

Materiality KPI & Progress: Social

 <p>With people</p> <p>Promotion of diversity & inclusion</p>	<p>2030 Commitment</p> <p>Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality</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 also aim to grow our business in line with the expectations of diverse customers by driving innovation through the mutual interaction and complementary functions of diverse individualities and abilities (inclusion).</p>																									
	<p>Background & View</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, and mid-career workers. We have therefore taken one of our materialities a step further to the "Promotion of diversity and inclusion." We respect diverse abilities and create unity, which will lead to enhanced corporate competitiveness.</p>																									
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 <p>With people</p> <p>Realization of work-life integration</p>	<p>2030 Commitment</p> <p>Realizing Well-Being for employees and their families through new work styles for a future of diversity and flexibility</p> <p>We promote new work styles in the post-COVID era, one in which diversity and flexibility are the key, while maintaining physical and mental health at the same time. This will lead to the Well-Being of Life for our employees and their families, and to increased productivity in the organization.</p>																									
	<p>Background and View</p> <p>Work styles are diversifying due to the evolution of IT, the increase in the number of people who want to balance work and childcare/caregiving, and the spread of telecommuting and other forms of work resulting from the COVID-19 pandemic. 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.</p>																									
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Realization of customers' healthy/safe/secure life

	<p>2030 Commitment</p> <p>Realizing a Well-Being life that is future oriented and satisfies the mind and body of customers</p> <p>We offer high-quality, comfortable products and services that help our customers live healthy and secure lives in mind, body, and spirit, thereby providing them with their own personal Well-Being and an exciting and fulfilling future.</p>																				
	<p>Background & View</p> <p>In the wake of the COVID-19 pandemic, consumer values and lifestyles have changed significantly, and there is a growing need for products and services that provide solutions for environmental and social issues and enhance health. Against the backdrop of these changes in the external environment, the Group has strengthened its effort to realize customers' health, safety and security as its new materiality since 2021.</p>																				
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	<p>2030 Commitment</p> <p>Creating safe, secure, and resilient stores with an eye on the future</p> <p>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.</p>																				
	<p>Background & View</p> <p>In the wake of the COVID-19 pandemic, there is a growing need for safety and security with the aim of preventing infections. The Group will actively work on contactless communication so that customers can enjoy shopping in a safe and secure way.</p>																				
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 <p>Coexistence with local communities</p>	<p>2030 Commitment</p> <p>Together with local people, we are creating prosperous future-oriented communities in which people gather, centering on our stores</p> <p>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 make the most of local assets. We will also identify and communicate the attractive qualities of each area to offer exciting new experience to visitors.</p>															
	<p>Background & View</p> <p>As Japan's population is increasingly concentrated in urban areas while the birthrate declines and the population ages, boosting the attractiveness of local communities and revitalizing them has become a social issue. The Group is committed to working with local communities to enhance the attractiveness of local areas, centering on its nationwide network of stores.</p>															
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 <p>Management of the entire supply chain</p>	<p>2030 Commitment</p> <p>Realizing a sustainable supply chain created along with suppliers</p> <p>We will share our concept of 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 together with our suppliers to create a workplace environment where the human rights of the people working in our supply chain are protected and they will be able to continue to work in good health.</p>															
	<p>Background & View</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 hidden risks in the supply chain and create a sustainable supply chain.</p>															
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Respect for Human Rights is the Foundation of Business Activities



Amidst growing concern about human rights issues such as forced labor and discrimination occurring in the supply chain, the JFR Group, together with its business partners, aims to realize business activities that respect human rights by engaging in human rights due diligence based on the UN Guiding Principles on Business and Human Rights.

Formulation of Human Rights Policy

In 2019, the JFR Group developed a human rights policy in accordance with international human rights guidelines.* This policy, which is included in the JFR Principles of Action, sets forth the approach that all officers and employees should take to deepen their understanding of, and respond appropriately to, the various human rights issues that form the foundation of all our business activities.

