

Sustainability

SUSTAINABILITY

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Amidst increasing uncertainty about the future including global warming, ocean pollution, other worsening environmental problems, human rights issues in the supply chain, and rising geopolitical risks, companies are required to manage sustainability in order to solve environmental and social issues while achieving business growth. Through our CSV (Creating Shared Value) initiatives, we will promote sustainability management and realize a "Well-Being Life" for all stakeholders, including customers, employees, and business partners.

Realization of Well-Being Life

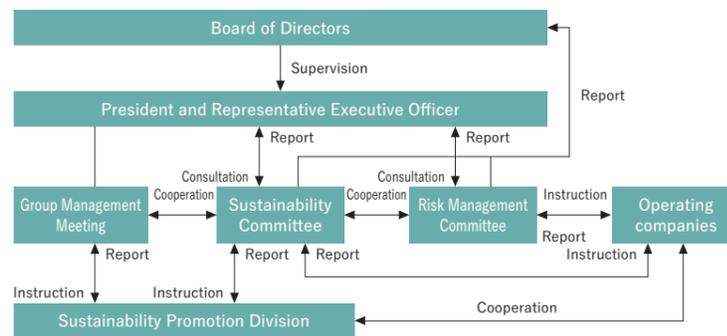
In our medium-term business plan that began in fiscal year 2021, the Group has set forth the goal of realizing a "Well-Being Life" for all our stakeholders.

The Well-Being Life that we envision is a "life that is rich in mind and body," one that is not only materially and economically rich, but also includes spiritual (intellectual and cultural), physical, and social wealth, as well as the environmental wealth that surrounds these elements. The Group is committed to the realization of Well-Being Life, while valuing opportunities to interact with all its stakeholders.



Sustainability promotion system

The Group's specific policies on social issues, including the environment and human rights, are discussed and resolved by the Group Management Meeting, the highest decision-making body for business execution. Matters discussed and resolved by the Group Management Meeting are shared with all operating companies through the Sustainability Committee, an advisory body to the President and Representative Executive Officer. The Sustainability Committee also monitors the implementation plans and progress of each operating company based on the Group's policies. Matters discussed and resolved by the Group Management Meeting and the Sustainability Committee are reported to the Board of Directors.



Linkage with the Officer Remuneration Policy

The Company has established the following two non-financial indicators for performance-linked stock compensation in the Officer Remuneration Policy, which was revised in April 2021.

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

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

Major agenda items in the Sustainability Committee Meetings

- FY2022**
- April**
- Lecture on "ESG/sustainability management" by an external instructor
 - How to advance the Women's Empowerment Promotion Project
 - Report on results of supplier assessment (environment and human rights)
 - Progress of the entire Group in FY2021
 - Sustainability Action Plan for FY2022
- May**
- Lecture on "Diversity as a management strategy" by an external instructor
- September**
- Progress report on Women's Empowerment Promotion Project and discussion of future direction
 - Group-wide KPI report for the first half of FY2022
- FY2023**
- April**
- Lecture on "Business and Human Rights" by an external instructor
 - Initiatives to Promote Diversity and Inclusion at Each Operating Company
 - Report on results of employee awareness survey
 - Group-wide KPI report for FY2022
 - Action Plan for FY2023

