



# Sustainability Report 2022

Door to the Future

 Well-Being Life

Create and Bring to Life "New Happiness."

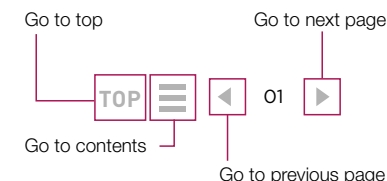
 J. FRONT RETAILING

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### JFR Policies on Sustainability

-  → Sustainability Policy  
[https://www.j-front-retailing.com/english/sustainability/way\\_to\\_think.html](https://www.j-front-retailing.com/english/sustainability/way_to_think.html)
-  → Eco Vision  
<https://www.j-front-retailing.com/english/sustainability/top-commitment03.html>
-  → Social Vision  
<https://www.j-front-retailing.com/english/sustainability/top-commitment04.html>
-  → JFR Principles of Action  
<https://www.j-front-retailing.com/english/sustainability/principles-of-action.html>

## Introduction

This report supplements the Integrated Report concerning sustainability information of J. Front Retailing Group (the "Group"). It is intended to share with stakeholders the Group's stance and activities for sustainable growth with stories linked to management strategies in an easy-to-understand manner and enhance their understanding. In the Medium-term Business Plan launched in fiscal year 2021, we showed our idea of sustainability management and our intention to expand materialities to realize Well-Being Life. This report contains mainly important information on our sustainability initiatives in fiscal year 2021, which leads to the Group's value creation.

Detailed data including data on corporate governance, which forms the basis of our initiatives, and past cases are posted on our website.

### Guidelines referred to

- Global Rating Initiative (GRI) Standard
- Guidance for Collaborative Value Creation
- Final report of the Task Force on Climate-related Financial Disclosures (TCFD recommendations)
- SASB Standards
- ISO 26000

### Timeframe

This report contains the latest information available at the time of issue to the extent possible. Data mainly cover fiscal year 2021 (March 1, 2021 through February 28, 2022).

### Scope

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

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

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

\*Each operating company refers to each of consolidated subsidiaries.

### Cautionary statement regarding forward-looking statements

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

### Issued

October 2022 (Next issue: October 2023, last issue: October 2021)

### Third-party assurance

Environmental and social data in this report have received independent third-party assurance from LRQA Limited to ensure reliability.



## Corporate information disclosure

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

### Report

#### Integrated Report

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



#### Corporate Governance Report

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



#### Annual Securities Report

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



#### Shareholder information (Japanese only)

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



### Website

#### Corporate information

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



#### IR information

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



#### Sustainability

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



#### Contact

Sustainability Promotion Division, Management Strategy Unit  
J. Front Retailing Co., Ltd.

Shinagawa Season Terrace, 1-2-70, Konan, Minato-ku, Tokyo 108-0075

E-mail : [esg\\_info@jfr.co.jp](mailto:esg_info@jfr.co.jp)

Special Talk

# Diversity & Inclusion

Leading to  
New Value Creation

## YOSHIMOTO Tatsuya

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

## SHIRAKAWA Touko

Specially Appointed Professor, The Graduate School of Sagami Women's University

**Yoshimoto** One of our materialities is the “promotion of diversity & inclusion,” and in May this year, you spoke about “diversity as management strategy” in our Sustainability Committee meeting. I was highly impressed by your talk about relations between risk caused by homogeneity and the promotion of women’s empowerment. This time I would like you to talk about women’s empowerment and diversity & inclusion (D&I).

### — Present position of JFR

**Yoshimoto** We launched the Women’s Empowerment Promotion Project directly under the President in spring 2022. We have realized women’s easiness to work mainly through initiatives to help female employees work while raising their children such as expansion of childcare support systems including childcare leave period that

exceeds statutory requirements and shorter work hours. However, it is not only women that raise children. I am aware that job satisfaction as well as easiness to work is required to empower women. And I have come to think that it is not an issue only for women but the entire Group’s issue required to empower individual employees including men around women. The project of which name includes the word “women” is composed of 22 members including

## Special Talk

six men and two from each operating company, mainly in their 20s to 40s to reflect diverse perspectives. Its members have had many discussions between themselves and with myself. And now I recognize we stand at the start line of D&I in a real sense.

**Shirakawa** Looking back, in Japan, after the era in which only superwomen who followed male work style survived, the era in which generous support for working while raising children is provided has come and male employees and female employees became differentiated. Women were thought of as having life events. On the other hand, concerning work style, promotion, and evaluation, time passed with a conventional model that employees are promoted by devoting all their time and places to the company. However, some men may want to value their

life events and some women must want to work and raise their children both equally hard. Partly due to the trend of work style reform, I think it is finally changing.

**Shirakawa** I believe thinking about women will open the way to corporate diversity. As Japanese companies' support for women is too insufficient, it is difficult to think in a single step that considering them as only women's problems is an old idea because there is no difference between men and women. We need to do so step by step. Your company seems to be on the way to that.

### — Dilemma in the share of women in management positions

**Yoshimoto** One of the KPIs for our materialities is the share of women in management positions. The management positions include manager and above positions. Its target for 2025 is 30% and the result in fiscal 2021 was 21.3%. While appointing women by assessing their ability, intention/motivation, and aptitude, I would like to have a human resource pool of management candidates with a composition of half men and half women early. However, some women do not aim for management positions but want to be professionals by improving expertise. I think it is important to duly assess and reward them with compensation regardless of the option they choose so as not to make it our goal to increase the share of women in management positions. Honestly, however,

as it is an indicator, I feel dilemma.

**Shirakawa** Currently the share of women in management positions is one of indicators, but in the future, companies will be required to disclose the wage gap between men and women. In order to value individual career in the situation in which some want to hold management positions and others want to improve expertise, you need a multistream personnel system that can respond to the diversification of career. By doing so, specialists will be able to receive high remuneration and the wage gap will be eliminated. As employees in management positions can become management candidates, the human resource pool needs to not only have highly homogeneous people but secure diversity. I think it will become a source of the company's strength.

**Shirakawa** By the way, you may hear that there are a few women in management positions because they do not want to hold such positions. As I mentioned earlier, conventional work style and ways of promotion and assessment were the model of promotion by devoting all their time and places to the company. I see that it affects them. Though they joined the company equally and are not inferior in ability, women receive lower assessment and are slower to be promoted than men only due to restrictions that they cannot transfer now or that they cannot work overtime now. And before they know it, they think they fall behind and cause trouble to the company. The motivation of inherently highly motivated and excellent



## Special Talk

women will decrease rapidly. As a result, it will be thought that women do not want to hold management positions and it will become an issue of their mindset. Intrinsically, it is not only an issue of their mindset but I think the primary problem is that conventional work style was too uniform, favorable only to people with the same characteristics, and not diverse.

**Yoshimoto** Flexible work style or diversity of work style has not certainly made substantial progress until recently.

**Shirakawa** I think it is difficult in some places such as stores, but in JFR head office's telework system, there is no core time, there are no restrictions on the number of permitted telework days, personal time off during telework hours is allowed, and an interval system is adopted. As the environment in which individuals can work autonomously is in place, you will be able to secure diversity of work style. And I expect that you will be able to realize true diversity & inclusion as well as diversity of human resources.

**Yoshimoto** As we created a basis for diverse work styles, I would like to encourage people who became less motivated due to time and workplace constraints and half gave up their career to change their mindset and would like to provide places that empower them.

### — Think of their own career

**Yoshimoto** You mentioned career, and at our company orientation this year, I told new employees that the Group

is greatly changing. In the past, we adopted a typical membership employment. We took time to dye them with the company's color and they may not have faced their turning points unless they were transferred. Going forward, however, I would like them to draw their career paths for themselves and the company will support them. It was my message for them. In the past, new employees of the Department Store started their career by serving customers in stores for several years after joining the company. This year, for example, a highly art-oriented new employee who majored in sociology at university was assigned to a gallery in GINZA SIX.

**Shirakawa** Many companies still think employees should be trained while they are young. It takes much time before young employees can take small leadership. Whether they will grow by doing what they want to do is another story. However, it will be good if you can develop individual young employees not in the conventional way of development but by listening to them. I think it is a shame that their individuality will be lost rapidly though you think you hired interesting human resources or unique human resources.

**Yoshimoto** In the past, when a young employee told me that he/she wanted to leave the company, I told him/her to hang here a little longer instead of leaving. Recently, however, I say to such an employee, "Work hard and achieve results if you have decided for yourself to do so. I hope you will perform well as our former co-worker. And



### SHIRAKAWA Touko, Specially Appointed Professor,

The Graduate School of Sagami Women's University

Became a writer after working for Sumitomo Corporation, a foreign financial institution, etc. Her books include "Konkatsu-jidai (The era of marriage seeking)" (Co-authored, Discover Keisho), "Hatarakanai Ojisan ga Onsha wo Damenisuru, Midoru Jinzai Katsuyaku notamemo Shohosen (Middle-aged men not working will ruin your company, prescription to empower middle-aged human resources)" (PHP Shinsho), and "Harasumento no Kyokaisen, Sekuhara/Pawahara ni Tomadou Otokotachi (Boundaries of harassment, men puzzled by sexual harassment and power harassment)" (Chuko Shinsho La Clef).

come back, if you want, after gaining confidence."

**Shirakawa** Is that so? How did you develop your career?

**Yoshimoto** I think I was passive. After joining Daimaru Matsuzakaya Department Stores, I was ordered by the company to transfer or change jobs. From now on, however, we will not do the same. I would like our employees to think of what they want to do and actually do it while they are young. It is because I think doing what they really want to do with passion will lead to the Group's

## Special Talk

# DIVERSITY & INCLUSION

growth.

**Yoshimoto** In terms of women's career, if there are any employees who felt like giving up their career in the past environment, I would like to bring them back. I think they will perform well in a different way from the past and I would like to develop relationships that can provide such opportunities.

### — Diversity of perspective

**Shirakawa** I told that diversity is the avoidance of homogeneity in the recent Sustainability Committee meeting. I think the most important is diversity of perspective. I think having an organization in which people with not only diversity of age and gender but also diverse experiences such as childcare can discuss from diverse perspectives will become a company's strength.

**Yoshimoto** I do not think we will be able to realize it in a short time, but for the future, we aim to make decisions by the team that always consists of diverse people as a matter of course. The Company as a holding company has changed tremendously in the last few years. Until three or four years ago, about 90% of the Company's employees including officers were from Daimaru Matsuzakaya Department Stores. However, by hiring professionals from outside and exchanging human resources between the Group companies such as Parco, the percentage of people from the Department Store decreased to around 50%. To take men aged 55, their career and experiences are

completely different. Recently, we can tell what we think to each other freely in meetings. I feel we have changed.

**Shirakawa** So your organization is changing to a diverse one. You said the number of external human resources is increasing. However, I do not think it will succeed if you just try people coming from outside to a highly homogeneous organization. I think they will not be able to exercise their abilities unless you accompany and support them.

**Yoshimoto** It must apply to women in management positions as well.

**Shirakawa** That's right. When a woman was appointed to the management team mostly composed of men, she is often tested by negative stereotypes: she was appointed just because she is a woman or women are not suited for management positions. In such an environment, it is difficult for people to show their abilities to the fullest. You need to be aware that you should accompany and support them.

### — Diversity required to change

**Shirakawa** It is important for a corporate manager to be aware what synergy with his/her company's business will be created by promoting diversity and to do it resolutely. What do you think about that?

**Yoshimoto** In the Company, which is a holding company, members who built their career in operating companies such as the Department Store and Parco and professionals from outside stimulate each other by

discussing with different values. I think friction developed there will create new values that are not on the same path as in the past, achieve portfolio transformation, and grow the Group. However, the executive management team is mainly composed of employees in their late 40s to 50s. It is difficult to make these young people to join the Management Meeting right now. Therefore, we have created some projects or task force-like teams that include young members and draw their opinions to be discussed by the Management Meeting. The Group's Desirable Shape for 2030 Project launched in November last year is its typical example. Concerning the Group's corporate vision for 2030, young employees mainly in their 20s and 30s are working to clarify the Group's desirable shape and the value to be delivered using their unique ideas. While engaging in dialogue with myself, they report the details of their activities to the Management Meeting. I think it is necessary to listen to the opinions of people who will assume management in the future when the current management team discusses the next 10 years or 20 years.

**Shirakawa** Some companies adopt a reverse mentoring program in which young employees become the mentors of their superiors or the management team. It is the reverse of conventional general mentoring in which knowledgeable and experienced superiors provide advice and guidance to young employees. I think it is very important for the president and management team

## Special Talk

to hear frank opinions from people who will live in the future, feel changes, and improve sensitivity to reflect it in management beyond position and generation in order to innovate and grow a company.

**Shirakawa** You say in your integrated report that there is no future on the same path as in the past that relies on successful experience and that diversity and future-oriented thinking are essential for transformation. I also study long-established companies. Long-surviving companies grow by repeating tradition and innovation and continuing to change. The most important there is human resource power. By valuing long-fostered DNA and adding diversity to it, you will be able to make an innovation.

**Yoshimoto** Daimaru and Matsuzakaya, in their histories of more than 300 years and 400 years, respectively, continued their businesses until now by responding to changes in customers and society and changing themselves. Parco has also always created new creativity and culture with an eye to next generations. DNA of our predecessors lives in ourselves. Now is the time to accelerate the change and growth of the entire Group using our DNA and the power of diverse people.

**Shirakawa** I think it is because a group with a single characteristic will be destroyed at once when faced with a crisis that diversity is required to survive. In other words, if you continue to run seeing only one direction, you will not know where to go when you cannot follow the path. If some people see left or right, they will tell that you can move to the

right. I think it is the greatest strength of diversity.

**Yoshimoto** We must always have a flexible mindset that allows ourselves to accept someone's advice to move to the right.

**Shirakawa** Exactly. Unless you have inclusion even if there is diversity, you will think you will not be able to move to the right because you have never done so for these 100 years when told to do so.

**Yoshimoto** We also need to create an environment in which people can give diverse opinions.

**Shirakawa** People who select the option to move to the right are a minority in a company. You must understand how difficult it will be for a minority to speak up and how much courage it will take. Though it is good to have a woman in a meeting, she has a very big hurdle to overcome in speaking up alone. Experience as a minority is necessary for the management team that has always been in homogeneity.

### — Focus on “people”

**Yoshimoto** Currently, in the Company, the average age is high and the management team is mostly composed of men. So, we have just launched an initiative to mingle different genders, human resources in the Group, and generations through projects and task forces directly under the President. Though we will not be able to change soon, I feel a sign of change on various occasions. And in the

Company as a holding company, we expect to increase the share of professionals from outside to 50% in the future. By combining diverse knowledge, experiences, and values, I would like to create innovation.

