Sustainability Report 2024

Toward the Future Together



Create and Bring to Life "New Happiness."



JFR J. FRONT RETAILING

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| Materiality | | | | | External Assessment | | |
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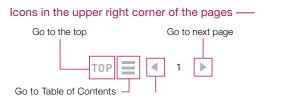
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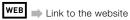
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JFR Policies on Sustainability



Sustainability Policy

https://www.j-front-retailing.com/english/sustainability/way_to_ think.html



Eco Vision

https://www.j-front-retailing.com/english/sustainability/way_to_ think.html#sustainability_contents_waytothink_04



Social Vision

https://www.j-front-retailing.com/english/sustainability/way_to_ think.html#sustainability_contents_waytothink_06



JFR Principles of Action

https://www.j-front-retailing.com/english/sustainability/way_to_ think.html#sustainability_contents_waytothink_13



Principles of Action for Suppliers

https://www.j-front-retailing.com/english/sustainability/ supply-chain/supply-chain02.html



Introduction

This report regarding the sustainability information of J. Front Retailing Group is published as a complement to the JFR Integrated Report. Our intention is to deepen shareholder understanding of the Group's stance and activities toward sustainable growth by presenting information in an easy-tounderstand manner through stories linked to our management strategy.

The Company promotes sustainability initiatives in tandem with its business strategy, aiming to realize sustainable corporate growth and a "Well-Being Life" for all stakeholders.

This report focuses on our sustainability initiatives during FY2023 and other important information that will lead to the creation of value for our Group.

Detailed information including data on past cases and corporate governance, which forms the basis of our initiatives, is posted on the JFR website.

Guidelines Referenced

GRI (Global Reporting Initiative) [GRI Standard]

Final Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)
 SASB Standards

Guidance for Collaborative Value Creation
 Final Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)
 ISO26000

Timeframe

This report contains the latest information available at the time of publication to the furthest extent possible. Data primarily covers FY2023 (March 1, 2023 through February 29, 2024).

Scope

J. Front Retailing Co., Ltd. and its consolidated subsidiaries. % JFR Group refers to J. Front Retailing Co., Ltd. and its consolidated subsidiaries. % J. Front Retailing refers to the unconsolidated holding company. % Each operating company refers to each consolidated subsidiary company.

Cautionary Statement Regarding Forward-Looking Statements

Forward-looking statements in this report represent our assumptions based on information currently available to us and inherently involve potential risks, uncertainties, and other factors. Therefore, actual results may differ from the forward-looking statements due to changes in various factors.

Date of Issue

October 2024 (Previous issue: October 2023)

Third-Party Assurance

Environmental and social data in this report have received independent third-party assurance from LRQA Limited to ensure reliability.



Corporate Information Disclosure

The Group discloses a variety of information on its corporate activities to respond to the interests of shareholders, investors, and a wide range of stakeholders in local communities including customers.

Reports

Integrated Report https://www.j-front-retailing.com/english/ir/library/annual.html



Corporate Governance Report https://www.j-front-retailing.com/english/company/governance/governance01.htm



Annual Securities Report https://www.j-front-retailing.com/english/ir/library/statement.html



Shareholder Information (Japanese Only) https://www.j-front-retailing.com/ir/library/report.html



WEB

Corporate Information https://www.j-front-retailing.com/english/company/company.html



IR Information https://www.j-front-retailing.com/english/ir/index.html

Sustainability https://www.j-front-retailing.com/english/sustainability/sustainability.html



Corporate Governance https://www.j-front-retailing.com/english/company/governance.html



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TOP MESSAGE

TOP MESSAGE

Together with people, communities, and the environment

TOP MESSAGE

Director, President and Representative Executive Officer, J. Front Retailing Co., Ltd.

ONO Keiichi

According to recent news, the national average temperature for July 2024 was the highest for the month in the 126 years since the Japan Meteorological Agency started keeping statistics, setting a record for the second straight year. I myself was keenly aware of the global warming crisis during those hot days. Looking back on our business, the Company's principal retail operations are closely associated with the lifestyle and culture of Japan, which have always valued nature in each of the four seasons, adding color to people's lives. We are fully aware that the fading sense of the four seasons due to global warming will gradually affect both people's minds and our business activities.

Global warming is not limited to rising temperatures. It also increases the number of extreme weather events and natural disasters, has a serious impact on ecosystems and agriculture, and can cause social problems such as increasing the chances of people losing their homes. Given that this challenge is developing on a global scale, clearly no one can afford to treat the issue as someone else's problem.

Amidst this growing sense of uncertainty, I accept that creating a future in which we can grow as a company while solving the environmental and social issues that await us

is a major topic that has been passed down from my predecessors.

Since the establishment of Daimaru and Matsuzakaya, the Group has conducted business based on the spirit of its Corporate Credo "Service before Profit" (Those who give priority to service over profit will prosper) and "Abjure All Evil and Practice All Good." In today's terms, this corporate motto means "customer-oriented" and "contribution to society," and expresses our belief that acting with our stakeholders in mind will eventually lead to the development of our business.

The Corporate Credo is the cornerstone of our business operations and the central criteria in all decision-making. In our challenging business environment, with its complex intertwining environmental and social issues, economic trends, and geopolitical risks, it is becoming increasingly important to have unshakable core beliefs.

When we formulated our new medium-term business plan that began this fiscal year, we took into consideration the above factors to draw up Vision 2030, which will help us realize our Group Vision of "Create and Bring to Life 'New Happiness,'" and clarified the future direction of our management.