Materiality Goals and Progress

Materiality	Metrics	FY2030 target (For some items, FY2050 target)	FY2023 target	FY2022 results and major efforts
Realization of decarbonized society	Scope 1 and 2 GHG emissions	• FY2050 net zero • 60% reduction (vs. FY2017)	• 40% reduction (vs. FY2017)	• 43.5% reduction in Scope 1 and 2 emissions (vs. FY2017) • Renewable energy rate 33.6% • Renewable energy usage 102,676MWh (purchased and generated)
	Renewable energy rate in total electricity used in business activities	• 60%	• 40%	
	Energy creation	• Expansion of onsite generation and consumption of renewable energy in collaboration with new power companies	• Introduction of onsite generation of renewable energy in collaboration with new power companies	
Promotion of circular economy	Waste disposal volume (including food)	• 50% reduction (vs. FY2019)	• 15% reduction (vs. FY2019)	• 26.7% reduction in waste disposal volume (vs. FY2019) • Weight of items collected via ECOFF for recycling: approx. 367t • Introduction of men's line for AnotherAddress to expand the fashion subscription business • Reduced food loss through AI demand forecasting (Daimaru Tokyo)
	Total weight of items collected via ECOFF for recycling	• 3,000 t in total	• 1,500 t in total	
	Recycling and reuse	• Expansion of recycling and remanufacturing of used products in collaboration with suppliers and customers	• Realization of recycling and remanufacturing of used products in collaboration with suppliers and customers	
Management of the entire supply chain	Businesses including sharing, subscription, and upcycling	• Increase in the share of businesses including sharing and upcycling in collaboration with suppliers	• Entry into businesses including sharing and upcycling in collaboration with suppliers	
	Scope 3 GHG emissions	• FY2050 net zero • Aim for 40% reduction (vs. FY2017)	• 10% reduction (vs. FY2017)	• 5.7% reduction in Scope 3 emissions (vs. FY2017) • Explanatory Meeting for suppliers (Daimaru Matsuzakaya Department Stores) • Efforts to improve the effectiveness of supplier assessments in FY2023 • Revision of human rights risks in FY2023
	Dissemination of JFR Principles of Action for Suppliers	• Assessment response rate 95%, dissemination rate 100%	• Assessment response rate 80%, dissemination rate 25%	
Promotion of diversity & inclusion	Business activities in which human rights are respected	• Establishment of business activities in which human rights of suppliers and employees are respected	• Expansion of human rights due diligence initiatives • Employee human rights education rate 100%	
	Share of women in management positions	• Aim for 50%, equal to female labor share	• 26%	• Share of women in management positions 22.2% • Employment of people with a disability 2.93% (June 2022) • Career Forum held for female manager candidates • Project to promote active involvement of women in the workplace • LGBT-related events (Daimaru Tokyo, Shibuya PARCO)
	Extension of retirement age	• Aim for retirement age of 70	• Introduction of retirement age of 65 in more operating companies	
Realization of work-life integration	Employment rate of people with a disability	• 3.0%	• 2.6%	
	Creation of diversity corporate culture	• Realization of business growth using diverse abilities stemming from diversity & inclusion • Provision of sales floors, products, and services tailored to diverse customers	• Employee dissemination of diversity & inclusion 100% • Provision of sales floors, products, and services tailored to diverse customers including LGBTs	
	Turnover rate due to childcare and nursing care	• 0%	• Less than 1.0%	• Turnover rate due to childcare and nursing care 1.8% • Percentage of male employees taking paternity leave 68.0% • Expanded number of annual holidays and shortened annual prescribed working hours (Daimaru Matsuzakaya Department Stores)
Realization of customers' healthy/safe/secure life	Paternity leave usage rate	• 100% regardless of gender	• 100%	
	Work style	• Increase in productivity by an organization that allows employees to work anytime, anywhere	• Establishment of systems and evaluation to create an organization that allows employees to work anytime, anywhere	
	Employee satisfaction	• 80%	• 60%	
Coexistence with local communities	Ethical consumption	• Expansion of ethical consumption in overall lifestyle	• Starting to strengthen offering of certified products for food safety and environment protection	• Sale of certified products • 66% awareness of sustainability activities in customer survey (Daimaru Matsuzakaya Department Stores) • Held "Think Wellness - A Wonderful Marche for the Mind and Body" (Daimaru Kobe) • Campaign to promote cervical cancer screening at Welpa healthcare wellness mall (Shinsaibashi PARCO)
	Mental and physical health	• Provision of excitement to daily life and creating new customer experience by expanding entertainment and wellness businesses	• Expansion of the field of entertainment business including traditional culture, art, and culture • Launch of wellness business	
	Rate of customer awareness and empathy of sustainability activities	• 80%	• 30%	
Collaboration with local communities	BCP disaster prevention, epidemic prevention	• Creation of highly resilient stores by adopting the latest technologies to prevent disasters and epidemics and provision of comfortable space with consideration for health	• Sophistication of BCP and strengthening of epidemic prevention measures • Strengthening of contactless customer touch points through communication using digital technologies	
	Community development	• Making areas 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		• Nagoya: Nishiki 3-chome District 25 Project (tentative name) started construction • Shinsaibashi: Shinsaibashi Project (tentative name) started construction • "Think LOCAL" initiative for coexistence with local communities (Daimaru Matsuzakaya Department Stores) • Sales channel support for SMEs through crowdfunding site "BOOSTER" (PARCO) • Comprehensive partnership agreement with Kyoto City (Daimaru Kyoto) • Comprehensive partnership agreement with Kumamoto Prefecture (Hakata Daimaru)
	Collaboration with local communities	• Promotion of local revitalization in collaboration with governments, educational institutions, NGOs, and NPOs • Promotion of local revitalization by discovering and disseminating local content such as local production for local consumption (chisan-chisho)		

