

Sustainability Management

Since fiscal 2018, the J. Front Retailing Group (the “Group”) has been working to “create a foundation” for sustainability management initiative. This is an increasingly important initiative for the post-COVID-19 era, and we believe that we must push forward aggressively.

The Group is committed to realizing ESG initiatives that are unique to JFR, based on the concept of sustainability management. We believe that the future direction of the evolution of sustainability management is to realize our aspirations of making the world good and doing what is right, and to that end we must create new markets. That is our CSV strategy.

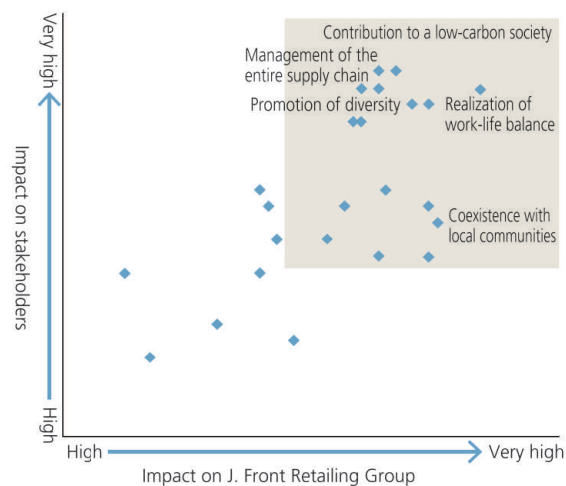
We will contribute to the creation of a sustainable society by realizing sustainable growth as a company by promoting ESG initiatives simply and honestly.



Process for identifying 5 materiality issues

In 2018, we formulated a Sustainability Policy and, based on the results of a questionnaire survey of 4,250 stakeholders, repeated discussions at the Management Meetings and the Board of Directors meetings to identify five materiality issues that the Group should address. We have set medium- and long-term targets for each materiality issue and are implementing initiatives that are linked to our business strategies.

▶ J. Front Retailing Group materiality map



Questionnaire survey of stakeholders (4,250 persons),
Interview with management

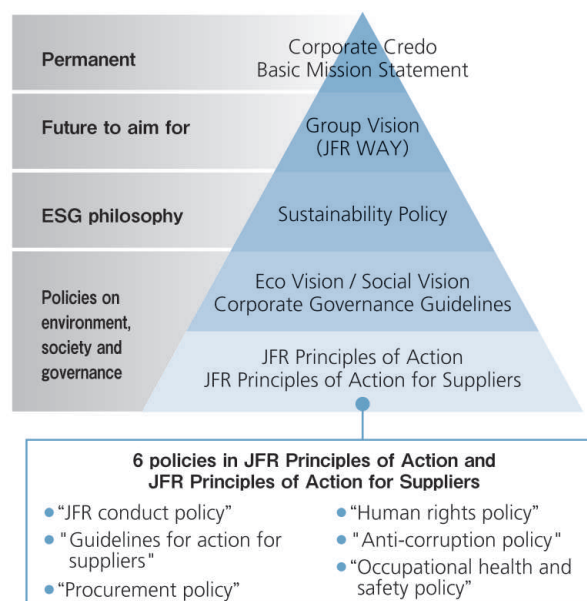
Prepared materiality map



Formulating sustainability-related policies

In 2018, we formulated the “Sustainability Policy” with the aim of continuing to grow to realize a sustainable society and create and bring to life new happiness, which is the foundation of our approach to ESG. In addition, we have formulated “Eco Vision” and “Social Vision” which show our environmental and social concepts based on the Sustainability Policy. These visions and the “Corporate Governance Guidelines” are our guidelines for ESG.

In 2019, the Group formulated the JFR Principles of Action, which set out the principles for all officers and employees of the Group to fulfill their social responsibilities and the JFR Principles of Action for Suppliers, which stipulate matters to be observed together with suppliers. These principles comprise four basic policies: the JFR conduct policy; the JFR guidelines for action for suppliers; the procurement policy; the human rights policy; the anti-corruption policy; and the occupational health and safety policy.



Sustainability promotion structure

We have established the Sustainability Committee to promote sustainability management across the Group in a cross-organizational manner. Along with the Risk Management Committee and the Compliance Committee, this committee is positioned as an advisory committee under the direct control of the President and Representative Executive Officer and meets once every six months. Major activities include the formulation of annual action plans and monitoring of progress concerning each materiality issue at each Group company. In addition, the Board of Directors receives reports on the content of discussions held by the Sustainability Committee and discusses and oversees long-term objectives and progress in addressing ESG issues.



2nd Sustainability Committee meeting

Holding ESG presentations

Since 2018, we have held annual ESG presentations for institutional investors. We report on our medium- and long-term sustainability targets and the progress of specific initiatives, and hold direct dialogue with investors through question and answer sessions (56 participants in 2018 and 59 in 2019).

