

Diverse Human Capital as the Foundation for Business Activities

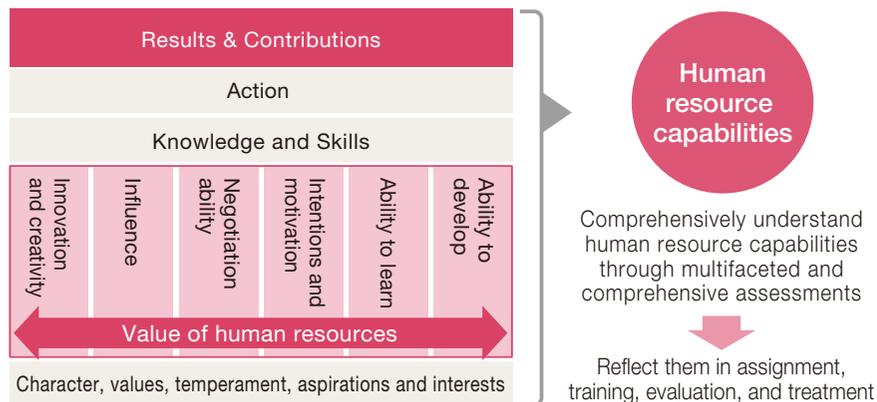


As the speed of social change accelerates and uncertainty increases, JFR believes that only the capabilities of our people can pave the way for the future of the Group. We consider our employees to be our most important value co-creation partners. We aim to realize our Group's vision by making the realization of employee "Will" the driving force of the company's growth through the development of systems and environments that supports each employee to maximize his or her own potential and by providing career development and other growth support.

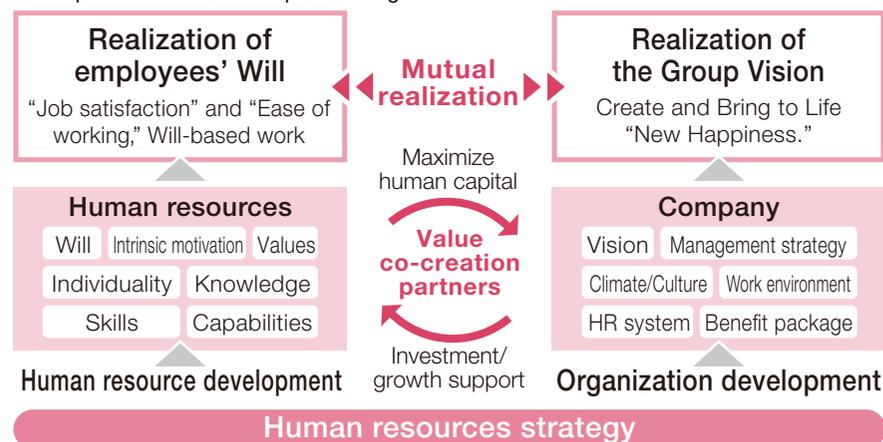
Personnel management based on the principle of human resource capabilities

Since FY2019, we have departed from a duty-based personnel system and began operating one based on our principle of "human resource capabilities." Our distinct human resource management system promotes personal growth through work by properly assigning and evaluating our employees based on their abilities, which we refer to as human resource capabilities. These encompass visible aspects such as achievements, actions, knowledge, and skills, as well as intangible abilities, including human resource value, personality, values, temperament, aspirations, and interest. "Human resource value" comprises the perspective of reproductivity and versatility that leads to steady results and contributions under any circumstances (will, motivation, learning ability, innovation and creativity, influence, negotiation ability, and nurturing ability), and we have set the required level of reach stage.