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Aiming for Net Zero in 2050

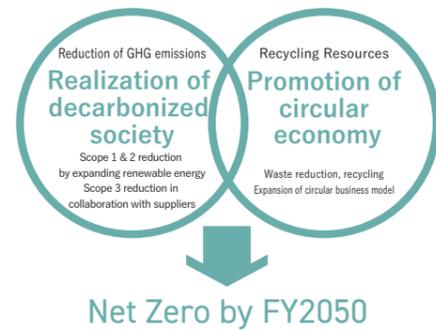
In recent years, climate change has progressed to an extremely serious level, endangering not only future generations but all people, including those alive today. The need for net zero emissions^{*1} to achieve the 1.5°C target (limit the temperature increase from pre-industrial times to 1.5°C) by 2050 at the latest is a situation that companies cannot afford to ignore.

The Group positions climate change as a key issue in sustainability management. Recognizing that the risks and opportunities associated with climate change will have a significant impact on our business strategies, we have set GHG reduction targets and are working to address them.

SBT Net Zero Certification

In 2019, the Group obtained certification under the Science Based Targets initiative (SBTi)^{**2} for its Scope 1, 2, and 3 GHG emissions reduction targets. In 2021, we raised our 2030 Scope 1 and 2 GHG emission reduction targets from the previous 40% to 60% compared to 2017 (base year) and reacquired certification for the 1.5°C target emissions set by the SBTi. In February 2023, we also obtained certification of our 2050 net zero targets for Scope 1, 2, and 3 GHG emissions.

The Group will work toward achieving net-zero emissions by 2050 across its entire value chain through both the “Realization of a decarbonized society” and the “Promotion of circular economy,” as stated in the Group’s Materiality.



Target year	Targets with SBT certification
FY2030	Scope 1 & 2 GHG emissions reduction by 60% (vs. FY2017) Scope 3 GHG emissions reduction target of 40% (vs. FY2017)
FY2050	Scope 1, 2, and 3 GHG emissions reach Net Zero

^{*1} To thoroughly reduce GHG emissions, and to reduce the remaining emissions to practically zero by subtracting the amount of emissions removed through forest absorption and CCS (CO capture and storage), etc.
^{**2} Established in 2014 by CDP, the UN Global Compact, WR (World Resources Institute), and WWF (World Wide Fund for Nature) to enable companies to set ambitious emission reduction targets in line with the latest climate science.

JFR Group FY2050 Net Zero Transition Plan



Phase	Results (FY2017 to FY2022)	Short term (to FY2023)	Medium term (to FY2030)	Long term (to FY2050)
Results forecasts and reduction targets for GHG emissions (compared to FY2017)	Scope 1 & 2 FY2017 194,154 t-CO ₂	Scope 1 & 2 FY2022 43.5% reduction	Scope 1 & 2 FY2030 60% reduction	Scope 1 & 2 FY2050 Net zero
	Scope 3 FY2017 2,927,320 t-CO ₂	Scope 3 FY2022 5.7% reduction	Scope 3 FY2030 Aim for 40% reduction	Scope 3 FY2050 Net zero
Priority measures	Scope 1, 2 and 3 reduction by continuing and strengthening energy-saving measures • Scope 1, 2 and 3 (Category 3) reduction by expanding the switching to LED lighting in stores and introducing energy-saving, highly efficient equipment • Scope 1 & 2 reduction by shifting to electric vehicles for company use			
	Scope 2 reduction by expanding renewable energy • Scope 2 reduction by expanding the switching of stores and offices to renewable energy			
	Scope 3 reduction through cooperation with our suppliers and by promoting a circular economy • Scope 3 (Categories 1, 4, 5 and 9) reduction through the advancement of the existing 3 Rs in cooperation with our suppliers and customers • Scope 3 (Category 1) reduction through cooperation with our suppliers • Scope 3 (Category 5) reduction by reducing amount of waste disposal of and improving recycling rate			
	Scope 2 reduction by introducing an energy creation system • Scope 2 reduction through renewable energy capital investments, etc. in our own facilities • Scope 2 reduction by establishing corporate power purchase agreements (PPAs)			
Utilization of latest technologies, etc. and offsets • Use of electricity from new non-carbon energy sources, such as hydrogen and ammonia • Utilization of CCUS (CO ₂ capture, utilization and storage) • Offsets through tree planting activities to absorb CO ₂				

This plan is current as of end of May 2023, and may be revised depending on business strategies going forward.