* [International Bill of Human Rights], [Guiding Principles on Business and Human Rights], [The ILO Declaration on Fundamental Principles and Rights at Work], [The Ten Principles of the UN Global Compact]

JFR Principles of Action JFR Principles of Action for Suppliers



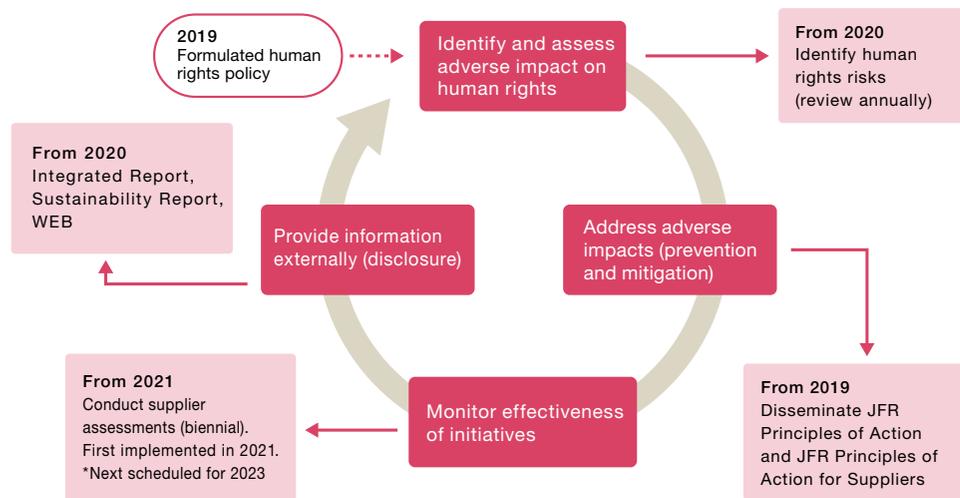
- 1 Basic approach to human rights
- 2 Stakeholders and human rights
- 3 Implementation of human rights due diligence
- 4 Fostering a corporate culture of respect for human rights
- 5 Dialogue with stakeholders



Human Rights Due Diligence

The Group identifies and assesses human rights risks in its corporate activities and conducts human rights due diligence to prevent and mitigate such risks.

Human Rights Due Diligence Cycle



● Identification and assessment of human rights risks

The Group has 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. Through this process we were able to identify and assess more substantive human rights risks through the participation and reviews by external experts, including the divisions in charge of the operating companies and lawyers.

Organizing the entire business value chain and exhaustively identifying the human rights issues that can be anticipated for each business line

Evaluate the identified human rights issues in terms of depth (scale, scope, and difficulty of remedy) and likelihood of occurrence, and identify human rights risks that are of high importance to the Group

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	Forced labor Child labor Foreign labor conditions Long working hours 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

● Monitoring (Supplier assessment)

In the first supplier assessment conducted in 2021, we checked the status of compliance (including compliance with the Human Rights Policy) for suppliers who endorsed the JFR Principles of Action for Suppliers, and held dialogues with those suppliers for improvement.

In the assessment scheduled for autumn 2023, we will closely examine the survey targets and review the questions to improve the effectiveness of the survey based on the human rights risks we have identified.

Establishment of Harassment Consultation Desk and Whistleblowing System

Harassment Consultation Desk

In 2020, the Group adopted a Declaration on the Elimination of Harassment to stop and prevent harassment. In addition, a Harassment Prevention Committee and a Harassment Consultation Desk are in place at each group company to take prompt action at the time of occurrence and prevent recurrence.

*47 consultations in FY2022

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 the prohibition of any prejudicial treatment of whistleblowers.

*49 cases in FY2022

Well-Being Life for Customers



The JFR Group's concept of a Well-Being Life is a "life that is rich in mind and body," one that is not only materially and economically rich, but also rich spiritually, socially, and environmentally. The JFR Group, in collaboration with its business partners, is committed to creating new customer experiences and attractive stores and towns that coexist in harmony with local communities.

Providing Wellness Items

In January 2023, Daimaru Kobe held "Think Wellness – A Wonderful Marche for the Mind and Body." This event offered customers the opportunity to encounter wellness items from the three perspectives of "exercise, rest, and nutrition" to help them lead healthier and more beautiful lives. More than 20 brands were on display, including a tent sauna exhibit, and there was a talk show and a space for hands-on experience with the latest massage equipment.

After the COVID-19 pandemic, we recognize that our customers have a growing interest in and need for healthcare and self-care. We need to propose solutions that meet these needs.



View of the event

Welpa Promotes Cervical Cancer Screening

In November 2022, PARCO held a campaign at the Welpa medical wellness mall in Shinsaibashi PARCO to promote cervical cancer screening. Although the cervical cancer screening rate is high in developed countries, the rate in Japan is extremely low*, in the 40% range. To address this situation, PARCO held the event to make it easier for women to receive medical checkups that they often avoid due to the "high cost" and a feeling that it is "inconvenient or unnecessary to go."