I think a change is necessary for growth, and to this end, D&I is essential. By focusing on “people” and through dialogue with employees, I would like to continue to grow the Group into the one in which people accept each other's individuality, values, and views and work to create new value with a sense of unity.

**Shirakawa** I felt you are promoting D&I under your ownership. I expect the Group's transformation in the future.



(Date of talk: July 20, 2022)



## TOP MESSAGE



## Top Message

## Realization of Well-Being Life through New Value Creation

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

**YOSHIMOTO Tatsuya**

### — Pursue CSV

Amid increasingly uncertainty about the future due to aggravated global environmental problems such as global warming and ocean pollution, human rights issues in supply chains, prolonged COVID-19, and increasing geopolitical risk, social structure and consumption behavior are greatly changing. Currently companies cannot develop without coexistence with the environment and society. It is evident that we cannot conduct business activities looking away from issues such as the environment, society and human rights.

With this awareness, the Group is promoting sustainability management that simultaneously solves environmental and social issues and achieves corporate profits through business. Specifically, we will realize it as Creating Shared Value (CSV) to integrate sustainability with corporate strategies and business strategies.

The Group has conducted business based on the

spirit of its Corporate Credo “Service before Profit” (Those who give priority to service over profit will prosper) and “Abjure All Evil and Practice All Good” since Daimaru and Matsuzakaya were founded. They represent “customer-first principle” and “contribution to society,” expressing the idea that thinking of stakeholders thoroughly and acting accordingly will lead to business growth.

I believe CSV that solves social issues through business activities for the Group is nothing less than simply and honestly practicing this Corporate Credo, which has long been its basis.

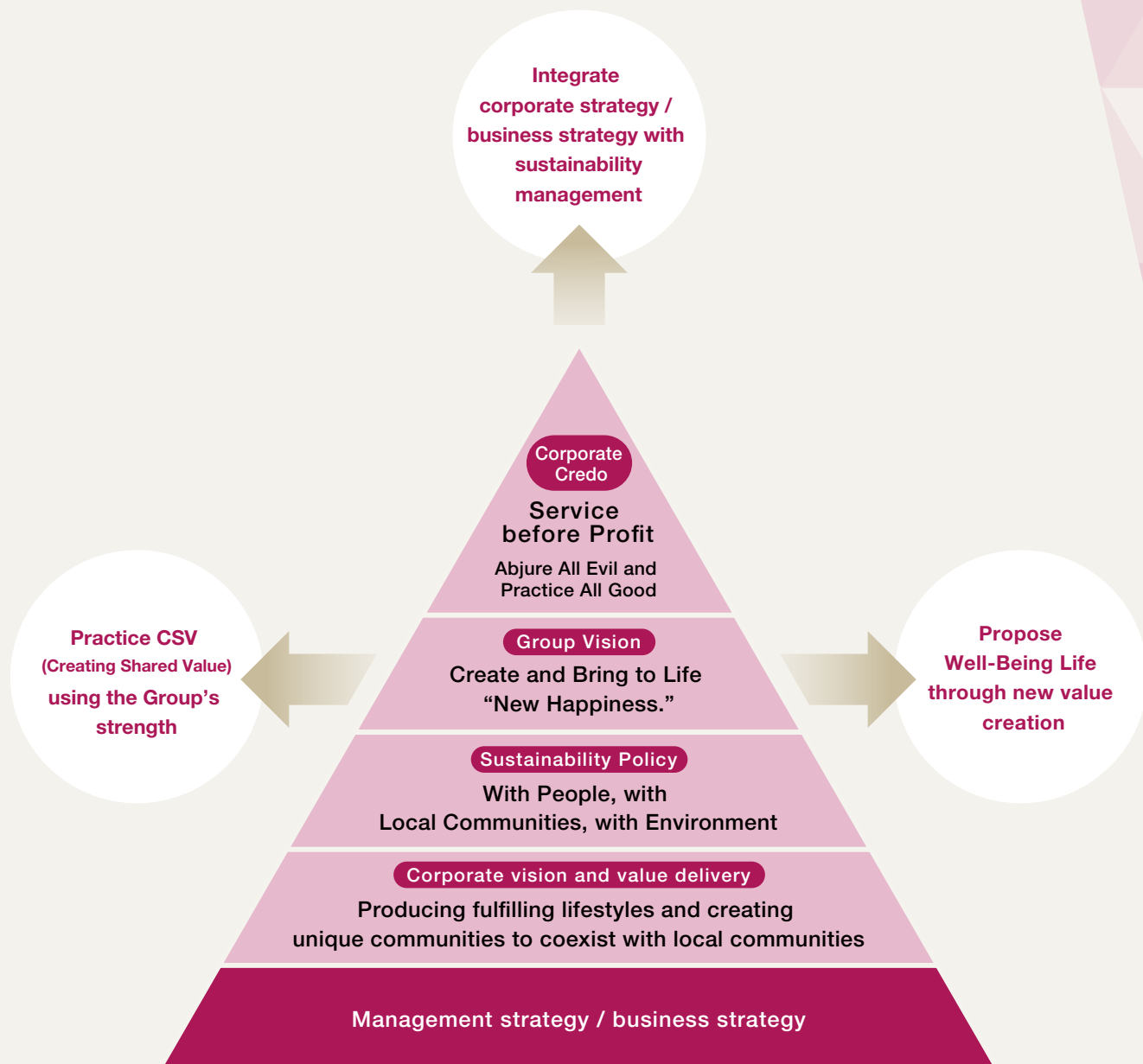
The Group has built the foundation of so-called sustainability management since 2018 by identifying materialities, formulating the Sustainability Policy, and working to reduce environmental and social risks. I am aware that we are in the phase of creating new value for society and ourselves on this foundation through business and realizing our unique new value creation. To this end, we need to pursue CSV.

## TOP MESSAGE

AnotherADdress, a fashion subscription business launched in 2021, has gained popularity among many customers because the sustainable idea behind the business as well as its attractive products have drawn sympathy. I believe the Group will be able to grow in a sustainable way by providing stakeholders with many businesses based on new value.

We hold the JFR Creation Award every year since 2017 to make employees compete over ideas on products and services and plans for new businesses that realize the Group Vision. More and more plans with a sustainable perspective are selected each time. I feel social and customer needs and employee mindset are changing. I think my role is to firmly support these employees' ideas, which we can call the seeds of CSV, so as to set a course as a business, and to sprout and bloom them.

Furthermore, we began to strengthen the organizational structure of the Company's head office in fiscal 2022 to create new value. We newly created the Business Portfolio Transformation Promotion Division, which studies and finds business domains that can become the next pillar of growth. The division set the "business domain that solves materialities" as one of the domains to be given priority consideration.



## TOP MESSAGE

### — Human resources will create new value

It is “human” power that will open the way to the future by achieving discontinuous growth instead of remaining on the current path in the highly uncertain environment. The Group would like to more actively invest in human resources than ever for new value creation.

Beginning in 2020, the Group considers the ability to perform duties, which directly leads to results and contributions, and the ability to create new value as “human resource value” and adopts a personnel system “based on human resource capabilities” with human resource value at its core. “Human resource capabilities” are the total power of actions that lead to the realization of results, highly specialized knowledge and skills, underlying ability to perform duties, energy and learning to promote changes, and underlying character and spirit.

In addition, my focus is on strengthening engagement through dialogue with employees. I provide more opportunities to have direct mutual communication with young employees who will lead the next generation of the Group, in particular, which we call Catch Ball Meeting, in the hope that they will seize opportunities. I would like to gather “people who voluntarily try to do what they want to do” and deepen each other’s understanding through talks with various people inside and outside the Group including the management team to create a structure in which we act as one to realize sustainability management.

### — Diversity & inclusion and value creation

The Group, which is in the phase of great change, would like to closely support stakeholders and society in a present progressive form in their lives after 10 years and even 100 years. To this end, we need creative ideas beyond retail, that is, creation. From this idea, the Group Vision “Create and Bring to Life ‘New Happiness’” was born.

I think diversity & inclusion are essential to realize this vision. Diverse people who agree to the vision and want to realize it accept each other’s individuality, values, and views and repeatedly discuss. By doing so, foreign elements will be connected, which will lead to new creation and new value. It will create innovation and become a driving force for the sustainable growth of the Group.

Currently we are implementing various initiatives such as the promotion of personnel exchanges in the Group, cross-Group projects in which different genders and generations mingle, and the employment of professionals from outside. Stimulated by them, we will foster corporate culture and organizational culture in which diverse people can exercise their abilities and be empowered while treating each other as equals.

### — Realization of Well-Being Life (both mentally and physically fulfilling life)

The Group articulated its intention to realize Well-Being Life

for its stakeholders in the Medium-term Business Plan launched in fiscal 2021. The Group thinks of Well-Being Life as “both mentally and physically fulfilling life” that realizes spiritual wealth (intellectual and cultural wealth), physical wealth and social wealth as well as conventional material wealth and economic wealth and wealth for the environment surrounding them.

While valuing the places in which we communicate with various people such as customers, employees, business partners, and local people, we will realize Well-Being Life for all and contribute to realizing sustainable society by committing to sustainable management that simultaneously creates social value and economic value.

Goal of the Group Vision

Well-Being  
Life

Both mentally and  
physically fulfilling life

Realizing mental wealth, physical wealth,  
social wealth, and environmental  
wealth for all people

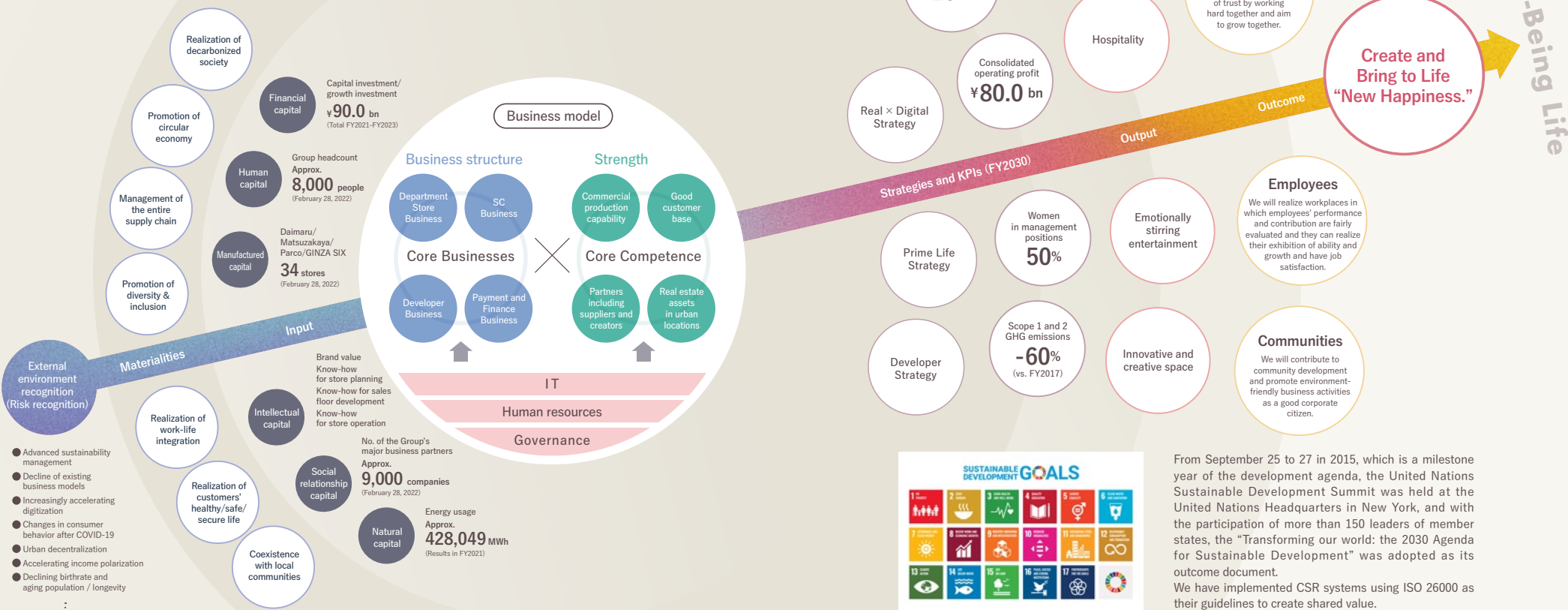
Top Message → Value Creation Process

# J. Front Retailing Value Creation Process

Under the Basic Mission Statement and the Group Vision, J. Front Retailing, together with stakeholders, is committed to creating high quality, fresh, hospitable, and fulfilling life adapted to the changing times.

The business activity of J. Front Retailing is to constantly seek to create rich markets that grow with local communities, which is led by Daimaru Matsuzakaya Department Stores and Parco. It is nothing less than to create, as a public entity of society, new value with which its various stakeholders emphasize.

Circulating the Group's business model and creating new value using the six capitals of J. Front Retailing effectively and efficiently are the process to create the brand value of J. Front Retailing, which will result in the creation of new value with which society emphasizes. Through this initiative, we will aim to realize CSV management that achieves social value and economic value at the same time, contribute to society at large, and develop the Group.



From September 25 to 27 in 2015, which is a milestone year of the development agenda, the United Nations Sustainable Development Summit was held at the United Nations Headquarters in New York, and with the participation of more than 150 leaders of member states, the "Transforming our world: the 2030 Agenda for Sustainable Development" was adopted as its outcome document. We have implemented CSR systems using ISO 26000 as their guidelines to create shared value.

