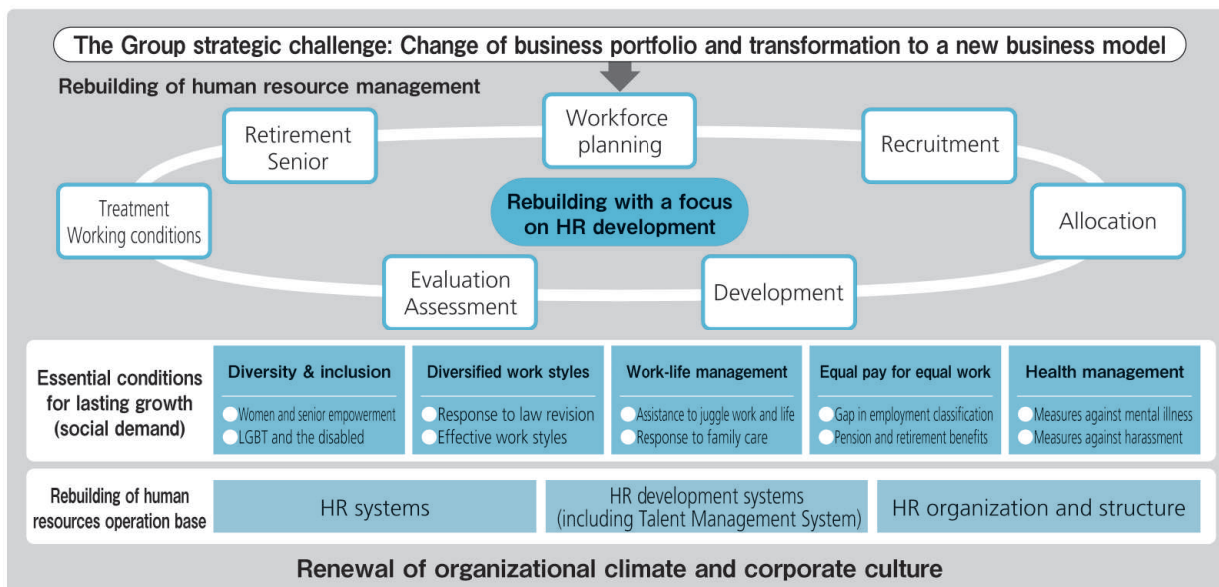


Enhance “Human Resource Capabilities” and Achieve Sustainable Growth.

J. Front Retailing recognizes that each employee is the key to creating added value that is essential for a company’s sustainable growth, and considers this to be its most important management resource. Recognizing that our employees are valuable assets, we aim to become a “company that develops human resources” by facing each employee thoroughly and developing human resource capabilities.

► Overview of new human resources strategy with human resource development at the core



Shift the personnel system from a job performance-based system to a “human resource capabilities”-based system

In conjunction with reforms implemented in the past, our personnel system has been based on “job performance.” In this system, job value was linked to treatment. In fiscal 2020,

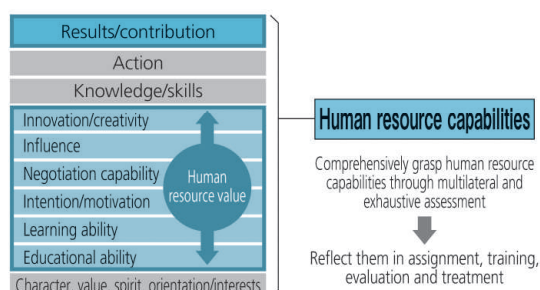
we will shift to a system that puts greater emphasis on the “human resource capabilities” of individual employees. To this end, we will focus on human resource development at all times, from “recruitment” to “assignment,” “training,” “evaluation and assessment,” and “treatment and working conditions,” and will thoroughly implement human resource management centered on human resource development.

Ultimately, we aim to reform our organizational culture and corporate culture, which will lead to the realization of the Group Vision.

Define “human resource capabilities”

We define “human resource capabilities” as not only actual results and contributions, but also comprehensive strengths that include actions and highly specialized knowledge and skills that lead to the realization of results, job execution capabilities that form the foundation for these activities, energy and learning to promote reforms, and the character and spirit that form the foundation. In particular, we define “human resource value” as the ability to perform duties and create new value that directly leads to results and contributions.

► Definition of human resource capabilities



“Visualize” the human resource capabilities of individuals

In fiscal 2019, at Daimaru Matsuzakaya Department Stores, which is the Group’s core operating company, the human resources division interviewed all employees to gain a more direct understanding of each employee’s human resource capabilities. This interview gave a look back on each employee’s careers and gauged their thoughts on future careers. We also created a “human resources record” that integrates a variety of human resources information, including performance evaluations, multi-faceted observations (360-degree evaluation), career interviews, training data, online self-application, job system information, aptitude inspections, and transfer/assignment histories. By “visualizing” each employee’s human resource capabilities and sharing

them among the company, the management line, and the employee, we are able to strengthen human resource management, including assignment, training, and evaluation.

Human resource development

Based on the fundamental philosophy “Human resources grow through work,” we are developing human resources through: ① the assignment of work and roles; ② communication between individuals and the company; and ③ the human resource development program that supports them. Along with strategic and planned assignment and rotation, we will thoroughly provide roles, tasks, and feedback that encourage the development of human resources. In addition, for autonomous design and development of careers, we accept online self-application throughout the year, enhance in-house recruitment, and actively provide career support through career interviews, career development training, and other means. In addition, in order to provide opportunities for education and career development regardless of age, we are enhancing rank-based programs, the opportunities to work outside the Group, and career support colleges (self-development courses).

Recruitment of human resources

In addition to recruiting new graduates as the next-generation core human resources for the future, we are actively recruiting mid-career personnel who are highly specialized human resources ready for work. In fiscal 2019, we recruited 69 mid-career employees (39 men and 30 women) throughout the Group, mainly strategically strengthened digital division, new businesses, real estate business, and credit and finance business. We will continue to strive to acquire human resources with a strong sense of challenge, competitiveness, innovation, and creativity in order to form a diverse organization that creates new value.

Linked to “sustainability management”

“Promotion of diversity” and “realization of work-life balance,” which we have identified as ESG materiality issues, are essential elements for enhancing human resource capabilities. We will continue to implement our human resources strategy as part of our sustainability management.

► Overall diagram of human resource development

