

A close-up photograph of two hands, one larger and one smaller, holding each other in a supportive grip. The background is a soft, out-of-focus yellow and orange gradient.

# 4th J. Front Retailing Co., Ltd. ESG Presentation

December 2, 2021



Create and Bring to Life "New Happiness."



J. FRONT RETAILING

# Today's Agenda

## ■ Promotion of Sustainability Management

YOSHIMOTO Tatsuya

Director, President and Representative Executive Officer, J. Front Retailing Co., Ltd.

## ■ Materiality Initiatives

HIRANO Hidekazu

Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit  
J. Front Retailing Co., Ltd.

## ■ Specific Circular Economy Initiative “AnotherADdress”

TABATA Ryuya

Head of AnotherADdress Business, DX Promotion Division, Management Strategy Headquarters  
Daimaru Matsuzakaya Department Stores Co. Ltd.

## ■ Current State and Challenges of the Company's Governance from an Independent Outside Director's Perspective

SATO Rieko

Outside Director, J. Front Retailing Co., Ltd.

## ■ Q & A Session

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# Promotion of Sustainability Management

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YOSHIMOTO Tatsuya  
Director, President and Representative Executive Officer



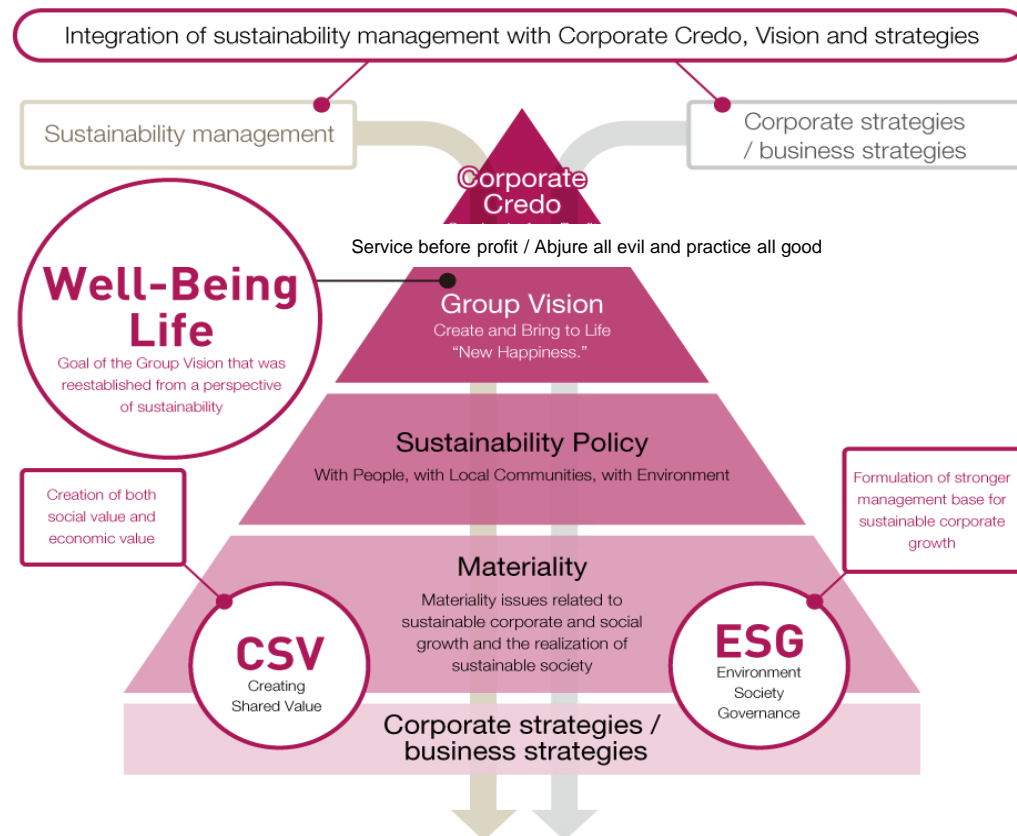
Create and Bring to Life "New Happiness."