Aiming to Achieve Net Zero by Fiscal 2050

Reduction of Scope 1 and 2 Emissions by Strengthening Energy Measures

Reduction of Scope 3 Emissions in Collaboration with Suppliers

Circular Economy the Group Aims for

Information Disclosure in Line with TCFD Recommendations

# Environment

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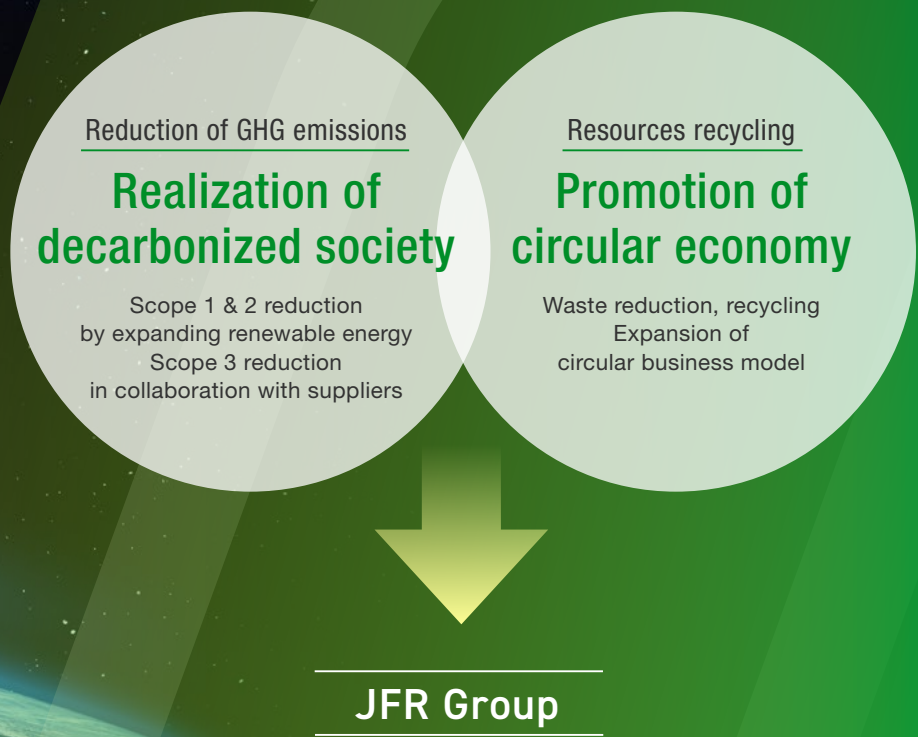
# Aiming to Achieve Net Zero\* by Fiscal 2050

Escalating global warming causes large-scale climate change and has a large impact on people's lives such as the natural environment and socioeconomy.

Human beings including the future generation as well as ourselves in the current generation are put at risk and it is becoming increasingly important to reach net zero emissions by 2050 in order to achieve the 1.5°C target (limiting the temperature increase to 1.5°C compared to pre-industrial levels).

The Group will aim to achieve net zero by fiscal 2050 by addressing its two materialities including the "realization of decarbonized society" and the "promotion of circular economy" to decarbonize the entire supply chain and recycle resources.

\*Deducting the amount of carbon absorbed by tree planting and forest management, etc., and the amount removed by GHG recovery and sequestration underground from GHG emissions so that the total is virtually zero.



# Net Zero by FY 2050

# JFR Group FY2050 Net Zero Transition Plan

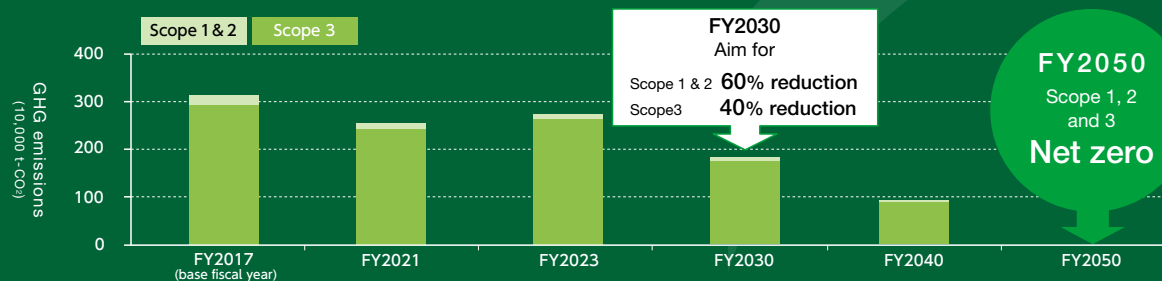
The Group is aware that climate change has a large impact on business strategies.

In fiscal 2019, the Group's Scope 1, 2, and 3 GHG emissions ("Scope 1, 2, and 3 emissions") reduction targets were approved by SBT initiative (the "SBTi")<sup>\*1</sup>. And in fiscal 2021, the Group raised its Scope 1 and 2 emission reduction targets from the previous 40% reduction to 60% compared to fiscal 2017 (base year) and it was approved again as the "1.5°C target" that is the new standard set by the SBTi. Going forward, we will aim to achieve "net zero by fiscal 2050" within the range of Scope 1, 2, and 3 emissions based on the Corporate Net-Zero Standard set by the SBTi.

"Net zero by fiscal 2050" the Group will aim to achieve is to simultaneously realize decarbonization of the entire supply chain and resources recycling by addressing both the "realization of decarbonized society" and the "promotion of circular economy."

The Group will work to reduce Scope 1, 2, and 3 emissions in collaboration with business partners who are suppliers and customers who are consumers, while strengthening 3Rs<sup>\*2</sup> and expanding circular business models, to reduce business risk and capture business opportunities at the same time.

JFR Group FY2050 Net Zero Transition Plan



Phase	Results (FY2017 to FY2021)		Short term (to FY2023)	Medium term (to FY2030)	Long term (to FY2050)
Results and reduction targets for GHG emissions (vs. FY2017)	Scope 1 & 2 FY2017	Scope 1 & 2 FY2021	Scope 1 & 2 FY2030		Scope 1 & 2 FY2050
	194,154 t-CO <sub>2</sub>	36.7% reduction	60% reduction		Net zero
	Scope 3 FY2017	Scope 3 FY2021	Scope 3 FY2030		Scope 3 FY2050
	2,927,320 t-CO <sub>2</sub>	17.3% reduction	Aim for 40% reduction		Net zero
Priority measures	Scope 1, 2 and 3 reduction by continuing and strengthening energy-saving measures				
	<ul style="list-style-type: none"> <li>• Scope 1, 2 and 3 (Category 3) reduction by expanding the switching to LED lighting in stores and introducing energy-saving, highly efficient equipment</li> <li>• Scope 1 &amp; 2 reduction by shifting to electric vehicles for company use</li> </ul>				
	Scope 2 reduction by expanding renewable energy				
	<ul style="list-style-type: none"> <li>• Scope 2 reduction by expanding the switching of stores and offices to renewable energy</li> </ul>				
	Scope 3 reduction in collaboration with suppliers and by promoting a circular economy				
<ul style="list-style-type: none"> <li>• Scope 3 (Categories 1, 4, 5 and 9) reduction through the advancement of the existing 3 Rs in collaboration with suppliers and customers</li> <li>• Scope 3 (Category 1) reduction in collaboration with suppliers</li> <li>• Scope 3 (Category 5) reduction by reducing amount of waste disposal and improving recycling rate</li> </ul>					
Scope 2 reduction by introducing an energy creation system					
<ul style="list-style-type: none"> <li>• Scope 2 reduction through renewable energy capital investments, etc. in our own facilities</li> <li>• Scope 2 reduction by establishing corporate power purchase agreements (PPAs)</li> </ul>					
Utilization of latest technologies, etc. and offsets					
<ul style="list-style-type: none"> <li>• Use of electricity from non-carbon energy sources, such as hydrogen and ammonia</li> <li>• Offsets through tree planting activities to absorb CO<sub>2</sub></li> </ul>					

<sup>\*1</sup> Global initiative established for the purpose of promoting the achievement of science-based GHG emission reduction targets to limit the temperature increase to below 2°C compared to pre-industrial levels.  
<sup>\*2</sup> The 3Rs stand for Reduce, Reuse and Recycle.

\*The plan is current as of the end of May 2022, and may be revised depending on business strategies going forward.

# Reduction of Scope 1 and 2 Emissions by Strengthening Energy Measures

Approximately 80% of the Group's Scope 1 and 2 emissions come from electricity use. With this in mind, the Group strives to strengthen energy measures with a focus on electricity by thoroughly saving energy and sourcing renewable energy in a planned way.

## FY2021 Scope 1 and 2 Emission Results

In fiscal 2021, Scope 1 and 2 emissions were 122,812 t-CO<sub>2</sub>. Though the reduction target for fiscal 2021 compared to fiscal 2020 was set at 4.0%, they were reduced by 7.0% partly due to thorough energy saving measures such as the expansion of switch to

renewable energy in stores and switch to LED lighting. They were reduced by 36.7% compared to the SBT base year of fiscal 2017, and thus, we are making good progress toward the achievement of SBT (60% reduction in fiscal 2030 compared to fiscal 2017).

## Expansion of Renewable Energy-Sourced Electricity in Stores

The Group thinks the stores that operate using renewable energy-sourced electricity will increase their environmental value and draw support from suppliers and customers who are sensitive to environmental issues.

In fiscal 2021, the Daimaru Kyoto, Daimaru Kobe, Daimaru Suma, Matsuzakaya Ueno, and Matsuzakaya Takatsuki stores, and Hiroshima PARCO, Fukuoka PARCO, and PARCO\_ya Ueno switched to renewable energy-sourced electricity. As a result, the Group's renewable energy share in fiscal 2021 was 20.3%, up 10.0% from fiscal 2020.

The Group joined RE100 (100% Renewable Electricity)\* in fiscal 2020 and set a target for sourcing 100% renewable energy to power its business activities by fiscal 2050.

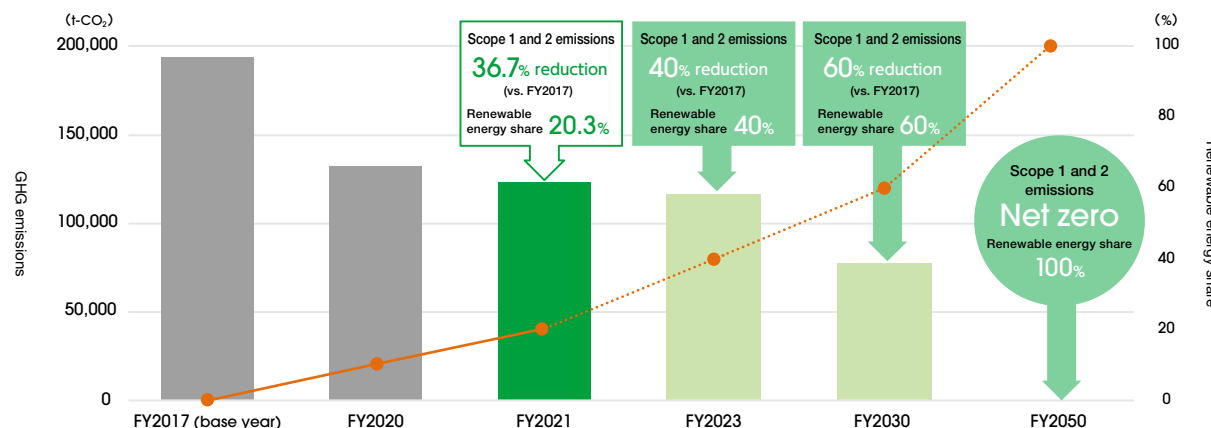
Going forward, we will strengthen the switch to renewable energy-sourced electricity mainly in Daimaru Matsuzakaya Department Stores and PARCO stores to achieve RE100.

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



FY2021 Scope 1 and 2 emissions and renewable energy share

(Bar chart: GHG emissions Line chart: Renewable energy share)



FY2021 JFR Group Scope 1 and 2 emission results (t-CO<sub>2</sub>, %)

	FY2021	vs. FY2020	vs. FY2017 (vs. base year)	
Total Scope 1 and 2 emissions	122,812	-7.0	-36.7	
Breakdown	Scope 1 emissions	14,004	16.9	-12.8
	Scope 2 emissions	108,808	-9.4	-38.9

## Strengthening of Resilience by Creating Energy

Given increasing natural disasters and the unstable social situation, stable sourcing of renewable energy is thought to be an important risk. In sourcing renewable energy, the Group will consider suitable ways for its business

characteristics among not only switch of electricity menu but diverse ways of sourcing and work to newly create renewable energy-sourced electricity and diversify energy sources to strengthen resilience.

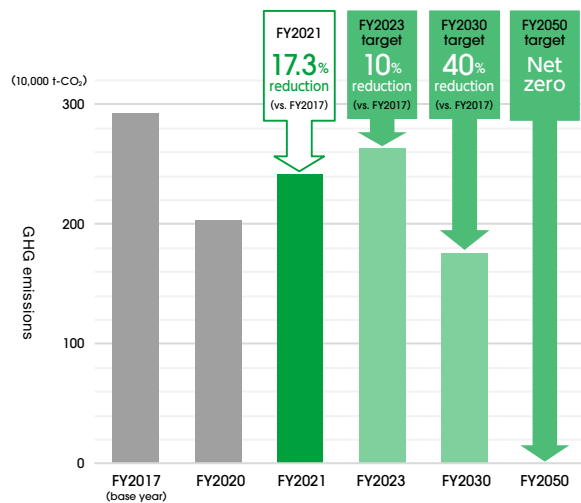


# Reduction of Scope 3 Emissions in Collaboration with Suppliers

The Group's Scope 3 emissions account for approximately 95% of the emissions from the entire supply chain. In light of this situation, the Group considers the reduction of Scope 3 emissions as well as the reduction of Scope 1 and 2 emissions as its important task and thinks it needs to work on that in collaboration with suppliers.

## FY2021 Scope 3 Emission Results

In fiscal 2021, Scope 3 emissions were 2,420,492 t-CO<sub>2</sub>, up 19.1% compared to fiscal 2020. It was because Category 1 (purchased goods and services) and Category 5 (waste generated in operations) increased from the previous fiscal year due to business recovery resulting from mitigation of the impact of COVID-19. On the other hand, as recovery was slow, the reduction compared to the SBT base year of fiscal 2017 was 17.3%



FY2021 JFR Group Scope 3 emissions (t-CO<sub>2</sub>, %)

Category*	Emissions	Percentage of the total Scope 3 emissions
1 Purchased goods and services	2,186,380	90.33
2 Capital goods	110,787	4.58
3 Energy excluding Scope 1 or 2	24,319	1.00
4 Upstream transportation and distribution	28,529	1.18
5 Waste generated in operations	1,191	0.05
6 Business travel	1,880	0.08
7 Employee commuting	1,442	0.06
9 Downstream transportation and distribution	16,330	0.67
11 Use of sold products	1,864	0.08
12 End-of-life treatment of sold products	9,974	0.41
13 Downstream leased assets	37,796	1.56
<b>Total Scope 3</b>	<b>2,420,492</b>	<b>100.00</b>

\*Category 8 is excluded from calculation because it is calculated in Scope 1 and 2 emissions. Categories 10, 14, and 15 are excluded from calculation because they are not included in the business process of the Group.

