

Respect for Human Rights



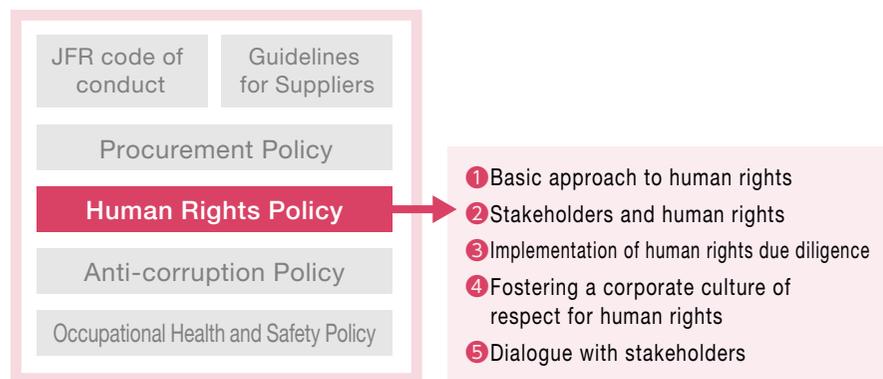
Amidst growing concern about issues such as forced labor and discrimination in the supply chain, we place respect for human rights as the basis of all our business activities in accordance with the “Guiding Principles on Business and Human Rights” established by the United Nations. Through our ongoing commitment to human rights due diligence, we aim to realize business activities that respect human rights together with our business partners.

Human Rights Policy

In 2019, the JFR Group developed a human rights policy in accordance with international human rights guidelines.* This policy sets forth our approach to ensuring that all officers and employees should deepen their understanding of the various human rights issues involved in all aspects of our business activities and take appropriate action that respects human rights.

* “International Bill of Human Rights,” “Guiding Principle 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

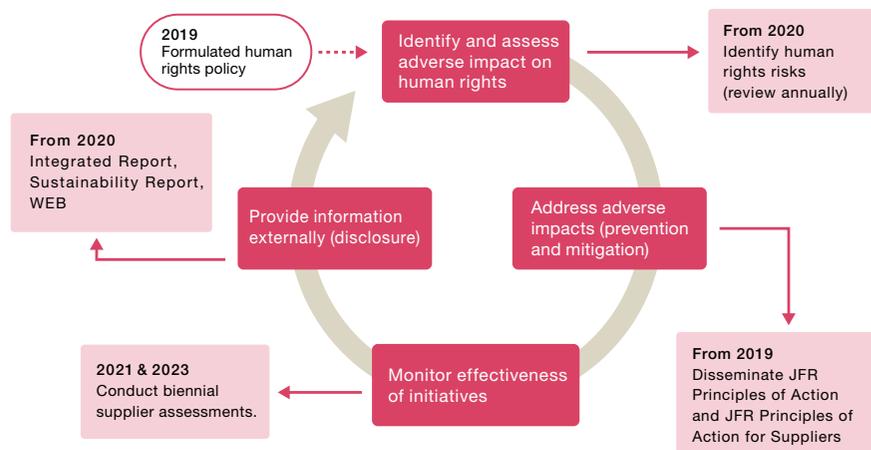


→ Human Rights Policy

Human Rights Due Diligence

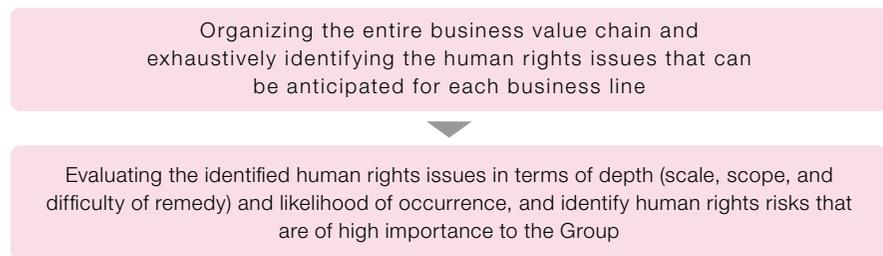
The Group identifies and assesses human rights risks in its corporate activities and conducts human rights due diligence to prevent and mitigate such risks.