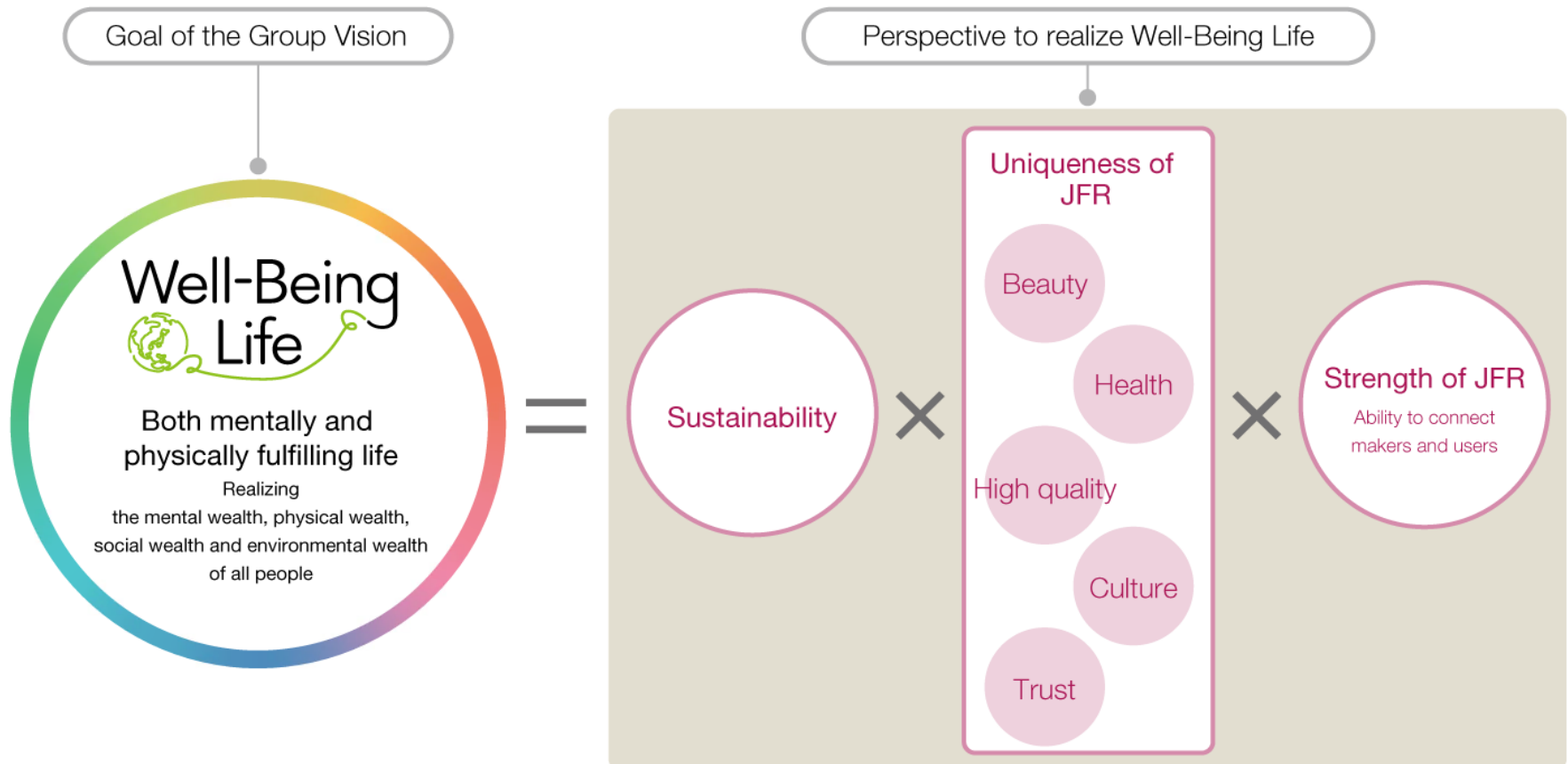
J. FRONT RETAILING

- (1) Management based on the Corporate Credo and the Group Vision (always giving priority to management for the benefit of society), which are the starting points
  - (2) Management that always considers risk reduction for stakeholders based on the Sustainability Policy
  - (3) Management that identifies new signs of growth as a company from materiality issues (environmental and social initiatives)
- Management that achieves social value and economic value at the same time (trade-on)

Overview of sustainability management = Management framework that incorporates ESG, CSV, etc.



- Well-Being Life is the goal of the Group Vision.
- Well-Being Life is to realize the mental wealth, physical wealth, social wealth and environmental wealth of all people as well as material wealth and economic wealth.
- JFR will use JFR's uniqueness and JFR's strength to realize Well-Being Life.



- Added the “promotion of circular economy” and the “realization of customers’ healthy/safe/secure life” to existing materiality issues.
- Every effort to address materiality issues will lead to the realization of Well-Being Life.



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# Materiality Initiatives

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HIRANO Hidekazu  
Managing Executive Officer  
Senior Executive General Manager of Management Strategy Unit



Create and Bring to Life "New Happiness."



