

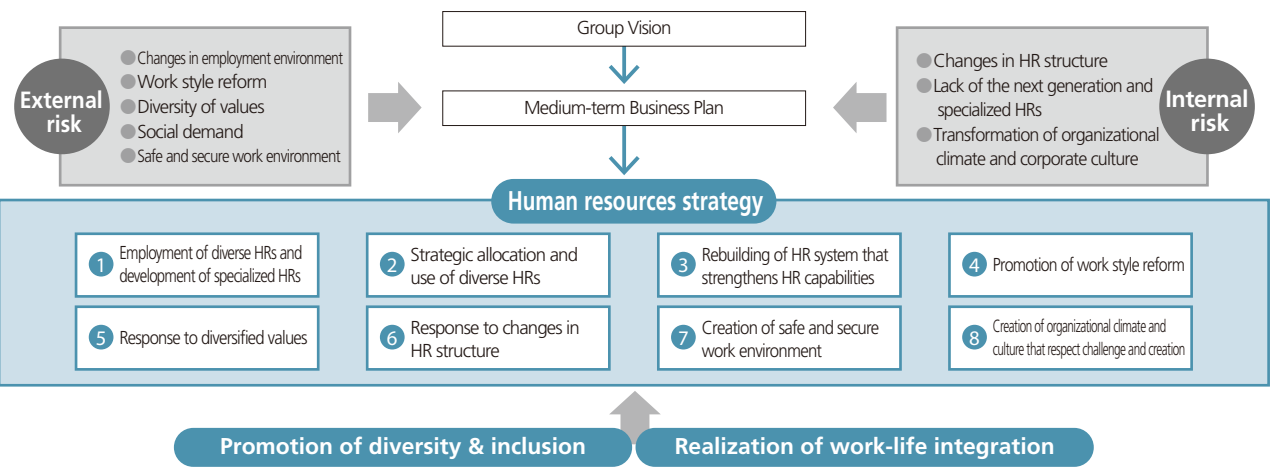
# Drive Innovation with “Human Resource Capabilities”



J. Front Retailing promotes sustainability management as described in the new Medium-term Business Plan and we think the greatest management resources to achieve our business goals are “people” and that a company cannot grow and develop without the growth of human resources. Positioning “employees as treasure (assets),” we aim to realize

a “human resource development company” that maximizes employees’ personalities and abilities and develops human resource capabilities. At the same time, by respecting diversity and creating an environment that enables diverse and flexible work styles, we would like to be a company whose individual employees can feel satisfied, rewarding and happy.

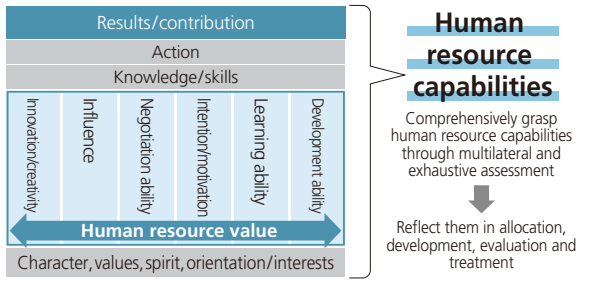
## Overview of human resources strategy



## From a job performance-based system to a “human resource capabilities”-based system

In fiscal 2020, our personnel system was converted from the former job performance-based system to the one that puts a greater focus on the “human resource capabilities” of individual employees. Therefore, our human resource operation, ranging from “recruitment” to “allocation,” “development,” “evaluation and assessment,” and “treatment and working conditions,” always centers on human resource development. “Human resource capabilities” are comprehensive strengths including actions that lead to the realization of results, highly specialized knowledge and skills, underlying job execution capabilities, energy and learning to promote

reforms, and underlying character and spirit. Particularly, we define the ability to perform duties, which directly leads to results and contributions, and the ability to create new value as “human resource value” and value it.



## Human resources strategy that supports the Medium-term Business Plan and key strategies

We started the new Medium-term Business Plan in fiscal 2021. The abilities and skills fostered by the past career in the Department Store, SC, etc. are not enough to implement our three key strategies including Developer Strategy, Real x Digital Strategy and Prime Life Strategy and achieve results. And we need to develop new human resource capabilities for regrowth. To this end, we will actively develop employees’ abilities and strengthen the employment of specialized talents from outside the Group to build a stronger human resource structure. With business model transformation, the roles, abilities and skills required of employees will change. The Company will thoroughly face employees based on “human resource capabilities” and place the right people in the right jobs according to their individual aptitudes and potentials so that they can succeed in their new roles and positions. In this process, we will appoint young employees to important positions at an early stage and develop them through jobs and roles.