Information Disclosure in Line with TCFD Recommendations

In 2019, the Group endorsed the TCFD recommendations. We use them as a guideline to verify the adequacy of the Group’s response to climate change, and effectively disclose information in accordance with the four core areas: governance, risk management, strategy, and metrics and targets.

Governance

In order to promote sustainability management across the entire Group, the Group Management Meeting, the highest decision-making body for business execution, discusses and decides specific measures to address environmental issues. Furthermore, the Sustainability Committee, which meets at least twice a year, shares the policies on environmental issues discussed and decided by the Group Management Meeting, formulates action plans for the Group’s environmental issues, and monitors the progress.

The Board of Directors receives reports on the discussions and decisions made by the Group Management Meeting and the Sustainability Committee, and discusses and oversees the Group’s policies and action plans for addressing environmental issues.

In selecting candidates for the Board of Directors, we use a skill matrix to clarify the expertise and experience we expect from directors and “environment” is one of the items. By appointing directors capable of providing appropriate supervision of 1) specific action plans, 2) regular reviews, and 3) the status of initiatives for continual improvement regarding environmental plans, including the setting of medium- to long-term targets, we are enhancing the effectiveness of our efforts to address environmental issues.

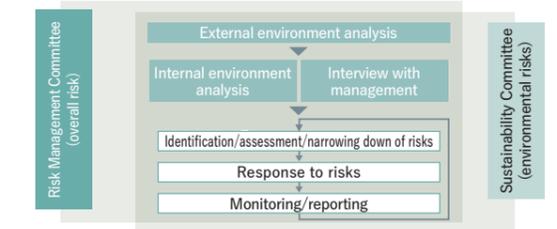
The President and Representative Executive Officer chairs the Group Management Meeting as well as the Risk Management Committee and the Sustainability Committee, which are both advisory panels under his direct control. He thus bears final responsibility for management decisions related to environmental issues. Details of matters discussed and decided by the Group Management Meeting and the Sustainability Committee are reported to the Board of Directors for final approval.

Risk Management

The Group positions risk as the starting point of its strategy and defines risk as “uncertainty, both positive and negative, that affects the achievement of corporate management goals.” We believe that a company will grow in a sustainable way by properly addressing risk.

The Risk Management Committee, an advisory body to the President and Representative Executive Officer, identifies comprehensive risks and opportunities, including climate-related risks, and discusses countermeasures from the perspective of the likelihood and timing of potential risks and the business impact, based on environmental analysis conducted annually. The discussions held by the Risk Management Committee are reported to the Group Management Meeting and shared with the Sustainability Committee. The discussions of the Risk Management Committee and Sustainability Committee, as well as the resolutions of the Group Management Meeting, are reported to the Board of Directors in a timely manner, and reflected and addressed in the Group’s strategies under the supervision of the Board of Directors.

Risk management process



Strategy

The Group considers it important to examine climate-related risks and opportunities at the appropriate milestone occasions because of their potential impact on its business activities over the long term. Accordingly, the Group has positioned the implementation term of the Medium-term Business Plan up to FY2023 as the short term, the period up to FY2030, which is set by SBTi, as the medium term, and the period to FY2050, which is the SBTi net zero target year, as the long term.

The Group conducts scenario analysis in order to understand the risks, opportunities, and impact of climate change for the Group and to examine the resilience of the Group’s strategies for the world envisioned 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 to limit the increase in the global average temperature to well below 2°C and pursue efforts to limit it to 1.5°C compared to pre-industrial levels; and the 4°C scenario that envisages the GHG emissions on the present basis.

Existing scenarios referenced

Possible world	Existing scenarios
Below 1.5°C/2°C scenario	“Net-Zero Emissions by 2050 Scenario (NZE)” (IEA, 2022)
	“Representative Concentration Pathways (RCP2.6)” (IPCC, 2014)
4°C scenario	“Stated Policy Scenario (STEPS)” (IEA, 2022)
	“Representative Concentration Pathways (RCP6.0, 8.5)” (IPCC, 2014)

Based on the climate-related risks and opportunities that were comprehensively extracted and identified, the Group evaluated their significance based on two evaluation criteria: “importance to the company (impact x urgency)” and “importance to stakeholders.” For items that were evaluated as particularly important, the financial impact was evaluated from both quantitative and qualitative perspectives under two scenarios, 1.5-2°C and 4°C, and countermeasures were formulated to address each.