Human resource capabilities



Concept of JFR's human capital management



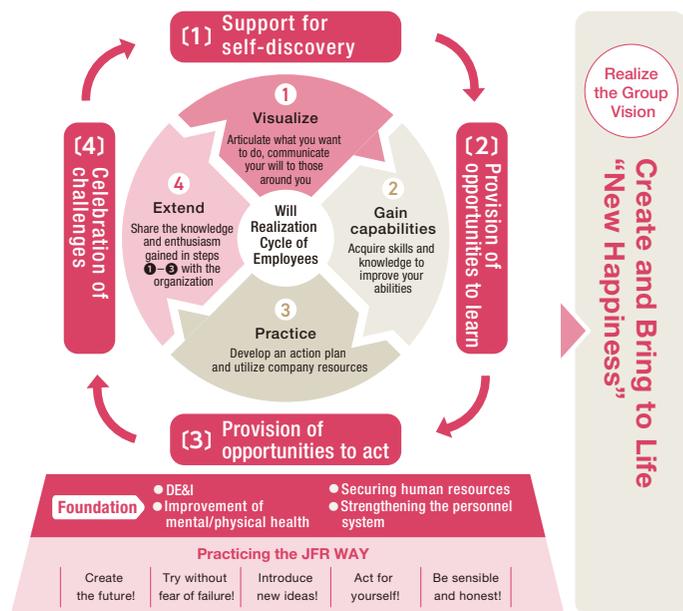
Risk Perception

Going forward, if competition for human resources intensifies due to a shortage of workers caused by the shrinking of the working population and the increased mobility of talent, resulting in an increase in the brain drain or difficulty in acquiring talented people, it may not only affect our business performance but also our evolution into the "Value Co-Creation Retailer Group" that we aim to become in 2030. Our human resource strategy will develop change leaders, support voluntary learning by employees, and promote diversity, equity and inclusion to establish an environment where employees can experience growth and job satisfaction. We will also create a comfortable work environment while standing behind all employees so that everyone can work with vigor in good physical and mental health.

Human resource development

We support and accompany employees in learning and taking on challenges through the four processes of “Visualize,” “Gain Capabilities,” “Practice,” and “Extend” in the Will Realization Cycle, which starts from the will, drive, and intrinsic motivation of employees, and by implementing effective personnel measures for each of these processes. In addition, we will accelerate this cycle by practicing the JFR WAY—our important approach to achieving our vision.

Will Realization Cycle of Employees



Investment in human resources

We will streamline our efforts to raise the standard across the board and focus our investment on selective and open recruitment-type curricula. In particular, we will focus on (1) early development and selection of young people, (2) revitalization through reskilling of middle-aged and senior employees approaching their second career, and (3) development of management resources.

<p>[1] Support for self-discovery</p>	<ul style="list-style-type: none"> •Through high-quality one-on-one dialogues, we help each employee to discover and express their inherent Will and develop their skills and careers in line with their characteristics and aspirations. •By educating managers who are our employees’ main supporters, we will promote the creation of a workplace with a high level of psychological safety, enhance dialogue skills to share true thoughts and feelings, and improve their capabilities to maximize the strengths and individuality of employees.
<p>[2] Provision of opportunities to learn</p>	<ul style="list-style-type: none"> •We will expand open-type training programs and increase education and training expenses to support the autonomous career and skills development of employees. •We will operate “JFR College,” a self-learning portal site available to all Group employees, to create an environment where employees can learn by their initiative and choice regardless of their job title or work location. •We will implement “Transformation Leader Development Training (T3 Training)” and other training programs to nurture human resources who will lead the transformation of their own organizations and the entire Group by working to realize their Will through practical work situations.
<p>[3] Provision of opportunities to act</p>	<ul style="list-style-type: none"> •We will provide a means for employees to take on challenges and put their Will into practice. •We will promote the use of RED, in which employees work together with management to create new ideas. •We will establish various mechanisms to take on new business areas beyond the company’s boundaries (e.g., secondment to outside the Group, including investee companies, and the Group’s open recruitment system).
<p>[4] Celebration of challenges</p>	<ul style="list-style-type: none"> •Celebrating and recognizing efforts to “take on challenges” leads to the growth of human resources. •Enthusiasm for taking on challenges leads to the nurturing of new Will in others, spreading the enthusiasm throughout the company and creating a cycle of Will realization among employees.

