

Human Resources Strategy

Using “Will” as the Driving Force to Raise the Quality of Our Output

Approach to Human Capital

Uncertainty is on the rise as technology and other elements surrounding the Company advance and change at ever-increasing speeds. Amid such circumstances, we believe our human resources are the only ones who can pave the way for the Group’s future.

We consider JFR Group employees to be our most important partner in value co-creation. Accordingly, we aim to achieve the Group vision by making the “realization of employee Will” the driving force of the Company’s growth through the provision of systems and environments that support the full expression of each employee’s Will (will, drive, and intrinsic motivation) and by providing career development and other growth support to maximize their potential.

Personnel Management Based on the "Principle of Human Resource Capabilities"

In fiscal 2019, we departed from a duty-based personnel system and began operating one based on the 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 capabilities encompass visible aspects such as results, behavior, knowledge, and skills, as well as intangible abilities, including human capital value, personality, values, temperament, aspirations, and interests.

“Human capital value” comprises the perspective of reproducibility and versatility that leads to steady results and contributions under any circumstances (intention and motivation, learning ability, innovation and creativity, influence, negotiation ability, and development ability), and we have set the required level for each stage.

(i) Governance

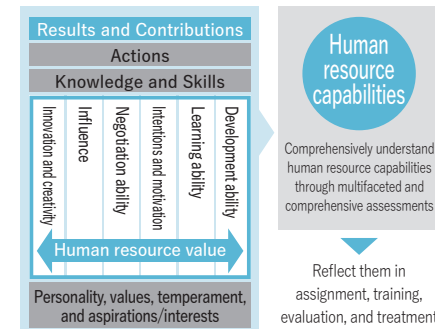
Specific policies on sustainability initiatives, including responses to environmental and social issues, are discussed and approved by the Group Management Meeting, the highest decision-making body for business execution. Matters approved by the Group Management Meetings are shared with all operating companies via the Sustainability Committee, an advisory body to the President and Representative Executive Officer. In addition, the Sustainability Committee monitors the implementation plans and progress of each operating company to enhance the effectiveness of Group-wide initiatives.

(ii) Risk Management

In the future, 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 outflow of human resources 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 every employee so that everyone can work with vigor in good physical and mental health.

Concept of JFR’s human capital management

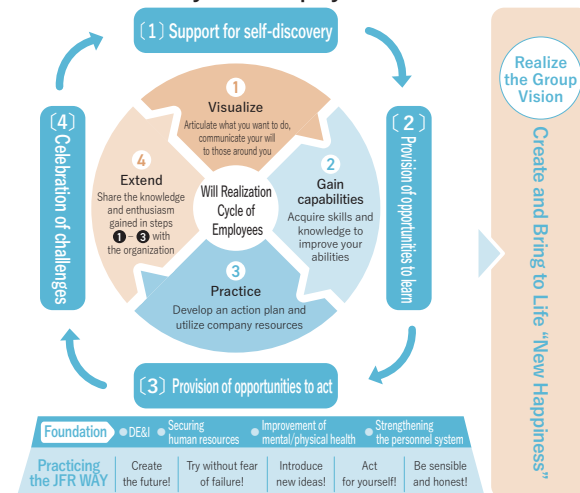


(iii) Strategy

Human resource development policy

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



(1) Support for self-discovery

Through high-quality one-on-one dialogues, we help every employee discover and express their inherent will and develop their skills and careers in line with their characteristics and aspirations. In addition, 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.

(2) Provision of opportunities to learn

We will expand open-type training programs, subsidize education and training expenses, and operate JFR College—a self-learning portal site available to all Group employees—to support the autonomous career and skills development of employees. These measures aim to create an environment where employees can learn by their own initiative and choice, without being limited by job description or work location.

We will also engage in “Transformation Leader Development Training (T3 Training)” 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.

(3) Provision of opportunities to act

We provide various means for employees to take on challenges and put their Will into practice. Specifically, we will promote the use of RED, in which employees work together with management to create new ideas, and establish a variety of mechanisms (e.g., secondment to investee companies and others outside the Group, and open recruitment for Group companies) for exploring completely new business domains for the Company.

(4) Celebration of challenges

We believe that “taking on challenges” is a crucial factor in the process of growth for human resources. If a challenge is achieved, this will give employees confidence and energy to take on new challenges. Even if the expected outcome is not realized, however, we believe that the insights and discoveries gained along the way will become important learning experiences that lead to the next challenge.

For this reason, while the Company focuses on results and achievements, we celebrate and value “the courage of our employees to take on challenges.” We also believe that when an employee displays this attitude and enthusiasm for challenges, it will inspire those around them to do the same. By spreading this enthusiasm widely throughout the company, the Will Realization Cycle for Employees will continue in a powerful way.

Improvement of internal environment

• Diversity, equity, and inclusion

We believe that incorporating a diverse range of individuality and converting it into organizational strengths will lead to the realization of sustainable growth. To this end, we promote excellent young employees, stimulate middle- and senior-level employees, and otherwise create an environment where all employees can utilize their unique strengths and flourish. Given that a majority of Group 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 will also strengthen the formulation of development plans tailored to individual employees and promote regular follow-up after appointment to management positions. We will also eliminate unconscious bias stemming from age, sex, work styles, and other factors, and promote and assign roles in line with people’s strengths and aspirations.

• Securing human resources

Securing and expanding the human resources capable of creating the three co-creation values is essential for our evolution into a “Value Co-creation Retailer Group.” Toward this end, we are striving to strengthen the personnel system and expand paths to employment at the Company, such as through alumni and referrals, to enhance its recruiting capabilities.

Specifically, in addition to new graduates and young people, we have expanded our hiring targets to proactively acquire people with advanced expertise in real estate, banking and finance, and other areas. In the retail business, we will focus on hiring people who can create new content and services by grasping customer needs, and digital human talent who can lead our digital transformation.

In parallel, we are also working on wage policies and 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 high output of our employees’ creativity and productivity 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.

• 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.

(iv) Metrics and targets

Metrics	FY2023 results	FY2026 targets
Ratio of women in management positions	22.5%	31%
Gender wage gap	All employees: 65.3%	Reduce the gap by strengthening efforts to prevent career loss, including career development and training for women and management positions
	Regular employees: 74.4%	
	Non-regular employees: 72.7%	
Ratio of men taking childcare leave	87.5%	95%
Turnover rate	5.4%	5.3% or less

*1 Ratio of women in management positions and gender wage gap calculated based on the provisions of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).

*2 Group totals, unless otherwise indicated.

*3 Gender wage gap shows the wages of female employees as a percentage of the wages of male employees.

*4 Metrics and targets as of May 2024; subject to addition or revision to align with future human resource strategy.