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Climate change risks and opportunities of particular importance to the JFR Group and their financial impacts in FY2030

↑ : Impact on JFR Group's business and finance expected to be very large
 ↗ : Impact on JFR Group's business and finance expected to be somewhat large
 → : Impact on JFR Group's business and finance expected to be negligible

Climate-related risks and opportunities of particular importance to the JFR Group	Financial impact		Measures	
	Below 1.5 °C/ 2 °C scenario	4 °C scenario		
Risk	• Increased costs associated with introduction of carbon tax, etc.	Approximately ¥1,400 million ¹	Approximately ¥900 million ¹	• Reduction of GHG emissions through aggressive energy conservation measures in stores and expansion of renewable energy switching to achieve the 2050 net-zero target
	• Increased costs associated with the development of properties with high environmental performance and the installation of equipment	↑	↑	• Financing through Green Bonds, etc. • Cost-effective equipment installation
	• Increased investment for introduction of high-efficiency energy-saving equipment	↗	↗	• Consideration of introducing internal carbon pricing • Cost-effective and well-planned investment considerations
	• Increase in renewable energy procurement costs due to increased demand for electricity derived from renewable energy	Approximately ¥700 million ²	Approximately ¥300 million ²	• Reduction of renewable energy procurement risk and mid- to long-term costs through diversification of renewable energy procurement methods • Improvement of energy self-sufficiency through installation of renewable energy equipment in the company's facilities, etc.
	• Decrease in revenue due to store closures caused by natural disasters	Approximately ¥5,200 million ³	Approximately ¥10,300 million ³	• Increased resilience of stores and business sites through BCP preparation • Improvement of disaster prevention performance of stores
Opportunity	• Decrease in energy procurement cost due to introduction of high-efficiency energy-saving equipment	Approximately ¥500 million ⁴		• Replace with high-efficiency energy-saving equipment at the appropriate time
	• Expansion of earnings by acquiring new customers by proposing sustainable lifestyles	↑	↗	• Expansion of circular businesses such as sharing and upcycling
	• Decarbonization of the entire supply chain and expansion of earnings by responding to increased demand for environmentally friendly products and services	↑	↗	• Expansion in handling of environmentally friendly products and services, including switching to environmentally friendly packaging materials • Collaborating with suppliers to decarbonize, including the introduction of AI demand forecasting services to reduce waste
	• Expansion of new growth opportunities through new entry into the circular businesses	↑	↗	• Launching circular businesses through effective use of M&A and CVC* investments • Diversification of sales channels through promotion of Real × Digital Strategy formulated in the Medium-term Business Plan
	• Expansion of earnings due to increased opportunities to acquire new tenants through conversion to stores with high environmental value	Approximately ¥1,000 million ⁵	—	• Acquisition of environmental certifications for newly developed properties (ZEB, CASBEE, etc.) • Promoting the use of renewable energy in stores to achieve RE100

※CVC (Corporate Venture Capital): A mechanism to efficiently and effectively promote business co-creation through investment in promising start-ups. In FY2022, the Company established the "JFR MIRAI CREATORS Fund" to promote open innovation.
 Basis for calculation of quantitative financial impacts expected in FY2030
¹ Calculate by multiplying JFR Group Scope 1 and 2 GHG emissions as of FY2030 by the carbon price per t-CO₂
² Calculated by multiplying the JFR Group's electricity consumption in FY2030 by the price per kWh of electricity derived from renewable energy compared to the regular electricity rate.
³ Calculated by multiplying the amount of sales loss due to store closures caused by past natural disasters by the frequency of flooding
⁴ Calculated by multiplying energy procurement costs by the amount of energy saved by the JFR Group as of FY2030.
⁵ Calculated by multiplying the JFR Group's real estate revenues as of FY2030 by the rate of change in new contract conclusion fees for buildings with environmental certification.

To achieve the materiality issue "Realization of decarbonized society," the Group analyzed the impact of climate change on the Group's business activities, based on the above scenarios, then examined our countermeasures to verify the Group's strategy resilience.

its governance in environmental management under the supervision of its Board of Directors and promote company-wide initiatives, including the formulation and implementation of action plans to achieve medium- and long-term goals.

Metrics and targets

The Group has established two metrics for managing climate-related risks and opportunities: Scope 1, 2 and 3 GHG emissions and the ratio of renewable energy to total electricity used in business activities (interim target: 60% by 2030). In 2020 the Group joined RE100.

Also, in the Officer Remuneration Policy, Scope 1 and 2 GHG emissions reduction targets were set as one of the non-financial indicators for determining performance-linked remuneration, to clarify the responsibility of executive officers regarding the issue of climate change.

