms of discrimination and harassment</li> <li>● Excessive and unreasonable working hours</li> <li>● Occupational health and safety</li> <li>● Health deterioration caused by an increase in telework due to COVID-19</li> <li>● Leakage of personal information and privacy violation</li> </ul>
Suppliers (Primary suppliers)	<ul style="list-style-type: none"> <li>● Forced labor</li> <li>● Child labor</li> <li>● Restrictions on freedom of association and collective bargaining</li> <li>● Lack or non-payment of wages</li> <li>● Excessive and unreasonable working hours</li> <li>● All forms of discrimination and harassment</li> <li>● Rights of foreign labor</li> <li>● Occupational health and safety</li> <li>● Unfair dismissal of non-regular workers caused by a decrease in demand due to COVID-19</li> <li>● Indirect involvement in human rights risks in supply chains due to geopolitical disputes, etc.</li> </ul>
Consumers (Customers)	<ul style="list-style-type: none"> <li>● Lack of safety in products and services due to insufficient quality checks and illegal inspections</li> <li>● Accidents caused by improper use of products</li> <li>● Health damages caused by alcohol, processed food, etc.</li> <li>● Personal information leakage and privacy violation</li> </ul>

## Prevention and Remedy of Human Rights Risks

In order to prevent and remedy human rights risks, for employees, the Group disseminates the Principles of Action and provides human rights education. For suppliers, we disseminate the JFR Principles of Action for Suppliers and engage in dialogue continuously for improvement. For consumers (customers), we have Customer Consultation Desks and Consumer Product End-Use Research Institute, which conducts tests and provides consulting services concerning product quality. We also strive to provide accurate and easy-to-understand information.

### Establishment of “Harassment Consultation Desk” and “Whistleblowing System” to Respect Employees’ Human Rights

The Group has established the Harassment Prevention Committee and the Harassment Consultation Desk to eliminate harassment, which it considers as one of human rights risks. 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.

\*The number of reports to the JFR Group Compliance Hotline in fiscal 2021: 46

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## Dissemination of the JFR Principles of Action for Suppliers

The Group aims to build a supply chain that takes the environment and human rights into consideration by sharing with and disseminating to its suppliers the JFR Principles of Action for Suppliers.

### Assessment concerning the JFR Principles of Action for Suppliers

From October to December 2021, the Group assessed its suppliers who have supported the JFR Principles of Action for Suppliers for the first time to see the status of understanding of and compliance with the Principles of Action.

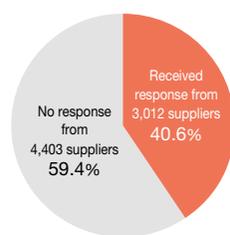
#### 【Overview】

- Companies that conducted the assessment: Head office of J. Front Retailing, Daimaru Matsuzakaya Department Stores, and seven associates
- Scope: 7,415 suppliers (primary suppliers) with whom the JFR Principles of Action for Suppliers are shared
- Questions
  - Confirmed “compliance with the policy” and “internal dissemination” in accordance with six items of the guidelines for action for suppliers (12 questions)
  - Human rights: Added questions in accordance with the human rights policy. (five questions)
  - Environment: Added the “clarification of responsibility system” and the “presence of medium- to long-term goals.” (two questions)
- Assessment criteria
  - Suppliers who answered “Yes” to 80% or more of total questions (16 or more out of 19 questions) are deemed to comply with the Principles of Action.
  - Suppliers who answered “Yes” to less than 30% of total questions (less than six questions) are candidates for dialogue, which is the next step.

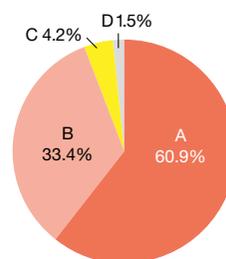
#### 【Assessment results】

Questionnaires were sent to 7,415 suppliers (primary suppliers) of the Group, of which 3,012 suppliers responded, making the response rate 40.6%. Approximately 60% of the suppliers answered “yes” to 80% or more of total questions, which is a measure of the degree to which the Principles of Action have permeated, and we deem that the Principles of Action are being disseminated. And the percentage of the suppliers with whom we would engage in dialogue was only 1.5%.