TOP MESSAGE

 \rightarrow TOP MESSAGE Our Vision Three Values Value Creation

Making materiality personal

The Company advocates sustainability management, which seeks to balance corporate profits and the resolution of environmental and social issues through our business, and aims to realize Creating Shared Value (CSV) that integrates sustainability with our corporate and business strategies.

To this end, it is important for employees to fully understand and practice what it means to "realize sustainability management through CSV."

At JFR, efforts to increase the awareness and penetration of sustainability as a concept have steadily increased through training and other opportunities. Still, there are employees who do not clearly understand the meaning, nor do they link sustainability to their own work and put it into practice.

As one reform measure, we reviewed materiality in conjunction with the start of our new medium-term business plan. We maintained the substance and meaning, but the wording was changed so that employees could



see sustainability as something that concerned them personally. For example, we changed the phrase "creating a decarbonized society" to "creating a society that co-exists with the environment." I sincerely hope that each employee will realize that materiality is not simply a company challenge, but one that they should be tackling themselves in relation to their own work. By raising each person's awareness of the materiality of the Company's activities and practicing them with enthusiasm in their own work, we will strive to realize CSV as a company.

- Growth is driven by employees

While a diverse range of human capital is essential to achieving CSV and sustainable growth, I believe that my greatest mission as president is also to develop human resources. I would like to create a cycle in which employees use the strengths of the Company to realize their own wills, which in turn becomes a driving force behind the company's growth. To achieve this, we need to foster a corporate culture that encourages people to take on new challenges. Moreover, we need to invest in human resources who have the will to enhance and improve their skills. In addition, we must take up the will of each individual and allocate resources to those who want to take on these challenges in order to nurture them as businesses.

In July of this year, we held an executive retreat attended by our executive officers and presidents of major operating companies, where we had intensive discussions on the Group's human resources strategy. We also held a discussion with younger employees, which was a great opportunity for us to realize that there is a gap between what management thinks of human resources strategy and what younger employees are looking for. Going forward, we will take a multi-step, multi-faceted approach so that each employee can design his or her own career and realize a rewarding career in our company. It may take time, but we believe that enhancing the human resource capabilities of each employee will lead to the company's competitiveness and growth.

TOP MESSAGE

From regional "Co-existence" to "Co-prosperity"

The Company operates Daimaru, Matsuzakaya, and PARCO stores in major cities throughout Japan, from Sapporo, Hokkaido in the north to Hakata, Kyushu in the south. We have been working with customers, employees, business partners, communities, and local governments to solve problems, revitalize communities, and create towns and cities that make the most of their local appeal. This role has not changed over our long 300 to 400-year history. It is our pride and great strength that we have grown together with local communities, earning their trust by enriching the places where people gather and interact in the towns where our stores are located.

In recent years, however, due to a combination of factors such as the falling birthrate, aging population, changing family structures, and diversifying values, a number of issues have emerged that could affect the future sustainability of cities: a decline in local economies; a decrease in the number of torchbearers of local traditions and culture; and a weakening of \rightarrow TOP MESSAGE

TOP MESSAGE

These all fully and the

Sustainability Goals

Value Creation Process

TOP MESSAGE

social and community ties. In these changing societies, we believe that we need to conduct our business with a greater awareness than ever before of the need to enhance the vitality of the community and prosper together—in other words, to achieve "co-prosperity.

For example, in 2026, we will open a new commercial facility in Sakae, Nagoya, where we plan not only to open a store, but also to develop initiatives to enhance and revitalize the appeal of the entire city by linking existing stores with other businesses and government agencies in the area.

In March 2024, we also helped to establish a business succession fund called "Pride Fund." While there are many companies across Japan that provide excellent products beloved by their local communities, business closures due to a lack of successors, funds, and management knowhow have had a significant impact on regional economies. Therefore, we hope to contribute to local communities by supporting the succession of businesses rooted there, with a focus on food culture.

Co-creation with Stakeholders

If we look at the entire retail value chain, our company is located in the middle. Upstream are our suppliers and business partners who provide us with products and services, and downstream are our customers. We are positioned to connect with various stakeholders, encourage them to contribute to society, and work together with them. We also recognize, however, that we are expected to create new value by making those connections, which will lead to business opportunities.

Since 2016, ECOFF, a Daimaru Matsuzakaya Department Stores program, where customers are encouraged to bring their unwanted clothing and other items to the stores, has fully taken root as a customer-participatory initiative. In 2023, the company began participating in an initiative to provide used cooking oil as a raw material for the production in Japan of SAF (Sustainable Aviation Fuel). We believe that this initiative is significant not only because it is being undertaken by the department store on its own, but also because it has become a larger effort with the support and participation of the food and beverage outlets in the store.

We also place respect for human rights at the foundation of our business activities and encourage our employees and suppliers to understand and agree with the JFR Principles of Action for Suppliers, while promoting internal training and e-learning programs, as well as assessment and dialogue with suppliers.

In the area of sustainability, the demands placed on companies as members of society are changing and becoming more complex as global trends accelerate. There is very little that one company alone can do to resolve these issues. I believe that the more we increase the number of people who work together with us, the greater the positive change we can make in the world. We will share our thoughts and ideas on sustainability with our customers, suppliers, and other stakeholders, and



expand our circle of activities.

