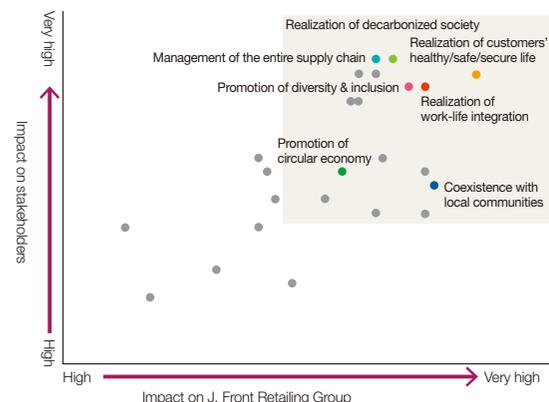


→ **JFR' Materialities** KGI and KPIs of Materialities and Their Progress

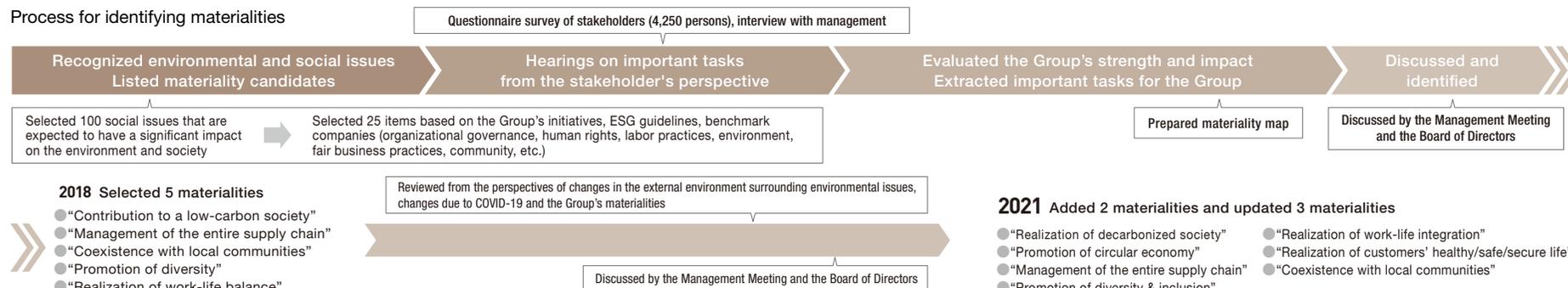
# JFR's Materialities

The Group has identified seven materialities to promote sustainability management and realize Well-Being Life, which is the goal of the Group Vision. With regard to the identified seven materialities, we will identify both risks and opportunities and create business opportunities for each materiality to achieve CSV that realizes social value and economic value at the same time.

Materiality map



## Process for identifying materialities



JFR' Materialities → **KGIs and KPIs of Materialities and Their Progress**

## KGIs and KPIs of Materialities and Their Progress

 <p><b>Realization of decarbonized society</b></p>	<p><b>2030 KGI Commitment</b></p>	<p><b>Leading a decarbonized society and creating a global environment for future generations</b></p> <p>In order to pass on the irreplaceable global environment 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.</p>			
	<p><b>Background and view</b></p>	<p>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.</p>			
	<p>Risk and opportunity</p>	<p>Indicator</p>	<p>2021 results</p>	<p>2023 KPI</p>	<p>2030 KPI</p>
	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>● Increase in procurement cost due to increase in use of renewable energy-sourced electricity</li> <li>● Reputation damage due to a delay in response to environmental issues and diversification of consumption behavior</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>● Regrowth by radical change of business model</li> </ul>	<ul style="list-style-type: none"> <li>● Scope 1 and 2 GHG emissions</li> <li>● Ratio of renewable energy to electricity used in business activities</li> <li>● Energy creation</li> </ul>	<ul style="list-style-type: none"> <li>● 36.7% reduction (vs. FY2017) (Scope 1 and 2 emissions 122,812 t-CO<sub>2</sub>)</li> <li>● 20.3% Up 10.0% (vs. FY2020) (Renewable energy-sourced electricity 62,156 MWh)</li> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>● 40% reduction (vs. FY2017)</li> <li>● 40%</li> <li>● Introduction of onsite generation of renewable energy in collaboration with new power companies</li> </ul>	<ul style="list-style-type: none"> <li>● 60% reduction (vs. FY2017) ◎FY2050 net zero</li> <li>● 60%</li> <li>● Expansion of onsite generation and consumption of renewable energy in collaboration with new power companies</li> </ul>