Assessment response rate  
n=7,415



Dissemination rate of the JFR Principles of Action for Suppliers  
n=3,012



No. of questions answered “Yes” out of 19 questions	No. of suppliers who answered
A: 16 or more (80% or more)	1,833
B: 10 or more	1,008
C: 6 or more	126
D: Less than 6	45

Status of compliance with six items of the guidelines for action for suppliers	(1) Fair business activities	(2) Consideration for human rights and the work environment	(3) Consideration for the environment	(4) Consideration for the safety and security of products and services	(5) Responsible marketing	(6) Contribution to local communities
A	94.9%	58.4%	48.4%	96.0%	94.4%	69.2%
B	3.7%	29.1%	41.0%	2.3%	2.5%	6.1%
C	0%	6.9%	0%	0%	0%	0%
D	1.4%	5.6%	10.6%	1.7%	3.1%	24.7%

#### 【Action after assessment】

When some problems are found as a result of assessment, the Group provides a venue for dialogue with relevant suppliers as necessary. We will share the results of assessment with suppliers and make them understand our view of supply chain management and the importance of complying with the Principles of Action through dialogue while grasping the status of suppliers and encouraging them to make improvements.

### Ongoing Activities for Understanding and Dissemination

In October 2019, Daimaru Matsuzakaya Department Stores held the first explanatory meeting for major suppliers for the purpose of making them understand and disseminating the Principles of Action for Suppliers. This was followed by the “explanatory meeting concerning Daimaru Matsuzakaya Department Stores’ initiatives

to realize a decarbonized society” held in April 2022 (attended by 300 people from 253 companies).

Parco also promotes understanding and dissemination of the Principles of Action for Suppliers through the activities of Parco Kai, which is made up of tenants who operate in its stores.

# Empowerment of Diverse Human Resources

The Group will create innovation and increase productivity by realizing diversity & inclusion and work-life integration. By doing so, we will create value and thereby create new business opportunities.

## Investment in Human Capital

The Group promotes sustainability management and thinks that the greatest management resources to achieve its business goals are “people” and that a company cannot grow and develop without the growth of human resources. Positioning “employees as treasure (assets),” we aim to realize a “human resource development company” that maximizes employees’ personalities and abilities and develops human resource capabilities.

### Basic Idea

The Group defines “human resource capabilities” as the ability to create value in the future through human resource value (intention and motivation, learning ability, innovation and creativity ability, influence, negotiation ability, and development ability), values, spirit, character, and orientation and interests. Based on this recognition, concerning personnel systems, we promote human resource development by evaluating each employee’s “human resource capabilities” through a variety of

assessments and practicing a future-oriented approach to the selection of the right people for the right jobs, especially for young and middle-level workers, while placing emphasis on results.

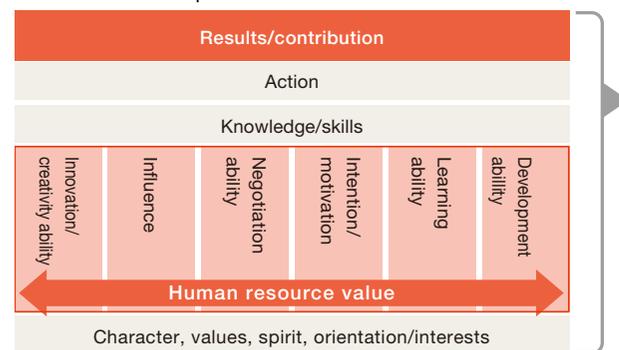
At the same time, we respect diversity, and by creating an environment with diverse and flexible work styles, we aim to create a company in which each and every employee can feel fulfilled, motivated, and happy at work.

### Human Resource Development

Premised on the idea that people grow through jobs, the Group links four actions including recruitment, allocation, evaluation, and development and increases the energy that will become a growth engine to develop human resources. Our training programs include the ones provided to all employees at certain career stages and when they are promoted to line positions and the ones for selected employees such as the JFR Schools that aim to develop the next managerial talents. In fiscal 2022, we introduced recommendations from each division and voluntary participation by trainees to find new human resources. Particularly, we strive to speed up the appointment of young employees through tough assignments and human resources exchanges.