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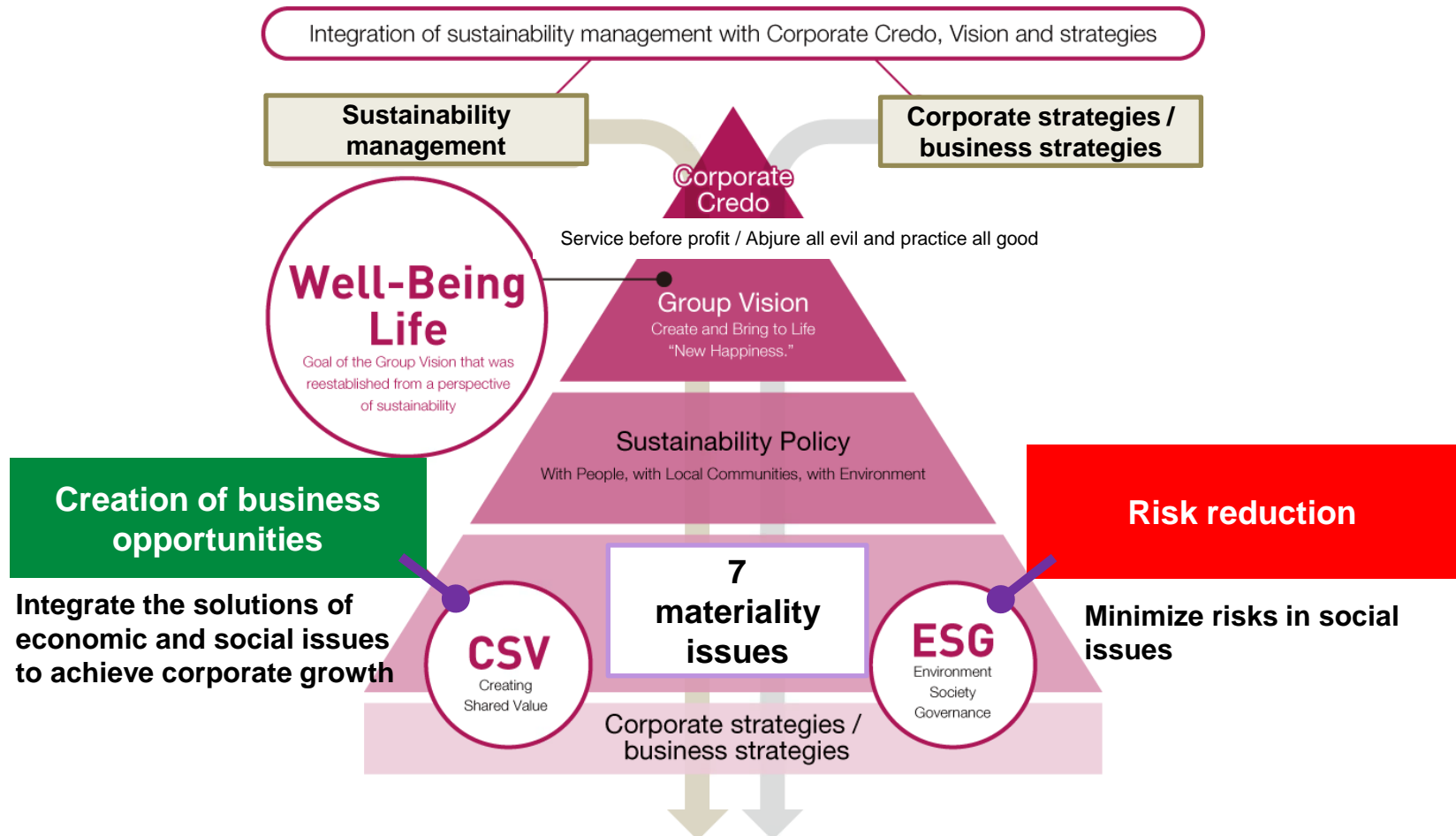
- Added new materiality issues: the “promotion of circular economy” and the “realization of customers’ healthy/safe/secure life.”
- Realize Well-Being Life, which is the goal of the Group Vision, by promoting seven materiality issues.



# “Risk Reduction” and “Creation of Business Opportunities” in 7 Materiality Issues

- Promote efforts in each materiality issue in terms of both "risk reduction" and the "creation of business opportunities."
- For the creation of business opportunities (CSV), integrate the solutions of economic and social issues to achieve corporate growth.
- For risk reduction, promote efforts to minimize social risks.

Overview of sustainability management = Management framework that incorporates ESG, CSV, etc.





2030 KGI

## Realization of Decarbonized Society

Lead a decarbonized society and create a global environment for future generations

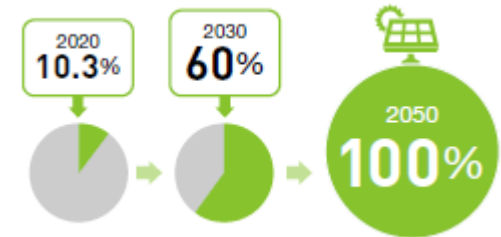


### ■ Ongoing efforts

- Reduced Scope 1 and 2 emissions by 32.0% in FY2020 compared to the SBT base year (FY2017)
- Revised up Scope 1 and 2 emission reduction target to be achieved by FY2030 to 60% from 40% (compared to FY2017)
- Clarified management's responsibility for climate change issues by adding Scope 1 and 2 emission reduction targets to officer remuneration indicators
- Share of renewable energy in FY2020: 10.3% (up 6.3% compared to FY2019)

and others

### Share of renewable energy



### ■ Future efforts

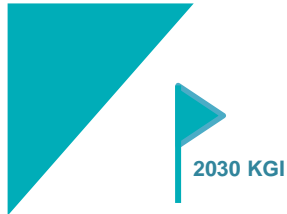
**Scope 1 and 2 emission reduction through the use of renewable energy, energy saving, and energy creation**

- Share of renewable energy: 40% in 2023, 60% in 2030
- Rate of replacement with LED and share of EVs in corporate fleets: 100% in 2025
- Establishment of a scheme for in-house generation and consumption of renewable energy in collaboration with new power companies
- Effective information disclosure in line with the frameworks for climate-related information disclosure, such as the TCFD recommendations\*1 and ISSB\*2