Measures that encourage employees to take on challenges and put their Will into practice – RED –

The Group provides a place for employees to say, “I want to do this!” and the management and employees of the Group work together to support them in realizing their passionate ideas. The name “RED,” meaning “Realize Energetic Dream,” expresses a place where energetic people can make their passions come true. Since its launch in 2023, nine employees have taken up the challenge of using this system to realize their own dreams.



Internal Environment Improvements

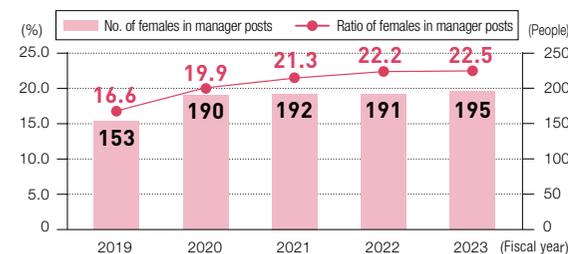
Diversity, Equity, and Inclusion

We believe that incorporating a diverse range of individuality and converting that diversity into organizational strengths will lead to the realization of sustainable growth. To this end, we will eliminate unconscious bias stemming from age, gender, work styles, and other factors and promote and assign roles in line with the strengths and aspirations of employees, from the selection and appointment of young people to the revitalization of middle-aged and senior employees. In other words, we will establish an environment where all employees can make the most of their individual characteristics and play an active role.

Women's empowerment

Given that a 53.5% of the Group's employees are women, it is essential for us to further promote their participation. In addition to our efforts to improve the workplace environment and reform working styles, we

Share of women in management positions



*Third-party assurance of "Ratio of female managers" has been obtained from LRQA Limited since FY2021.

*Target for 2026: 31%

will also strengthen the formulation of development plans tailored to individual employees and promote regular follow-up after appointment to management positions. The Company holds selective "Career Forums" for women who are expected to be active in their careers and provides training on the mindset to become managers. (33 participants in FY2023)

●Appointment of Female Directors

As of May 31, 2024, three of the Company's ten directors are women (one internal and two external), giving the Company a 30% ratio of female directors.

●Encouraging male employees to take childcare leave

The Group aims to create an environment in which each employee can balance work and family life while enjoying a fulfilling and rewarding career without being constrained by conventional gender roles to realize Well-Being Life for employees.

J. Front Retailing and Daimaru Matsuzakaya Department Stores provide "childcare participation incentives" based on the number of days of postnatal

Percentage of male employees taking childcare leave (consolidated)

FY2021	FY2022	FY2023
43.6% (No. of employees taking leave: 24)	68.0% (No. of employees taking leave: 34)	87.5% (No. of employees taking leave: 42)

*Third-party assurance from LRQA Limited.

*Target for FY2026: 95%

father childcare leave taken at birth, as well as childcare support leave (three days of leave per year for employees with children up to the end of the month in which the child enters elementary school) that can be taken regardless of gender. PARCO also provides incentives to employees who take childcare leave, regardless of gender, to encourage their active participation in childcare.

●Wage differences between men and women

The Group aims to narrow the gender wage gap by strengthening its efforts to prevent career loss through employee career development and training for women and management.

Wage difference between men and women in FY2023^{*1}

All workers	65.3%
Regular employees ^{*2}	74.4%
Non-regular employees ^{*3}	72.7%

*1. Wage differences between men and women = average annual wage for women / average annual wage for men × 100 %

*2. Regular employee (including employees seconded outside the company)

*3. Non-regular workers: Dedicated employees, fixed-term employees, contract employees, retirees rehired on a contract basis

*Target for FY2026: Reduction of difference

LGBT Initiatives

In our Human Rights Policy formulated in 2019, the Group clearly prohibits discrimination and harassment based on sexual orientation and gender identity, and in March 2021, the Group established “Same-sex partnership rules” and “Gender transition support leave.” To create a workplace environment in which diverse employees can play an active role, we have also established an “LGBT Consultation Desk” at each operating company, where employees can consult anonymously.