Human Rights Due Diligence Cycle



1 Identification and assessment of human rights

The Group has identified and assessed the human rights risks (potential negative impact on human rights) of stakeholders who could be negatively affected by our business activities using the following process. We were able to identify and assess more substantive human rights risks through the participation and reviews by external experts, including the departments in charge of the operating companies and lawyers.



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 parttime 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 • 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

2 Prevention and mitigation initiatives

Penetration of JFR Principles of Action for Suppliers

In 2019, we established the “JFR Principles of Action for Suppliers,” which includes our human rights policy, and we encourage our suppliers to understand and comply with it. Our aim is to build a sustainable supply chain by linking the chain of responsibility through compliance with the Principles, including suppliers from whom we procure goods and raw materials.



Education on human rights

In 2020, the Company adopted a Declaration on the Elimination of Harassment and is striving to eliminate and prevent harassment, which it considers as one of the human rights risks. We conduct an annual harassment survey of employees, including part-time and temporary employees, and implement human rights training for managers based on the results of the survey.

In 2023, we also carried out an e-learning course on business and human rights for all Group employees (participation rate: 88.7%). Going forward, we will continue to provide ongoing education so that every employee can deepen their knowledge of respect for human rights and make it a personal issue in their lives.

Basic Policy Against Customer Harassment

In December 2022, Daimaru Matsuzakaya Department Stores established a Basic Policy Against Customer Harassment. To date, we have conducted training and education multiple times at each store, and have built a system to protect employees (including part-time workers at stores and those dispatched by suppliers) from customer harassment, and have made them aware of specific responses.

3 Implementation of human rights assessment

Since 2021, the Company has been conducting supplier assessments to check the status of our business partners in areas where initiatives are required throughout the supply chain (in principle, assessments are conducted every other year.) The second assessment in 2023 was conducted with an emphasis on respect for human rights.

Summary

Implementing company : 10 operating companies including Daimaru Matsuzakaya Department Store, PARCO, J. Front City Development

Target : Primary suppliers (1st tier) 3,281 *Narrowed down from multiple perspectives such as human rights risk, sales size, etc..

Period : 10/2023 to 12/2023

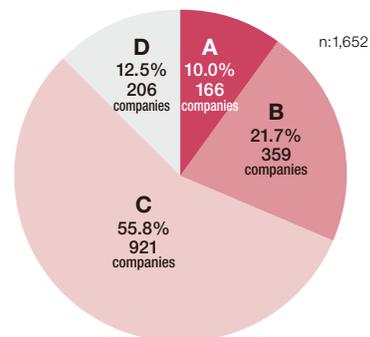
Questions : Five themes*, mainly questions related to human rights. Total of 27 questions.

- ※ ① Status of human rights policy and human rights due diligence efforts
- ② Status of understanding of human rights issues in business operations
- ③ Status of efforts to address human rights issues
- ④ Issues to be addressed in the implementation of the above initiatives
- ⑤ Status of penetration of the JFR Principles of Action for Suppliers

Assessment Results

Responses were received from 1,652 companies, for a response rate of 50.4% (+9.8 percentage points from the previous survey). Of the total, 31.7% of the companies were rated A or B, 55.8% (the largest share) were rated C, and 12.5% (206 companies) were rated D, making them a candidate for dialogue.

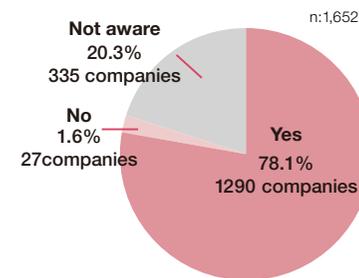
	No. of companies surveyed	No. of companies responding	Response rate
2023	3,281	1,652	50.4%
2021	7,415	3,012	40.6%



Evaluation	Score	How to interpret
A	41-50 points	Efforts are being made in line with the Guiding Principles on Business and Human Rights
B	31-40 points	
C	16-30 points	A certain level of effort is being made
D	0-15 points	Candidate for dialogue