\*1 Final report of the Climate-related Financial Disclosure Task Force

\*2 International Sustainability Standards Board formed by the IFRS Foundation

**Risk  
reduction**



## Management of the Entire Supply Chain

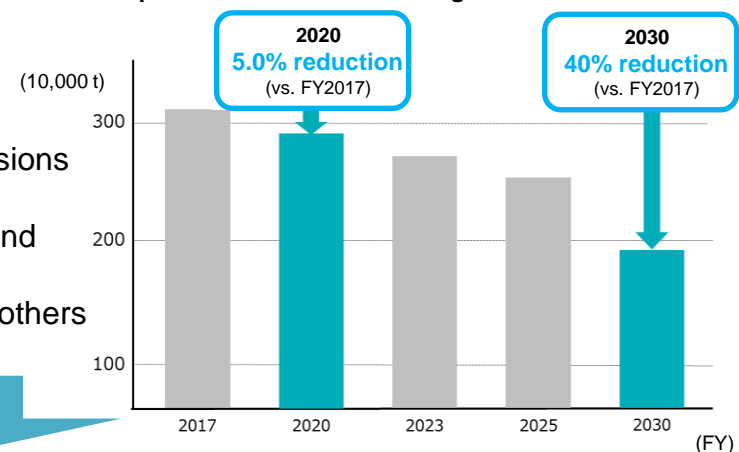
Realize decarbonization throughout the supply chain created together with suppliers



### ■ Ongoing efforts

- Reduced Scope 3 emissions by 5.0% in FY2020 (compared to FY2017)
- Started to approach suppliers to reduce Scope 3 emissions (Daimaru Matsuzakaya Department Stores)
- Received third-party assurance for waste generation and water usage in FY2020

Scope 3 emission reduction targets



### ■ Future efforts

#### Scope 3 reduction in the supply chain in collaboration with suppliers

- Share Scope 3 emission reduction targets and measures with suppliers (planned to hold briefing sessions for suppliers in April 2022)
- Strengthen reduction of food waste and plastic waste (Reduce waste generation by 15% in FY2023 compared to FY2019)
- Understand the actual status of logistics and start to study ways to streamline in collaboration with suppliers

and others

Risk reduction

# Realize Well-Being That Protects the Human Rights and Health of Workers along the Supply Chain



## Management of the Entire Supply Chain



2030 KGI

Together with suppliers,  
realize Well-Being that protects the human rights and  
health of workers along the supply chain

### ■ Ongoing efforts

- Conducted assessment of suppliers to disseminate the JFR Principles of Action for Suppliers
- Launched human rights due diligence initiatives
  - Identified human rights risks, expanded the Human Rights Policy, and conducted “assessment”
- Promote understanding through human rights education

and others

Risk  
reduction

Dissemination ratio of the JFR Principles of Action for Suppliers



### ■ Future efforts

**Disseminate the Principles of Action and reduce human rights risks in the supply chain in collaboration with suppliers**

- Continue to conduct “assessment” of and “human rights due diligence” on suppliers
- Share assessment results and have dialogue with suppliers
- Disclose assessment results to the public (planned to disclose on the website in February 2022)

and others

## Promotion of Circular Economy

Realize a sustainable global environment for the future  
and corporate growth through  
the promotion of circular economy



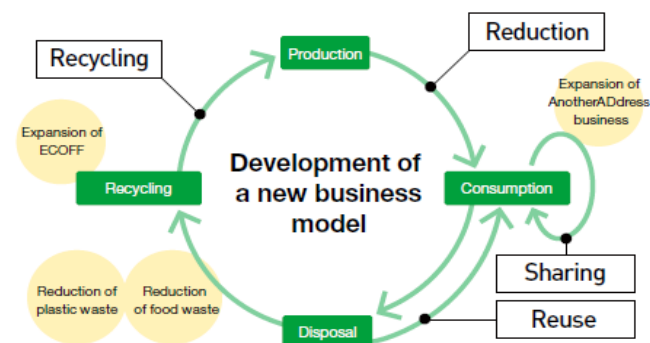
2030 KGI

### ■ Ongoing efforts

- Launched fashion subscription business AnotherADdress
- Strengthen the reduction of food waste and plastic waste
- Recycle clothing and cosmetic containers through ECOFF (Collected 934 t in total up to H1 FY2021)
- Opened CHANEL & moi – Les Ateliers, which specializes in product care and repair
- Conducted a sustainability-themed whole-building project CYCLE

and others

Overview of the circular economy the Group aims to create



### ■ Future efforts **Monetize circular economy and recycling**

- Strengthen sharing business by expanding AnotherADdress and developing new businesses
- Participate in plastic waste recycling business, etc. in collaboration with national and local governments and a diverse range of companies
- Increase the recycling rate by rebuilding the collection scheme of ECOFF and consider monetization through resale

and others

Creation of  
business  
opportunities

## Realization of Customers' Healthy/Safe/Secure Life



2030 KGI

Realize a future-oriented Well-Being Life that satisfies the mind and body of customers and create safe, secure, and resilient stores

### ■ Ongoing efforts

- Opened a healthcare mall Welpa in Shinsaibashi PARCO in November
- Contactless communication using digital technologies
  - Live commerce
  - Virtual events for *gaisho* customers
- Invite shops that carry wellness and ethical products, hold ethical events