## Explanatory Meeting for Suppliers

Daimaru Matsuzakaya Department Stores has strived to reduce Scope 1 and 2 emissions by switching to renewable energy-sourced electricity and LED lighting and electrifying corporate fleet in its stores and head office. On the other hand, its Scope 1 and 2 emissions are only approximately 5% of the total supply chain emissions due to the nature of the retail business, and Scope 3 emissions account for the remaining approximately 95%.

In light of this, Daimaru Matsuzakaya Department Stores held an “explanatory meeting concerning its initiatives to realize a decarbonized society” for suppliers in April 2022 (attended by 300 people from 253 companies). We showed the Group’s determination by sharing the company’s initiatives to realize a decarbonized society and explained that it is essential to collaborate with suppliers to reduce Scope 3 emissions and that visualization of emissions by each supplier will be the first step for reduction.

Going forward, we will contribute to realizing a decarbonized society by the entire supply chain by considering and implementing concrete measures to reduce Scope 3 emissions in collaboration with suppliers to achieve net zero by fiscal 2050.



Explanatory meeting for suppliers

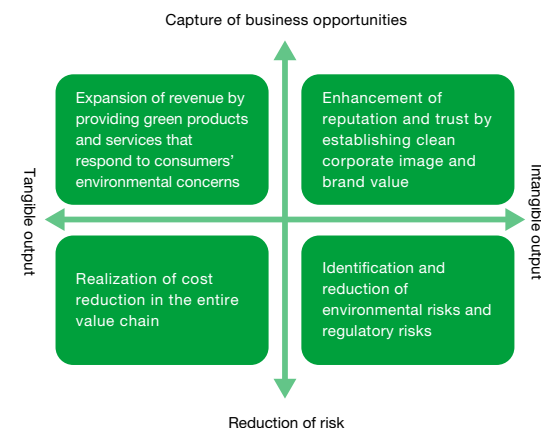
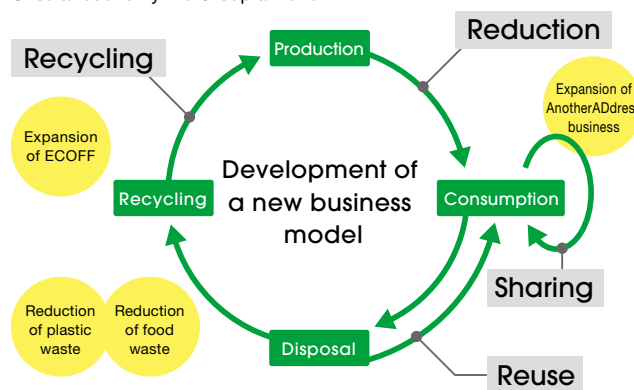
# Circular Economy the Group Aims for

With various global environmental problems, including resource shortage, global warming, and waste disposal worsening due to linear economy based on mass production and mass consumption and disposal, circular economy is becoming increasingly important. The Group identified the “promotion of circular economy” as materiality in fiscal 2021 to simultaneously reduce environmental risks and capture new business opportunities.

## Promotion of Circular Economy in the Group's Strong Areas

The Group has implemented 3Rs that reduce environmental risks, such as recycling of waste, and has gained support from stakeholders. Going forward, we will strengthen initiatives in our strong areas (store operation, handling of clothing, cosmetics, and food, etc.) based on conventional 3Rs and evolve and expand them to new 3Rs that will not only reduce environmental risks but also lead us to capturing business opportunities.

Circular economy the Group aims for



### Topics

## Recycling of Gift Catalogs

Daimaru Matsuzakaya Department Stores sends summer and year-end gift catalogs to customers and has considered recycling disused catalogs to protect the environment and return them to customers' lives.

And the Daimaru Tokyo and Matsuzakaya Ueno stores collected approximately 2,400 catalogs distributed in the year-end gift season of 2021 and

recycled them into about 8,000 rolls of “Daimaru Matsuzakaya original toilet paper.”

Recycled toilet paper rolls were given to customers in the summer gift season of 2022 in stores, which appealed to many customers. In 2021, we did it just as a pilot trial, and for the future, we are planning to collect catalogs in more stores.



## Reduction of Environmental Load through Resources Recycling

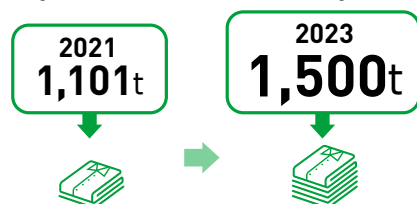
### ECOFF in Which the Weight of Collected Items and the Number of Participants Are Both Increasing

Daimaru Matsuzakaya Department Stores is engaged in "Think GREEN" activities to propose sustainable products and lifestyles.

One of these activities is the "ECOFF" program, in which Daimaru Matsuzakaya Department Stores collects disused articles including clothing, shoes, and bags from customers at its stores and recycles them into new materials and products for reuse.

The weight of the items collected in fiscal 2021 was 264.2 tons (A total of 1,101 tons of articles were collected since fiscal 2016), and the number of participants reached a record high. In conjunction with the ECOFF, we are also holding events that focus on environmentally friendly products. Through the activities of ECOFF, we have received a great deal of support from many customers for our environmental initiatives, and have been able to reduce the environmental load.

Weight of disused articles collected through ECOFF



The Group will promote resources recycling initiatives that leverage its strengths from the three perspectives of (1) reducing waste generation, (2) utilizing waste as resources, and (3) disposing of waste appropriately to reduce the environmental load toward the realization of circular economy.

### To Reduce Plastic Waste

Daimaru Matsuzakaya Department Stores is working to reduce the amount of plastic used and recycle it to reduce the environmental load throughout its lifecycle.

In 2021, we held the first "Cosme de ECOFF" campaign to collect and recycle plastic containers for cosmetics, and collected 1.6 tons of plastic containers.

In addition, the Daimaru Tokyo and Matsuzakaya Ueno stores have been participating in the "POOL PROJECT TOKYO"\* since December 2021 to collect and recycle plastic covers that accompany clothing deliveries.

This is an initiative to collect plastic covers generated from participating commercial facilities in Tokyo and recycle them into highly advanced materials. The recycled plastic is sold to manufacturers as "POOL Resin," PCR material that is traceable from its source through all processes, including transport, volume reduction, and processing.

New productization and commercialization are being

considered for the future, and the Group will actively promote resources recycling by participating in such initiatives.



\* Project conducted by Recotech Inc. to collect and recycle plastic generated from commercial facilities throughout Tokyo



In compliance with the Plastic Resource Circulation Act, which went into effect in April 2022, we will collaborate with our suppliers to promote our activities concerning the products made of specific plastic to reduce emissions of single-use plastic, while gaining understanding from our customers.

#### Single-use plastic product usage reduction target (Daimaru Matsuzakaya Department Stores)

FY2021 usage results (intensity*)	FY2022 reduction target (vs. FY2021)
0.0936	-20%

\*Unit setting: Single-use plastic in the shops of suppliers with whom Daimaru Matsuzakaya Department Stores collaborates  
Total product usage (kg) / Sales in the shops of suppliers with whom Daimaru Matsuzakaya Department Stores collaborates (millions of yen)

### To Reduce Food Waste

Food loss in Japan is said to exceed five million tons annually and about half of this is business food loss generated in the distribution process, such as out-of-spec products and unsold items.

In an effort to reduce food waste, Daimaru Matsuzakaya Department Stores and Parco are working with their suppliers to

conduct online sales of products nearing their expiration dates, limited-time sales of out-of-spec products, and food sharing events to reduce food loss. In addition, even if food products are ultimately discharged as food waste, we are working to improve our food recycling rate by outsourcing to external processors to convert food waste into compost, feedstuffs, etc.

## Gaining a Competitive Advantage by Promoting a Circular Economy

The Group will work with suppliers and customers to create a new circular business model based on the concepts of "sharing" and "upcycling" in order to realize a circular economy. Through these efforts, we will create new environmental value and gain a competitive advantage in a circular economy.

### Fashion Subscription Business AnotherADdress

We are aware of the need for initiatives to address environmental issues such as the mass consumption and disposal of clothing and other products in the fashion industry, including the retail business, to reduce the environmental load as much as possible.

Daimaru Matsuzakaya Department Stores launched a fashion subscription business "AnotherADdress" in March 2021. The service allows customers to rent three pieces of clothing each month for ¥11,880 (including tax) per month. This is the first subscription-type fashion rental service for department stores. From October 2022, a light plan of ¥5,500 (including tax) per dress per month was launched to expand the service. Daimaru Matsuzakaya



Department Stores is the main operator of the service, delivering clothes to customers in partnership with various businesses including logistics, delivery, cleaning, and recycling.

#### Strengthening of Sustainable Initiatives

As of the end of February 2022, we had more than 6,700 registered customers, far exceeding our initial projection of 1,000 members. The total number of rentals has reached 20,000, and we have received a great deal of support from our customers. In addition, on the first anniversary of its opening, we have more than doubled the number of brands we handle, and have introduced and improved new services requested by our customers, such as a "secure guarantee service," "introduction of a size comparison tool," and "change of the return system."

We are also collaborating with Tokyo University of the Arts and Mitsubishi Chemical Corporation to realize our business concept "FASHION NEW LIFE." We take on new sustainable challenges, such as a program that allows the participants to support tree-planting activities of "Geidai Hedge," an environmental improvement program implemented by Tokyo University of the Arts, while enjoying fashion with AnotherADdress, under the theme of "Wear the forest, nurture the forest," and "efforts to extend the life of clothes" with Wacoal.

Based on the strong belief that clothes are not disposable and with the concept of "Circulate all things," we will promote activities to create a circular society in cooperation with our suppliers who aim to realize a sustainable society.

### Voice

**TABATA Ryuya**, AnotherADdress, DX Promotion Division, Management Strategy Headquarters, Daimaru Matsuzakaya Department Stores

After launching this business, we have received comments from customers such as "I received compliments from my friends on the clothes I borrowed from AnotherADdress." and "I have come to like to dress up." What we want to share with our customers is "FASHION NEW LIFE," or the joy of being fashionable.

At AnotherADdress, we also inform how to wash and handle

clothes. We are trying to help our customers enjoy sustainable lifestyles naturally by providing information on what to do to wear not only rented clothes but also customers' own clothes longer.

In the early days of our business, we had a hard time gaining the understanding of brands, but now we communicate to them that we are reforming our distribution process and working on a circular model. We have gained more and more support and

understanding for the fact that we are working responsibly to ensure that our customers can enjoy the clothes we started to handle for as long as possible.

AnotherADdress has just begun. We hope that as many people as possible will try it out for themselves to encounter clothes they have never worn before and to discover the joy of dressing up.



# Information Disclosure in Line with TCFD Recommendations

In 2019, the Group expressed its support for the final report of the Climate-related Financial Disclosure Task Force (TCFD) (TCFD recommendations). The TCFD recommendations are a global common comparable framework for climate-related information disclosure and expect all companies to disclose information in accordance with the four recommended disclosure items including “governance,” “risk management,” “strategy,” and “metrics and targets.” While using the TCFD recommendations as guidelines for evaluating the adequacy of its climate actions, the Group will actively engage in dialogue with institutional investors to effectively disclose information.



## Recommended Disclosure Item (1) Governance (Environmental Governance)

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

In the Group, the Group Management Meeting, which is the highest decision-making body in business execution, discusses and makes decisions on specific measures related to environmental issues in order to promote sustainability management across the Group in a cross-organizational manner. Furthermore, the Sustainability Committee, which meets once every six months, shares the policies for responding to environmental issues discussed and decided by the Group Management Meeting, formulates action plans for the Group's environmental issues, and monitors their progress.

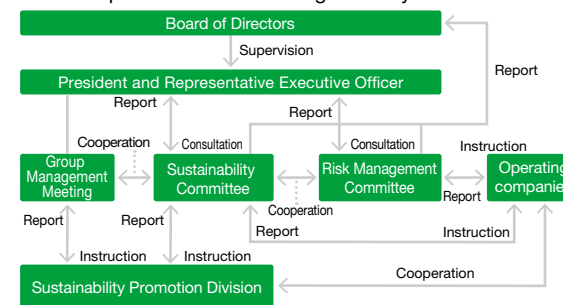
The Board of Directors receives reports on the discussions and decisions made by the Group Management Meeting and the Sustainability Committee, then discusses and oversees the Group's policies for responding to environmental issues and its action plans and so forth.

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

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

Meeting and the Sustainability Committee are finally reported to the Board of Directors.

JFR Group environmental management system



Meeting bodies and their roles in the environmental management system

	Meeting body and system	Role
Meeting body	Board of Directors	Supervises the progress of environment-related initiatives discussed and approved by people who execute business. Meets monthly.
	Group Management Meeting	Discusses the measures related to the Group-wide management including specific environment-related initiatives. The decisions are reported to the Board of Directors. Meets weekly.
	Risk Management Committee	Extracts comprehensive risks and discusses and decides the measures against them. The decisions are reported to the Board of Directors. Meets as needed.
	Sustainability Committee	Discusses and decides the policy to address environmental issues discussed by the Group Management Meeting. Formulates the long-term plans and KGIs/KPIs related to environmental issues and monitors the progress of operating companies. The decisions are reported to the Board of Directors. Meets semiannually.
Executing entity	President and Representative Executive Officer	Chairs the Group Management Meeting, and also the Risk Management Committee and the Sustainability Committee. Assumes the ultimate responsibility for business decisions related to environmental issues.
	Operating companies (Management Meeting, Risk Management Committee, Sustainability Committee, etc.)	Plan and execute initiatives for environmental issues as operating companies based on the policy for responding to environmental issues that have been discussed and decided by the Group's Risk Management Committee and Sustainability Committee. In addition, report on the status of progress to the Group's Risk Management Committee and Sustainability Committee.
	Sustainability Promotion Division	Promotes the Group-wide response to environmental issues. Collects environment-related information and reports to the Group Management Meeting, the Sustainability Committee and the Risk Management Committee.

## Recommended Disclosure Item (2) Risk Management

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

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

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

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

With the recognition that climate-related risks and opportunities have a great impact on its business strategies, the Group identified climate-related risks and opportunities through the process shown on the right and assessed their importance.