As I mentioned already, JFR, as a retailer, has been adding color to our customers' lives through the provision of products and services. We recognize that one of our social roles is to increase the "passion" of society, which has tended to decline in recent years. We have chosen "excitement" as our keyword and hope to create and share exciting consumption and exciting experiences with our customers and employees—in other words, we want to increase the passion in the world by co-creating excitement.

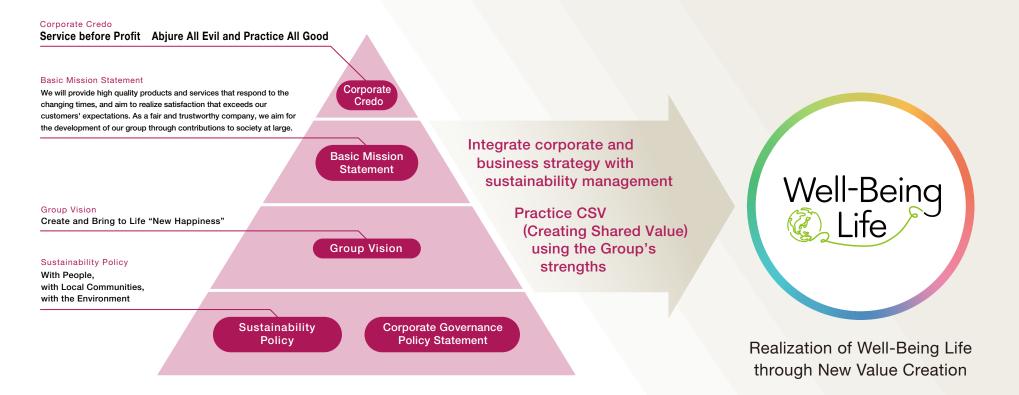
We will contribute to the "Well-Being Life" of our stakeholders by creating new value that stirs the hearts of our customers without being bound by conventional frameworks, enhancing the appeal and vitality of cities, and fostering a culture in which everyone can share in the creation of a sustainable environment and society.



Our Vision

The JFR Group has encountered numerous struggles over its 400-year history. Every time we have faced a crisis, we have returned to our Corporate Credos, "Service before Profit" and "Abjure al evil. Practice all good." We are convinced that our management today is the result of carrying out our business activities honestly while keeping abreast of changes in our customers and society. A company cannot develop without coexisting with society. It is now essential for management to take a long-term perspective to create a vision of what the company should be in the future, a company of significance for society. Clearly, corporate activities cannot be conducted by turning a blind eye to the growing seriousness of global environmental issues such as global warming, ocean pollution, and loss of biodiversity, as well as human rights issues in the supply chain. By incorporating the concept of sustainability into our corporate and business strategies to address those issues, we believe we can obtain a sustainable management framework for future business growth.

Based on this belief, J. Front Retailing will promote sustainability management and contribute to the "Well-Being Life" of our stakeholders by practicing CSV (Creating Shared Value) that balances the resolution of environmental and social issues with corporate growth, with the aim of realizing a sustainable society and new happiness in people's lives.

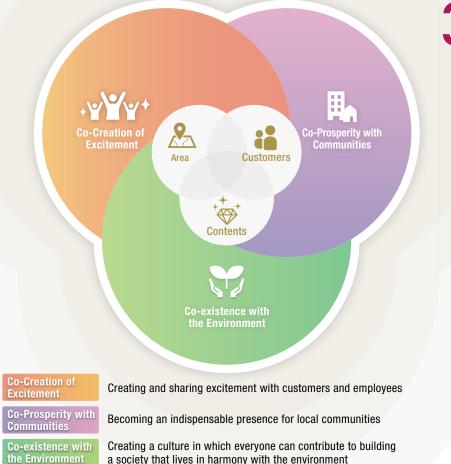




Three Values

Our Group Vision is "Create and Bring to Life 'New Happiness.'" In order to achieve this vision, the company is promoting corporate activities based on "sustainable management," which aims to address environmental and social issues and find solutions for them through our business. Moreover, the Company recognizes that its strengths include our excellent customer base and store real estate, primarily in major cities across Japan, the connections and trust we have with our stakeholders, and the capabilities of creation and management of commercial spaces/experiences and overall discernment we have cultivated through our department stores, PARCO business, and other activities.

In defining our management approach going forward, the Company has drawn up "Vision 2030" based on these strengths and changes in the business environment that we consider important. We intend to evolve into a "Value Co-creation Retailer Group" that continues to provide three values: "Co-creation of Excitement," "Co-prosperity with Communities," and "Co-existence with the Environment."



Values



Japan has entered a period of declining population. The maturation of society also means the end of mass production and mass consumption. Our lives have become richer due to an abundance of information and goods and their constant updates. On the other hand, the diversification of values, tastes and lifestyles has led to a marked increase in market segmentation. One characteristics of this is that "fans" have emerged as a driving force for consumption in various genres. The important thing is to create a system that will allow us to connect more with our customers, share processes and experiences with them, and raise the passion in their hearts, in other words, to create something that will excite them. We aim to be a company that creates and shares excitement with our customers and employees.