 <p><b>Promotion of circular economy</b></p>	<p><b>2030 KGI Commitment</b></p>	<p><b>Realizing a sustainable global environment for the future and corporate growth through the promotion of circular economy</b></p> <p>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.</p>			
	<p><b>Background and view</b></p>	<p>As we face globally challenging environmental issues caused by the conventional linear economy based on mass production and mass disposal, the Group positioned as one of its new materialities the “promotion of circular economy” that maximizes the value of resources and products in 2021.</p>			
	<p>Risk and opportunity</p>	<p>Indicator</p>	<p>2021 results</p>	<p>2023 KPI</p>	<p>2030 KPI</p>
	<p><b>Risk</b></p> <ul style="list-style-type: none"> <li>● Loss of growth opportunities due to a delay in response to market changes such as increased demand for environmental products</li> </ul> <p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>● Expansion of new growth opportunities through new entry into circular businesses</li> <li>● Expansion of earnings due to response to increased demand for environmental products and services</li> </ul>	<ul style="list-style-type: none"> <li>● Waste disposal volume (including food waste)</li> <li>● Total weight of items collected via ECOFF for recycling</li> <li>● Recycling and reuse</li> <li>● Businesses including sharing, subscription, and upcycling</li> </ul>	<ul style="list-style-type: none"> <li>● 11.9% reduction (vs. FY2019)</li> <li>● 1,101 tons in total</li> <li>● Start of collecting and recycling gift catalogs</li> <li>● Launch of fashion subscription business AnotherADdress</li> </ul>	<ul style="list-style-type: none"> <li>● 15% reduction (vs. FY2019)</li> <li>● 1,500 tons in total</li> <li>● Realization of recycling and remanufacturing of used products in collaboration with suppliers and customers</li> <li>● Entry into businesses including sharing and upcycling in collaboration with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>● 50% reduction (vs. FY2019)</li> <li>● 3,000 tons in total</li> <li>● Expansion of recycling and remanufacturing of used products in collaboration with suppliers and customers</li> <li>● Increase in the share of businesses including sharing and upcycling in collaboration with suppliers</li> </ul>

JFR' Materialities → KGI and KPIs of Materialities and Their Progress



Management of the entire supply chain

<b>2030 KGI Commitment</b>		<b>Realizing decarbonization throughout the supply chain created along with suppliers</b>			
<b>Background and view</b>		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 and it is considered important. The Group aims to reduce Scope 3 GHG emissions in collaboration with suppliers.			
Risk and opportunity	Indicator	2021 results	2023 KPI	2030 KPI	
<b>Risk</b> <ul style="list-style-type: none"> <li>● Reputational damage due to a delay in response to products and services newly developed by suppliers</li> </ul> <b>Opportunity</b> <ul style="list-style-type: none"> <li>● Expansion of earnings through expansion of offerings of reusable and recycled products in collaboration with suppliers and customers</li> </ul>	<ul style="list-style-type: none"> <li>● Scope 3 GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>● 17.3% reduction (vs. FY2017) (Scope 3 emissions 2,420,492 t-CO<sub>2</sub>)</li> <li>● Explanatory meeting for suppliers (Held in April 2022, attended by 253 companies, Daimaru Matsuzakaya Department Stores)</li> </ul>	<ul style="list-style-type: none"> <li>● 10% reduction (vs. FY2017)</li> </ul>	<ul style="list-style-type: none"> <li>● Aim for 40% reduction (vs. FY2017)</li> <li>◎FY2050 net zero</li> </ul>	
<b>2030 KGI Commitment</b>		<b>Realizing a sustainable supply chain created along with suppliers</b>			
<b>Background and view</b>		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.			
Risk and opportunity	Indicator	2021 results	2023 KPI	2030 KPI	
<b>Risk</b> <ul style="list-style-type: none"> <li>● Destabilization of product and service procurement</li> <li>● Reputation damage due to failure to respond to social issues such as human rights violation</li> </ul> <b>Opportunity</b> <ul style="list-style-type: none"> <li>● Stable procurement of products and services</li> <li>● Strengthening of business resilience by creating a strong supply chain</li> </ul>	<ul style="list-style-type: none"> <li>● Dissemination of JFR Principles of Action for Suppliers</li> <li>● Human rights</li> </ul>	<ul style="list-style-type: none"> <li>● Supplier assessment: Response rate 40.6%, dissemination rate 60%</li> <li>● Sharing of JFR Principles of Action for Suppliers (Parco)</li> <li>● Human rights assessment</li> <li>● Identification of human rights risks for FY2022</li> </ul>	<ul style="list-style-type: none"> <li>● Assessment response rate 80%, dissemination rate 25%</li> <li>● Expansion of human rights due diligence initiatives</li> <li>● Employee human rights education rate 100%</li> </ul>	<ul style="list-style-type: none"> <li>● Assessment response rate 95%, dissemination rate 100%</li> <li>● Establishment of business activities in which human rights of suppliers and employees are respected</li> </ul>	