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

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

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

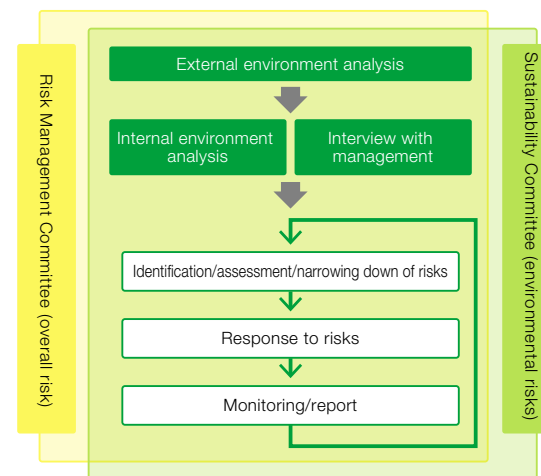
### c How the processes are integrated into the organization’s overall risk management

The Group has established the Risk Management Committee based on the importance of building a structure for managing risk across the Group. The Risk Management Committee identifies and assesses corporate risks, including environmental risks, based on external environment analysis,

narrows them down to the risks that need to be preferentially addressed, and monitors progress on them.

The matters discussed and approved by the Risk Management Committee are reflected in the Group’s strategy and implemented under the supervisory system by the Board of Directors.

Risk management process



Risk management system

Risk management process	Responsible meeting bodies and executing entities
Identification/assessment/narrowing down of risks	<ul style="list-style-type: none"> <li>● Board of Directors</li> <li>● Group Management Meeting</li> <li>● Risk Management Committee (Overall management risk)</li> <li>● Sustainability Committee (Environmental risks)</li> </ul>
Response to risks	<ul style="list-style-type: none"> <li>● Operating companies (Management Meeting, Risk Management Committee, Sustainability Committee, etc.)</li> </ul>
Monitoring/report	<ul style="list-style-type: none"> <li>● Board of Directors</li> <li>● Group Management Meeting</li> <li>● Risk Management Committee (Overall management risk)</li> <li>● Sustainability Committee (Environmental risks)</li> </ul>

## Recommended Disclosure Item (3) Strategy

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

The Group considers it important to examine climate-related risks and opportunities at the appropriate milestone occasions because of the potential impact of climate-related risks and opportunities on its business activities over the long term. Accordingly, the Group has positioned the execution window of the Medium-term Business Plan up to fiscal 2023 as the short term, the period up to fiscal 2030, which is the target year set by SBTi for Scope 1, 2, and 3 emissions, as the medium term, and the period up to fiscal 2050, which is the SBTi net zero target year for Scope 1, 2, and 3 emissions, as the long term.

The Group has formulated the Group strategy for climate-related risks and opportunities by back-casting from fiscal 2050, by which it is to realize net zero, and is working to apply the strategy.



JFR Group FY2050 Net Zero Transition Plan

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

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

In the scenario analysis, we referenced multiple existing scenarios announced by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), then considered two world scenarios: the below 1.5°C/2°C scenario that envisages the goal of the Paris Agreement of striving to limit the increase in the global average temperature to below 2°C above pre-industrial levels; and the 4°C scenario that envisages the GHG emissions on the present basis.

Based on these two scenarios, the Group extracted climate-related risks and opportunities following the TCFD recommendations for each activity in its supply chain process. In addition, we defined the transition risks (policy regulation, technology, market, reputation) and physical risks (acute, chronic) arising from climate change, as well as the opportunities (resource efficiency, energy sources, products and services, markets, and resilience) arising from responding appropriately to it.

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

Periods for consideration of climate-related risks and opportunities		The Group's definition
Short term	Until FY2023	Execution period of the Medium-term Business Plan
Medium term	Until FY2030	Period until the SBT setting fiscal year for the Scope 1, 2, and 3 emissions
Long term	Until FY2050	Period until the SBT net-zero target setting fiscal year for the Scope 1, 2, and 3 emissions

Existing scenarios referred to

Possible world	Existing scenarios
Below 1.5°C/2°C scenario	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2021)
	"Sustainable Development Scenario (SDS)" (IEA, 2021)
	"Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)
4°C scenario	"Stated Policy Scenario (STEPS)" (IEA, 2021)
	"Representative Concentration Pathways (RCP6.0, 8.5)" (IPCC, 2014)

Overview of climate-related risks and opportunities in the Group

Type of climate-related risks and opportunities		Time of emergence	Overview of climate-related risks and opportunities in the Group
Risk	Transition risk	Policy regulation	<ul style="list-style-type: none"> <li>● Increase in energy cost associated with the introduction of policies to control GHG emissions, such as carbon taxes and the strengthening of regulations</li> <li>● Increase in cost of reducing GHG emissions by purchasing green electricity certificates and so forth</li> <li>● Increase in energy procurement cost due to increased demand for renewable energy associated with geopolitical risk</li> </ul>
		Technology	<ul style="list-style-type: none"> <li>● Increase in operation cost for responding to high efficiency, energy-saving equipment</li> <li>● Increase in energy procurement cost due to the spread of new non-carbon energy sources such as hydrogen and ammonia</li> <li>● Increase in operation cost due to CCUS (CO<sub>2</sub> capture, utilization and storage) and tree-planting activities</li> </ul>
		Market	<ul style="list-style-type: none"> <li>● Increase in renewable energy procurement cost due to increase in use of renewable energy-sourced electricity</li> <li>● Loss of growth opportunities due to a delay in response to market changes such as increased demand for low-carbon products</li> <li>● Loss of growth opportunities due to a delay in response to increased risk of infectious diseases (COVID-19, etc.) caused by climate change</li> </ul>
		Reputation	<ul style="list-style-type: none"> <li>● Risk of reputation loss due to slow response to environmental issues and slow response to diversification of consumption patterns</li> <li>● Risk of reputation loss due to lack of preparation for demand from investors for environmental information disclosure</li> <li>● Negative impact on recruitment of new employees and employee engagement due to loss of reputation among stakeholders</li> </ul>
	Physical risk	Acute	<ul style="list-style-type: none"> <li>● Loss of sales opportunities for products and services resulting from disruption of logistics routes due to natural disasters caused by climate change</li> <li>● Reduction in earnings due to damage to stores and business sites and suspension of operations because of natural disasters caused by climate change</li> <li>● Loss of sales opportunities in stores due to increased risk of infectious diseases (COVID-19, etc.) caused by climate change</li> </ul>
		Chronic	<ul style="list-style-type: none"> <li>● Increase in procurement cost due to destabilization of agricultural production associated with increase in rainfall and changing weather patterns</li> <li>● Increase in employee health damage due to infectious diseases (COVID-19, etc.) caused by climate change</li> </ul>
Opportunity	Resource efficiency	Short and medium term	<ul style="list-style-type: none"> <li>● Decrease in energy procurement cost due to strengthening of energy-saving measures</li> <li>● Decrease in energy procurement cost due to conversion to stores and business sites of high environmental value</li> </ul>
	Energy source	Short and long term	<ul style="list-style-type: none"> <li>● Decrease in energy procurement cost due to introduction of the latest high energy-efficiency equipment</li> <li>● Decrease in energy procurement cost due to introduction of energy creation</li> <li>● Reduction in renewable energy procurement cost associated with the development of new policies and systems related to renewable energy</li> </ul>
	Products and services	Short and medium term	<ul style="list-style-type: none"> <li>● Expansion of earnings due to response to an increase of demand for sharing and upcycled products in collaboration with suppliers</li> <li>● Expansion of earnings due to response to an increase of customer demand for environmental products and services, such as reusable and recycled products</li> </ul>
	Market	Short and long term	<ul style="list-style-type: none"> <li>● Expansion of new growth opportunities through new entry into the circular businesses</li> <li>● Improvement in profitability due to rebuilding of business portfolio across the framework of the retail business and entry into and expansion of the market for low carbon products</li> <li>● Expansion of earnings due to opening of environmentally conscious tenant stores following conversion to stores and business sites with high environmental value</li> <li>● Capture of new growth opportunities by response to increased infectious disease risk (COVID-19, etc.) caused by climate change</li> </ul>
	Resilience	Medium term	<ul style="list-style-type: none"> <li>● Increase in energy resilience following advances in renewable energy and energy saving</li> </ul>



### C Risks, opportunities and financial impacts based on relevant scenarios, and resilience of strategies against it

The Group exhaustively extracted climate risks and opportunities and assessed their importance based on two assessment criteria including the “degree of impact on the Group and the probability of occurrence” and the “degree of impact on stakeholders.”

Furthermore, the Group has conducted both quantitative and qualitative analyses of the financial impacts in fiscal 2030 assuming the below 1.5°C/2°C scenario and the 4°C scenario with regard to the climate-related risks and opportunities that it has evaluated as being of particularly high importance.

The qualitative financial impacts are presented in three levels by the direction of the arrow symbols.

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

#### Climate change risks and opportunities of particular importance to the Group and their financial impacts

Climate-related risks and opportunities of particular importance to the Group		Financial impacts		Measures
		Below 1.5°C/2°C scenario	4°C scenario	
Risk	● Increase in energy cost associated with the introduction of policies to control GHG emissions, such as carbon taxes and the strengthening of regulations	Cost increase of approximately ¥1.1 billion*1	Cost increase of approximately ¥0.6 billion*1	● Reduction in Scope 1 and 2 emissions due to switching to energy saving and renewable energy at stores and business sites
	● Increase in cost of reducing GHG emissions by purchasing green electricity certificates and so forth			● Reduction in energy usage due to introduction of latest high energy-efficiency equipment at stores and business sites
	● Increase in renewable energy procurement cost due to increase in use of renewable energy-sourced electricity	Cost increase of approximately ¥0.7 billion*2	Cost increase of approximately ¥0.2 billion*2	● In-house generation and consumption of renewable energy through introduction of energy creation system, such as capital investment in renewable energy at in-house facilities
	● Reduction in earnings due to damage to stores and business sites and suspension of operations because of natural disasters caused by climate change	Sales decrease of approximately ¥5.2 billion*3	Sales decrease of approximately ¥10.3 billion*3	● Increased resilience of stores and business sites through the development of BCP
	● Loss of sales opportunities in stores due to increased risk of infectious diseases (COVID-19, etc.) caused by climate change			● Diversification of sales channels through the promotion of Real x Digital Strategy formulated in the Medium-term Business Plan.
Opportunity	● Decrease in energy procurement cost due to introduction of the latest high energy-efficiency equipment			● Reduction in energy usage due to introduction of latest high energy-efficiency equipment at stores and business sites
	● Expansion of earnings due to opening of environmentally conscious tenant stores following conversion to stores and business sites with high environmental value	Sales increase of approximately ¥1.0 billion*4	—	● Acquisition of environmental certification for stores and business sites through energy saving and switching to renewable energy
	● Expansion of earnings due to response to an increase of demand for sharing and upcycled products in collaboration with suppliers			● Conversion to a circular business model, including sharing and upcycling in collaboration with suppliers
	● Expansion of earnings due to response to an increase of customer demand for environmental products and services, such as reusable and recycled products			● Increase in the level of 3Rs in collaboration with customers and suppliers and expansion of handling of environmental products and services
	● Capture of new growth opportunities by response to increased infectious disease risk (COVID-19, etc.) caused by climate change			● Diversification of sales channels through the promotion of Real x Digital Strategy formulated in the Medium-term Business Plan

Grounds for estimation of quantitative financial impacts expected in FY2030

\*1 Estimated by multiplying the Group's Scope 1 and 2 emissions in FY2030 by the carbon tax price per tonne of CO<sub>2</sub>

\*2 Estimated by multiplying the Group's electricity usage in FY2030 by the additional price of renewable energy-sourced electricity per kWh compared to ordinary electricity charges

\*3 Estimated by multiplying the amount of sales losses due to suspension of operations during past natural disasters by the frequency of floods

\*4 Estimated by multiplying the Group's real estate revenue and profits in FY2030 by percentage changes in new actual rent of buildings with environmental certification

To realize our most important materiality, “realization of decarbonized society,” the Group analyzed the impacts of climate change on its business activities, assuming the above scenarios, then examined its countermeasures to verify its strategy resilience.

For this reason, in the business strategies and the Medium-term Business Plans, we formulate appropriate measures to avoid negative risks, and for positive opportunities, we aim to capture new growth opportunities such as responding actively to market changes and so forth.

## Recommended Disclosure Item (4) Metrics and Targets

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

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

Furthermore, in the Officer Remuneration Policy revised in April 2021, Scope 1 and 2 emission reduction targets were set as indicators for determining performance-linked remuneration, to clarify executive officers' responsibility with regard to the issue of climate change.

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

The Group started calculating the total emissions for the Group in fiscal 2017. The Group's Scope 1 and 2 emissions in fiscal 2021 were 122,812 t-CO<sub>2</sub> (down 7.0% from fiscal 2020 and down 36.7% from fiscal 2017). Furthermore, the Group's Scope 3 emissions in fiscal 2021 were 2,420,492 t-CO<sub>2</sub> (up 19.1% from fiscal 2020 and down 17.3% from fiscal 2017).

The Group has received third-party assurance for its Scope 1, 2, and 3 GHG emissions.

#### FY2021 JFR Group Scope 1, 2, and 3 emission results (t-CO<sub>2</sub>, %)

	FY2021	vs. FY2020	vs. FY2017 (vs. base year)
Total Scope 1 and 2 emissions	122,812	-7.0	-36.7
Breakdown	Scope 1 emissions	14,004	16.9
	Scope 2 emissions	108,808	-9.4
Total Scope 3 emissions	2,420,492	19.1	-17.3

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

The Group has set long-term GHG emission reduction targets since fiscal 2018 to achieve the global below 1.5 °C /2°C target, and its Scope 1, 2, and 3 emission reduction targets were approved by the SBTi in fiscal 2019. In fiscal 2021, in line with the advancement of our materialities, we raised our target for reducing Scope 1 and 2 emissions from the previous 40% reduction to a 60% reduction compared with fiscal 2017 (the base year), and it was approved as the 1.5°C target that is the new standard set by the SBTi. Moreover, based on the Corporate Net-Zero Standard set by the SBTi, we have set a target to achieve "net zero by fiscal 2050" within the range of Scope 1, 2, and 3 emissions.

To achieve these long-term targets, in fiscal 2019, the Group started procuring renewable energy-sourced electricity for its own facilities, and in October 2020 joined the RE100\*, which aims to achieve a 100% renewable energy share for electricity used in business activities by fiscal 2050. Moreover, as an interim target, we aim to achieve a 60% renewable energy share for electricity used in business activities by fiscal 2030.

Looking ahead, we will work to expand procurement of renewable energy-sourced electricity towards achieving net zero by fiscal 2050.

\*A global initiative that aims to source 100% renewable energy to power business operations by 2050

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

Metrics	Target year	Details of targets
GHG emissions	2050	Net zero Scope 1, 2, and 3 emissions
	2030	60% reduction of Scope 1 and 2 emissions (vs. FY2017)* <sup>1</sup> 40% reduction of Scope 3 emissions (vs. FY2017)* <sup>1</sup>
Renewable energy share	2050	100% renewable energy share in electric power used in business activities* <sup>2</sup>
	2030	60% renewable energy share in electric power used in business activities

\*1 Approved by SBTi

\*2 Joined RE100 in 2020

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



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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.

