

## Sustainability Bond (9th Unsecured Bond) Reporting

The Company issued “sustainability bonds\*” in May 2021 to contribute to resolving both environmental and social issues through business activities.

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

Project category	Output	Outcome	Impact	Use of funds
<b>Realization of decarbonized society</b>				
Green building	<ul style="list-style-type: none"> <li>Overview of eligible projects               <ul style="list-style-type: none"> <li>Construction of the main building of Daimaru Shinsaibashi store (FY2019)</li> <li>Construction of Shibuya PARCO (FY2019)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Status of building certification/confirmation (timing / certification level)               <ul style="list-style-type: none"> <li>Main building of Daimaru Shinsaibashi store: Osaka City building environmental plan system, ranked A (FY2019)</li> <li>Shibuya PARCO: Tokyo building environmental plan system, graded 3rd (FY2021)</li> </ul> </li> <li>Electricity reduction               <ul style="list-style-type: none"> <li>Main building of Daimaru Shinsaibashi store: Up 767 MWh (vs. FY2014*)</li> <li>Shibuya PARCO: Down 2,982 MWh (vs. FY2014*)</li> </ul> </li> <li>Scope 1 and 2 GHG emission reduction               <ul style="list-style-type: none"> <li>Main building of Daimaru Shinsaibashi store: Down 7,841 t-CO<sub>2</sub> (vs. FY2014*)</li> <li>Shibuya PARCO: Down 1,146 t-CO<sub>2</sub> (vs. FY2014*)</li> </ul> </li> </ul> <p>* Estimated value for FY2014, the last full business year before rebuilding (The building structure is not identical due to reconstruction.)</p>	Leading a decarbonized society and creating a global environment for future generations	Amount already allocated: ¥6,000 million
Renewable energy	<ul style="list-style-type: none"> <li>Purchased renewable energy-sourced electricity: 62,156 MWh</li> </ul>	<ul style="list-style-type: none"> <li>Share of renewable energy-sourced electricity in total electricity consumption: 20.3% (up 10.0% YoY)</li> </ul>		Amount already allocated: ¥300 million Amount allocated in FY2021: ¥1,053 million
Green procurement	<ul style="list-style-type: none"> <li>No. of leased EVs: 13 in FY2021 (145 in total, 39% in total)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in CO<sub>2</sub> emissions by electrifying corporate fleet: Approximately 393 t-CO<sub>2</sub> a year (Calculated by comparing with the emissions of the same type of gasoline vehicles)</li> </ul>		Amount already allocated: ¥90 million Amount allocated in FY2021: ¥80 million
Energy efficiency	<ul style="list-style-type: none"> <li>No. of LEDs installed for replacement: Approximately 1,600 in FY2021 (224,600 in total)</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in CO<sub>2</sub> emissions by switching to LED lighting: Approximately 11,230 t-CO<sub>2</sub> a year</li> </ul>		Amount already allocated: ¥590 million Amount allocated in FY2021: ¥249 million
<b>Coexistence with local communities</b>				
Socioeconomic improvement and empowerment (Community)	<ul style="list-style-type: none"> <li>No. of tenants operating around Daimaru Kobe store in the Former Foreign Settlement in Kobe: 54</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives to revitalize communities               <ul style="list-style-type: none"> <li>Local revitalization project by producers in Hyogo, H LABO</li> <li>Sale of local Banshu textile masks</li> <li>Kobe Market to introduce and sell attractive products in local areas such as Hyogo and Kobe</li> </ul> </li> <li>Customer traffic to Daimaru Kobe store: 7,636,000 people</li> </ul>	Together with local people, creating prosperous future-oriented communities in which people gather, centering on our stores	Amount already allocated: ¥2,000 million Amount allocated in FY2021: ¥1,137 million
<b>Promotion of diversity &amp; inclusion</b>				
Socioeconomic improvement and empowerment (Women / disabled people)	<ul style="list-style-type: none"> <li>No. of times of holding JFR Women's School *Not held due to COVID-19 in FY2021</li> <li>Cost for Mother Recruitment ¥2,894,000 in FY2021</li> </ul>	<ul style="list-style-type: none"> <li>Status of appointment of women to management positions (consolidated) Share of women in management positions in FY2021: 21.3%</li> <li>No. of the participants in JFR Women's School (annual) *Not held due to COVID-19 in FY2021</li> <li>No. of people employed through Mother Recruitment (annual): One in FY2021</li> </ul>	Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality	Amount already allocated: ¥20 million Amount allocated in FY2021: ¥3 million