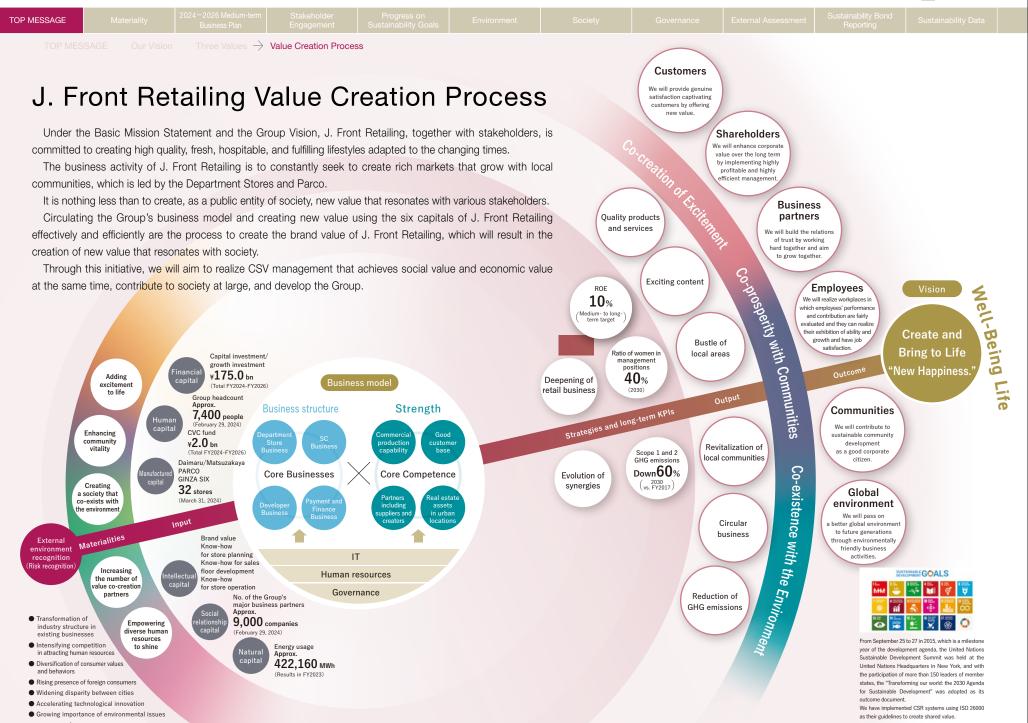


Communities

Cities are an ecosystem. Businesses and functions expand in layers in the area, and people gather there. Each influences and stimulates the other, bringing life to the area. Our core business is rooted in community-based retail. We value our connections and networks with the local community, and our aim of prospering together is the foundation of our business. On the other hand, a problem that retail businesses are prone to is homogenization. In other words, locality may become a keyword for creating strengths in the future. In particular, we are focusing on the areas we have identified as our seven key cities. It is fair to say that there is nothing but potential there. We aim to be a company that is indispensable to the local community.



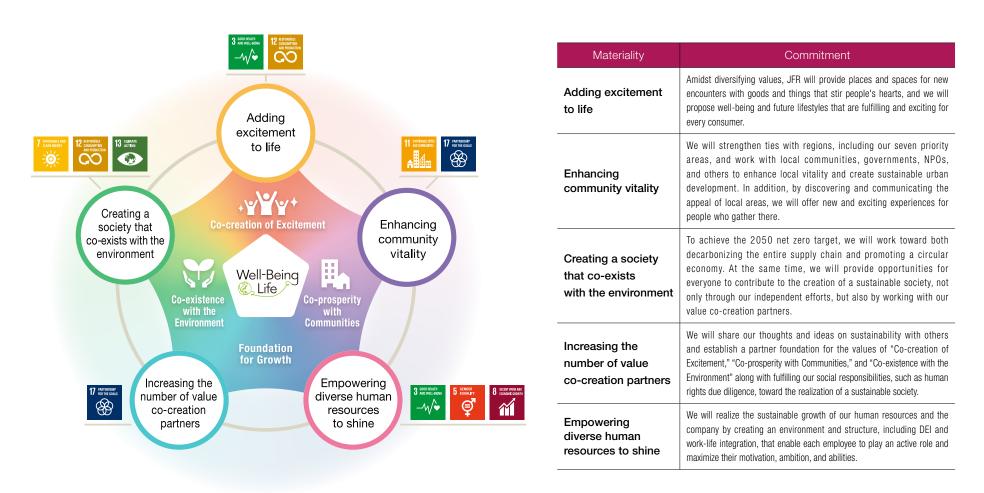
Extreme weather events occur not only in Japan, but also around the world every year. What was once considered an "abnormality" is now becoming the "new normal". Given that our core business is retail, the things we can do to address environmental issues may be limited. However, we also are characterized by having connections with many customers and suppliers in our supply chain. By making use of these connections, we can work on or tackle many things together. Climate change is an issue that must be made a "personal matter" for society as a whole. We aim to be a company that engages in business directly linked to environmental issues.



P MESSAGE Materiality
 Process for Materiality Updates
 Process for Materiality Updates

Materiality

We aim to achieve sustainable growth as a group by sharing with our stakeholders the three values we wish to provide to society through our business: (Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environmental). In formulating the current medium-term business plan starting from FY2024, the Company has reviewed its materiality and identified five themes. Rather than merely resolving issues, we will promote materiality initiatives by integrating them with our business strategy to link materiality to corporate growth. For this reason, we have changed to more proactive language based on the belief that the enthusiasm and actions of every employee are more important than ever before.



Materiality \rightarrow Process for Materiality Updates

Materiality

Process for Materiality Updates

JFR strives to build relationships of trust with our stakeholders (customers, shareholders, business partners, employees, local communities, etc.) through our business activities and is actively working to resolve sustainability issues including environmental and social issues based on the spirit of our Corporate Credo, the Basic Mission Statement, and Group Vision.