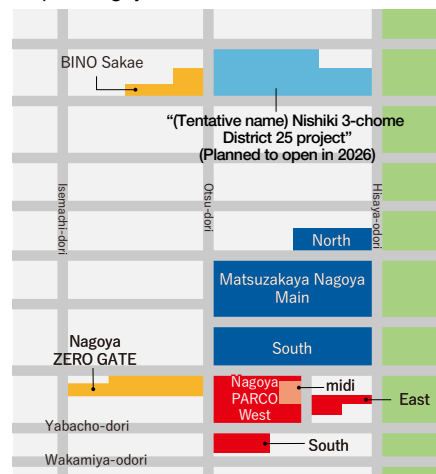
Specifically, the Developer Business will promote large-scale complex development in the prime locations in which the Group’s stores are located and also develop diverse applications including non-commercial ones such as residence, hotels, and offices for the future growth of the Group.

### 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



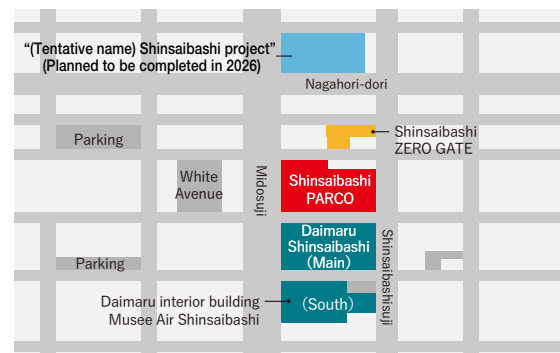
Provided by Mitsubishi Estate Co., Ltd.

### 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

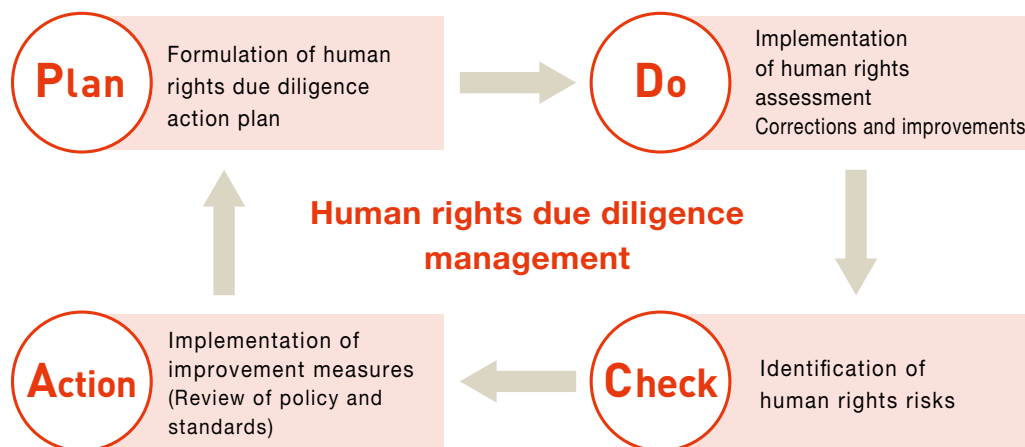
The Group has set the “management of the entire supply chain” as its materiality, and promotes compliance with social responsibilities and environmentally friendly initiatives throughout its supply chain. We are committed to building a more sustainable and resilient supply chain by sharing with and disseminating 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.

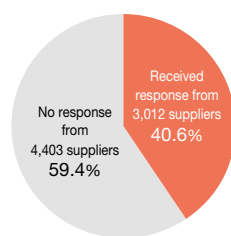
#### 【Overview】

- 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.

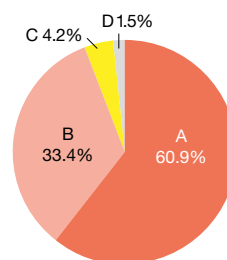
#### 【Assessment results】

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.

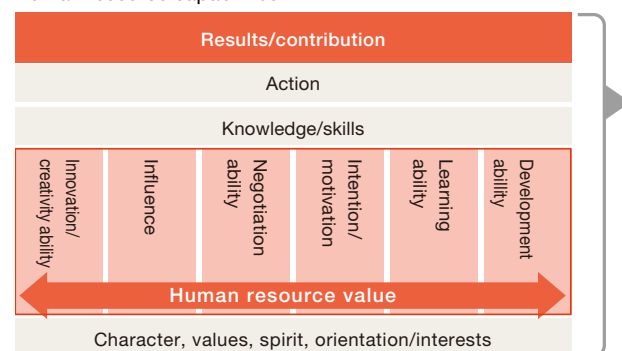
At the same time, we respect diversity, and by creating an environment with diverse and flexible work styles, we aim to create a company in which each and every employee can feel fulfilled, motivated, and happy at work.

### 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

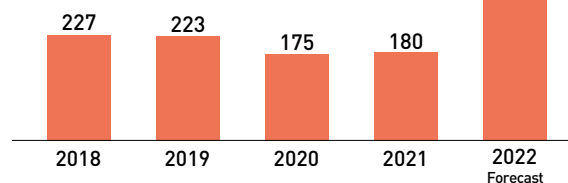


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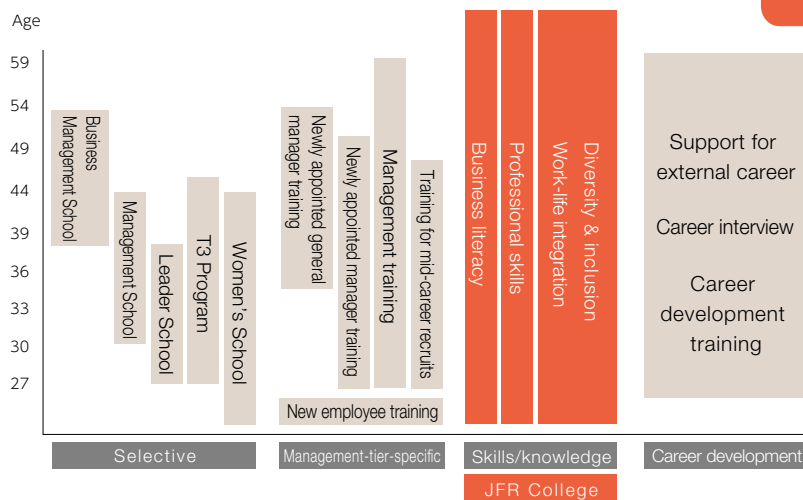
every six months.

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.



## 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.

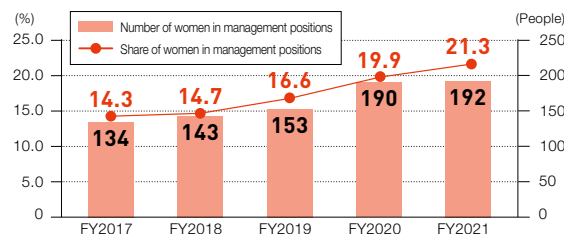
The Group would like to foster corporate and organizational cultures in which not only women but diverse employees are empowered through this project.



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

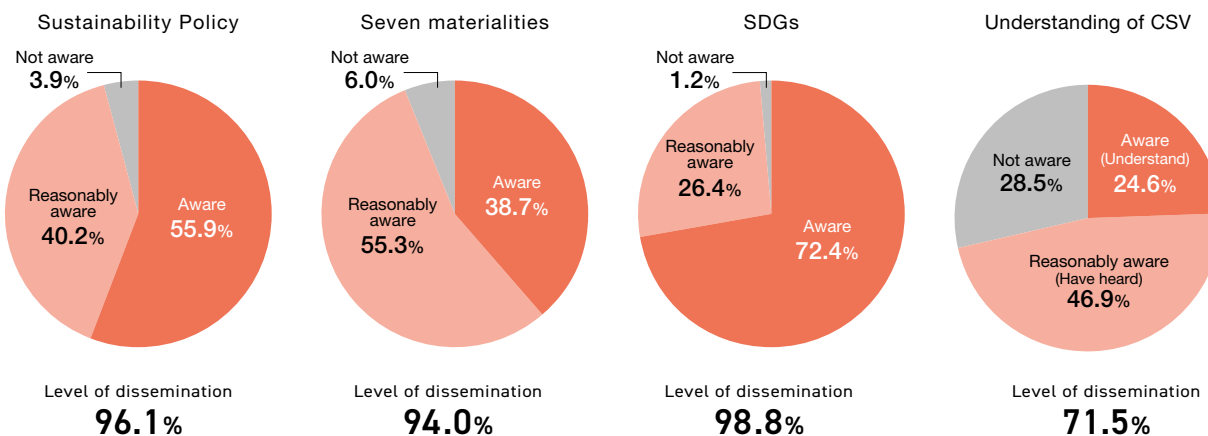
The Group conducted a "survey on employee awareness of sustainability activities" to ascertain the level of internal understanding and dissemination of the Group-wide sustainability activities (responded by 4,654 people).

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.



Corporate Governance System that Supports Sustainability Management

Risk Management

# Governance

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## Corporate Governance System that Supports Sustainability Management

The Group is addressing issues related to sustainability and promoting sustainability management that aims to simultaneously solve social issues and achieve corporate growth. The Company aims to enhance corporate value over the medium to long term by building a governance system by the Board of Directors to make this sustainability management function.

### Sustainability-related Roles of the Board of Directors

The Group is addressing issues related to sustainability, including consideration for global environmental issues such as climate change, respect for human rights, consideration for employee health and the working environment, fair and appropriate treatment, fair and appropriate business dealings with suppliers, and risk management for natural disasters. We believe that addressing these issues is important not only for contributing to a sustainable society as a member of society, but also for the Group's sustainable growth and medium- to long-term enhancement of corporate value.

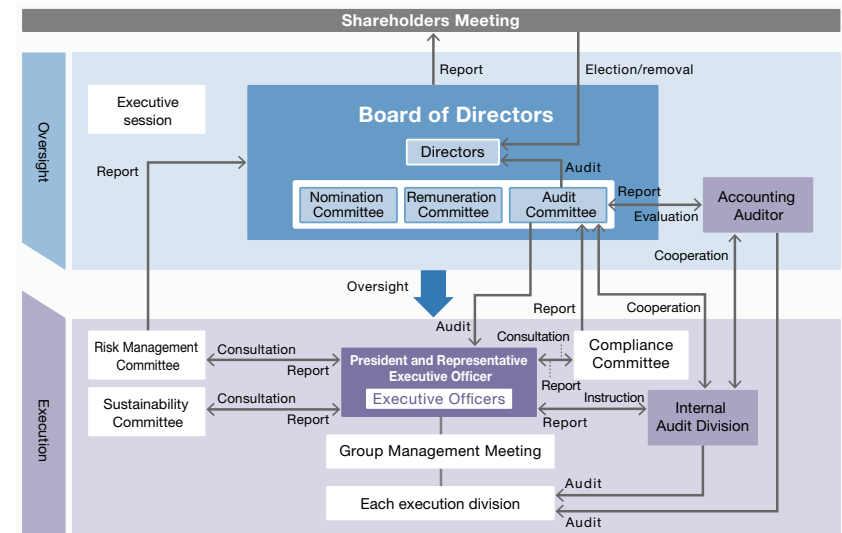
Based on this recognition, the Board of Directors deliberates and decides on the Company's important matters related to sustainability, such as the Sustainability Policy and important issues to be addressed (materialities), and also oversees the progress and results of these initiatives to promote sustainability management.

### Skills Expected of Directors

In selecting candidates for Director, the Board of Directors shall consist of personnel with experience and knowledge necessary to appropriately oversee the promotion of sustainability management (execution of business strategies aimed at resolving the seven materialities) in order for the Board of Directors to effectively fulfill its roles and responsibilities.

In selecting candidates for Outside Director, from the point of view of Board diversity, the Company selects persons who have experience as managers not only in the retail industry that is the core business of the Group but in non-retail industries such as manufacturing industry, or who have expertise in legal and other fields, a marketing perspective, and extensive experience related to finance and accounting. With regard to candidates for non-executive Inside Director, the Company selects persons who have wide-ranging practical experience within the Group and knowledge in fields such as oversight. As for a candidate for Director who concurrently serves as Executive Officer, the Company has selected a person responsible for its financial division whose high level of knowledge will facilitate the execution of the strategic finance policies demanded by shareholders and investors, as well as by the President and Representative Executive Officer.

Corporate governance system diagram



Corporate Governance System

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

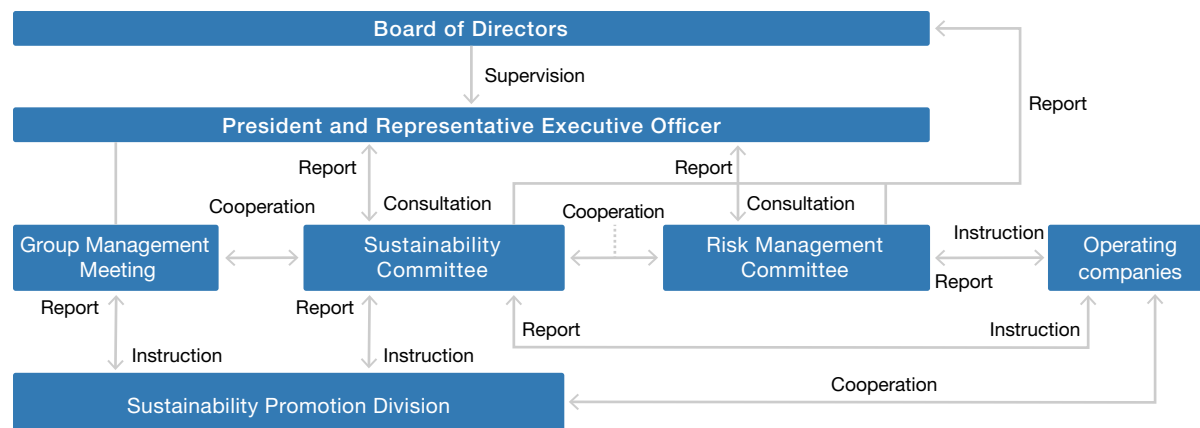
→ Corporate Governance System that Supports Sustainability Management Risk Management

## Sustainability Promotion System

The Group discusses and makes decisions on specific initiative policies related to social issues including the environment and human rights in the Group Management Meeting, which is the highest decision-making body in business execution. The matters discussed and decided by the Group Management Meeting are shared with all operating companies in the Sustainability Committee, which

is an advisory body to the President and Representative Executive Officer and the committee monitors the progress of the action plans formulated by each company. In addition, the Board of Directors receives the reports on the content of discussions and decisions made by the Group Management Meeting and the Sustainability Committee and discusses and oversees them.