Through management training, e-learning for all employees, and awareness-raising on the company intranet, we are working to promote an understanding of LGBT issues among all employees and to foster an inclusive culture that respects diverse personalities. In addition, some stores of Daimaru Matsuzakaya and PARCO hold LGBT-related events during Pride Month to provide customers with opportunities for understanding and empathy.



Employment of Disabled People

The Group recognizes that the employment of disabled people is a corporate social responsibility and is working to promote the hiring of people with disabilities and the improvement of the working environment at our operating companies.

Special-purpose Subsidiary Company JFR Create Co., Ltd.

In 2021, JFR CREATE, a special-purpose subsidiary, began cleaning the offices of group companies and setting up digital devices such as company smartphones. In 2022, the company began checking vouchers at Daimaru Matsuzakaya Department Stores

as a new initiative to work together with able-bodied people. Our employees with diverse characteristics are now working in more than 40 locations and are responsible for a wide range of back-office operations of our group. We will continue to expand opportunities for our employees to play active roles through cooperation with other group companies.

*In FY2024, the employment rate of persons with disabilities was 3.09% (As of June 2024, special exception scope for affiliates).

*At JFR Create, the employment retention rate after one year of employment is 87.7% (as of June 2024).



Securing and Retaining Human Resources

In order for the Company to continue to grow in the future, it is essential that we secure and expand our human resources. To this end, we are striving to improve the human resource system and expand paths to employment at the Company, such as through alumni and referrals, to enhance our recruiting capabilities. At the same time, we are also working on wage policies and

Number of new graduate hires		(persons)		
New graduate hires	2021	2022	2023	
Total	68	107	92	
Male	33	38	34	
Female	35	69	58	

※New graduates enter the company in April each year

Turnover rate			
Turnover rate	2021	2022	2023
Employee turnover rate	10.5%	5.3%	5.4%
Turnover due to childcare and family care	1.4%	1.8%	2.0%

*2026 target: 5.3% or less

*Number of retired employees during the year / Number of employees at the beginning of the year (The number of retired employees above excludes employees who retired because of retirement age, transfer or becoming officers.)

work environment improvements to support the retention of human resources.

Promotion of Physical and Mental Health

Physical and mental health are prerequisites for employees to remain energetic and take on challenges. We support the creativity and productivity of employees by conducting periodic surveys, sharing the results with management, departments, and employees, and carefully implementing the PDCA cycle of planning and executing actions that lead to improvement.

WEB → Promoting Health Management

Employee Engagement

We conduct surveys to understand employees' motivation toward their work and their engagement with the company. Since FY2023, we have conducted a group-wide standardized survey. The results of the survey are used to create a company in which every employee can demonstrate their abilities and play an active role. (FY2023 results: 67.7% employee satisfaction)

Strengthening the Personnel Systems

The role of the HR department in maximizing the potential of every employee is more important than ever before. We are enhancing the expertise of the department and promoting operational efficiency to help them respond quickly and appropriately to hiring, placement, training, evaluation and other real-world tasks. We are also striving to create a system that can contribute as a business partner to management and business unit managers.