We will continue to improve the quality of our sustainability management through dialogue with capital markets.



2nd ESG presentation

Publication of Sustainability Reports

In February 2020, we published our first Sustainability Report to supplement the Integrated Report and emphasize the completeness of the Group’s ESG information. This report discloses ESG information in detail, including our approach to sustainability, promotion system, long-term objectives related to five materiality issues, and the progress of our initiatives. We will continue to publish the report once a year.









Sustainability Report 2019

Internal penetration of sustainability management

Top management explains in person the background and importance of ESG initiatives at in-house training sessions, and actively utilizes in-house magazines and websites to promote understanding and penetration among employees. In September 2019, an in-house website specializing in ESG was launched. The website provides educational videos to help contribute to solving social issues through business activities and to deepen understanding of these issues. Using SNS, we share information with employees of each operating company in two directions.

► Long-term targets and major actions in fiscal 2019

	Relevant stakeholders	Long-term targets	Major actions in fiscal 2019
Contribution to a low-carbon society	Customers Suppliers Employees Local communities	2030 40% reduction of Scope 1 and 2 GHG emissions (vs. FY2017) 2050 Zero Scope 1 and 2 GHG emissions	  <ul style="list-style-type: none"> ● Approved by SBTi ● Support for TCFD recommendations ● Rated "A-" by CDP ● Actual reduction of Scope 1 and 2 GHG emissions Down 11.0% in FY2019 (vs. previous year) ● Switched to renewable energy ● Transition of the company fleet to EVs ● Introduced energy-saving equipment and high-efficiency equipment ● Switched to LED lighting ● Prepared to join RE100 (planned to join in Oct 2020)
Management of the entire supply chain	Suppliers Customers	2030 100% penetration of JFR Principles of Action for Suppliers 2030 Aim for 40% reduction of Scope 3 GHG emissions	  <ul style="list-style-type: none"> ● Established JFR Principles of Action for Suppliers ● Shared JFR Principles of Action for Suppliers (sent out and held briefing sessions) ● Calculated Scope 3 GHG emissions ● Switched to environmentally friendly office supplies ● Initiative to create a circular society "Ecoff"
Coexistence with local communities	Local communities Customers	2050 Local communities, governments, and retailers will cooperate closely to realize sustainable and advanced urban development by combining urban development that makes use of the area's assets, which is the strength of the Group, with solutions to environmental issues.	  <ul style="list-style-type: none"> ● Promoted Urban Dominant strategy ● Urban development centered on ESG model stores <ul style="list-style-type: none"> • Opened the main building of the Daimaru Shinsaibashi store and Shibuya PARCO ● Expanded local production for local consumption (<i>chisan-chisho</i>) ● Created safe and secure store environment <ul style="list-style-type: none"> • Disaster response BCP plan
Promotion of diversity	Customers Employees	2025 Ratio of women in management positions: 30% 2030 Aim for ratio of women in management positions of 50% 2030 Aim for retirement at 70 2030 Employment ratio of the disabled: 3.0%	  <ul style="list-style-type: none"> ● Promoted women's empowerment <ul style="list-style-type: none"> • Ratio of women in management positions: 18.8% (FY2019, consolidated) ● Promoted senior empowerment <ul style="list-style-type: none"> • Extended the retirement age to 65 in Mar 2020 (Daimaru Matsuzakaya Department Stores) ● Initiatives for employment of the disabled <ul style="list-style-type: none"> • Employment ratio of the disabled: 2.21% As of June 2019 (within the special scope of subsidiaries including Daimaru Matsuzakaya Department Stores) ● Formulated human rights policy
Realization of work-life balance	Employees	2030 Acquisition of childcare leave by male employees: 100% 2025 Turnover rate due to childcare and nursing care: 0%	  <ul style="list-style-type: none"> ● Expanded work system <ul style="list-style-type: none"> • Promoted telework ● Expanded work style systems and rules <ul style="list-style-type: none"> • Established a short-term childcare leave system (paid) • 18 male employees took childcare leave (FY2019, consolidated) • Ratio of return from childcare leave: 89.5% (FY 2019, Daimaru Matsuzakaya Department Stores)

► External recognition

Selected as the constituent of MSCI Japan Empowering Women Index (WIN) for 3 consecutive years* 2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	Rated "A-" in CDP climate change research 2019 	Rated "Silver" in PRIDE Index 2019 
Selected as the constituent of SNAM Sustainability Index for 9 consecutive years 	Certified as Health and Productivity Management Organization 2020 	Certified as a "Company Empowering Persons with Disabilities" in 2019 
Selected as 2019 "Semi-Nadeshiko" Brand 	Rated four stars in the 3rd Nikkei Smart Work Management Survey 	Registered in the Whistleblowing Compliance Management System certification (self-declaration of conformity registration system) 

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