Welpa offers a wide range of services and products, from medical care to food, cosmetics, and FemTech in a comfortable space to help women make it a habit to take care of themselves while having fun.

*OECD, OECD Health Data 2015, Nov 2015.



Creating New Customer Experiences Through e-sports

As we seek to expand our business domains to realize the Group vision of "Create and Bring to Life 'New Happiness'," discovering the seeds of the next era and providing new experiences and excitement has been one of our important missions. Among these, e-sports, which has been gaining momentum in recent years, mainly among the younger generation, is one of the categories attracting attention. In December 2022, the Company acquired XENOS Corporation (XENOS), which owns the e-sports team SCARZ.

Through e-sports, the Group aims to nurture the entertainment business of the future, acquire a next-generation customer base, and create new customer experiences through real x digital, while creating new value by generating synergies with existing businesses such as PARCO and department stores.



SCARZ eSports players at the match venue

Creating Bustling Communities



The JFR Group will strengthen ties with local communities and promote development that contributes to enhancing the attractiveness and liveliness of cities by making the most of local characteristics such as culture and history, mainly in cities where we have stores.

Accelerating regional development by establishing a developer company

In addition to its core department store and shopping center businesses, the Group has positioned the developer business as a priority for the Group's renewed growth, aiming to propose diverse urban lifestyles and create attractive towns.

In March 2023, J. Front City Development Corporation was established to maximize the value of Group-owned real estate by taking over the developer business that PARCO has operated to date.

J. Front City Development will promote development of

multi-use /mixed-use facilities that include hotels, offices, and residential units, with retail as the starting point. This will occur in seven key cities (Sapporo, Tokyo, Nagoya, Kyoto, Shinsaibashi, Kobe, and Fukuoka) where the Group has its foundation, to improve the attractiveness of those areas. In these development projects, we will bring together our various business bases, resources, and expertise, including expertise in department stores and shopping centers, and create new spatial value that is unique to our Group. Our aim ultimately is to add value to regions.

New commercial facility "HAB@"

In April 2023, PARCO opened "HAB@" in Shinsekai Shimotori GATE (B1F to 2F) in the center of Kumamoto City at the former site of Kumamoto PARCO, which closed in February 2020. Taking into consideration the recent changes in lifestyles and consumers, we are proposing the value of "going out and spending time in the city" once again.

With the keyword "Let's meet here again," HAB@ aims to become a new hub of activity in the city for those who value experiences that only a real place can offer, such as the pleasure of sharing a meal or shopping at a store you stopped by.

Major development properties



Nishiki 3-chome District 25 Project (tentative name)

Based on the concept of building a value-creation center in Sakae, Nagoya as a new landmark, we plan to develop a complex together with joint venture partners, and our group will own and operate the retail part.

Site: 2501-1, Nishiki 3-chome, Naka-ku, Nagoya City, Aichi Prefecture
Building scale: 41 floors above ground, 4 basement levels



Shinsaibashi Project (tentative name)

The largest property in the area, located at the "Shinsaibashi" intersection, where Osaka's main streets Midosuji and Nagahori-dori intersect, the joint venture will be developed as a mixed-use facility.

Planned site: 3-8-4, Minami-Senba, Chuo-ku, Osaka City, Osaka
Building scale: 28 floors above ground, 2 basement levels



HAB@Kumamoto



Local Revitalization Through Collaboration with Local Communities



The JFR Group is working with local communities, suppliers, and other partners to revitalize local communities through activities aimed at solving environmental and social issues.

Daimaru Matsuzakaya Recycling resources with communities

The Daimaru Matsuzakaya Department Store's Future Standard Laboratory (Taito-ku, Tokyo) has been promoting demonstration experiments for food recycling and the formation of local communities based on composting, which converts food waste into compost. In June 2023, we signed an agreement with Taito City and Local Food Cycling Co. for shifting to a recycling-oriented lifestyle. Going forward, we will work together with third parties to promote initiatives in the Taito Ward area under the theme "Don't dispose of food scraps as garbage!"



JFR Card Fundraising for the Children's Cafeteria Support Program

JFR Card regularly conducts crowdfunding-type fundraising through credit card transactions. The company endorses the efforts of the Certified Nonprofit Corporation Nationwide Children's Cafeteria Support Center, Musubie, which is assisting children's cafeterias to realize a society where no one is left behind. JFR Card conducted a children's cafeteria fundraiser from February to March 2023, raising 646,500 yen to support those who operate children's cafeterias and those who gather at them through the activities of Musubie.