In addition, we provide extensive self-development courses named Career Support College and employees can receive a subsidy from the Company when they complete the course. In fiscal 2021, we targeted 1,019 employees (1,487 employees in total) for basic training for employees within two years of joining the Group, career development training for employees at around 27 years of age, training for newly appointed general managers and managers, and other management-tier-specific training held

Human resource capabilities

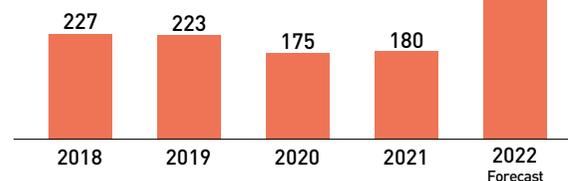


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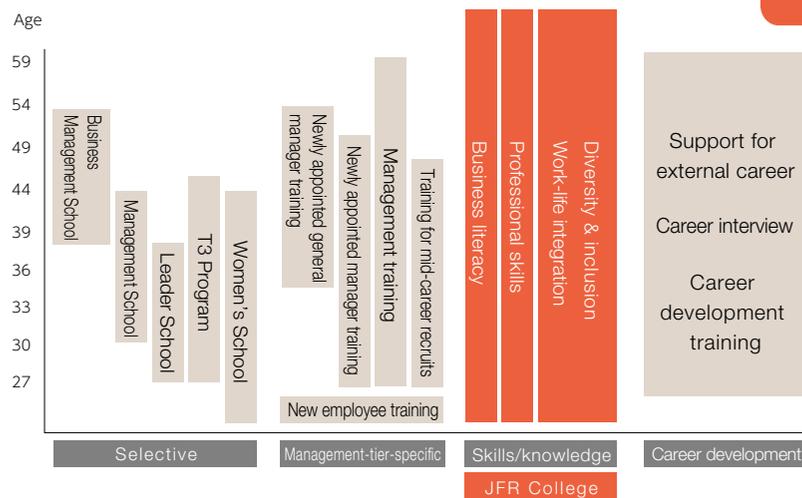
every six months.

Going forward, by identifying the places and content best suited for providing opportunities for reskilling and actually providing such opportunities while staying closely attentive to the business model reform of the core Department Store Business and the SC Business and business portfolio transformation, we will aim to further enhance human resource capabilities by providing greater assistance to each individual so that they can autonomously plan their own careers.

JFR education/  
recruitment cost (Millions of yen)



Career development system



## Recruitment of Professional Talent

The Group has also invested in human capital in growth areas, such as the Developer and the Finance in light of business portfolio, actively recruiting human resources with required professional skills, and in fiscal 2021, a total of 103 people (49 people in fiscal 2020) were hired in the Group.

We also continue the Mother Recruitment program for women who left their jobs for childcare but aim to advance their career by exercising their ability to the fullest and hired six women in fiscal 2021, including four who joined the Group in fiscal 2022, under this program.

Topics

### Desirable Shape for the Future about Which We Think with the Next Generation

In November 2021, we launched the JFR Group's Desirable Shape for 2030 Project, which is a cross-group project. It is under the direct control of the President and Representative Executive Officer, and is composed of diverse members, mainly young people. In the project, we conducted depth interviews with a total of more than 50 people including real consumers mainly in their 20s and experts inside and outside the Group and held workshops 25 times in total. Using them, we will develop message that helps employees change their mindset and behavior and concrete action plans based on future changes in consumers and society.

Engage thoroughly with individual employees

Operating company-specific skill training

Improvement of human resources capabilities through the JFR College

- Business literacy
  - Conceptual skills
  - Human skills
  - Technical skills
- Professional skills
  - Digital (thought, literacy)
  - Languages
  - Professional abilities (legal affairs, financial affairs, personnel affairs, etc.)
  - Send to external training/seminars
  - Send to external organizations
  - Qualification acquisition support (IT Passport, a registered real-estate broker, etc.)
- Diversity & inclusion  
Work-life integration
  - Women's empowerment promotion program
  - LGBT training, ally promotion program
  - Harassment prevention
  - Liberal arts
  - Career design
  - Life plan

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## Value Creation through Respect for Diversity

With awareness that the diversity of human resources is the source of corporate competitiveness, the Group will create new value by combining different elements through constructive discussions between diverse human resources who respect each other.

### Business Growth through the Promotion of Women's Empowerment

As the Group's female employees account for 55.6% of the total workforce, we position the promotion of women's empowerment as an important management strategy for corporate growth, and we are strengthening such efforts.

#### Women's Empowerment Promotion Project

In April 2022, we set up the Women's Empowerment Promotion Project directly under the President and Representative Executive Officer. The members selected from each operating company (men and women mainly in their 30s to 40s) extracted each company's challenges in promoting women's empowerment and discussed the creation of the environment in which women can exercise their individuality and abilities to the fullest. Finally, the project members made recommendations to the President and Representative Executive Officer to lead them to the top commitment.