● Penetration status of JFR Principles of Action for Suppliers

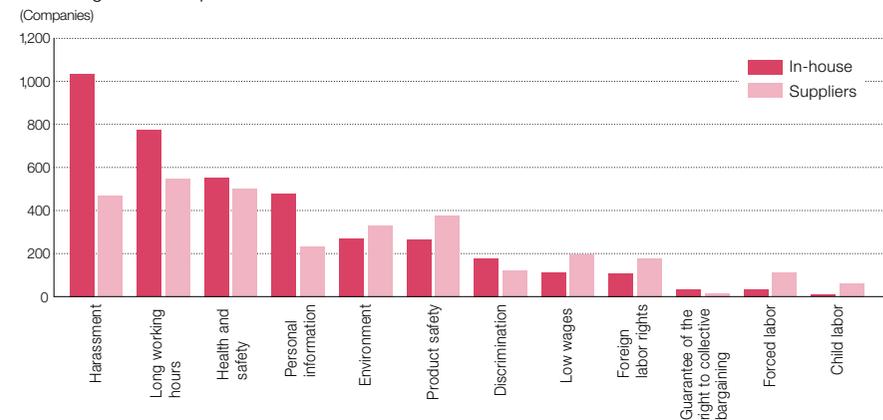
Of the respondents, 78% answered “Yes” to the question “Do you understand and comply with the JFR Principles of Action for Suppliers (including Human Rights Policy)?” (60.9% in the previous survey).



● Identification of human rights issues

About 95% of the companies said they are aware of the human rights issues that are likely to affect their own employees, and about 87% are aware of the human rights issues that are likely to affect the employees of their suppliers.

Human rights issues prone to occur



Future responses

In the assessment results this time, many companies cited insufficient knowledge as a reason for the lack of progress in their business and human rights initiatives, such as “We don’t know what to do regarding human rights” and “We don’t understand the basic framework of business and human rights.”

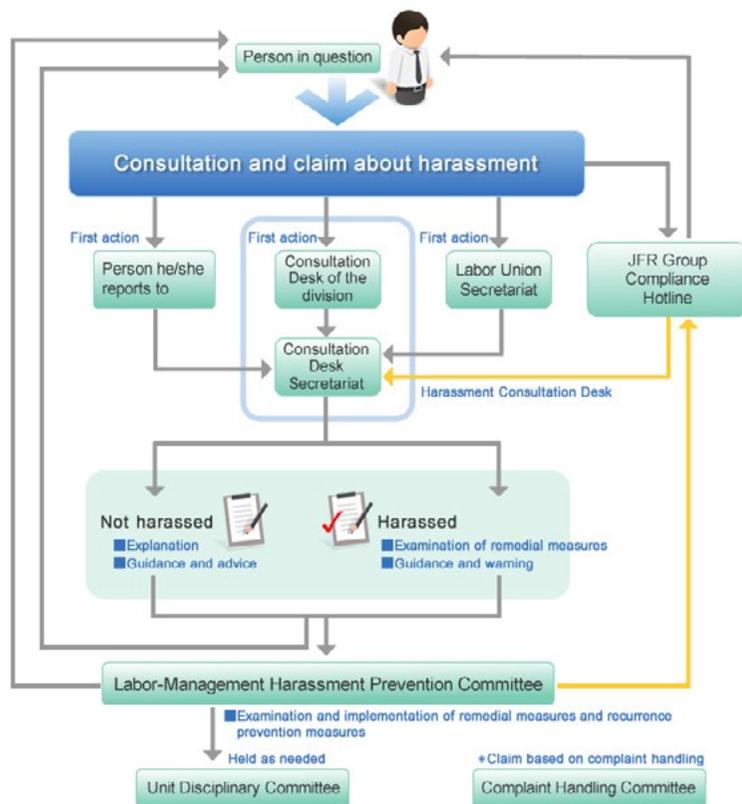
Accordingly, we intend to hold expert-led seminars and provide reference information to our suppliers. In addition, we will also provide opportunities for dialogue as necessary to share the assessments results, to gain an understanding of the importance of business and human rights initiatives, and to understand the situation of our suppliers and encourage them to make improvements.

Establishment of Harassment Consultation Desk and Whistleblowing System

Harassment Consultation Desk

To eradicate and prevent harassment, we have established a Harassment Prevention Committee and a Harassment Consultation Desk at each group company, and we are working to respond quickly to any problems that arise and prevent them from recurring.

*In fiscal 2023, there were 41 consultations regarding harassment.

