

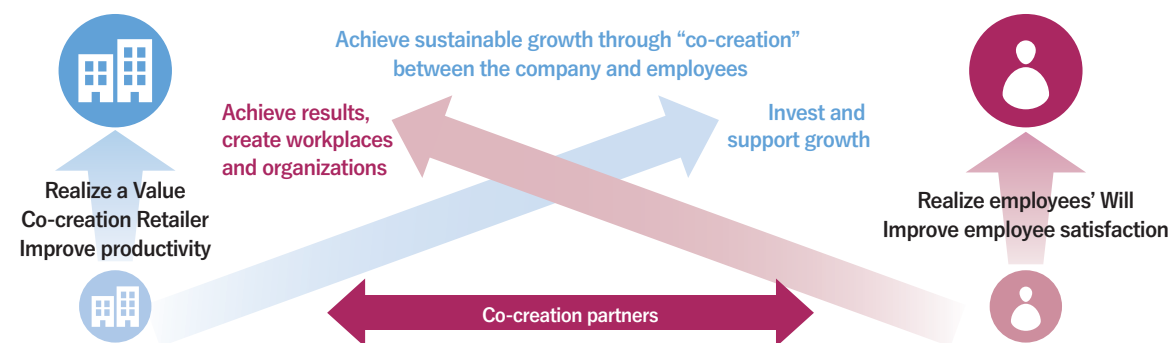
Support Each Employee's Will and Enhance the Ability to Co-create Value.

Approach to human capital

We are committed to evolving into a Value Co-creation Retailer Group by 2030, centered on our retail business and continuously providing three values: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment. The power to create this future and realize our vision lies in every single employee of the Group. We consider

our employees as our most important value co-creation partners and strive to support each person's Will (intention and motivation and intrinsic motivation) while fostering mutual support and contribution between the company and employees, thereby achieving growth together.

Concept of value co-creation by the company and employees



Overview of human resources strategy

In the current Medium-term Business Plan, which we have positioned as a phase of change, we will actively invest in human resources to shift to a new growth model and lay the foundation for future growth.

Specifically, we will move away from our past success where profit growth was achieved through company-wide streamlining measures, and instead focus on leveraging the comprehensive strengths of the Group's diverse businesses. To achieve this, we will shift our human resources strategy from "human resource management" to "human resource development," from "operation-oriented" to "market-oriented," and from "company-specific optimization" to "the Group-wide optimization."

To become a Value Co-creation Retailer, we have established a "human resource management policy" as the basic approach for human resources across the Group, and will work to shift to a human resource portfolio that aligns with management strategy. Furthermore, we will implement effective measures across the human resource domain and aim to improve employee engagement and productivity per employee as key outcomes of our human resources strategy.

Human resource management policy

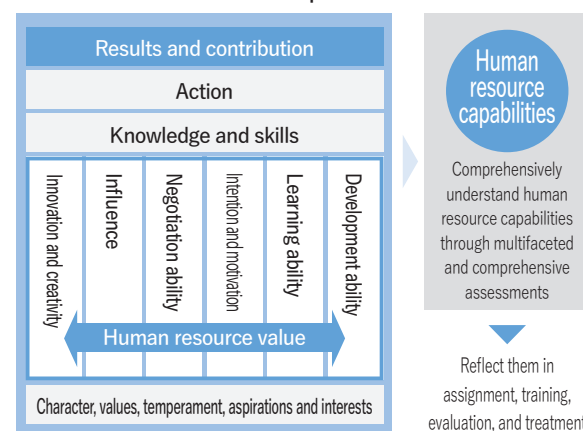
To foster the behavior and mindset changes necessary for value co-creation, we have established a Group-wide human resource management policy "Power to Involve Others, Mindset to Enjoy Challenges." This policy will guide our efforts in recruitment, development, placement, and evaluation of "human resources who are driven by their own Will," human resources who transcend and link organizations," and "human resources who enjoy their work."