Welpa



and others

### ■ Future efforts **Monetize Well-Being Life**

- Create customer touch points with consideration for safety and security by expanding OMO (Online Merges with Offline) shopping
- Strengthen hybrid entertainment (live + digital) that satisfies mind and body
- Strengthen the offering of products certified for food safety and environmental protection

and others

Creation of  
business  
opportunities

## Coexistence with Local Communities

Together with local people and centered on stores,  
create prosperous future-oriented communities  
in which people gather



2030 KGI

### ■ Ongoing efforts

- Opened Shinsaibashi PARCO and BINO Sakae in 2020 through area development
- Expand *chisan-chisho* (local production for local consumption) through collaboration with local communities and the use of websites
  - Project for coexistence with local communities Think LOCAL (Daimaru Matsuzakaya Department Stores)
  - Crowdfunding BOOSTER (PARCO)
- Industry-academia partnership agreements to revitalize local communities and others

Shinsaibashi PARCO



### ■ Future efforts

**Store development and thereby local area development to increase revenue**

- Redevelopment of District 25, Nishiki 3-chome, Naka-ku, Nagoya through local area development (planned to open in 2026)
- Redevelopment of 3 key areas: Shinsaibashi, Fukuoka, and Nagoya
- Collaboration with local farmers and companies and the use of websites such as crowdfunding for *chisan-chisho*

and others

Creation of  
business  
opportunities

## Promotion of Diversity & Inclusion



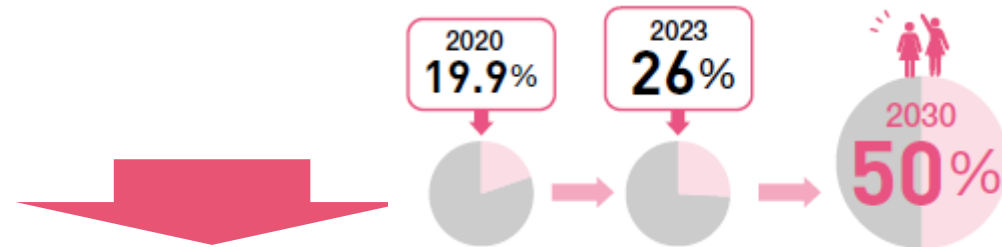
2030 KGI

Realize a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality

### ■ Ongoing efforts

- Share of women in management positions in FY2020 by promoting women's empowerment: 19.9% (consolidated)
- Increased the share of female Directors to improve oversight function through diversity (25%)
- Created new systems and strengthen employee training to promote an understanding of LGBT
- Employment rate of disabled people by promoting the employment of disabled people: 2.66%

### Target share of women in management positions



### ■ Future efforts **Increase revenue by realizing diversity**

- Launch a Women's Empowerment Promotion Project with a focus on corporate culture, systems, and education to promote women's empowerment (planned for March 2022)
- Make relevant systems known and continue to strengthen awareness raising and training to promote an understanding of LGBT
- Expand occupational fields for elderly empowerment

and others

Creation of  
business  
opportunities

## Realization of Work-Life Integration

2030 KGI

**Realize the Well-Being Life of employees and their families through new work styles for the future that realize diversity and flexibility**



### ■ Ongoing efforts

- Improved and expanded systems related to flexible work styles that allow employees to work anytime, anywhere
- Turnover rate due to childcare and family care: 1.1% (consolidated)
- Men's childcare leave usage rate: 18.8% (consolidated)
- Formulated J. Front Retailing Health Declaration

Creation of  
business  
opportunities

### J. Front Retailing telework systems



### ■ Future efforts **Increase productivity by promoting new work styles**





- Further expand telework systems
- Reduce overtime, promote the use of paid leave
- Develop and flexibly operate childcare and family care systems
- Design and conduct an employee satisfaction survey (planned for FY2022)

