

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.

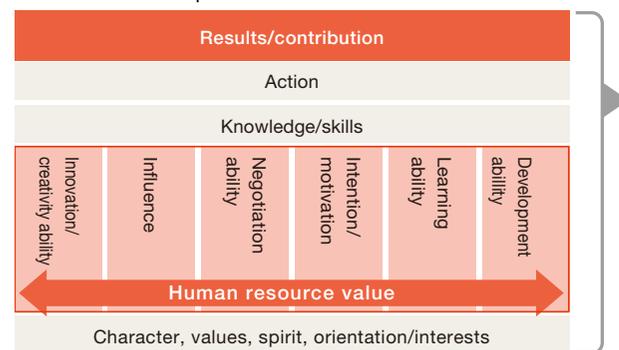
At the same time, we respect diversity, and by creating an environment with diverse and flexible work styles, we aim to create a company in which each and every employee can feel fulfilled, motivated, and happy at work.

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

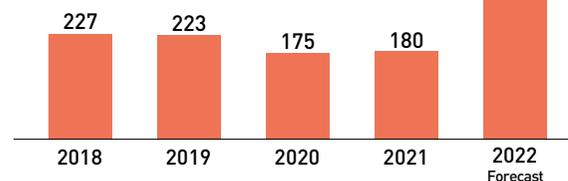


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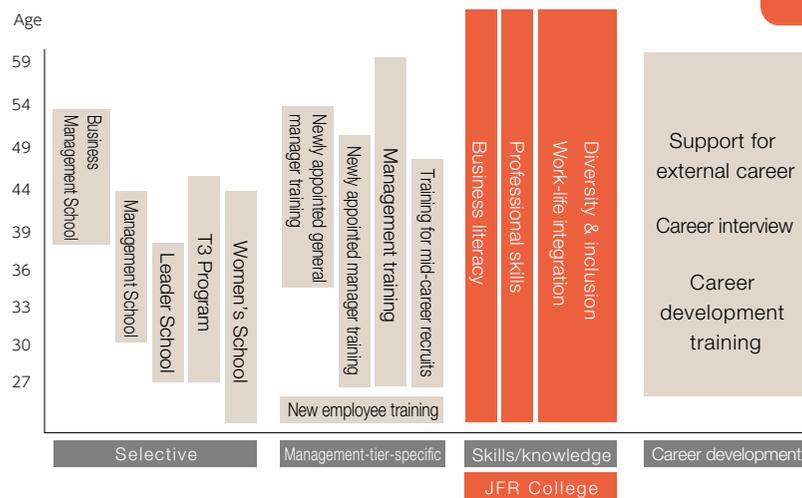
every six months.

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.



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.

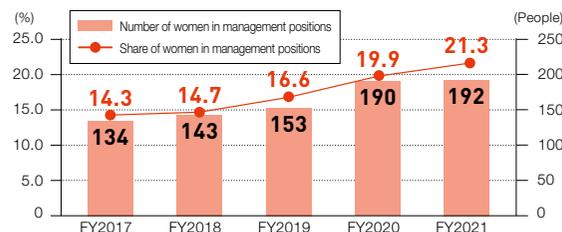
The Group would like to foster corporate and organizational cultures in which not only women but diverse employees are empowered through this project.



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.