Personnel management based on the "philosophy of human resource capabilities"

Since fiscal 2019, we have been implementing a human resource system based on our unique "philosophy of human resource capabilities," which aims to visualize the intangible strengths (human capital value, personality, values, temperament, and aspirations and interests) inherent in our employees. As we pursue human resource management based on this philosophy of human resource capabilities, we will foster value co-creation across the entire Group by evaluating and surveying performance outcomes, action, and mindset based on knowledge and skills, which can be observed through work performance.

"Human resource 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 career stage.

Definition of human resource capabilities



JFR Selective School

Recognizing the need for early talent discovery and development, we have implemented a focused training program through the JFR Selective School since 2017 to cultivate next-generation executive candidates. The JFR Selective School consists of three stages: the JFR Business Management School (for next-generation executive candidates), the JFR Management School (for next-generation general manager candidates), and the JFR Leader School (for next-generation manager candidates), establishing a system for producing management talent over the medium to long term. Beyond planned and strategic placements, the program aims to accelerate the development of next-generation core talent by fostering a management perspective, sharing the awareness of key issues among top executives, and providing training in strategy formulation.

(1) Governance

Policies and specific measures related to human resources strategy are reviewed and approved in the Group Management Meeting, which is the highest decision-making body for business operations.

In response, the Board of Directors receives reports on the content approved by the Group Management Meeting and discusses matters such as goal setting, response policies, and implementation plans.

(2) Risk management

In the future, if competition for human resources intensifies due to worker shortages caused by a declining working population and the increased mobility of human resources, we may face challenges in retaining talent and attracting top candidates. This situation could not only affect our business performance but also hinder our evolution into the Value Co-creation Retailer that we aspire to become by 2030.

Our human resources strategy focuses on developing change leaders, supporting self-directed learning among employees, and promoting diversity, equity, and inclusion (DE&I). By doing so, we aim to create a work environment where all employees can experience growth and job satisfaction. We are committed to fostering a comfortable work environment while providing support to every employee, ensuring they can work with vitality in good physical and mental well-being.

(3) Strategy

To enhance the collective Group strength, we will maximize the potential of every employee and leverage their strengths in accordance with our human resource management policy. Concurrently, we will transform our human resource portfolio by strengthening and reallocating human resources in alignment with our management strategy, with the aim of becoming a Value Co-creation Retailer.

(a) Strengthening our capabilities to co-create value

In today's uncertain business environment, we believe that the entire Group must enhance its "value co-creation capabilities" to achieve significant growth and progress.

We define "value co-creation capabilities" as not only the ability to deliver results based on skills and knowledge, which have been our primary evaluation criteria thus far, but also action and mindset that are necessary to collaborate with diverse stakeholders and co-create

new value. We will continue to develop more specific requirements for abilities, competencies, evaluation methods, and other related frameworks in alignment with our human resource management policy "Power to Involve Others, Mindset to Enjoy Challenges."

For example, we will expand initiatives such as external training-type secondments through our CVC fund, the development of digital core talent, and the corporate culture project RED. By promoting the creation of value co-creation cases during this transition period, we will establish a foundation to ensure future growth.

External training-type secondment

To connect with diverse talent and cultivate varied perspectives, as well as to gain experience in business creation and learn the speed of decision-making, we are sending employees on secondment to startups through our CVC, JFR MIRAI CREATORS Fund. As of the end of February 2025, we have dispatched two employees. At their secondment destinations, they are responsible for tasks such as planning and promoting collaboration with the Group.

Digital talent program

To execute our digital strategy, we have independently developed the Group-wide digital talent program. We categorize digital talent into three groups: "core talent," "all employees," and "management," providing tailored programs for each to acquire the necessary skills, knowledge, and mindset. The number of core talent developed, comprising "data analysts" and "digital designers," reached 154 by the end of May 2025, with a target of 1,000 by 2030. Core talent activities include using optical character recognition (OCR) to correct mislabeled food allergens, and leveraging shopping data from both department store and PARCO customers to inform planning and negotiations for new tenant acquisitions.