Sustainability promotion system



## Linkage between Officer Remuneration and Materiality KPIs

The Company revised its Officer Remuneration Policy in April 2021 when formulating the Medium-term Business Plan, and established the following two items as non-financial indicators for determining performance-linked remuneration.

- (1) 40% reduction in Scope 1 and 2 GHG emissions (compared to fiscal 2017)
  - (2) 26% increase in the share of women in management positions
- (Both (1) and (2) are at the end of fiscal 2023)

These items are also linked to materiality KPIs for fiscal 2023 to clarify the responsibility of the management team for achieving the targets.

## Major Agenda Items Discussed by the Sustainability Committee

### FY2021

- Apr
  - Efforts made with suppliers to reduce Scope 3 emissions
  - Overview of supplier assessment (including human rights) in FY2021
  - Revision to the Sustainability Policy
  - Progress of the entire Group in FY2020
- Sep
  - Lecture by an external instructor “Importance of ESG information disclosure”
  - Implementation of supplier assessment (including human rights)
  - Progress of the entire Group in H1 FY2021

### FY2022

- Apr
  - Lecture by an external instructor “ESG/sustainability management”
  - Action plan for FY2022
  - How to advance the Women’s Empowerment Promotion Project
  - Explanation about the results of supplier assessment (including human rights) in FY2021
  - Progress of the entire Group in FY2021
- May
  - Lecture by an external instructor “Diversity as a management strategy”

# Risk Management

The Group defines risk as “uncertainties that have both positive and negative sides that could have an impact on the achievement of business management goals.” And we position risk management as an “activity that increases corporate value by managing risks by reasonable and optimal methods from a company-wide perspective” to achieve sustainable corporate growth by addressing the positive side and the negative side of risk properly.

## Risk Management System

The Group has a Risk Management Committee, which is chaired by the President and Representative Executive Officer and comprises Executive Officers and others, at J. Front

Retailing. The committee has a secretariat headed by an officer in charge of risk management. The secretariat shares important matters decided by the committee with operating companies to

promote enterprise risk management (ERM).

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

## Risk Management Process

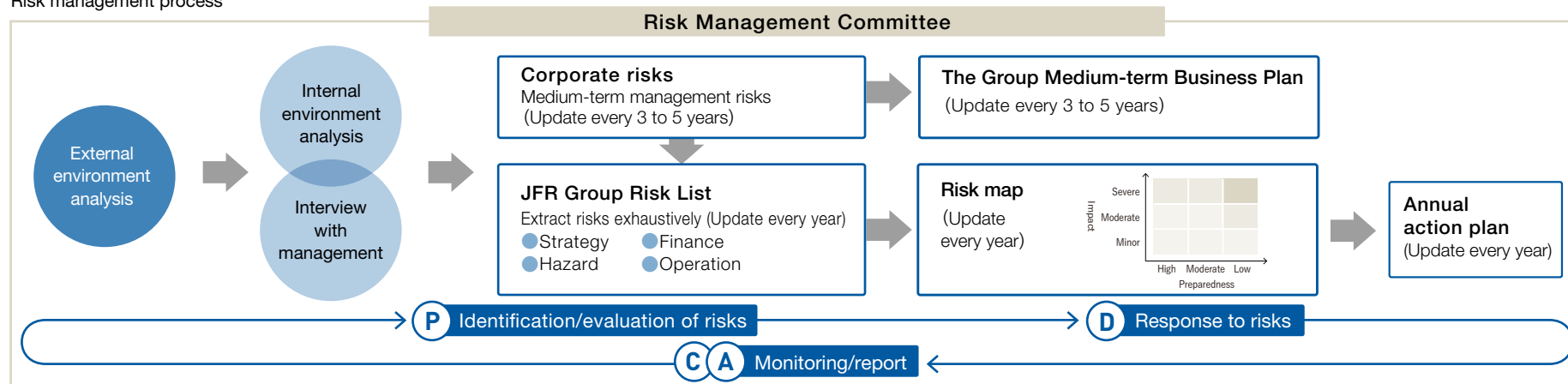
The Group promotes risk management through the following processes. Specifically, we are striving to ensure that risks of high importance to the Group are not overlooked, under the external and internal environmental analyses, and based on the recognition of the management team including Directors and the persons responsible for practical operation.

Over the medium-term, we have positioned corporate risks as having extremely high importance for the Group's management, and have used these as starting points for the Group Medium-term Business Plan.

Furthermore, the risks for the fiscal year identified from “corporate risks” are summarized in the JFR Group Risk List,

evaluated using a risk map, then ranked by priority before implementing countermeasures. For corporate risks and the JFR Group Risk List, changes in the environment surrounding risks and the progress of measures are monitored semiannually, and the Risk Management Committee discusses the matters and then reports their content to the Board of Directors.

Risk management process





Corporate Governance System that Supports Sustainability Management → Risk Management

## Corporate Risk List

Below is a list of the impact of corporate risks on the Group and their measures. The measures are linked to the Medium-term Business Plan, and their progress is regularly monitored.

### List of the JFR Group Corporate Risks

Category	No.	Item	Impact	Outlook*	Negative side	Positive side	Measures
Strategy risk	1	Advanced sustainability management	Very severe	↑	• Defection of stakeholders, decline in ratings / brand power	• Sustainable growth, increase in the Group's presence	• Clarifying value creation story that creates both social value and economic value at the same time • Realizing Well-Being Life for stakeholders
	2	Decline of existing business models	Very severe	↑	• Decreased vitality of the entire Group due to weak performance of large-scale store retail business	• Regrowth by radical change of business model of large-scale store retail business	• Digitizing customer touch points - Delivering added value like stores and increasing accuracy of marketing • Reviewing role of store - Providing experience, encounter, place for connection with people
	3	Response to increasingly accelerated digitization	Very severe	↑	• Sluggish growth of the entire Group • Declining competitiveness due to delay in using technologies	• Changing business models using digital technologies • Streamlining of operations, going paperless	• Changing business models by maximizing customer experience value, etc. • Building business models in new markets such as metaverse • Standardizing and streamlining operation systems
	4	Changes in consumer behavior after COVID-19	Very severe	↑	• Customer defection due to failure to meet customer needs	• New market creation	• Analyzing changes in consumer behavior • Creating new markets such as sustainable products/services
	5	Urban decentralization (Rebalancing between urban and rural areas)	Severe	↗	• Decline in conventional urban commercial facilities' ability to attract customers	• Business in response to urban decentralization	• Planning strategy concerning real estate development and real estate holdings of the entire Group • Coexisting with local areas, promoting attractive urban development through proposal of diverse urban lifestyles and complex redevelopment
	6	Accelerated income polarization	Severe	↗	• Sales decrease due to shrinkage of mass market	• Stimulating new middle-class demand • Developing new affluent markets	• Rightsizing and segmentalizing mass market products/services • Deeply cultivating affluent markets both physically and digitally
	7	Changes in customers, particularly low birthrate / longevity	Severe	↗	• Shrinkage of domestic markets	• Expansion of senior markets	• Focusing on high quality children's wear and education business • Increasing shopping convenience for senior customers and strengthening categories that are of strong interest to them such as wellness
	8	Uncertainty about non-Japanese market	Severe	→	• Prolonged stagnation in inbound sales	• Gradual recovery of inbound sales • Acquisition of foreign demand through EC and live commerce	• Preparing promotion measures in anticipation of inbound market recovery • Strengthening EC and live commerce
	9	Accelerated reorganization and M&A beyond industry boundaries	Severe	↗	• Hostile takeover of the Group	• Business portfolio transformation • Corporate growth using M&A	• Screening existing businesses, optimizing management resource allocation • Studying and exploring new businesses and promoting development of and growing business of operating subsidiaries that implement these new businesses
Hazard risk	10	Frequent natural disasters / epidemics	Very severe	↗	• Talent drain, losing the war for talent • Decrease in employee motivation	• Increasing employee engagement and organization's power • Promoting business strategy, creating innovation	• Strengthening human capital based on "human resource capabilities" • Implementing measures that increase flexibility of work style • Reorganization that respects diversity • Developing young human resources through various opportunities
	11	Increasing importance of information security	Severe	↗	• Personal information breach, legal actions / claim for damages, loss of social credibility • Delay/stagnation of operations	• Stable running of operations and systems • Streamlining of operations, promotion of remote working	• Strengthening preparation for new infections by analyzing response to COVID-19 • Formulating multiple scenarios and analyzing impact on business • Continuously conducting practical BCP training • Reviewing business plans properly and timely
Finance risk	12	Increasing importance of financing management	Severe	→	• Funding cost remaining high	• Reduction of funding cost • Support for promoting growth strategy	• Implementing new security measures that improve prevention/detection of incidents • Reviewing the Group security guidelines and improving employee literacy through training, etc.
	13	Need for cost structure that can respond to environmental changes	Very severe	↗	• Decline in profitability • Reduction of investment	• Business portfolio transformation • Strengthening business base	• Rightsizing cash on hand and interest-bearing liabilities • Diversifying financing methods such as sustainability bond • Cost reduction by business model reform, office reorganization, review of workforce composition, etc. • Promoting optimization of business portfolio

\*Risk changes during the term of the Medium-term Business Plan that were forecast considering the impact on the Group, measures, etc.   : Top priority risks that have an extremely severe impact

## Information Security Measures

In March 2022, the Company established the Group System Unit, to upgrade and improve the Group's overall system infrastructure and realize the safe operation of information systems and highly robust security. Recent incidents are becoming more diverse and complex year by year, and we believe that further initiatives are needed in both hard and soft aspects.

In hard aspects, we are phasing in security products and monitoring services that can detect suspicious behavior on a terminal and respond rapidly when an incident occurs. We also use multi-factor authentication for logging on to the system, enabling us to restrict devices that can connect and prevent unauthorized access due to password leaks and so forth.

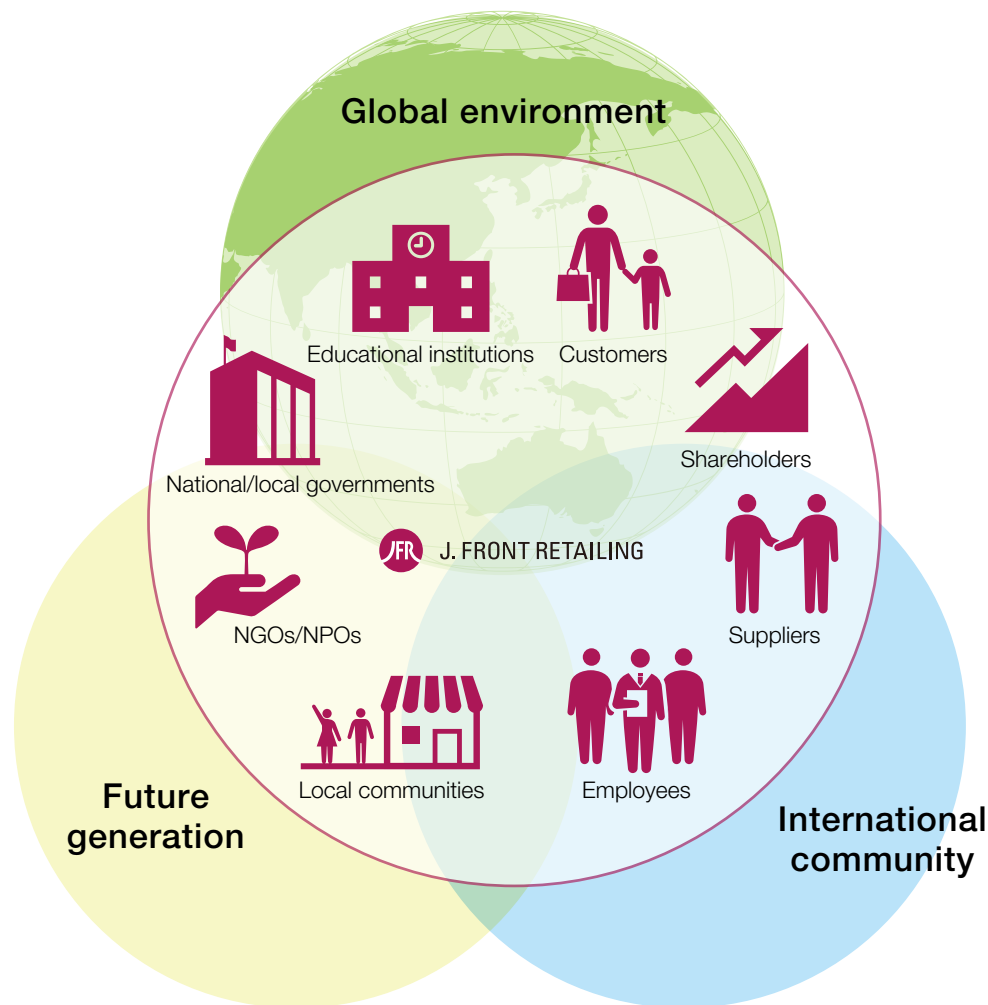
In soft aspects, considering recent changes in IT usage environment, we will revamp the Group security guidelines. Moreover, we are working to increase the level of literacy among all employees by using e-learning and conducting targeted attack email training based on information about the latest incidents.

In addition, in order to strengthen the security management system, we established CSIRT\* in the Company and joined the Nippon CSIRT Association. The Company works with people responsible for information security management of the Group companies to develop manuals in preparation for incidents while continuously providing incident response training. By doing so, we go on strengthening the security management system of the entire Group.

\* CSIRT stands for Computer Security Incident Response Team.