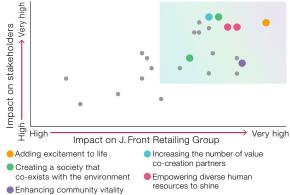
In clarifying the relationship between environmental and social issues and the Group's business activities, we have identified materialities that contribute to the "sustainable growth of the company and society" and to the realization of a "sustainable society." After identifying them for the first time in 2018, we review them at the time of formulating medium-term business plans, taking into account the JFR Group material risks and business environment. *Risk links of extreme importance to the Company's group management over the medium-term determediate the sustainable society.

At the time of formulating this medium-term business plan, we clarified the positioning of sustainability and our efforts regarding the issue since 2018. The following perspectives were reviewed while backcasting from our vision of society in 2030, identifying five materialities after discussions at the Group Management Meeting and the Board of Directors meeting.

Changes in the business environment surrounding the Company

| Consumption | Generational shift in the customer base, advance of globalization (inbound demand, etc.) Growing desire for "connections through empathy, support, and trust" that revive the soul Further raise in awareness of "circulation" from the cycle of production and consumption |
|-------------|---|
| Market | Declining population and growing income inequality in Japan Renewal of urban functions and the progression of consolidation and urban development Decline in number of key players in regional economies, increased interest in unique regional traditions and cultures |
| Society | Progress of climate change and other environmental issues, emergence of geopolitical risks People and communities becoming less connected, growing digital communities Deepening labor shortages, greater emphasis on self-realization and social contribution in choosing a job |

Materiality Map



Changes in Materiality

| 2018–2020 | | > 2021–2023 | | 2024-2026 |
|--|--|--|--|--|
| Laying the Foundation for Sustainability Management | | Challenging to Integrate Sustainability and Strategy =Sowing the Seeds for Realizing CSV | | Integration of Sustainability and Business Strategy = Realizing CSV |
| Contribution to a | | Realization of customers' healthy/safe/secure life Realization of a decarbonized society | | Adding excitement to life Creating a society that co-exists |
| low-carbon society Coexistence with local communities | | Promotion of circular economy Coexistence with local communities | | with the environment Enhancing community vitality |
| Management of the entire supply chain | | Management of the entire supply chain | | Increasing the number of value co-creation partners |
| Promotion of diversity Realization of work-life balance | | Promotion of diversity & inclusion Realization of work-life integration | | Empowering diverse human resources to shine |
| Selected 5 materialities | | Added 2 materialities and updated 3 materialities | | Reorganized into 5 themes |
| Questionnaire survey of stakeholders (4,250 people) Interview with management JFR Group major risks Prepared materiality map Discussion by the Management Meeting and Board of Directors | | Changes in the external environment surrounding environmental issues Changes in society and people's attitudes due to impact of COVID-19 pandemic JFR Group major risks Reviewed from the perspective of upgrading efforts in light of social changes Communications with stakeholders Discussed by the Management Meeting and the Board of Directors | | Reorganization toward realization of the 2030 Future Vision (Co-creation of Excitement, Co-prosperity with Communities, Co-existence with the Environment) JFR Group major risks Review toward integrating sustainability and business strategy Revision of wording to promote employee action Communication with stakeholders Discussed by the Management Meeting and the Board of Directors |

2024-2026 Medium-term Business Plan

2024-2026 Medium-term Business Plan

| Materiality | Output | Metrics | Target | | | |
|---|--|---|---------------------------------|---|--|--|
| Materianty | | Wietries | 2026 | 2030 | | |
| Adding excitement to life | High-quality products and services | No. of group customers | Increase rate 25% (vs. 2023) | *1 | | |
| 3 法はない | Exciting content | Customer survey*2 (level of excitement and emotional impact) | - | 75% | | |
| Enhancing community vitality | | Traffic to facilities | 10% increase (vs. 2023) | *1 | | |
| 11 12-201028 17 100-12-201 17 100-12-200 17 100-12-200 17 100-12-200 17 100-12-200 17 100- | Bustle of local areas Revitalization of local communities | Customer survey*2 (contribution to local communities) | _ | 80% | | |
| | | Scope 1 and 2 emissions | -58% (vs. 2017) | -60% (vs. FY2017) | | |
| | | Scope 3 emissions | _ | Aim for -40% | | |
| Creating a society that co-exists with the environment | Reduction of GHG emissions | Renewable energy share in electric power used in business activities | 55% | 60% | | |
| 7 | Circular business | Food recycling rate | 80% | 85% | | |
| | | Rate of new development properties that have obtained environmental certification | _ | 100% | | |
| | | Customer survey ^{*2} (degree of customer commitment to the environment) | _ | 55% | | |
| Increasing the number of value | | No. of stakeholder co-creation projects | Over 400 | Over 500 cases | | |
| co-creation partners | Broad partnerships across industries and sectors Sustainable supply chain | Results of human rights assessment (B rating or above) | 35% | 45% | | |
| | | | Employee satisfaction 70% | | | |
| Empowering diverse human | | Employee engagement | Recommended value for work 60% | Set based on the achievement status in 2026 | | |
| resources to shine | Comfortable and rewarding work | Ratio of female managers | 31% | 40% | | |
| 3 1/1/10/11: 1 1/2/10/11: 1 1/2/10: 1 1/2/10 | | Gender pay gap | Gap reduction* ³ | | | |
| | | Male employees taking childcare leave | 95% | Set based on the achievement status in 2026 | | |
| | | Employee turnover | Below 5.3% | | | |

*1. We will consider indicators and targets that can be more closely linked to our business strategy to achieve materiality in our current medium-term business plan.