and others




# FY2020 Results and Targets of Materiality Issues (1)



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	Materiality issue	KGI	Indicator	2020 results	2023 KPI	2030 KPI
 With environment	 <b>Top priority issue</b> Realization of decarbonized society	Lead a decarbonized society and create a global environment for future generations	● Scope 1 and 2 GHG emissions	● 132,106 t-CO <sub>2</sub> 32.0% reduction (vs. FY2017)	● 40% reduction (vs. FY2017)	● 60% reduction (vs. FY2017)
			● Share of renewable energy in total electricity used for business activities	● 10.3% (up 6.3% from FY2019) ● Opened Shinsaibashi PARCO, which operates using 100% renewable energy	● 40%	● 60%
			● Energy creation	—	● Introduce in-house generation of renewable energy in collaboration with new power companies	● Expand in-house generation and consumption of renewable energy in collaboration with new power companies
	 <b>NEW</b> Promotion of circular economy	Realize a sustainable global environment for the future and corporate growth through the promotion of circular economy	● Waste generation (including food waste)	● 9,216 t	● 15% reduction (vs. FY2019)	● 50% reduction (vs. FY2019)
			● Weight of the items collected via ECOFF for recycling	● 836.4 t in total	● 1,500 t in total	● 3,000 t in total
			● Recycling, reuse	● Collected, reused and recycled clothing through ECOFF	● Recycle and remanufacture used products in collaboration with suppliers and customers	● Expand recycling and remanufacturing of used products in collaboration with suppliers and customers
			● Businesses including sharing, subscription and upcycling	● Launched fashion subscription business AnotherAddress	● Entry into businesses including sharing and upcycling in collaboration with suppliers	● Expand share of businesses including sharing and upcycling in collaboration with suppliers
 With local communities	Management of the entire supply chain	Realize decarbonization throughout the supply chain created along with suppliers	● Scope 3 GHG emissions	● 2,922,739 t-CO <sub>2</sub> 5.0% reduction (vs. FY2017)	● 10% reduction (vs. FY2017)	● Aim for 40% reduction (vs. FY2017)
		Realize a sustainable supply chain created along with suppliers	● Dissemination of the JFR Principles of Action for Suppliers	● Prepared for assessment of the Principles of Action for Suppliers (Planned for fall 2021)	● Collection ratio of assessment questionnaire: 80%, dissemination ratio: 25%	● Collection ratio of assessment questionnaire: 95%, dissemination ratio: 100%
		Realize Well-Being Life in which we, along with suppliers, protect the human rights and health of the people working along the supply chain	● Human rights	● Identified human rights risks ● Expanded the Human Rights Policy	● Expand human rights due diligence initiatives ● Employee human rights education ratio: 100%	● Establish business activities in which the human rights of suppliers and employees are respected

# FY2020 Results and Targets of Materiality Issues (2)

	Materiality issue	KGI	Indicator	2020 results	2023 KPI	2030 KPI
 <p>With people</p>	Promotion of diversity & inclusion	Realize a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality	● Share of women in management positions	● 19.9%	● 26%	● Aim for 50%, equal to female labor share
			● Extension of retirement age	● Introduced extension of retirement age to 65 (Daimaru Matsuzakaya Department Stores, JFR Card, Daimaru Kogyo, JFR Information Center)	● Increase operating companies that introduce retirement at 65	● Aim for retirement at 70
			● Employment rate of the disabled	● 2.21% (as of June, in the special scope of associates)	● 2.6%	● 3.0%
			● Creation of corporate culture with diversity	● Established LGBT-related systems (same-sex partnership rules, gender change support leave)	● Employee dissemination ratio of diversity & inclusion: 100% ● Provide sales floors, products, services tailored to diverse customers including LGBTs	● Realize business growth using diverse abilities stemming from diversity & inclusion ● Provide sales floors, products, services tailored to diverse customers
	Realization of work-life integration	Realize the Well-Being of employees and their families through new work styles for the future in which diversity and flexibility will be realized	● Turnover rate due to childcare and family care	● 1.1%	● Less than 1.0%	● 0%
			● Childcare leave usage rate of male employees	● 18.8%	● 100%	● 100% regardless of gender
			● Work style	● Expanded telework	● Establish systems and evaluation to create an organization that allows employees to work anytime, anywhere	● Increase productivity by the organization that allows employees to work anytime, anywhere
			● Employee satisfaction (employee satisfaction survey)	● Conducted organizational checkups, etc.	● 60%	● 80%
	 <p>Realization of customers' healthy/safe/secure life</p>	Realize a future-oriented Well-Being Life that satisfies the mind and body of customers	● Ethical consumption	● Held ethical life events ● Invited shops that carry fair trade products	● Start to strengthen offering of products certified concerning food safety and environment protection	● Expand ethical consumption in overall lifestyle
			● Mental and physical health	● OMO (Online Merges with Offline) sales of modern art ● Created wellness business unit (Parco)	● Expand the field of entertainment business including traditional culture, art and culture ● Launch wellness business	● Provide excitement to daily life and create new customer experiences by expanding the entertainment and wellness businesses
			● Customer awareness and sympathy for sustainability activities	—	● 30%	● 80%
		Create safe, secure, and resilient stores with an eye on the future	● BCP, disaster prevention, epidemic prevention	● Revised JFR Crisis Management Rules and formulated JFR Crisis Management Manual ● Live shopping ● Accepted cashless payment	● Sophisticate BCP and strengthen epidemic prevention measures ● Strengthen contactless customer touch points through communication using digital technologies	● Create highly resilient stores by adopting the latest technologies to prevent disasters and epidemics and provide comfortable spaces with consideration for health
 <p>With local communities</p>	Coexistence with local communities	Together with local people, create prosperous future-oriented communities in which people gather, centered on our store	● Community development	● Shinsaibashi PARCO opened ● BINO Sakae opened	● Make the area more attractive leveraging local uniqueness including culture and history, develop in a way that contributes to attracting crowds to the area ● Shift to CSV in stores (make stores sustainable) throughout the Group	
			● Collaboration with local communities	● Expanded local production for local consumption ( <i>chisan-chisho</i> ) using website ● Revitalized local communities by crowdfunding ● Concluded industry-academia partnership agreement	● Promote local revitalization in collaboration with governments, educational institutions, NGOs and NPOs ● Promote local revitalization by finding and providing locality content such as <i>chisan-chisho</i> (promote local partnership in all stores)	

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# Specific Circular Economy Initiative “AnotherADdress”

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TABATA Ryuya  
Head of AnotherADdress Business  
DX Promotion Division, Management Strategy Headquarters  
Daimaru Matsuzakaya Department Stores Co. Ltd.