TOP MESSAGE	Materiality	2024–2026 Medium-term Business Plan	Stakeholder Engagement	Progress on Sustainability Goals	Environment	Society	Governance	External Assessment	Sustainability Bond Reporting	Sustainability Data
-------------	-------------	-------------------------------------	------------------------	----------------------------------	-------------	---------	------------	---------------------	-------------------------------	---------------------

Social KPI and Progress Respect for Human Rights → **Human Capital** Creating Communities Local Revitalization

Systems that support the activities of a diverse range of human resources

Diversity, Equity & Inclusion

Achieving diversity	Employment of people with disabilities (Special-purpose subsidiary)	Mother recruitment	Re-employment of retirees	Mandatory retirement at 65	Same-sex Partnership Regulations	Gender transition support Accumulated annual paid leave
Representative talent development	JFR School (Business, management, leaders)	Women's Career Forum	JFR Entry School	Group open-entry training	Career development training	JFR Support College Distance learning courses, public lectures, support for acquiring qualifications, etc.

Work-Life Balance

Pregnancy	Expecting mother leave of absence 3 weeks before maternity leave	Pre/post-natal maternity leave 10 weeks before and 8 weeks after childbirth (6 weeks before childbirth by law)	Healthcare for expectant mothers Shortened working hours Extension of rest times/increase in number of rests, etc.	Exemption from overtime, working on days off or at night during pregnancy	Accumulation of expired paid annual leave for fertility treatment	<div style="border: 1px solid black; padding: 5px;"> <p>Health Contributions from the J. Front Health Insurance Association</p> <p>Mutual Contributions from the J. Front Mutual Aid Society</p> </div>
Childcare (Leave/time off)	Childcare leave Up to final day of the month when child enters elementary school (until child reaches age of two by law)	Leave to support childcare Until last day of elementary school enrollment 3 days paid leave (no legal requirement)	Leave to care for sick/injured child Up to final day of month in which child enters elementary school 5 days paid leave (Unpaid leave permitted by law)	Spousal leave for childbirth 1 day of paid leave (No legal requirement)	Paternity leave after birth (Childcare leave at birth) Up to 4 weeks unpaid	
Childcare (Work system)	Childcare working hours (shortened working hours) Up to the final day of the month when child enters elementary school (Below age of 3 by law)	Overtime work during childcare ¹ Exemption from working on days off and late at night Until the end of the month when child starts elementary school	Childcare time Women with a child under the age of 1 Paid leave 30 minutes twice a day	One day of full-time/week for part-time workers		
Childcare (Expenses subsidy system)	Childbirth allowance Health	Loan system for childbirth expenses Health	One-off payment for childbirth/childcare Health	Subsidy for daycare costs Up to age 2 Mutual	Subsidy for use of babysitters 30 days a year for preschoolers Mutual	10,000 yen for childbirth preparation 20,000 - 90,000 yen for childcare participation incentive
Family care (Leave/time off)	Family care time off No limits on consecutive or separate leave within a year (legal requirements allow limiting the leave to 3 times)	Family care time off 5 days paid leave (Under current law, employers can offer unpaid leave in such situations)	Lost accumulated yearly paid leave for family care			
Family care (Work system)	Family care working hours (shortened working hours)	Exemption from overtime and working on days off and late at night for caregivers				
Family care (Expense subsidy)	Subsidy for family care leave Up to 24 months Mutual	Subsidy for use of home help 30 days a year Mutual				
Other types of leave	Consecutive leave for refreshment At age 30/40/50	Event leave Up to 3 days paid leave	Taking half-day annual paid leave including those on shortened working hours	Transfer leave 3-7 days	Marriage leave 5 days	Career planning leave 5 consecutive days, Employees only 55 years old
	Volunteer work leave Unpaid, 10 days a year	Volunteer work leave Unpaid, from 1 month to 1 year	Personal training leave Unpaid, from 1 month to 1 year			
Work systems, etc.	Super flex-time system Including those on shortened working hours	Area limited employee system	Variable working hours system	Teleworking	Free address system	Conversion of fixed-term employment to an open-ended contract Conversion to an open-ended contract after one year of employment (legally set at five years)

¹ Exemption from overtime work is available until the child is 3 years old, and from the age of 3 until the end of the month in which the child starts elementary school. * Managed in different ways depending on the operating company.