*2. The medium-term targets for 2030 were set based on the basic survey conducted in June 2024. A survey will be conducted in 2025 to verify the appropriateness of the targets.

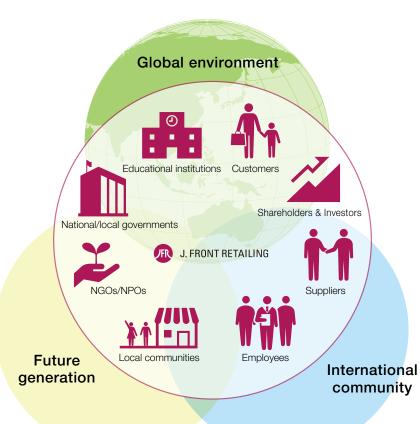
*3. The gender pay gap for fiscal 2023 was as follows: 65.3% for all workers, 74.4% for regular employees, and 72.7% for non-regular employees.

12

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Stakeholder Engagement

Stakeholder Engagement



The JR Group strives to understand the opinions and requests of its stakeholders through proactive information disclosure, dialogue, and surveys, and to reflect them in its business activities.

| Stakeholder | Major ways of dialogue/communications |
|---|---|
| Customers We will contribute to the creation of communities where people can feel connected to others and society by providing customers with inspiring and enriching lifestyles. | Daily sales activities Customer surveys Inquiries to Customer Service Office |
| Shareholders and investors We will strive to enhance corporate value over the long term through the practice of highly profitable and efficient management. | Annual Shareholders Meetings Financial results briefings ESG briefings Integrated Report, Sustainability Report IR website |
| Suppliers We aim to grow together by building partnerships based on mutual trust and co-creating new value. | Meetings to explain the Principles of Action for Suppliers Daily communications with suppliers Supplier initiative meetings |
| Employees We will realize a rewarding workplace by creating an environment in which each and every employee can demonstrate his or her abilities and individuality and feel a sense of growth. | Employee training Employee surveys Internal portal site, internal social media Labor-management consultations JFR Group Compliance Hotline (including supplier workers in our stores) Harassment Consultation Desk |
| Local Community We will contribute to the sustainable development of local communities by promoting business activities that enhance the liveliness of cities and the attractiveness of communities. | Social contribution activities in local areas Collaboration with local communities such as local malls and local companies |
| NGO•NPO We will gain a deep understanding of the demands of society based on dialogue and collaboration and strive to solve global environmental and social issues through business activities. | Awareness raising events Fund raising activities Food drive activities |
| National/local governments We will participate in government organizations related to our business and exchange opinions. At the same time, we will cooperate with local governments in solving social issues. | Local comprehensive partnership agreements Participation in industry groups Provision of opinions to governments through industry groups |
| Educational institutions We will mutually collaborate in the fields of culture, industry, education, and academia and contribute to the development of local communities and the cultivation of human resources. | Comprehensive partnership agreements Industry-academia joint projects Education support for future generations, collaboration with educational institutions |
| Global Environment We will pass on a better global environment to future generations through environmentally conscious business activities. | "Reduction of GHG Emissions" and "Resource Recycling" toward "Net Zero Emissions" in 2050 |

TOP MESSAGE Materiality 2024-2026 Medium-term Business Plan Stakeholder Progress on Sustainability Goals Environment Society Governance External Assessment Reporting Sustainability Data

