

TOP MESSAGE

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Sustainability Management
to Get through Uncertain Times

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**What is expected of us who stand at a
crossroads**

There is not a moment to lose in responding to global environmental issues such as global warming and marine pollution. In recent years, there have been a variety of events, including the Great East Japan Earthquake and the spread of COVID-19. As a result, environmental issues and social issues came into sharp relief. In addition, the COVID-19 pandemic accelerated home country first principle and economic disparities in the world.

Why did they happen? The scheme of things that we have accepted as a matter of course such as the capitalist economic system that has made the world go round until now and the fact that our company has grown in the system has already exceeded the limits.

We must continue to protect what our predecessors have left. And we must pass down them to the earth of the future and the children of the future. This applies not only to the environment but also to companies. Now, in this era when we live, we are at a crossroads.

At present, what is expected of us is to solve social issues, and at the same time, to achieve corporate growth, which may conflict with each other, with a long-term horizon. In order to solve this difficult challenge, we have no choice but to clarify the direction we should aim for in the midst of a violent stream and to step forward with our own feet.

That is the "sustainability management" that the Company has set forth this time. Sustainability management is a major prerequisite for all corporate initiatives. We must constantly consider solutions to this unknown challenge while realizing sustainable corporate growth.

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Sustainability management that JFR aims for

The Group clarified its idea about sustainability management in the Medium-term Business Plan, which started in fiscal year 2021, and set Well-Being Life (both mentally and physically fulfilling life) as a goal of the Group Vision “Create and Bring to Life ‘New Happiness.’” And we improved and expanded materiality issues.

Initiatives to integrate sustainability with corporate strategies and business strategies are very important for thinking about sustainable business growth in the future.

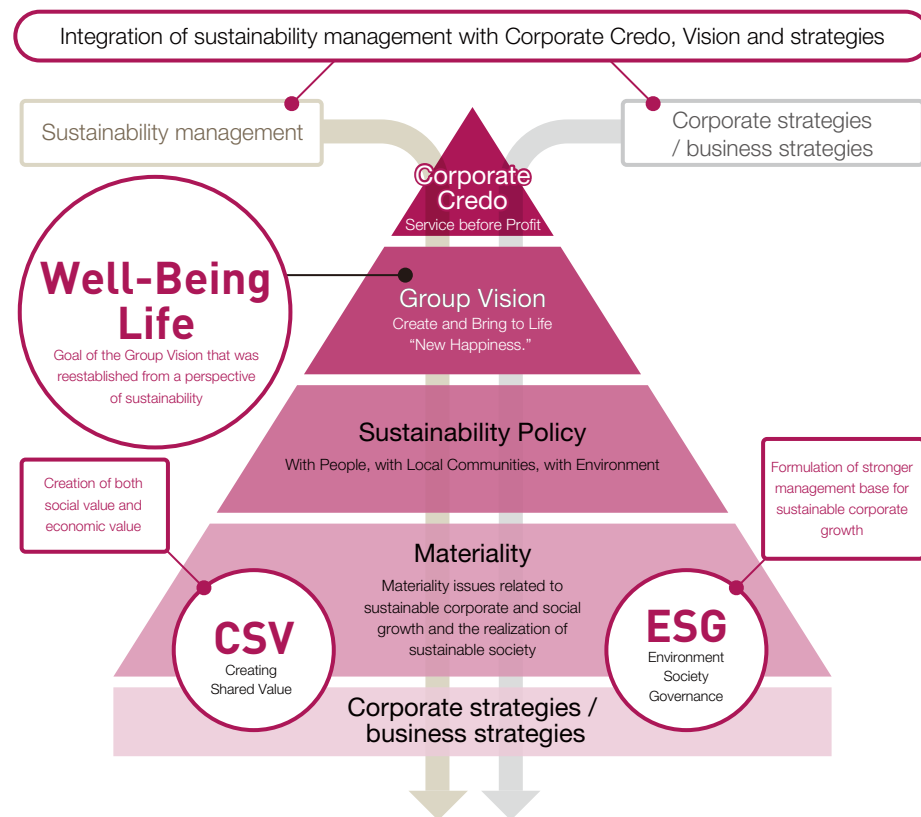
The Group has a Corporate Credo “Service before Profit,” which has been placed at the core of its business for many years. We have offered support to society including customers and have worked to solve problems through businesses. We will continue to promote sustainability management through business activities that realize the Group Vision “Create and Bring to Life ‘New Happiness,’” which inherits the Corporate Credo and its spirit.

In the meantime, the world has changed drastically due to the spread of COVID-19 infection and social structure and consumption structure are changing. And the value expected of retailers is also changing. Amid increasing uncertainty, we carefully considered and had

many discussions on the models that lead to new wealth, security and happiness in the future after the COVID-19 pandemic to promote sustainability initiatives and realize

the Group Vision. As a result, we reached a decision that the goal of the Group Vision we should aim for is the realization of the Well-Being Life of all people.

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



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Realize Well-Being Life for all stakeholders

The Group thinks of Well-Being Life as “both mentally and physically fulfilling life” that realizes spiritual wealth (intellectual and cultural wealth), physical wealth and social wealth as well as conventional material wealth and economic wealth and the wealth of the environment surrounding them. The Group will realize the Well-Being Life of stakeholders by connecting tangible goods and intangible goods that are rooted in culture across the world and Japan with consumers and proposing it from the perspective that combines “beauty,” “health,” “high quality,” “culture” and “trust” with “sustainability” and our “ability to connect makers and users.”

Sustainability management is the management that solves social issues and achieves corporate growth at the same time. We will realize it by Creating Shared Value (CSV). We will realize the “Well-Being Life (both mentally and physically fulfilling life)” of all stakeholders including customers, employees and suppliers through CSV initiatives. Seven materiality issues are the important tasks that the Group will tackle to realize it.

We have strengthened sustainability initiatives and have worked to solve social issues. However, many social

issues are left unsolved.

The Group will promote sustainability initiatives and contribute to the “realization of decarbonized society,”

which the Japanese government aims to realize, and strive to solve as many social issues as possible through the growth of businesses.



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