# Stakeholder Engagement

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



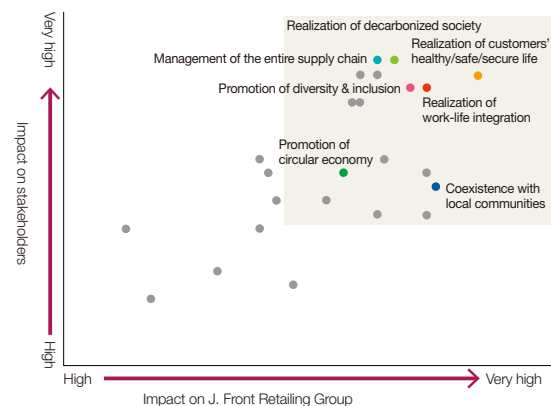
Stakeholder	Major ways of dialogue/communication
<p><b>Customers</b></p> <p>We will provide genuine satisfaction captivating customers by offering new value.</p>	<ul style="list-style-type: none"> <li>● Daily sales activities</li> <li>● Customer questionnaires</li> <li>● Inquiries to Customer Service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

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

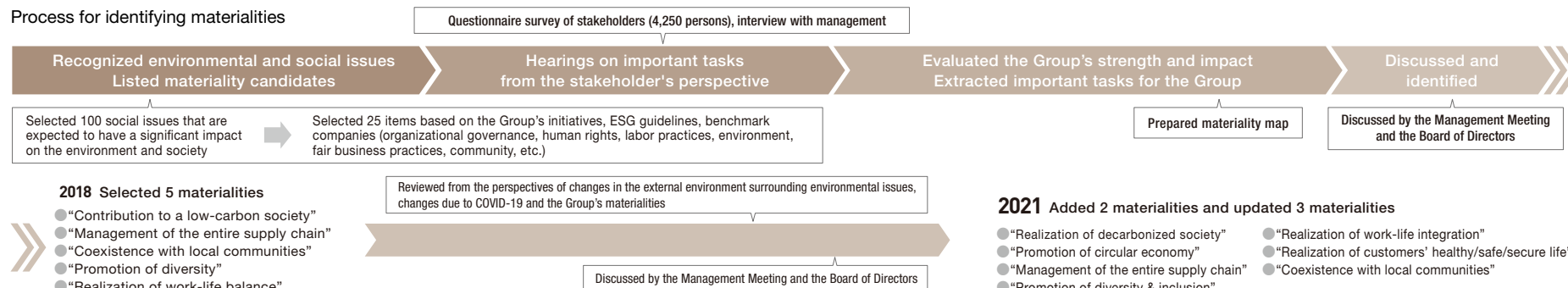
# JFR's Materialities

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>																		
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 <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>																						
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	Risk and opportunity	Indicator	2021 results	2023 KPI	2030 KPI																		
<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> </ul>	<ul style="list-style-type: none"> <li>● 11.9% reduction (vs. FY2019)</li> </ul>	<ul style="list-style-type: none"> <li>● 15% reduction (vs. FY2019)</li> </ul>	<ul style="list-style-type: none"> <li>● 50% reduction (vs. FY2019)</li> </ul>																			
	<ul style="list-style-type: none"> <li>● Total weight of items collected via ECOFF for recycling</li> </ul>	<ul style="list-style-type: none"> <li>● 1,101 tons in total</li> </ul>	<ul style="list-style-type: none"> <li>● 1,500 tons in total</li> </ul>	<ul style="list-style-type: none"> <li>● 3,000 tons in total</li> </ul>																			
	<ul style="list-style-type: none"> <li>● Recycling and reuse</li> </ul>	<ul style="list-style-type: none"> <li>● Start of collecting and recycling gift catalogs</li> </ul>	<ul style="list-style-type: none"> <li>● Realization of recycling and remanufacturing of used products in collaboration with suppliers and customers</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of recycling and remanufacturing of used products in collaboration with suppliers and customers</li> </ul>																			
<ul style="list-style-type: none"> <li>● Businesses including sharing, subscription, and upcycling</li> </ul>	<ul style="list-style-type: none"> <li>● Launch of fashion subscription business AnotherADdress</li> </ul>	<ul style="list-style-type: none"> <li>● Entry into businesses including sharing and upcycling in collaboration with suppliers</li> </ul>	<ul style="list-style-type: none"> <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

<p><b>2030 KGI Commitment</b></p> <p><b>Realizing decarbonization throughout the supply chain created along with suppliers</b></p> <p>We will engage in procurement, etc., of environment-friendly products and services with our suppliers, while also working to shift to renewable energy and energy saving, so that we can contribute to the realization of a decarbonized society throughout the supply chain.</p>	<p><b>Background and view</b></p> <p>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.</p>					
	Risk and opportunity		Indicator	2021 results	2023 KPI	2030 KPI
	<p><b>Risk</b></p> <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> <p><b>Opportunity</b></p> <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>
	<p><b>2030 KGI Commitment</b></p> <p><b>Realizing a sustainable supply chain created along with suppliers</b></p> <p>We will share our view on sustainability with our suppliers and work together with them to fulfill our social responsibilities, thereby contributing to the creation of a sustainable society for the future by the entire supply chain. In addition, we will work with our suppliers to create a work environment in which the human rights of the people working in the supply chain will be protected and they will be able to continue to work in good health.</p>					
	<p><b>Background and view</b></p> <p>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.</p>					
	Risk and opportunity		Indicator	2021 results	2023 KPI	2030 KPI
	<p><b>Risk</b></p> <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> <p><b>Opportunity</b></p> <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 → KGI and KPIs of Materialities and Their Progress



**Promotion of diversity & inclusion**

<p><b>2030 KGI Commitment</b></p>	<p><b>Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality</b></p> <p>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).</p>				
	<p><b>Background and view</b></p> <p>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 &amp; inclusion." We respect diverse abilities and create unity, which will lead to enhanced corporate competitiveness.</p>				
	Risk and opportunity	Indicator	2021 results	2023 KPI	2030 KPI
	<p><b>Risk</b></p> <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> <p><b>Opportunity</b></p> <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> <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> </ul>	<ul style="list-style-type: none"> <li>● Turnover rate due to childcare and caregiving</li> <li>● Paternity leave usage rate</li> </ul>	<ul style="list-style-type: none"> <li>● 1.4%</li> <li>● 43.6%</li> </ul>	<ul style="list-style-type: none"> <li>● Less than 1.0%</li> <li>● 100%</li> </ul>	<ul style="list-style-type: none"> <li>● 0%</li> <li>● 100% regardless of gender</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> </ul>	<ul style="list-style-type: none"> <li>● Work style</li> <li>● Employee satisfaction (Employee satisfaction survey)</li> </ul>	<ul style="list-style-type: none"> <li>● Expansion of teleworking system</li> <li>● Formulation of J. Front Retailing Health Declaration</li> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>● Establishment of systems and evaluation to create an organization that allows employees to work anytime, anywhere</li> <li>● 60%</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing productivity by the organization that allows employees to work anytime, anywhere</li> <li>● 80%</li> </ul>

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



**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



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



Coexistence with local communities

2030 KGI Commitment

Together with local people, creating prosperous future-oriented communities in which people gather, centering on our stores

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

Background and view

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

Risk and opportunity

Indicator

2021 results

2023 KPI

2030 KPI

Risk

- Decline in conventional urban commercial facilities' ability to attract customers

- Community development

- Entry into residence business

- Making the area more attractive leveraging local uniqueness including culture and history, developing in a way that contributes to drawing crowds to the area
- Shift to CSV in stores (making stores sustainable) throughout the Group

Opportunity

- Business in response to urban decentralization

- Collaboration with local communities

- Opening of "city library" in Daimaru Suma store

- Promotion of local revitalization in collaboration with governments, educational institutions, NGOs, and NPOs
- Promotion of local revitalization by finding and providing locality content such as *chisan-chisho*

## Initiatives of Operating Companies

### JFR Card

Through payment services and QIRA points, JFR Card builds ties with customers, business partners, merchants, and local communities. In October 2021, the QIRA Points Plus program was launched. It allows customers to earn QIRA points in addition to regular points when using their Daimaru Matsuzakaya Card at participating merchant stores. The expansion of this network of merchants will attract more visitors to the J. Front Retail Group's economic areas, centering on Daimaru Matsuzakaya Department Stores, PARCO, and GINZA SIX, realize mutual transfer of customers between merchants, and contribute to "enhancing regional value and developing the region."

 [JFR Card website \(Japanese only\)](#)

### J. Front Design & Construction

J. Front Design & Construction actively promotes the recycling of waste wood from construction sites, and has introduced a temporary fencing system for department store renovations that uses system panels that do not emit waste wood. The company is also working to coexist with local communities through the effective use of domestic thinned wood in new office buildings, the proposal of local specialty products for hotel fixtures, and the holding of craft workshops with children living near its directly-managed factories.


Meanwhile, the company is actively promoting the realization of work-life integration for its employees through the introduction of more IT equipment, satellite offices, and telecommuting systems.

 [J. Front Design & Construction website](#)

### Daimaru Kogyo

On the business side, following the growing trend of gasoline-free vehicles, the Automotive Department of Daimaru Kogyo indirectly contributes to reducing GHG emissions by supplying parts for hybrid vehicles, etc. The company is also working to prevent damage caused by animals, which has become a social issue, as a new business.


In addition to business activities, the company is working to reduce GHG emissions by switching to LEDs in its offices and paperless conference materials. It is also promoting diverse work styles by building a telecommuting system in response to the infection situation throughout the COVID-19 pandemic and promoting diversity & inclusion through the increase of the share of women in management positions and the extension of the retirement age.

 [Daimaru Kogyo website](#)

### Consumer Product End-Use Research Institute

With the aim of coexisting with local communities, Consumer Product End-Use Research Institute is working with governments, financial institutions, private businesses, and others to support local small businesses by leveraging its expertise in quality control. Recently, the company has been involved in projects to support reconstruction in the areas affected by the Great East Japan Earthquake and local businesses through wide-area cooperation among credit unions, and holds seminars and consultation sessions on food labeling and ad expressions to expand its business.

In addition, to reduce food loss, which has become a major social issue in recent years, the company promotes awareness-raising activities through its blog and encourages the review of expiration dates. In fiscal 2022, it is planning to launch a new awareness-raising activity on food hygiene management at "children's cafeterias" in collaboration with NPOs that support the operation of "children's cafeterias" nationwide. Through these initiatives, the company will continue to contribute to ensuring food safety and security.

 [Consumer Product End-Use Research Institute website \(Japanese only\)](#)

## Angel Park

Angel Park installed seven EV charging stands (200 V) in the car park operated by the company by the end of June 2022 and is planning to install four more in the second half of fiscal 2022.

Thereby the company will have a total of eleven stands including five in the north area of the parking, five in the south area and one in the parking area of Yaba Park. The company will promote further efforts in line with the expected increase in the number of EVs.

In addition, the company promoted the conversion to LED lighting in its parking lot, and in August 2021, the conversion of the ceiling lighting in its south and north areas to LED lighting was completed, which led to a significant reduction in power consumption.

By continuing these efforts, Angel Park contributes to the realization of decarbonized society.

 [Angel Park website \(Japanese only\)](#)

## JFR Information Center


JFR Information Center has switched to LED lighting in its offices to reduce GHG emissions, and is also promoting a paperless office environment by digitizing vouchers and using online storage. The development of infrastructure for telecommuting, such as electronic authentication of internal applications and the use of online meeting systems, also helps promote work-life integration. In addition, the company technologically supports the streamlining of the Group's administrative work through Robotic Process Automation (RPA) and others.

 [JFR Information Center website \(Japanese only\)](#)

## JFR Service

JFR Service is working to reduce GHG emissions by going completely paperless in meetings. The company is also considering volunteer activities to promote social contribution activities in the Takatsuki area where it operates.

In addition, it is promoting work style reforms, including the use of shorter working hours to empower women, encouraging male employees to take childcare leave, and promoting teleworking.

 [JFR Service website \(Japanese only\)](#)

## External Recognition

## Sustainable Finance

Selected as the constituent of MSCI Japan Empowering Women Index (WIN)\* for five consecutive years



2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Selected as the constituent of FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

Included in A List in 2021 CDP climate change survey for the second consecutive year



CDP A LIST 2021 CLIMATE

Selected as the constituent of SNAM Sustainability Index



2022 Sompo Sustainability Index

Selected as FY2021 Nadeshiko Brand



NADESHIKO BRAND 2022

Recognized as White 500 in Large Enterprise Category under 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program




2022 健康経営優良法人 Health and productivity ホワイト500

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



2021 優良賞 環境報告部門

Awarded IR Grand Prix 2021



2021 IR Grand Prix 2021

Received "gold" rating in PRIDE Index 2021



work with Pride PRIDE Gold 2021

Rated 4.5 stars in "Nikkei SDGs Management" Survey 2021




NIKKEI SDGs 2021 ★★★★★

Rated four stars in the 5th "Nikkei Smart Work Management Survey"



NIKKEI Smart Work 2022 ★★★★★

Received the Osaka Governor's Award in the Osaka Climate Action Awards for FY2021



おおさか 気候変動対策賞 CLIMATE ACTION AWARDS

Certified under the Kurumin mark system (Daimaru Matsuzakaya Department Stores)



2021年認定 するみんま 全国でサポートしています

Received the Gold award in the category of Interior Design of IAUD International Design Award 2021 (Parco)



IAUD INTERNATIONAL DESIGN AWARD 2021

Certified by the MHLW as an "outstanding small and medium-sized business for its efforts to hire more people with disabilities (MONISU)" (JFR Create)



障害者雇用 中小企業支援認定 2022年度

### Issued sustainability bonds

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

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

### Signed a loan agreement for the Positive Impact Finance

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

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# 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</li> <li>Construction of the main building of Daimaru Shinsaibashi store (FY2019)</li> <li>Construction of Shibuya PARCO (FY2019)</li> </ul>	<ul style="list-style-type: none"> <li>Status of building certification/confirmation (timing / certification level)</li> <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> <li>Electricity reduction</li> <li>Main building of Daimaru Shinsaibashi store: Up 767 MWh (vs. FY2014*)</li> <li>Shibuya PARCO: Down 2,982 MWh (vs. FY2014*)</li> <li>Scope 1 and 2 GHG emission reduction</li> <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> <li>* Estimated value for FY2014, the last full business year before rebuilding (The building structure is not identical due to reconstruction.)</li> </ul>	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</li> <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> <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</li> <li>*Not held due to COVID-19 in FY2021</li> <li>Cost for Mother Recruitment</li> <li>¥2,894,000 in FY2021</li> </ul>	<ul style="list-style-type: none"> <li>Status of appointment of women to management positions (consolidated)</li> <li>Share of women in management positions in FY2021: 21.3%</li> <li>No. of the participants in JFR Women's School (annual)</li> <li>*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

Environment

Society

Governance

Stakeholder  
Engagement

JFR's Materialities

Initiatives of Operating  
Companies

External Recognition

Sustainability  
Bond Reporting

Sustainability Data

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

The logo for "Well-Being Life" features a green line-art globe on the left. A green line starts from the bottom of the globe, curves under the text, and ends with a small leaf-like flourish on the right.

# Well-Being Life

Create and Bring to Life "New Happiness."



**J. FRONT RETAILING**