Progress on Sustainability Goals

| | | Laying the Foundation for | r Sustainability Manageme | nt | The Challenge of Integrating Sustainability and Strategy | | | | |
|---------------------|------------------------|---|---|---|---|---|--|--|--|
| | | 2018 | 2019 | 2020 | 2021 | 2022 | 1023 | | |
| | cipation tiatives | Endorsed UN Global Compact Endorsed Women's Empowerment Principles Endorsed the Climate Change Initiative | Endorsed TCFD recommendations Obtained SBT certification (<2°C) | ● Joined RE100 | Obtained SBT certification (1.5°C) | Obtained SBT Net Zero certification | Participation in TNFD Forum | | |
| Policy | y and structure | Formulated Sustainability Policy Formulated Eco Vision and Social Vision Identified materiality Established ESG Promotion Department | Established JFR Principles of Action Established JFR Principles of Action for Suppliers Established Sustainability Committee | | Changed name of ESG Promotion Division to Sustainability Promotion Division Incorporated non-financial indicators into executive compensation | | | | |
| Stake invest | holders and tors | Started ESG briefings | | | | | | | |
| В | usiness partners | | Held briefing sessions for suppliers | | Began supplier assessments | Held briefing sessions for suppliers | Implemented scheduled supplier assessment | | |
| | Customers | | | | | Implemented customer survey | | | |
| | Employees | | Established an internal portal Sustainability training for management level employees started | | Implemented awareness survey on sustainability | Implemented Unconscious Bias Survey | Conducted employee satisfaction survey | | |
| Discl | osure | | Commenced publication of Sustainability Report | Commenced disclosing TCFD's annual securities report | | | Γ | | |
| Obtai assur | ning 3rd-party ance | | ●Scope 1 and 2 | •Scope 3 | ●Water ●Waste | Energy consumption, renewable energy consumption, food waste Social data (ratio of female managers, etc.) | | | |
| Susta | inable finance | | Positive Impact Finance concluded | | Issued Sustainability Bond | | | | |
| Initiatives | Environmental | Switched over store lighting to LED (continued from before 2018) | ESG model stores: Daimaru Shinsaibashi and Shibuya PARCO open Commended switchover to renewable energy for stores Commenced switchover to EVs for company vehicles Switched over to environmentally friendly packaging materials | ESG model store: Shinsaibashi PARCO opens Commenced Think GREEN (Daimaru Matsuzakaya) | •Launched fashion subscription business AnotherADdress | Formulated net-zero transition plan Demonstration experiment on reducing food loss through AI demand forecasting | Agreed to participate in "Fry to Fly Project" for the domestic production of SAF from waste cooking oil Launching a men's line for "AnotherADdress," establishment of upcycling brand | | |
| Init | Social | Started Kyushu Tankentai (Hakata Daimaru) | Crowd funding "BOOSTER" (PARCO) Shizuoka MIRUI Project | Commenced Think LOCAL (Daimaru Matsuzakaya) Introduced mandatory retirement age of 65 (JFR and some operating companies) Identified human rights issues | Healthcare wellness mall, Welpa, opens (Shinsaibashi PARCO) Established LGBT partnership rules J. Front Retailing Declaration of Health Declaration of Partnership Building | Incorporated healthcare area into investment area Implemented Women's Empowerment Program Project | Establishment of J. Front City Development HAB@KUMAMOTO opens Construction start for "Shinsaibashi Project" (tentative name) | | |
| ent | Environment | •CDP (D—) •Selected for inclusion in S&P/JPX Carbon Efficient Index | CDP(A-) S&P/JPX Carbon Efficient Index | CDP (A) S&P/JPX Carbon Efficient Index | CDP (A) S&P/JPX Carbon Efficient Index | CDP (A) S&P/JPX Carbon Efficient Index FTSE Blossom Japan Sector Relative Index | CDP(A) S&P/JPX Carbon Efficient Index FTSE Blossom Japan Sector Relative Index | | |
| External assessment | Society | Selected as a constituent of MSCI Japan Empowering Women (WIN) | MSCI Japan Empowering Women Index (WIN) | MSCI Japan Empowering Women Index (WIN) 2020 Certified Health & Productivity Management Outstanding Organization. | MSCI Japan Empowering Women Index (WIN) Quasi-Nadeshiko Brand 2021 Certified Health & Productivity Management Outstanding Organization Awarded Silver rating from PRIDE Index | MSCI Japan Empowering Women Index (WIN) Nadeshiko Brand 2022 Certified Health & Productivity Management Outstanding Organization Awarded Gold rating in PRIDE Index | MSCI Japan Empowering Women Index (WIN) "Gold" rating in the PRIDE Index | | |
| Externa | Comprehensive | | | | | | DJSI Asia /Pacific FTSE Blossom Japan Index FTSE4Good Index Series Selected as a constituent of MSCI Japan ESG Select Leaders Index | | |



Environment

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| | Materiality | 2024–2026 Medium-term Business Plan | | Progress on Sustainability Goals | Environment | Society | | External Assessment | Sustainability Bond Reporting | |
|--------------------|------------------------|--|-----------------|-------------------------------------|------------------|---------------------------|----------------------|---------------------|----------------------------------|--|
| ightarrow Environm | ental KPIs and Progres | s Decarbonization | Circular Econom | y Biodiversity Cor | servation Inform | nation Disclosure in Line | e with TCFD and TNFD | Recommendations | | |

Environmental KPIs and Progress (FY2021 to FY2023)

| | Indicator | FY2021 Results | FY2022 Results | FY2023 Results | FY2023 Target |
|---|---|---|---|---|--|
| Realization of decarbonized society | Scope 1 and 2 GHG emissions | 36.7% reduction (vs. FY2017) (Scope 1 and 2 emissions 122,812t-CO₂) | 43.5% reduction (vs. FY2017) (Scope 1 and 2 emissions 109,785t-CO₂) Establishment of net zero transition plan Obtained SBT net zero certification | •57.4% reduction (vs. FY2017) | ●40% reduction (vs. FY2017) |
| | Ratio of renewable energy to total electricity used in business activities | ●20.3% Up 10.0% (vs. FY2020) (Renewable energy-sourced electricity 62,156MWh) | •33.6% Up 13.3% vs. FY2021 (Renewable energy-sourced electricity 102,676MWh) | •52.9% vs. FY2022 up 19.3% (Renewable energy-sourced electricity 157,454MW h) | •40% |
| | Energy creation | _ | _ | _ | Introduction of renewable energy self-generation through collaboration with new electric power companies |
| Management of the entire supply chain | Scope 3 GHG emissions | •17.3% reduction (vs. FY2017) (Scope 3 emissions 2,420,492t-CO ₂) | 5.7% reduction (vs. FY2017) (Scope 3 emissions 2,761,669 t-CO₂) Explanatory meeting for suppliers (held in April, attended by 253 companies, Daimaru Matsuzakaya Department Stores) | 1.0% reduction (vs. FY2017) (Scope 3 emissions: 2,898,436 t-CO₂) | ●10% reduction (vs. FY2017) |
| | Waste disposal volume (including food waste) | •30% reduction (vs. FY2019) | ●26.7% reduction (vs. FY2019) | •30.8% reduction (vs. FY2019) | ●15% reduction (vs. FY2019) |
| | Total weight of items collected via ECOFF for recycling | •1,101 tons in total (265t in FY2021) | •Cumulative total 1,468t (367t in FY2022) | •Cumulative total 1,845t (377t in FY2023) | •Cumulative total 1,500t |
| Promotion of circular economy | Recycling and reuse Initiated collection and recycling of gift catalogs Starts participating in "POOL PROJECT" for the collection and recycling of plastic covers | | Started recycling gift catalogs (toilet paper) | Participation in "Fry to Fly Project" for the domestic production of SAF from waste cooking oil | •Realization of recycling and remanufacturing of used products through collaboration with business partners and customers |
| | Businesses including sharing, subscription, and upcycling | •Launch of fashion subscription business AnotherADdress | _ | Launched readdress, an upcycle brand under AnotherADdress | •New entry into businesses such as sharing and upcycling through collaboration with business partners |