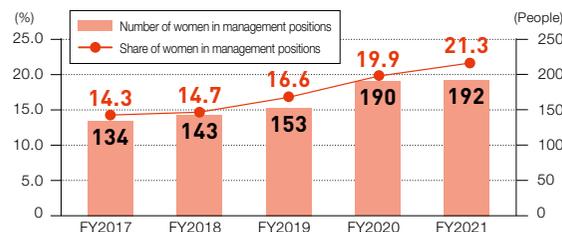
The Group would like to foster corporate and organizational cultures in which not only women but diverse employees are empowered through this project.



Members of Women's Empowerment Promotion Project

#### Linkage to Officer Remuneration

As a non-financial indicator of performance-linked stock-based officer remuneration, we set the "share of women in management positions at 26%" (at the end of fiscal 2023), which is also linked to a materiality KPI for 2023, to clarify the management's responsibility for achieving the target.



\*The share of women in management positions in FY2021 received third-party assurance from LRQA Limited.

#### Appointment of Female Directors

J. Front Retailing has three female Directors (one Inside Director and two Outside Directors) of a total of ten Directors as of the end of May 2022, making the share of female Directors 30%.

### LGBT Initiatives

In March 2021, the Group newly established the "Same-Sex Partnership Rules" and a "gender change support leave system." In addition, all operating companies have set up an "LGBT Consultation Desk" where employees can consult anonymously.

The "JFR conduct policy" and the "human rights

### Encouraging Men to Take Childcare Leave

The Group aims to create an environment in which each employee can balance work and family life, while enjoying a fulfilling and rewarding career, without being constrained by conventional gender role divisions, and to realize Well-Being Life for employees.

Based on this recognition, in order to achieve a 100% paternity leave usage rate (target for fiscal 2023), we have developed the systems that make it easier for employees to take childcare leave to promote the participation of men in childcare. Specifically, Daimaru Matsuzakaya Department Stores, JFR Card, JFR Service, and JFR Information Center introduced a short-term paid childcare leave system (up to two weeks), and Parco provides an incentive to its employees who took childcare leave, regardless of gender. Going forward, we will further promote the use of childcare leave by making the systems known to all employees and by encouraging managers who have eligible employees under their supervision.

#### Paternity leave usage rate (consolidated)

FY2020	FY2021
18.8% (eight users)	43.6% (24 users)

\*The paternity leave usage rate in FY2021 received third-party assurance from LRQA Limited.

policy" clearly state the prohibition of discrimination and harassment based on sexual orientation and gender identity. We are actively working to promote understanding among all employees and create a new corporate culture through management training, e-learning, and internal awareness-raising activities.

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## Empowerment of Disabled People

Based on the recognition that the employment of disabled people is a corporate social responsibility, the Group is promoting hiring and the creation of an easy-to-work-in environment at its operating companies.

### Special Subsidiary Company JFR Create Co., Ltd.

JFR Create was established as a special subsidiary company wholly owned by J. Front Retailing in 2017. The company name is derived from "Create the Future," one of the Group's guidelines for action, JFR WAY.

In the early days, the company's business was mainly light work, such as making ribbons and price tags for gifts of the Department Store and sorting internal mail. However, in response to the needs of the Group companies, in 2021, the company started cleaning the offices of each company and setting up digital devices such as smartphones for company use, and in 2022, began checking vouchers at Daimaru Matsuzakaya Department Stores as a new attempt to work together with able-bodied

people. By doing so, it is expanding the scope of its business every year. In particular, as digitization progresses, the need for light-duty work, which used to be a field of activity for disabled people, is shrinking. In this situation, the digital device setup business is attracting attention from other companies employing disabled people as a new field for their empowerment.

Since its establishment, the company has opened up opportunities for employees with diverse characteristics, and now there are more than 40 different types of operations. The company is now responsible for a wide range of back-office operations for the Group, and will continue to expand opportunities to empower disabled people by collaborating with the Group companies.



**Company Icon "Irotoridori no Kosei (colorful individuality)"**

\*JFR Create is staffed by members with various disabilities. The members created this icon with the hope of being a company where people understand their own characteristics and respect each other.