Going forward, the Group will continue to strengthen

JFR Group's Scope 1, 2 and 3 GHG emission results and forecast (Unit: t-CO₂)

	FY2017	FY2021	Forecast in FY2022		
	Results ¹	Results ¹	Forecast	Compared with FY2017 (compared with base fiscal year)	
Total Scope 1 and 2 emissions	194,154	122,812	109,785	(43.5)%	
Breakdown	Scope 1 emissions	16,052	14,004	13,714	(14.6)%
	Scope 2 emissions	178,102	108,808	96,071	(46.1)%
Total Scope 3 emissions ²	2,927,320	2,420,492	2,761,669	(5.7)%	
Ratio of renewable energy (%)	—	20.3	33.6	—	

¹ Obtained third-party assurance from LRQA
² Calculated in accordance with "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain ver. 3.3 (March 2023, Ministry of the Environment and Ministry of Economy, Trade and Industry)" IDEAv2.3 (for supply chain GHG emissions calculation).

Human Rights

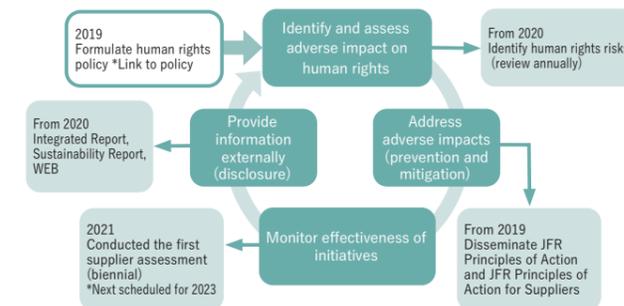
Concern is growing about human rights issues such as forced labor and discrimination that occur in the supply chain. In some Western countries, rules have been established regarding corporate efforts to respect human rights. It is now recognized that human rights issues in corporate activities can have a significant impact on business.

The Group is committed to human rights due diligence with "Management of the entire supply chain" as one materiality issue. Together with our suppliers, we aim to realize business activities that respect human rights and contribute to the creation of a sustainable society throughout the supply chain.

Human rights due diligence

In accordance with the Guiding Principles on Business and Human Rights established by the United Nations, the Group is committed to human rights due diligence by placing respect for human rights at the foundation of all its business activities.

Human Rights Due Diligence Cycle



Monitoring (Supplier Assessment)

The first supplier assessment in 2021 was conducted to confirm compliance with the JFR Principles of Action for Suppliers (including compliance with the Human Rights Policy) for suppliers who had endorsed the Principles of Action. We will carry out the second assessment in the autumn of 2023, and will review the questions to improve the effectiveness of the survey.

Establishment of Harassment Consultation Desk and Whistleblowing System

●Harassment Consultation Desk

In 2020, the Group adopted a Declaration on the Elimination of Harassment to stamp out and prevent harassment. In addition, the Harassment Prevention Committee and the Harassment Consultation Desk are in place to take prompt action when incidents occur and prevent recurrence.

●Whistleblowing System

The Group's Whistleblowing System allows all directors, officers, employees, and anyone working for the JFR Group (including part-time employees and temporary staff from suppliers) to directly notify the Compliance Committee of compliance-related problems, including human rights violations and corrupt practices within the JFR Group, and request corrective action. The Compliance Committee is a contact point for reporting compliance issues. In accordance with the Whistleblower Protection Act, the Group's internal regulations strictly stipulate protecting the confidentiality of whistleblowers and prohibit any prejudicial treatment of whistleblowers.

Identification and assessment of human rights risk

In FY2022, we identified and assessed the human rights risks (potential negative impact on human rights) of stakeholders who could be affected in relation to the Group's business activities.

In doing so, we were able to identify and assess more substantive human rights risks through the participation and examination of external experts, including lawyers and the divisions in charge of the operating companies.

Significant human rights risks

Value chain	Upstream (Procurement)	Midstream (JFR Group business activities)	Downstream (Use of goods and services)
Stakeholder	Employees of supplier companies, store operators, cooperating companies of business partners	Employees of the JFR Group (including part-time workers in stores and temporary workers dispatched by suppliers)	Customers and local residents
Details	Manufacturing, wholesales, provision of services, construction	Commercial facilities, store operations (including remodeling, advertising, facility management, sales promotion, etc.), sales (including e-commerce), planning and construction	Use of goods and services
Significant human rights risks related to the Group's business	<ul style="list-style-type: none"> Forced labor and child labor Foreign labor conditions Long working hours and low wages Right to access remedies Discrimination (gender, LGBTQ, etc.) 	<ul style="list-style-type: none"> Harassment Long working hours Discrimination (gender, LGBTQ, etc.) 	<ul style="list-style-type: none"> Violation of customer privacy (personal information and right of publicity) Expressions of discrimination through advertisements Health and safety

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Stakeholder Engagement

The Group strives to understand the opinions and requests of its stakeholders through proactive information disclosure, dialogues, surveys, and other means, and to reflect the opinions and requests in its business activities.