<Status of asset allocation>

Amount of issue: ¥15,000 million Amount already allocated: ¥9,000 million Amount allocated in FY2021: ¥2,522 million

Total amount allocated: ¥11,522 million Amount not yet allocated: ¥3,478 million

→ **Environmental Data**    Social Data    Corporate Governance Data    Third-Party Assurance

## Environmental Data

		Boundary	Unit	2017	2018	2019	2020	2021	
Scope 1 greenhouse gas (GHG)	★	CO <sub>2</sub> emissions	Consolidated	t-CO <sub>2</sub>	14,548	13,823	13,074	11,170	12,368
		HFC emissions	Consolidated	t-CO <sub>2</sub>	1,504	2,137	2,140	813	1,636
Scope 2 greenhouse gas (GHG)	★	CO <sub>2</sub> emissions	Consolidated	t-CO <sub>2</sub>	178,102	166,606	147,294	120,123	108,808
Scope 1+2 greenhouse gas (GHG)	★	Scope 1 and 2 emissions	Consolidated	t-CO <sub>2</sub>	194,154	182,566	162,508	132,106	122,812
		vs. SBT base year FY2017	Consolidated	%	-	-6.0	-16.3	-32.0	-36.7
Scope 3 greenhouse gas (GHG)	★	Scope 3 emissions* <sup>1</sup>	Consolidated	t-CO <sub>2</sub>	2,927,320	3,123,238	3,782,555	2,470,411* <sup>2</sup>	2,420,492
		vs. SBT base year FY2017	Consolidated	%	-	-	-	-	-17.3
Scope 1 and 2 greenhouse gas emissions intensity		per consolidated sales	Consolidated	t-CO <sub>2</sub> /million yen	0.17	0.16	0.14	0.17	0.14
Energy	★	Electricity usage	Consolidated	MWh	333,514	328,900	327,851	288,691	305,752
		City gas usage	Consolidated	MWh	70,353	67,118	64,095	58,064	64,632
		Gasoline, light oil, heavy oil A, natural gas usage	Consolidated	MWh	6,888	6,379	5,537	3,083	3,165
		Steam, cold water, hot water usage	Consolidated	MWh	64,758	65,969	68,730	54,133	54,500
		Total energy usage	Consolidated	MWh	475,513	468,366	466,214	403,973	428,049
		YoY change	Consolidated	%	-	-1.5	-0.5	-13.4	6.0
Renewable energy	★	Usage	Consolidated	MWh	0	0	13,046	29,647	62,156
		Ratio of renewable energy to electricity usage	Consolidated	%	0.0	0.0	4.0	10.3	20.3
		YoY change	Consolidated	%	-	-	4.0	6.3	10.0
Water	★	Tap water usage	Consolidated* <sup>4</sup>	m <sup>3</sup>	-	1,317,230	1,260,594	1,407,531	1,719,788
		Groundwater usage	Consolidated* <sup>4</sup>	m <sup>3</sup>	-	480,731	452,702	459,054	570,760
		Gray water usage	Consolidated* <sup>4</sup>	m <sup>3</sup>	-	136,804	125,989	198,882	158,848
		Total usage	Consolidated* <sup>4</sup>	m <sup>3</sup>	-	1,934,765	1,839,285	2,065,467	2,449,396
		Emissions* <sup>3</sup>	Consolidated* <sup>4</sup>	m <sup>3</sup>	-	1,934,765	1,839,285	2,065,467	2,449,396
Waste* <sup>6</sup> (including food waste)	★	Amount generated	Consolidated* <sup>4</sup>	t	18,532	17,202	17,565	21,694	26,637
		Amount recycled	Consolidated* <sup>4</sup>	t	10,863	9,938	10,453	12,479	12,845
		Emissions (final disposal amount)	Consolidated* <sup>4</sup>	t	7,669	7,264	7,112	9,216	13,792
Food waste	★	Amount generated	Consolidated* <sup>5</sup>	t	4,497	4,312	4,379	2,886	4,211
		Amount recycled	Consolidated* <sup>5</sup>	t	2,416	2,477	2,610	1,857	1,678
		Emissions (final disposal amount)	Consolidated* <sup>5</sup>	t	2,081	1,835	1,769	1,029	2,533
Packaging material usage* <sup>7</sup>		Usage	Daimaru Matsuzakaya Department Stores	t	2,370	2,236	2,030	1,075	1,315

★ Received third-party assurance from LRQA Limited. (Have received the same assurance for water and waste since FY2020, and for energy, renewable energy, and food waste since FY2021.)