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## Subscription business "AnotherADdress"

### **[Promotion of circular economy]**

- **Departure from mass production, consumption and disposal**  
→ Business model transition from a linear economy to a circular economy  
Initiative to recycle resources

### **[Response to customers' new values]**

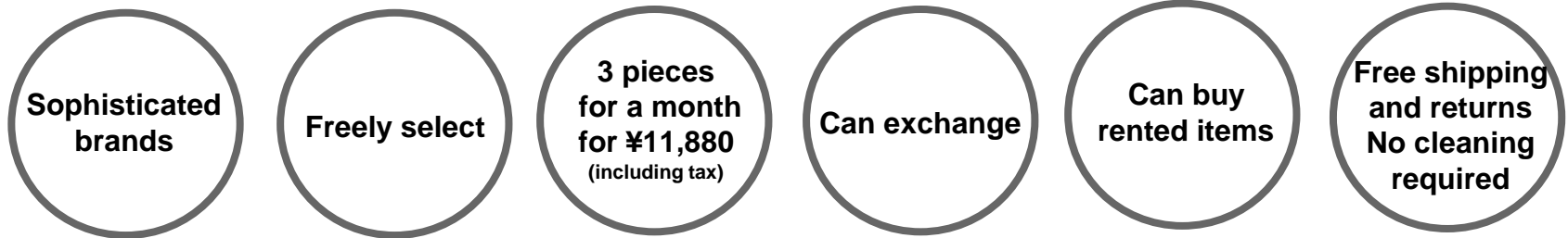
- Increasing awareness of environmental issues and changes in consumer behavior  
("shift from ownership to sharing")
- Possibility of market expansion and business development

### **[Promotion of diversity & inclusion]**

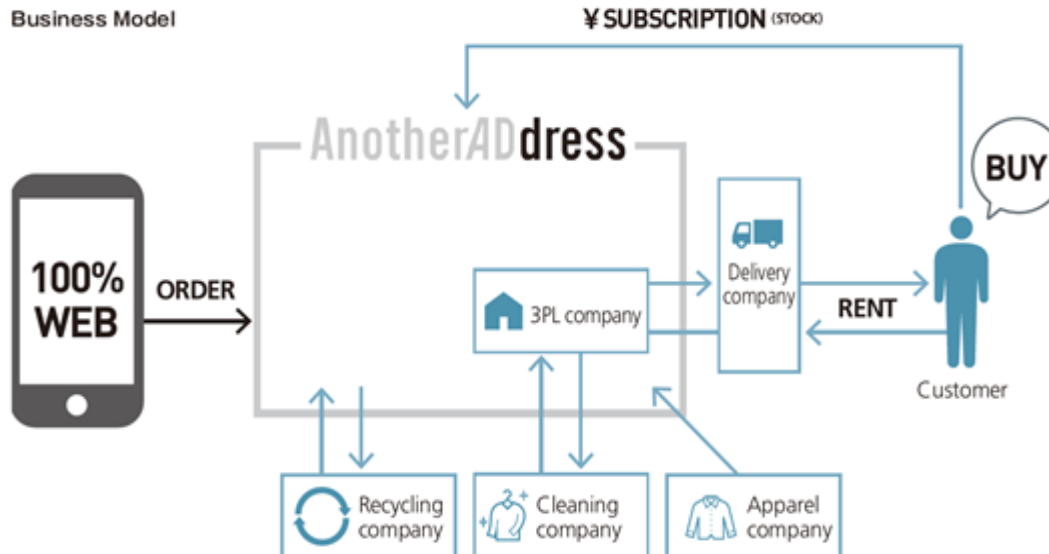
- Creation of opportunities for highly motivated employees, regardless of generation or gender
- Realization of business through alliances with external partners and the sharing of values