PARCO Supports Small and Medium Enterprises through Crowdfunding

In December 2022, PARCO, together with the Tokyo Metropolitan Small and Medium Enterprise Support Center, implemented a project to support the expansion of sales channels for small and medium enterprises by utilizing BOOSTER, a purchase-based crowdfunding service operated by PARCO.



Products and companies are selected from the "SME New Market Development Support Project," a sales channel development support program for SMEs conducted by a public corporation. A special website was launched on BOOSTER with dedicated crowdfunding advisors to provide support, and an exhibition was held at the Shibuya PARCO "BOOSTER STUDIO." This was an opportunity for SMEs that had never used crowdfunding before to feel at ease in developing new sales channels.

Consumer Product End-Use Research Institute × JFR Kodomomirai Special Science Lab Event

Consumer Product End-Use Research Institute held a special water and resource-themed event for the older classes at Kids Duo International Aobadai, a preschool operated by JFR Kodomomirai. Employees of the research institute, which conducts quality and hygiene control in a wide range of fields centering on the department store industry, served as instructors for the workshops. The children enjoyed and engaged in activities ranging from experiments for cleaning water with a simple filtration device, to recycling paper from milk cartons. Through collaboration among the Group's operating companies, we offer an opportunity for children, who will be responsible for the future, to think about the environment.



Diverse Human Resources to Support Operations



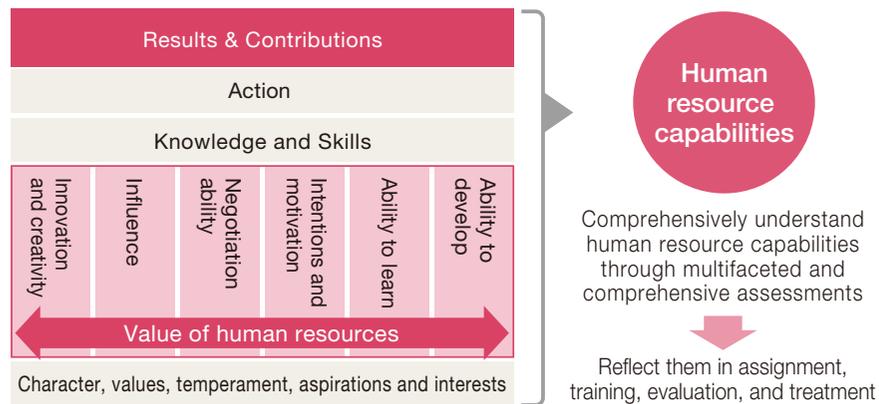
The JFR Group believes that “people” are the greatest resource for promoting sustainability management, and that without the growth of human resources, there will be no growth and development of the company. We recognize that our employees are a great asset. Therefore, we aim to be a “human resources development company” that maximizes their individuality and abilities and develops their capabilities.

Human Resource Capabilities

In the past, there as a job-based HR system. Starting in FY2019, the Group began to focus on each individual and take a unique approach to enhance “human resources capabilities,” a concept known as “human resource power-ism.” This HR management system not only understands the visible aspects of each individual's achievements, behavior, knowledge and skills, but also the invisible aspects of human resource value, namely character, values, temperament, orientation and interests, to develop them through appropriate job assignments, and to evaluate and treat their achievements appropriately.

By incorporating and developing the perspective of “human capital value,” we will be able to hone basic skills that will enable us to deliver results even in an uncertain business environment, and strategically assign human capital without regard to age or gender.

Human resource capabilities

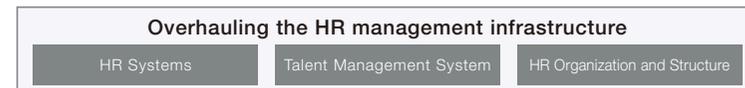


《Issues in Group Strategy》
Business portfolio reform and shift to a new department store business model



Essential condition for sustainable growth (social requirement)