\*<sup>1</sup> Recalculated Category 9 emissions for the SBT base year (FY2017) in accordance with the GHG Protocol (excluding emissions from customer travel) in 2021 and received approval from SBTi again. (For FY2018 to FY2020, emissions from customer travel are included.)

\*<sup>2</sup> Revised the method for calculating Category 1 emissions and received third-party assurance again.

\*<sup>3</sup> Water emissions equal water usage.

\*<sup>4</sup> Boundaries for the years up to FY2019 are Daimaru Matsuzakaya Department Stores.

\*<sup>5</sup> Boundaries for the years up to FY2020 are Daimaru Matsuzakaya Department Stores.

\*<sup>6</sup> Waste includes general waste, industrial waste, and food waste.

\*<sup>7</sup> Weight of wrapping paper, shopping bags, paper bags, plastic bags for food products, etc.

Special Talk

Top Message

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Environmental Data → **Social Data** Corporate Governance Data Third-Party Assurance

## Social Data

	Boundary	Unit	2017	2018	2019	2020	2021
Number of employees	Consolidated	People	10,429	10,276	9,844	9,635	8,148
Share of female employees	Consolidated	%	57.2	56.8	57.0	56.3	55.6
Share of women in management positions* <sup>1</sup>	★ Consolidated	%	14.3	14.7	16.6	19.9	21.3
Number of new graduate hires	Consolidated	People	79	94	76	94	68
Men	Consolidated	People	36	44	38	41	33
Women	Consolidated	People	43	50	38	53	35
Share of female new graduate hires	Consolidated	%	54.4	53.2	50.0	56.4	51.5
Employment rate of disabled people	★ Consolidated* <sup>2</sup>	%	—	2.21	2.21	2.21	2.66
Number of foreign employees	Consolidated	People	—	15	14	40	42
Share of foreign employees	Consolidated	%	—	0.1	0.1	0.4	0.5
Employee turnover rate* <sup>3</sup>	Consolidated	%	3.6	3.3	3.9	1.9	10.5
Involuntary turnover rate	Consolidated	%	0	0	0	0	0
Number of employees taking childcare leave	★ Consolidated* <sup>4</sup>	People	175	203	161	139	88
Return rate of women after childcare leave	★ Consolidated* <sup>5</sup>	%	93.0	97.4	89.5	94.4	95.3
Paternity leave usage rate	★ Consolidated	%	—	—	—	18.8	43.6
Number of employees working shorter hours for childcare	Daimaru Matsuzakaya Department Stores	People	137	166	157	209	304
Number of employees taking long-term caregiver leave	Daimaru Matsuzakaya Department Stores	People	2	10	3	2	5
Number of employees taking short-term caregiver leave	Daimaru Matsuzakaya Department Stores	People	31	42	30	30	4
Number of employees working shorter hours for caregiving	Daimaru Matsuzakaya Department Stores	People	0	1	0	0	1
Percentage of employees earning minimum wage by region* <sup>6</sup>	Daimaru Matsuzakaya Department Stores	%	0	0	0	0	0
Health examination participation rate	Daimaru Matsuzakaya Department Stores	%	99.7	99.9	99.6	100	99.8
Stress check response rate	Daimaru Matsuzakaya Department Stores	%	95.9	96.4	96.5	97.4	97.1
Number of labor accidents (work accidents)	Consolidated* <sup>7</sup>	—	40	38	68	81	51
Number of labor accidents (commutation accidents)	Consolidated* <sup>7</sup>	—	26	17	23	38	31
Number of fatalities at work	★ Consolidated	People	—	0	0	0	0
Number of harassment cases	Consolidated	—	14	22	50	40	37
Number of usages of JFR Group Compliance Hotline	Consolidated	—	28	24	36	24	46
Data security: Number of data breaches* <sup>8</sup>	Consolidated	—	0	0	0	0	0

★ Received third-party assurance: Data for FY2021 received third-party assurance from LRQA Limited.

\*1 Manager level or above

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

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

\*4 Boundaries for the years up to FY2020 are Daimaru Matsuzakaya Department Stores (the number of employees taking childcare leave continuously after the year of birth).

Boundaries for FY2021 are consolidated (the number of employees who started childcare leave in the year of birth).

\*5 Boundaries for the years up to FY2020 are Daimaru Matsuzakaya Department Stores.

\*6 Grade 1 and 2 dedicated employees paid according to a wage table by region

\*7 Boundaries for the years up to FY2018 are Daimaru Matsuzakaya Department Stores.