- Data** (as of June 2022)
  - Workforce 38 people (including full-time officers)
  - Disability certificate holders 29 people (intellectual 13, severe intellectual 5, mental 10, physical 1)
  - Average age 25.8
  - Retention rate after one year of employment 86.1%

- Recognition**
  - Sep 2017 Registered as an "Excellent Support Company for the Disabled in Osaka"
  - Sep 2019 Received the "Heartful Company Vocational Education Contribution Award" of the Osaka Prefecture
  - Jan 2020 Certified by the Ministry of Health, Labour and Welfare as a "company empowering people with disabilities"
  - May 2022 Certified by the Ministry of Health, Labour and Welfare as an "outstanding small and medium-sized business for its efforts to hire more people with disabilities (MONISU)"



## Voice

**YAMAGISHI Takuya**, Manager and President Staff, Operation Group, JFR Create

JFR Create has 29 members with disabilities (as of June 2022). We aim to help each member grow by increasing the number of tasks he or she can perform while performing tasks that make the most of individual characteristics. For example, we produce about 20,000 ribbons a month for the Department Store's gifts. We are



carefully making them to ensure that there is not the slightest distortion and help people feel the joy of giving gifts.

We consider each person's disability to be an individuality, and we aim to create a workplace where all employees support each other equally and fairly, and where each can demonstrate his or her abilities. We also place importance on creating stable workplaces for disabled people, developing human resources

who can contribute to society through their work, and providing support for the development of disabled people in the community. The members working for the company have many experiences in pursuit of their dreams. In the process, we as staff members always try not to nip their growth in the bud and not to offer pre-emptive support.

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## For CSV

The Group recognizes that it has entered a phase in which it is pursuing and realizing the path of Creating Shared Value (CSV). In order to realize this goal, we will accelerate CSV by creating a corporate culture for innovation creation and by collaborating with industries, governments, academia, and NPOs.

### Creation of Corporate Culture for Innovation Creation

In order to realize the Group Vision of “Create and Bring to Life ‘New Happiness,’” the Group introduced the Challenge Card system for employee suggestions in 2017, and we are implementing initiatives to instill a spirit of “creation” within the Group. In fiscal 2021, a total of 5,200 proposals along the three axes of sales measures, business improvement, and new business were submitted. Excellent proposals from each company are judged on their passion, creativity, economic contribution, social contribution, etc. at the annual JFR Creation Award and the Grand Prix Award, the Runner-Up Grand Prix Award, and the SDGs Award are selected. Outside experts also participate in the judging and provide feedback to the proposers.

In fiscal 2021, the Kyushu Tankentai by Hakata Daimaru won the Grand Prix.

#### Number of employee proposals through Challenge Card

FY2017	FY2018	FY2019	FY2020	FY2021
1,700	6,100	7,580	6,800	5,200

### External Collaboration

The Group is working with local governments, educational institutions, and venture companies to create innovations while leveraging its own resources.

#### Major initiatives

##### Collaboration with governments

Hakata Daimaru “Kyushu Tankentai”	Contribute to local revitalization through <i>chisan-chisho</i> by selling and introducing products from the Kyushu region in collaboration with the Kyushu governments
Daimaru Kyoto × Kyoto City	Contribute to the development of typical Kyoto by further promoting traditional industries, culture, and art of Kyoto
Daimaru Shinsaibashi × Osaka City Environment Bureau	Held an event to provide an opportunity to learn and think about the SDGs in a fun way

##### Collaboration with educational institutions

Parco's SDGs local revitalization project through industry-academia partnership “Tre-Share”	With “vitalizing local economy” and “SDGs” as its themes, university students in Tokyo take the lead in searching for the attractiveness of local companies together with local junior and senior high school students and sharing them with a nationwide audience from a student's point of view and Parco's crowdfunding BOOSTER supports these activities ● Niigata Prefectural Tsubame Junior High School  ● Konko Gakuen High School in Okayama Prefecture
Ikebukuro PARCO × Parco Space Systems × HIS × Nitobebunka Elementary School	Companies and creators from different industries who support the educational policy of Nitobebunka Elementary School, which is committed to fostering “Happiness Creators,” teamed up to offer a Nitobebunka Elementary School × HIS × Ikebukuro PARCO × Parco Space Systems special joint class
Daimaru Kyoto × Kyoto University of Foreign Studies	Held a food loss reduction event
Comprehensive partnership agreement between Daimaru Matsuzakaya Department Stores / Parco stores and local universities	● Matsuzakaya Nagoya store and Nagoya University in 2017 ● Daimaru Kobe store and Kobe Gakuin University in 2018 ● Parco and Showa Women's University in 2021