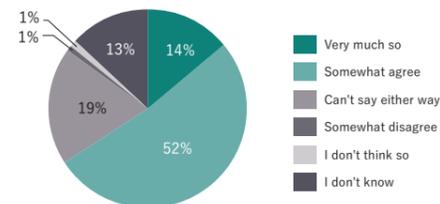
Customer Survey

Daimaru Matsuzakaya Department Store conducted a customer survey regarding the sustainability activities of Daimaru-Matsuzakaya.

[Summary]

Survey period: October 12-31, 2022
 Survey method: Internet responses via the Daimaru Matsuzakaya app, Daimaru Matsuzakaya mail magazine, and the ECOFF Recycling Campaign website
 Number of valid responses: 2,794

●Is Daimaru-Matsuzakaya committed to the environment and human rights?



●Initiatives with high customer empathy (top ranking)

- ECOFF recycling campaign (recycling of clothing and other items)
- Promoting the use of renewable energy and LED lights in stores
- Store design with consideration for the elderly and those with physical disabilities

Through communication with our customers, we will continue to further promote the Group's unique approach to sustainability and contribute to the realization of a Well-Being Life for our customers.

ESG Briefing Session

We have been holding ESG Presentations since 2018. In FY2022, we held a dialogue on the topic of human capital management, including the basic concept of our Group's human capital strategy and the development of our core digital talent. Outside directors also participated in this presentation and engaged in a dialogue on the current status and challenges of the Company's governance.

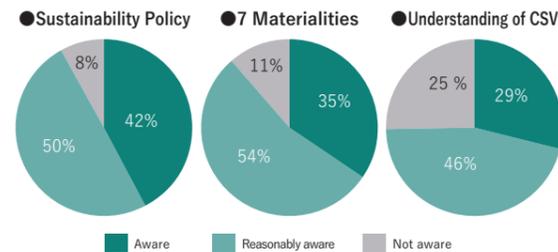


Employee Awareness Survey

In promoting sustainability initiatives, we believe that it is essential for every employee to understand the concept of sustainability and practice it in their daily work as a matter of personal concern. Based on this recognition, we have been conducting an employee awareness survey since FY2022 to ascertain the status of understanding and penetration within the company.

[Summary]

Survey period: February 1 - 15, 2023
 Target: JFR Group employees
 Number of respondents: 4,830 (Response rate: 70.4%)



While awareness of the sustainability policy and the seven materialities is growing, about 25% of respondents were not aware of CSV (Creating Shared Value).

We will continue our efforts to foster a corporate culture that leads to the creation of new value by promoting understanding and penetration of CSV through continuous efforts such as providing opportunities for employees to think about how their daily work is connected to CSV.

Sustainability bond reporting (9th unsecured bond)

In May 2021, the Company issued sustainability bonds of ¥15.0 billion to contribute to resolving both environmental and social issues through business activities.