JFR' Materialities → **KGIs and KPIs of Materialities and Their Progress**



**Promotion of diversity & inclusion**

<b>2030 KGI Commitment</b>	<b>Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality</b>			
	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).			
	<b>Background and view</b>			
	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 materialities one step further to the "promotion of diversity & inclusion." We respect diverse abilities and create unity, which will lead to enhanced corporate competitiveness.			
	Risk and opportunity	Indicator	2021 results	2023 KPI
<b>Risk</b> <ul style="list-style-type: none"> <li>● Declining competitiveness of the organization, outflow of talented human resources, loss of competitiveness in attracting human resources due to failure to adapt to change</li> <li>● Decrease in employee motivation</li> <li>● Sluggish growth due to organizational structure remaining unchanged</li> </ul> <b>Opportunity</b> <ul style="list-style-type: none"> <li>● Improvement of productivity of the organization, acquisition of talented human resources</li> <li>● Increase in employee engagement and organizational capability</li> <li>● Promotion of business strategy, enhancement of corporate value through creation of innovation</li> </ul>	<ul style="list-style-type: none"> <li>● Share of women in management positions</li> </ul>	<ul style="list-style-type: none"> <li>● 21.3%</li> </ul>	<ul style="list-style-type: none"> <li>● 26%</li> <li>● FY2025 30%</li> </ul>	<ul style="list-style-type: none"> <li>● Aim for 50%, equal to female labor share</li> </ul>
	<ul style="list-style-type: none"> <li>● Extension of retirement</li> </ul>	<ul style="list-style-type: none"> <li>● Operating companies that introduced retirement at 65 (Daimaru Matsuzakaya Department Stores, JFR Card, Daimaru Kogyo, JFR Information Center)</li> </ul>	<ul style="list-style-type: none"> <li>● Introduction of retirement at 65 in more operating companies</li> </ul>	<ul style="list-style-type: none"> <li>● Aim for retirement at 70</li> </ul>
	<ul style="list-style-type: none"> <li>● Employment rate of disabled people (special scope of associates)</li> </ul>	<ul style="list-style-type: none"> <li>● 2.66% (June 2021)</li> </ul>	<ul style="list-style-type: none"> <li>● 2.6%</li> </ul>	<ul style="list-style-type: none"> <li>● 3.0%</li> </ul>
	<ul style="list-style-type: none"> <li>● Creation of diversity corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>● Establishment of LGBT-related systems (Same-Sex Partnership Rules, gender change support leave), creation of LGBT Consultation Desk</li> <li>● LGBT-related events in stores</li> <li>● Questionnaire on unconscious bias (for employees, March 2022)</li> </ul>	<ul style="list-style-type: none"> <li>● Employee dissemination of diversity &amp; inclusion 100%</li> <li>● Provision of sales floors, products, and services tailored to diverse customers including LGBT people</li> </ul>	<ul style="list-style-type: none"> <li>● Realization of business growth using diverse abilities stemming from diversity &amp; inclusion</li> <li>● Provision of sales floors, products, and services tailored to diverse customers</li> </ul>