\*8 Confidential information breaches and personal data breaches

## Corporate Governance Data

	Unit	2017	2018	2019	2020	2021	2022
Directors	People	13	13	13	13	12	10
Men	People	12	11	11	12	9	7
Women	People	1	2	2	1	3	3
Independent Outside Directors	People	5	5	6	6	6	6
Men	People	4	3	4	5	4	4
Women	People	1	2	2	1	2	2
Share of independent Outside Directors	%	38.5	38.5	46.2	46.2	50.0	60.0
Combined Directors and Executive Officers	People	5	5	4	4	4	2
Share of combined Directors and Executive Officers	%	38.5	38.5	30.8	30.8	33.3	20.0
Share of female Directors	%	7.7	15.4	15.4	7.7	25.0	30.0

# Third-Party Assurance

## Independent assurance statement



### LRQA Independent Assurance Statement Relating to J. Front Retailing Co., Ltd.'s Environmental and Social Data within its Integrated Report 2022 for the Fiscal Year 2021

This Assurance Statement has been prepared for J. Front Retailing Co., Ltd. in accordance with our contract.

#### Terms of engagement

LRQA Limited ("LRQA") was commissioned by J. Front Retailing Co., Ltd. ("the Company") to provide independent assurance on its environmental and social data within its Integrated Report 2022 ("the report") for the fiscal year 2021 (1/3/2021-28/02/2022), against the assurance criteria below to a limited level of assurance and the materiality of the professional judgement of the verifier using ISAE3000(Revised)/ISO14064-3:2019 for greenhouse gas (GHG) emissions.

Our assurance engagement covered the Company and its consolidated subsidiaries' operations and activities in Japan<sup>1</sup> and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies
- Evaluating the accuracy and reliability of data for the selected indicators listed below:<sup>2</sup>

#### Environmental indicators:<sup>3 4</sup>

- Energy consumption and renewable energy consumption (MWh)
- Scope 1 GHG emissions (tonnes CO<sub>2</sub>e)
- Scope 2 GHG emissions (Market-based) (tonnes CO<sub>2</sub>e)
- Scope 3 GHG emissions (tonnes CO<sub>2</sub>e)
- Amount of water use (m<sup>3</sup>) and amount of waste water (m<sup>3</sup>)
- Amount of waste generation (tonnes), recycled waste (tonnes) and disposed waste (tonnes)<sup>5</sup>
- Amount of food waste generation (tonnes), recycled food waste (tonnes) and disposed food waste (tonnes)

#### Social indicators:

- Share of female employees (%)
- Employment rate of disabled people (%)
- Number of employees who took child care leave (person)
- Female return rate after childcare leave (%)
- Paternity leave usage rate (%)
- Number of occupational fatal accidents (person)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

#### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable environmental and social data

<sup>1</sup> For GINZA SIX, which is jointly controlled by the Company and the other companies, the results equivalent to the equity share are recorded.  
<sup>2</sup> LRQA undertook a limited assurance engagement of the environmental and social data marked with "✓" within its Integrated Report 2022.  
<sup>3</sup> GHG quantification is subject to inherent uncertainty.  
<sup>4</sup> LRQA also reviewed the Company's GHG emissions for the fiscal year 2021 against its 2020 to confirm the year-on-year change in Scope 1 and 2 GHG emissions.  
<sup>5</sup> Including food waste



The opinion expressed is formed on the basis of a limited level of assurance<sup>6</sup> and at the materiality of the professional judgement of the verifier.

#### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISAE 3000 (Revised) and ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical environmental and social data / records of for the fiscal year 2021; and
- Visiting Matsuzakaya Nagoya Store of Daimaru Matsuzakaya Department Stores Co., Ltd., and Nagoya PARCO of PARCO Co., Ltd., in Japan to confirm the data collection processes, record management practices, and to physically check their facilities.

#### Observations

It is hopefully expected that the Company would intensively use the functions of the data collecting system to collect environmental data of many items with enhanced efficiency and accuracy.

#### LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO 17021-1 Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent. This is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed

Yoshinori Shibata  
 LRQA Lead Verifier  
 On behalf of LRQA Limited  
 10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN  
 LRQA reference: YKA00000726

Dated: 4 July 2022

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<sup>6</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Environmental data (Scope 1, 2 and 3, energy, water, and waste) and social data (the share of women in management positions, the employment rate of disabled people, the number of employees taking childcare leave, return rate after childcare leave, paternity leave usage rate, and the number of fatalities at work) in this report have received independent third-party assurance from LRQA Limited to ensure reliability.



Acquisition of third-party assurance