Project category	Output	Outcome	Impact	Use and amount of funds
Realization of decarbonized society				
Green buildings	<ul style="list-style-type: none"> ● Overview of eligible projects ● Construction of main building of Daimaru Shinsaibashi (FY2019) ● Construction of Shibuya PARCO (FY2019) 	<ul style="list-style-type: none"> ● Status of building certification/confirmation (timing/certification level) <ul style="list-style-type: none"> • Main Building of Daimaru Shinsaibashi: Osaka City building environmental plan system, ranked A (FY2019) • Shibuya PARCO: Tokyo building environment plan system, graded 3rd (FY2021) ● Electric power reduction <ul style="list-style-type: none"> • Daimaru Shinsaibashi Main Building 1,940MWh increase (FY2014*) • Shibuya PARCO 2,730MWh reduction (compared to 2014*) ● Scope 1 & 2 GHG reductions <ul style="list-style-type: none"> • Daimaru Shinsaibashi Nitori Main Building 7,895t-CO₂ reduction (vs. FY2014*) • Shibuya PARCO 869t-CO₂ reduction (vs. FY2014*) *Estimated values for FY2014, the last full year of operation before reconstruction (due to reconstruction, the building structure is not identical)	Leading a decarbonized society and creating a global environment for future generations	Amount already allocated ¥6,000 million Total allocation ¥6,000 million
Renewable energy	<ul style="list-style-type: none"> ● Purchased renewable energy-sourced electricity: 102,633MWh 	<ul style="list-style-type: none"> ● Share of electricity derived from renewable energy sources in total electricity consumption: 33.6% (up 13.3 %pt YoY) 		Amount already allocated ¥1,353 million FY2022 allocation ¥1,687 million Total allocation ¥3,040 million
Green procurement	<ul style="list-style-type: none"> ● No. of leased EVs: 11 in FY2022 (156 in total, 41.7%) 	<ul style="list-style-type: none"> ● Reduction in CO₂ emissions by electrifying corporate fleet: Approx. 343t-CO₂ a year (Calculated by comparison with the emissions of gasoline-powered vehicles in the same category) 		Amount already allocated ¥170 million FY2022 allocation ¥91 million Total allocation ¥261 million
Energy efficiency	<ul style="list-style-type: none"> ● No. of LEDs installed for replacement: Approx. 16,000 in FY2022 (172,000 in total) 	<ul style="list-style-type: none"> ● Reduction in CO₂ emissions by switching to LED lighting: Approx. 8,600t-CO₂ a year 		Amount already allocated ¥839 million FY2022 allocation ¥391 million Total allocation ¥1,230 million
Coexistence with local communities				
Socioeconomic improvement and empowerment (Community)	<ul style="list-style-type: none"> ● No. of tenants operating near Daimaru Kobe in the Former Foreign Settlement in Kobe: 49 in FY2022 	<ul style="list-style-type: none"> ● Initiatives to revitalize communities <ul style="list-style-type: none"> • Kobe Market to introduce and sell attractive local products from Hyogo and Kobe • Traveling sales service using bus waiting areas for long-distance customers (Shinki Bus Cargo and Passenger Consolidation Business) • Local revitalization through collaborative events with companies and organizations using the Old Settlement area ● Customer traffic to Daimaru Kobe store: 8,831,000 people 	Together with local people, creating prosperous future-oriented communities in which people gather, centering on our stores	Amount already allocated ¥3,137 million FY2022 allocation ¥1,303 million Total allocation ¥4,440 million
Promotion of diversity and inclusion				
Socioeconomic improvement and empowerment (Women/people with a disability)	<ul style="list-style-type: none"> ● No. of times JFR Women's School was held (4 times in FY2022) ● Cost for Mother Recruitment ¥6,551,000 in FY2022 	<ul style="list-style-type: none"> ● Status of appointment of women to management positions (consolidated) Share of women in management positions in FY2022: 22.2% ● No. of participants in JFR Women's School (annual): 33 people in FY2022 ● No. of people employed through Mother Recruitment (annual): 5 people in FY2022 	Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality	Amount already allocated ¥23 million FY2022 allocation ¥6 million Total allocation ¥29 million
<Status of asset allocation> Amount of issue: ¥15,000 million; amount already allocated: ¥11,522 million; amount allocated in FY2022: ¥3,478 million; total amount allocated: ¥15,000 million				

External Assessment

Selected as a constituent of MSCI Japan ESG Select Leaders Index 2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX	Selected as a constituent of MSCI Japan Empowering Women Index (WIN)* for six consecutive years 2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	Selected as a constituent of FTSE Blossom Japan Index FTSE Blossom Japan Index	Selected as a constituent of FTSE Blossom Japan Sector Relative Index for the second consecutive year FTSE Blossom Japan Sector Relative Index
Included in A List in 2022 CDP climate change survey for the third consecutive year CDP A LIST 2022 CLIMATE	Selected as a constituent of S&P/JPX Carbon Efficient Index S&P/JPX Carbon Efficient Index	Selected as a constituent of SNAM Sustainability Index 2023 Somo Sustainability Index	Selected as an Environmentally Sustainable Company at the Fourth ESG Finance Awards Japan 2023 ESG FINANCE AWARDS JAPAN
Recognized under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program [Large Enterprise Category] 健康経営優良法人 2023 Health and productivity	Received the Highest Rating under the DBJ Employees' Health Management Rated Loan Program DBJ健康格付 2022	"Gold" rating in the PRIDE Index work with Pride Gold 2022	Received the Excellence Award in the Sustainability Category at the 2022 Internet IR Awards 2022 Sustainability Excellence Award

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