Diversity & Inclusion •Women and senior empowerment •LGBT, people with a disability	Diversified work styles •Effective work styles •Support for side work	Work-life integration •Support to balance work and childcare •Support for nursing care	Equal pay for equal work •Balance between employment categories •Pension and retirement benefits	Health management and human rights •Measures against mental illness •Measures against harassment
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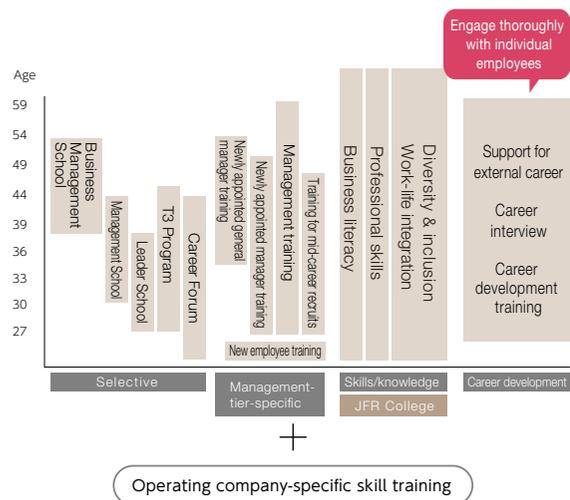
Renewal of organizational climate and corporate culture

Human Resource Development

The type of human resources that the Group wants to invest in are "autonomous employees," persons with an intrinsic motivation, a vision and goals, and the ability to actively undertake projects on their own initiative.

Our policy on human resource development is based on "selection and concentration," which means that we will streamline those programs that uniformly raise the level of our employees and invest heavily in selective, "self-initiated," publicly offered curricula.

Specifically, we will invest resources with emphasis on (1) early development and selection of younger workers, (2) revitalization through reskilling of middle and senior workers who are entering their second careers, and (3) development of management human resources with high versatility that is not limited to those within group operating companies.



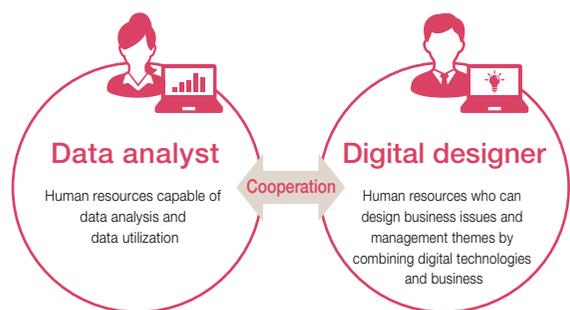
Digital Talent Development

Digital talent* is essential for future innovation. We have set the goal of developing 1,000 digital core human resources for the entire group by 2030, based on the assumption that at least one core digital talent will be assigned to each division of each group company.

In 2022, we began training core data analysts and digital designers, and 38 persons have completed the program as of August 2023.

Through this initiative, the Group aims not only to bring new value and change to day-to-day operations, but also to improve productivity through operational innovation and synergy creation through mutual collaboration across divisions and operating companies.

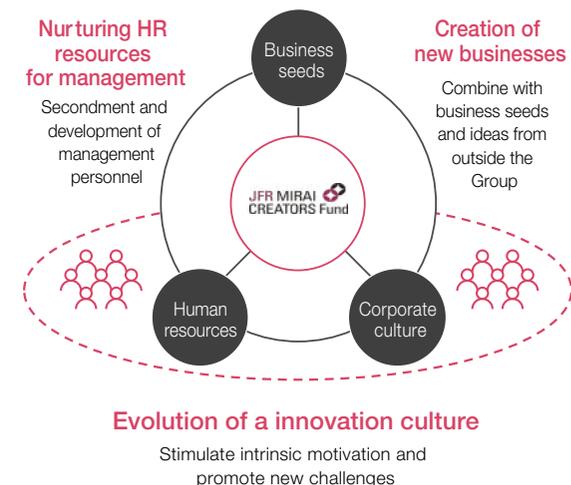
*Customer data-driven management that leverages data for business with data, digital technology, and business literacy, and human resources to support new businesses.



Establishment of JFR MIRAI CREATORS Fund

In October 2022, the Company jointly established the corporate venture capital JFR MIRAI CREATORS Fund with Ignition Point Venture Partners, Inc., which has extensive knowledge in venture capital business. This fund was set up primarily to strengthen the creation of new businesses through capital and business alliances with startup companies, and to reform the culture of the Minebea Group.

The vision of the Fund is to "make the future better and more interesting." By creating a system in which many Group employees can participate, we will develop future management talent and evolve into a corporate culture of "innovation" to realize the Group's vision.



Promotion of Women's Empowerment

As 52.9% of all employees are women, the Group recognizes that promoting the empowerment of women is as an important management strategy for achieving corporate growth. Therefore, we are stepping up our efforts. In FY2022, the "Women's Empowerment Promotion Project" was implemented under the direct control of the President.

In addition, selective training called "Career Forum" was held for women who are expected to play an active role in the future. Training was provided on leadership skills and the mindset required to become a manager.