RED

RED is a platform for realizing Will, where employees share ideas that spark their passion, such as "exciting projects" or "activities that contribute to the Group's growth," and collaborate with like-minded colleagues and management to bring them to life. It was named "RED" by combining the color red, which symbolizes a space for those with fiery passion, stronger than a spark, and a place to realize those burning dreams, with the initials of "Realize Energetic Dream." Since its launch in 2023, approximately 500 employees have participated. Those selected through internal screening and presentations are now working on projects to realize their own Will.



Catch Ball Meeting

To enhance employee engagement, we have been holding Catch Ball Meetings since fiscal 2021, where the Company's President and the presidents of other companies in the Group engage in direct dialogue with employees. In the first half of fiscal 2025, we expanded the program to include more companies in the Group, holding a total of eight sessions with 1,325 employees participating. The meetings followed a format where the Company's President explained the progress of the current Medium-term Business Plan in the first half, and in the second half, the Company's President and the presidents of other companies in the Group answered questions from employees. This led to passionate, interactive discussions between management and employees.



(b) Management transformation

We will change mindset and enhance evolution and feedback skills while continuing traditional hierarchical training. We will also review the necessary scope of management for effective leadership and implement necessary corrections.

(c) Group personnel exchanges

Leveraging the unique characteristics of diverse companies in the Group, including the Department Store, SC, Developer, and Payment and Finance Businesses, we actively promote internal transfers, including the Group-wide recruitment. Going forward, we will establish systems and rules to promote transfers among the Group companies with different business models and corporate cultures, thereby fostering the integration of human networks and expertise, and enabling the Group-wide optimization and synergies.

Group-wide open recruitment system

To realize employee growth and career development while co-creating value through diverse talent exchanges within the Group, we conduct the Group-wide open recruitment twice a year. Approximately 35 to 60 employees per year utilize this system to transfer across the Group, including within their own companies. Our goal is to increase the ratio of talent exchanges, including the Group-wide open recruitment, to 20% by fiscal 2030.

(d) Improvement of internal environment

Diversity, equity, and inclusion (DE&I)

We believe that incorporating a diverse range of individual strengths and turning them into organizational strengths will lead to sustainable growth. To this end, we will create an environment where all employees, from young talent to mid-career and senior employees, can thrive by using their unique strengths. In particular, as women make up a majority of the Group's employees, it is essential to further "promote their empowerment." Thanks to our proactive hiring efforts, based on

our efforts to improve the workplace environment and reform working styles, the ratio of women in management positions increased from 22.5% in fiscal 2023 to 26.2% in fiscal 2024. In fiscal 2025, we will conduct an "employee survey" targeting all employees and gathered their opinions on work values and career aspirations to foster the Group-wide change in awareness. Based on the results, we will explore and implement initiatives such as internal and external networking events, mentoring programs, and unconscious bias training.

Career Forum for Women

To promote women's empowerment, the JFR Women's School was launched in 2018, primarily targeting the employees who work reduced hours to balance work and childcare. It has since expanded its scope and is now conducted as the Career Forum for Women. Now in its fifth iteration in the first half of 2025, this training program helps participants recognize their strengths and characteristics through career reviews and learn management techniques to develop their unique leadership style. Some employees who complete this training subsequently become managers, making it a catalyst for expanding the potential of women within the Group.

Securing human resources and focus on strengthening areas

To become a Value Co-creation Retailer Group, it is essential to secure and expand our human resources capable of creating three values: Co-creation of Excitement, Co-prosperity with Communities, Co-existence with the Environment. To this end, the Group will strengthen its human resource system and broaden recruitment channels to enhance recruitment capabilities. Additionally, we will prioritize the allocation of human resources to strategic areas, including high-productivity businesses and new businesses.

Specifically, we will target not only new graduates and young talent but also focus on the recruitment and allocation of individuals with advanced expertise in real estate, banking, and finance. We are particularly interested in hiring retail professionals who understand customer needs and can create new content and services, as well as digital talent who can spearhead our digital transformation.

At the same time, we will work on initiatives to improve the workplace environment and strengthen onboarding processes for the retention of our human resources.