JFR' Materialities → **KGIs and KPIs of Materialities and Their Progress**



**Realization of work-life integration**

<b>Realization of work-life integration</b>	<b>2030 KGI Commitment</b>	<b>Realizing Well-Being for employees and their families through new work styles for the future in which diversity and flexibility will be realized</b> 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 Well-Being Life for employees and their families and lead to increased productivity of the organization.			
	<b>Background and view</b>	Work styles are diversifying due to the evolution of IT, an increase in the number of people who achieve a balance between work and childcare and caregiving, and the impact of COVID-19. In 2021, the Group evolved one of its materialities 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.			
	Risk and opportunity	Indicator	2021 results	2023 KPI	2030 KPI
	<b>Risk</b> ● Declining competitiveness of the organization, outflow of talented human resources, loss of competitiveness in attracting human resources due to failure to adapt to change ● Decrease in employee motivation	● Turnover rate due to childcare and caregiving	● 1.4%	● Less than 1.0%	● 0%
		● Paternity leave usage rate	● 43.6%	● 100%	● 100% regardless of gender
<b>Opportunity</b> ● Improvement of productivity of the organization, acquisition of talented human resources ● Increase in employee engagement and organizational capability	● Work style	● Expansion of teleworking system ● Formulation of J. Front Retailing Health Declaration	● Establishment of systems and evaluation to create an organization that allows employees to work anytime, anywhere	● Increasing productivity by the organization that allows employees to work anytime, anywhere	
	● Employee satisfaction (Employee satisfaction survey)	—	● 60%	● 80%	

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**Realization of customers' healthy/safe/secure life**

<b>2030 KGI Commitment</b>		<b>Realizing a future-oriented Well-Being life that satisfies the mind and body of customers</b>			
<b>Background and view</b>		We suggest Well-Being 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 secure lives of customers.			
Risk and opportunity	Indicator	2021 results	2023 KPI	2030 KPI	
<b>Risk</b> ● Defection of customers due to failure to meet consumer needs ● Loss of sales opportunities such as suspended store operations due to frequent natural disasters and epidemics  <b>Opportunity</b> ● New market creation ● Development of products and services that meet changes in consumer values ● Acquisition of ethical consumption-conscious customers	● Ethical consumption	● Invitation of shops that deal in ethical products	● Starting to strengthen offering of products certified related to food safety and environment protection	● Expansion of ethical consumption in overall lifestyle	
	● Mental and physical health	● Opening of healthcare wellness mall Welpa (Shinsaibashi PARCO) ● Opening of showroaming space "asumise" (Daimaru Tokyo store)	● Expansion of the field of entertainment business including traditional culture, art, and contemporary culture ● Launch of wellness business	● Provision of excitement to daily life and creation of new customer experience by expanding entertainment and wellness businesses	
	● Level of customer awareness and sympathy for sustainability activities	—	● 30%	● 80%	
<b>2030 KGI Commitment</b>		<b>Creating safe, secure, and resilient stores with an eye on the future</b>			
<b>Background and view</b>		We will address disaster prevention, infection risks and a business continuity plan (BCP) 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.			
Risk and opportunity	Indicator	2021 results	2023 KPI	2030 KPI	
<b>Risk</b> ● Defection of customers due to failure to meet consumer needs ● Loss of sales opportunities such as suspended store operations due to frequent natural disasters and epidemics  <b>Opportunity</b> ● New market creation ● Development of products and services that meet changes in consumer values	● BCP, disaster prevention, epidemic prevention	● Formulation of JFR New Infectious Disease ● Virtualization of events and gift centers	● Sophistication of BCP and strengthening of epidemic prevention measures ● Strengthening of contactless customer touch points through communication using digital technologies	● Creation of highly resilient stores by adopting the latest technologies to prevent disasters and epidemics and provision of comfortable space with consideration for health	