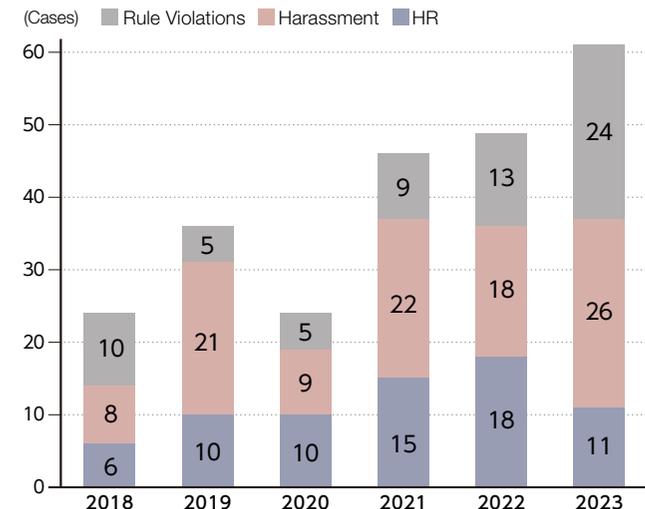


Whistleblowing System

The Company'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 issues, including human rights violations and corrupt practices within the company, and request corrective action. In addition to internal reporting, we have also set up an external reporting system (with the assistance of our legal advisors). 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.

*Number of consultations in FY2023: 61 cases

Type of notification



External Perspective

OWLS Consulting Group

YAMORI Ayumi, Principle

I believe that the JFR Group, which is an influential member of society, is taking a very good approach by expanding its information disclosure on human rights in its annual Sustainability Report. The current initiatives, which include formulating a human rights policy and promoting a human rights due diligence process that begins with the identification and assessment of human rights risks, are appropriate and in line with the UN Guiding Principles on Business and Human Rights and other guidelines.

In particular, when it comes to identifying and assessing human rights risks, JFR is exemplary in not only considering the procurement-related (upstream) and in-house group-related (midstream) aspects, but also the aspects related to the use of products and services (downstream) in order to comprehensively identify risks throughout the entire value chain.

In addition, the fact that the JFR Group distributes questionnaires to over 3,000 business partners to assess their human rights initiatives is a meaningful initiative. This will not only strengthen the JFR Group's supply chain management but also raise awareness throughout the industry. As was the case in the most recent assessment, where many of the supplier responses were "We don't know what to do regarding

human rights," the reality is that many companies "recognize the need to do something, but don't have the know-how to get started."

This human rights assessment is an initiative related to the upstream part of the value chain, but we would like to see the company proactively disclose specific policies and initiatives for addressing important human rights risks in the midstream and downstream parts of the value chain in the future. Common problems in the industry include "long working hours and discrimination within group companies" and "discriminatory expressions in advertising," so the JFR Group's initiatives could become best practices and provide a catalyst for change across the industry.

Furthermore, it is also important to strengthen grievance mechanisms for the relief of victims in case an actual human rights violation occurs. It is necessary to establish and operate contact points that can be used by consumers, community residents, employees at business partners and other external stakeholders.

In addition to these efforts for implementing human rights due diligence, I would also like to encourage you to actively take on the challenge of creating new services and businesses that help to solve various human rights issues in the world. If JFR Group's ability

to create value is used, I am sure various human rights issues and life challenges can be solved.

Only in a society where the rights of every individual are properly respected can the "new happiness" that the JFR Group creates and brings to life will truly shine. I hope that you will continue to focus on initiatives for respecting human rights under the concept of "putting principle before profit" and become a leader in the industry.

PROFILE



YAMORI Ayumi

Yamori worked at A.T. Kearney (strategy consulting), Google, and startups before assuming her current position. She is a graduate of the University of Tokyo, Faculty of Law (Public Law Course). In her current position, Yamori is the leader of the "Business

and Human Rights" team and has assisted many companies in dealing with human rights and sustainability. She is the author of "An Introduction to Business and Human Rights for All Business People" (co-authored by Nikkei BP, Inc.), and has been a speaker at numerous seminars, including "Business and Human Rights" seminar held by the Ministry of Economy, Trade and Industry (2021).

Completed the Basic Auditor Course for SA8000, an international standard in the field of labor and human rights.