Women's Empowerment Promotion Project

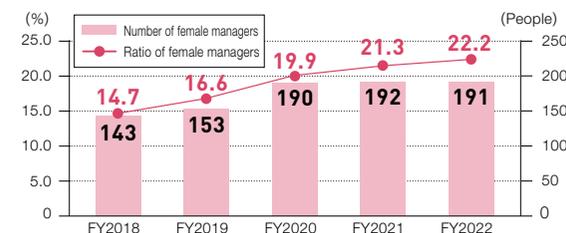
Project members, comprising of men and women selected from each operating company, discussed how to create an environment in which everyone can fully demonstrate their individuality and abilities. Recommendations were then made to the President.

Based on these recommendations, the Sustainability Committee members, including the presidents of each operating company, discussed the issues and the ideal state of the company, and finally, the President expressed his commitment to all employees to realize diversity and inclusion.

Appointment of Female Directors

J. Front Retailing has three female Directors (one Inside Director and two Outside Directors) out of a total of eleven Directors as of the end of May 2023, making the share of female Directors 27%.

Ratio of women in management positions (consolidated)



※The ratio of female managers from FY2021 onward has received independent third-party assurance from LRQA Limited.

Encouraging male employees to take childcare leave

The Group wants to realize an environment in which each employee can work with satisfaction while balancing work and family life without being bound by the traditional gender role divisions between men and women, and to realize Well-Being Life for employees.

J. Front Retailing and Daimaru Matsuzakaya Department Stores offer an "Incentive for participating in childcare" based on the number of days a father takes for postnatal childcare leave (childcare leave at time of birth), as well as childcare support leave (available for three days each year for employees with children up to the end of the first month of elementary school), which can be taken by any gender.

Percentage of male employees taking childcare leave (consolidated)

Fiscal Year	FY2020	FY2021	FY2022
Percentage	18.8%	43.6%	68.0%
Number of employees	(8 employees took leave)	(24 employees took leave)	(34 employees took leave)

*The rate of male employees taking childcare leave from FY2021 onward has received independent third-party assurance from LRQA Limited.

LGBT Initiatives

The Group's Human Rights Policy, developed in 2019, clearly prohibits discrimination and harassment against sexual orientation and gender identity.

In March 2021, the Group newly established the "Same-Sex Partnership Rules" and a new "Gender Transition Support Leave" program. We have also established an "LGBT Consultation Desk" within all operating companies for employees to consult anonymously in order to create a work environment in which diverse employees can play an active role.

Through management training, e-learning for all employees, and awareness-raising on the company intranet, we are working to promote understanding of LGBT issues among all employees and to foster an inclusive culture that respects diverse personalities.

Shibuya PARCO has been hosting "PRIDE" under the theme of diversity since 2022. The interior and exterior of the building were decorated in rainbow colors, and events and exhibitions were held to free people from all borders and focus on each person's individuality.



Stakeholders' Voice



Customer Survey

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

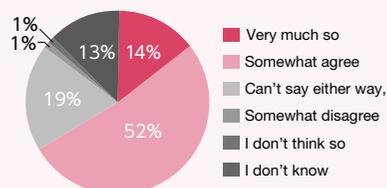
[Summary]

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 respondents: 2,794

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



Sustainability awareness and empathy 66%.

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.

● 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 people with a physical disability

Employee Awareness Survey

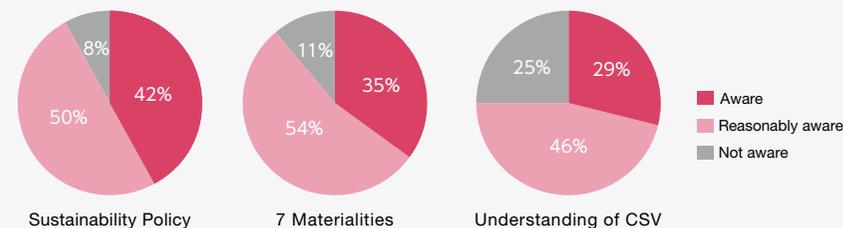
In promoting sustainability initiatives, we believe that it is essential for every employee to understand the concept of sustainability and practice it in their daily work as a matter of personal concern. Based on this recognition, we have been conducting an employee awareness survey since FY2022 to 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 to provide opportunities for employees to think about how their daily work can lead to CSV in order to promote understanding and foster a corporate culture that leads to the creation of new value.

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. One outside director also participated in this presentation and engaged in a dialogue on the status of and challenges to the Company's governance.