##### Collaboration with venture companies

Parco × Psychic VR Lab	Co-sponsors NEWVIEW PROJECT, which aims to discover and nurture XR artists, with Loftwork Inc.
Shinsaibashi PARCO × fermata	Commissioned fermata, which is a partner, to operate the lounge at Welpa, a medical wellness mall operated by Parco on the 10th floor of Shinsaibashi PARCO 
PARCO (Shinsaibashi/Ikebukuro/Hiroshima/Fukuoka) / Matsuzakaya Nagoya × OITr	Provide a service named OITr, which provides sanitary pads in private restrooms free of charge, in collaboration with OITr

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## Realization of Well-Being Life for Employees

### Diverse and Flexible Work Styles

The Group is developing an environment for diverse work styles with the aim of improving productivity through flexible work styles.

In fiscal 2021, the Company's head office expanded the telework system by expanding the number of satellite offices and other work locations outside of the home, introducing an interval system and time off during work hours, as well as providing subsidies for telework expenses based on the number of telework days. In addition, we took the opportunity of the office relocation in August 2022 to create an office environment that enables diverse work styles by providing a dedicated remote meeting room for communication between office workers and teleworkers and an improved Internet environment.

In the second half of 2021, Parco expanded side jobs and introduced a system that allows employees to use 20% of their working hours for internal collaboration. In addition, as a measure to improve job satisfaction, the company has introduced a "peer bonus" system in which employees send each other small amounts of performance pay, along with words of appreciation, for daily contributions and achievements that had previously been overlooked.

The Group will synergistically create new value and job satisfaction through improvement of employees' work and lives by working on the promotion of diversity & inclusion and the realization of work-life integration.

### Health and Productivity Management

Based on the basic thinking that employees are the company's greatest assets and that the employees' physical and mental well-being is crucial for us to provide better services to customers, we promote thorough implementation of occupational health and safety measures and initiatives to maintain and improve employees' health.

#### [J. Front Retailing Health Declaration]

J. Front Retailing Group (the "Group") aims for Well-Being Life (both mentally and physically fulfilling life) for all stakeholders 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.

As a result of promoting health and productivity management, in March 2022, the Group was certified as a Health & Productivity Management Outstanding Organization 2022 [Large Enterprise Category (White 500)], which is jointly selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

#### Promotion System for Health and Productivity Management

The Group is promoting company-wide efforts for health and productivity management with an Executive Officer in charge of human resources at the Company as a responsible person. The Human Resources Strategy Unit plays a central role in these efforts. It uses the Group Human Resources Liaison Meeting and the Safety and Health Committee and works with each operating company's human resources division, industrial doctor, and health insurance association to maintain and improve health.

#### Organizational structure for health and productivity management



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## Initiatives for Internal Dissemination

The Group recognizes that in promoting sustainability management, it is important for employees, who play a leading role in such promotion, to correctly understand the importance of sustainability and CSV, and to make it their own matter.

### Direct Dialogue between President and Employees

The Group's President and Representative Executive Officer provides an opportunity named Catch Ball Meeting to engage in direct dialogue with the Group's employees. In the spring of 2022, a Catch Ball Meeting was held online. The meeting was a two-way exchange in which the President discussed his expectations for employees in implementing strategies for fiscal 2022, and employees shared their thoughts in response (held eight times, attended by a total of 1,062 people from the entire Group).

In addition, a project under the direct control of the President and Representative Executive Officer was launched to increase opportunities for flat and interactive dialogues with mainly the Group's young employees across hierarchical levels. We believe that these efforts will nurture the will of our employees and improve their engagement.



Catch Ball Meeting 2022

### Understanding of the Level of Sustainability Dissemination among Employees

The Group conducted a "survey on employee awareness of sustainability activities" to ascertain the level of internal understanding and dissemination of the Group-wide sustainability activities (responded by 4,654 people).

As a result, concerning the Sustainability Policy, the seven materialities, and the SDGs, nearly 95% of respondents answered that they are aware or reasonably aware, and we believe that our concept of sustainability, which is the basic premise, is well

understood.

On the other hand, only 71.5% of respondents answered to the question about CSV that they are aware or reasonably aware, and we recognize that further efforts are needed to promote understanding and dissemination.

Going forward, we will actively encourage all employees to adopt a CSV perspective in their thinking and actions in order to create a corporate culture, which leads to the creation of new value.