## The Group human resource structure reform

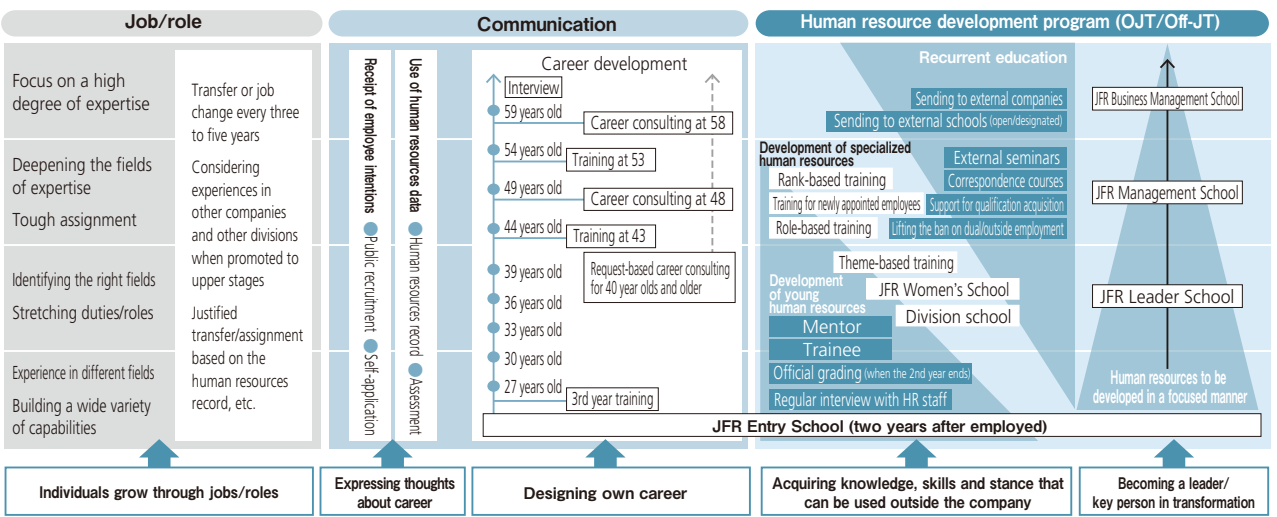
We will tackle organization and human resource structure reform to realize an optimal human resource structure based on the Medium-term Business Plan. With the business model reform of existing businesses and changes in the strategic

positions of businesses, we will make a focused allocation to the fields of the new key strategies set forth in the Medium-term Business Plan. At the same time, we will (i) strengthen the recruitment of mid-career specialized talents; (ii) allocate and use employees across the Group based on their individual statuses (experience, aptitude, etc.); and (iii) develop new jobs and support career development outside the Group.

## Human resource development

Premised on the idea that people grow through jobs, we will link four actions including recruitment, allocation, evaluation and development and increase the energy that will become a growth engine to develop human resources. Our training programs include the ones provided to all employees at certain career stages and when they are promoted to line positions and the ones for selected employees such as the JFR Schools that aim to develop the next managerial talents (Some sessions were suspended or provided remotely due to COVID-19 in fiscal 2020). We also provide extensive self-development courses named Career Support College for employees. Employees can receive a subsidy from the Company when they complete the course. A total of 1,038 employees in the Group took these courses in fiscal 2020. They help develop employees’ attitude of “learning by themselves” and organizational climate. Going forward, we will rebuild the Group’s common development system and provide versatile content beyond business fields.

## Overall diagram of human resource development



## Acquisition of human resources

We strengthen the employment of professional people who have advanced specialized knowledge acquired through abundant experience as well as new graduates. In fiscal 2020, we hired a total of 49 mid-career people throughout the Group, in the digital department of the Department Store, the Payment and Finance Business and others. We also continue the Mother Recruitment program for women who left their jobs for child care but aim to advance their career by exercising their abilities to the fullest and four women were hired in fiscal 2020 under this program. Going forward, we will strive to acquire human resources with a strong sense of challenge, competitiveness, innovation, and creativity in order to form a diverse organization that creates new value.

## Materiality issues that support human resources strategy

The “promotion of diversity & inclusion” and the “realization of work-life integration,” which are identified as our materiality issues, are the bases of our human resources strategy. In the “promotion of diversity & inclusion,” we respect the diversity of employees such as nationality, gender, LGBT and disability and aim to realize business strategies by exercising diverse abilities. In the “promotion of work-life integration,” we will allow new diverse and flexible work styles to keep employees physically and mentally healthy and realize the Well-Being Life of employees and their families.