JFR three-year training school for new employees

The Group provides new employee training immediately upon joining, followed by ongoing training over the first three years to support early career development. During the first year, we implement a year-long training program starting with fostering awareness as a member of the Group, with the goal of developing self-directed individuals capable of independently executing the PDCA cycle to perform duties and achieve their goals. The second year of employment is dedicated to applying the knowledge gained in the first year to practical work. In the third year, a one-year training program is conducted to develop future leaders. During this training, new employees tackle challenging topics such as strategy, organization, and leadership while aiming to become future management talent. Simultaneously, they deepen bonds as peers across company boundaries.



Career Development Training by Age Group

As part of the Group-wide initiative, we conduct career development training sessions targeting employees at milestone ages throughout their career. Specifically, we hold training sessions at our corporate training center in a hybrid format combining in-person and online sessions for employees aged 27, 35, 43, 48, 53, and 58. Participants reflect on their life and career journey to reaffirm their strengths and values while learning self-management and motivation skills. They then concretely map out their desired future self and career vision.

JFR College

In order to meet employees' desire to learn and to raise the level of our human resource capabilities, we have created the JFR College, a self-development platform aimed at the acquisition of versatile, highly applicable skills and knowledge that are not limited to any particular business field. Its website provides a one-stop access point to diverse information, including publicly offered training programs and self-development curricula rolled out across the entire Group, as well as learning opportunities provided by each company in the Group. This enables each employee to pursue learning tailored to their individual goals.

Promotion of physical and mental health

Physical and mental health are prerequisites for employees to stay energetic and tackle challenges. We foster employee creativity and productivity by conducting periodic surveys, sharing the findings with management, divisions, and employees, and carefully implementing the PDCA cycle to plan and execute actions that lead to improvements.

Strengthening the human resource system

The human resources division is now more crucial than ever in maximizing the potential of every employee. We are enhancing the expertise of the human resources division and promoting operational efficiency to help them respond quickly and appropriately to on-site challenges such as hiring, placement, training, and evaluation. Additionally, we are also striving to create a system that allows the human resources division to act as a business partner for management and business unit managers.

(4) Metrics and targets

Metrics		FY2024 results	FY2026 targets
Ratio of women in management positions		26.2%	31%
Gender wage gap	All employees	66.5%	Reduce the gap by strengthening initiatives such as career development programs and training for women and management positions to prevent career loss
	Regular employees	75.0%	
	Non-regular employees	75.5%	
Paternity leave usage rate		132.5%	95%
Engagement survey Employee satisfaction		68.9%	70%
Engagement survey Work recommendation		59.9%	60%

*1 Ratio of women in management positions and gender wage gap were 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 The Group totals, unless otherwise indicated.
*3 Gender wage gap shows the wages of female employees as a percentage of the wage of male employees.
*4 Metrics and targets as of May 2025, subject to addition or revision to align with future human resources strategy.

Realize employees' own Will beyond organizational boundaries

In fiscal 2024, we established the Group-wide human resource management policy: "Power to Involve Others, Mindset to Enjoy Challenges." There are two main reasons for defining this policy. First, to break away from our previous efficiency-focused human resources strategy and achieve true value co-creation by genuinely aligning our management strategy, which aims for change, with our human resources strategy. The second reason is that, having significantly shifted from the previous department store-centric structure of the Group to one with diverse operating companies, we wanted to establish a core policy to promote the Group-wide standardization in terms of human resources while leveraging each company's strengths.

The "Power to Involve Others" is the ability to connect with others both within and outside the Group,

shaping ideas by aligning each employee's own aspirations with those of others. The "Mindset to Enjoy Challenges" is an attitude that empathizes with the feelings of those around each employee, working together with enthusiasm. These two keywords emerged during a retreat last year that brought together management from all the Group companies to discuss "sustainable growth leveraging the strengths of the JFR Group." We believe that when each employee embodies both of these qualities and realizes their own Will beyond organizational boundaries, the Group's overall strength is maximized. To cultivate value co-creation talent who will support our change into a Value Co-creation Retailer Group, we will implement various initiatives based on our human resource management policy.

IMAZU Takako

Executive Officer
Senior General Manager, Group Human Resources Development Division
J. Front Retailing Co., Ltd.