## Launched "AnotherADdress" in March 2021

**Subscription-type fashion service that allows a customer to freely rent 3 pieces from sophisticated brands**



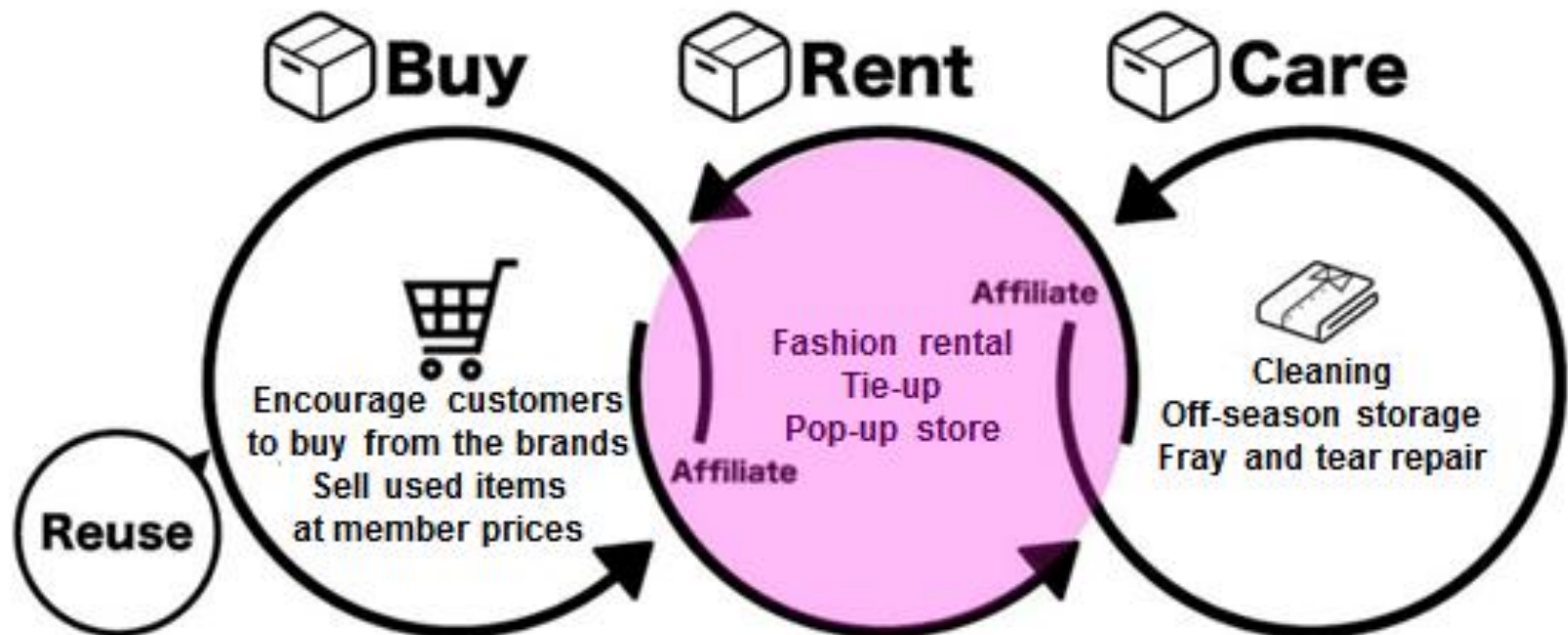
Business Model



## Business concept based on circular economy

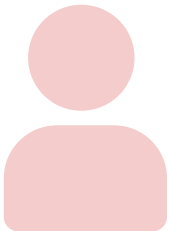
# Fashion New Life

Merger of intrinsic value of fashion and simple life



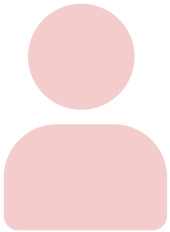
## Business focused on customers' new values

### [Customer feedback]



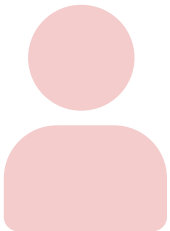
(50s, Tokyo)

I experienced the economic bubble and my 10-square-meter **closet is always flooded with clothes**, which has made me feel **uncomfortable recently**. The subscription service that allows me to **enjoy a variety of clothes without adding to my wardrobe** is attractive at my age.



(20s, Tokyo)

(According to the washable program questionnaire), it was very helpful to know there are various techniques to take care of clothes and make them last longer. I support AnotherADdress because I **agree with the idea of increasing the life of clothes**.



(40s, Fukuoka)

I **always select passable clothes** to buy so that I can mix and match them. This service **expanded my clothing options and made my commuting more pleasant**. In addition, it is also **convenient that I can rent the clothes to wear only occasionally** such as formal attire.

## Co-creation with partners that promote sustainable initiatives

Logistics

Cleaning and repair

Recycling



(3PL company)



(Delivery company)



(Cleaning company)



(Recycling company)



(Delivery company)



(Repair company)

We have decided to join AnotherADdress because we support their efforts. The cleaning industry still has problems with environmental considerations. While jointly researching and developing organic cleaning solutions and others, we would like to change the cleaning industry itself. (Mr. Mogi, Representative Director, BARREL Inc.)

We felt that it is very meaningful for a department store that has "sold" fashion to work on this business. Only a department store could attract these brands. This initiative is very new to the industry. We will support it as a recycling partner. (Mr. Iwamoto, Co-Founder, Japan Environment PLANning)

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# Current State and Challenges of the Company's Governance from an Independent Outside Director's Perspective

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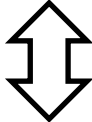
SATO Rieko, Director



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1. The Company's Governance Initiatives
2. Future Challenges
3. Roles of Independent Outside Directors

- From establishing and developing systems to ensuring high effectiveness
  - Agenda setting and discussion with a focus on the Group strategies from a medium- to long-term perspective to enhance corporate value
  - 
  - Agenda setting and discussion on current challenges and countermeasures amid the severity of business management in the distribution industry
  - Creation of opportunities to strengthen cooperation between executive members and Outside Directors

\*Monthly holding an expanded executive session attended by President, etc.

## ■ Expectations and challenges

- Optimization of business portfolio and human resources policy to support its realization

\*Development of new business models, response to digital shifts, etc.

- To accelerate transformation

## ■ Expected roles

- To curb runaway
- To support positive and decisive management decisions

## ■ Stance

- To freely give opinions without considering what management wants
  - \*Unconstrained by past bonds and background



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