Environmental KPIs and Progress \rightarrow Decarbonization

n Information Disclosure in Line with TCFD and TNFD Recomm

Challenging to Achieve a Decarbonized Society



Recently, climate change has progressed to an extremely serious level, endangering not only future generations but all people, including all of us alive today. We regard addressing climate change as a key issue in our sustainability management. Recognizing that the risks and opportunities associated with climate change will have a significant impact on the group's business strategies, the Company is taking measures to achieve net zero greenhouse gas emissions^{*1} across our entire value chain by 2050.

Environment

Direction of Efforts Toward Net Zero Emissions

To achieve net zero emissions by 2050, the Company will focus on both "Reduction of GHG emissions" and "Promotion of circular economy."

Specifically, we will work to reduce Scope 1 and 2 GHG emissions (hereafter: Scope 1 and 2 emissions) through extensive energy conservation and increased use of renewable energy in our stores. Scope 3 GHG emissions (hereafter: Scope 3 emissions) will be reduced by collaborating with our suppliers and customers as well as promoting resource recycling through the enhancement of 3Rs^{*2} and expansion of circular business.

Reduction of GHG emissions

Scope 1 & 2 reduction by expanding renewable energy Scope 3 reductions in collaboration with suppliers

Promotion of circular economy

Waste reduction, recycling, expansion of circular business model

Target Setting

The Company recognizes that setting ambitious medium-and long-term reduction targets and developing a roadmap to achieve them is a prerequisite for promoting climate change action throughout the Group. Based on this, we obtained certification through the Science Based Targets (SBT)^{*3} initiative in 2019 for our Scope 1, 2, and 3 greenhouse gas emissions reduction targets. In 2021, we reacquired SBT certification with a "1.5°C target," raising our 2030 Scope 1 and 2 GHG emissions reduction targets from 40% to 60% (vs. base year 2017). In February 2023, we obtained SBT certification for net-zero emissions of Scope 1, 2, and 3 by 2050.

- *1 A thorough reduction of GHG emissions, with the remaining emissions being reduced to practically zero after subtracting the amount removed through forestabsorption, CCS (CO₂ capture and storage), etc.
- *2 The 3Rs stand for Reduce, Reuse and Recycle.
- *3 Jointly established in 2014 by CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to enable companies to set ambitious emission reduction targets in line with the latest climate science.

JFR Group Net Zero by 2050

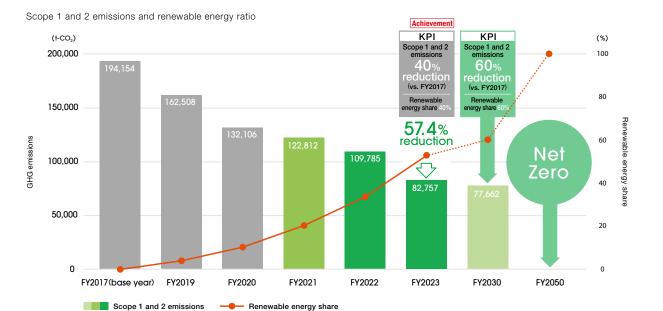


Expanding use of renewable power for sustainable stores

The Group, whose retail business is centered on department stores and shopping centers, generates more than 90% of the Scope 1 and 2 emissions from those stores, and approximately 80% of these emissions are associated with the use of electricity. Therefore, we recognize the need to save energy, improve energy efficiency, and switch to renewable energy sources for electricity in our stores.

Starting with the Daimaru Shinsaibashi store, which opened in 2019 operating with 100% renewable energy, we have successively switched stores in the Kansai and Kanto regions to renewable energy, and in April 2023 we switched large-scale stores in the Chubu region, including Matsuzakaya Nagoya (excluding North Building) and Nagoya PARCO. As a result, in FY2023, our ratio of renewable energy was 52.9% and Scope 1 and 2 emissions were 57.4% lower than in FY2017, the base year, exceeding the FY2023 target.

We believe that operating stores with renewable electricity will improve the environmental value of the buildings and win the support of suppliers and customers who are highly conscious of environmental issues. We will continue our efforts to switch to renewable electricity.



Contributing to the spread of renewable energy

Solar panels have been installed on the rooftops of Shibuya PARCO and Kyoto Zero Gate to generate their own electricity. In the future, we will work to introduce additional* renewable power procurement and improve energy resilience by diversifying our procurement sources.

*Contribute to the spread and expansion of new renewable power sources and the effectiveness in reducing CO_2 emissions.



Solar panels installed on the roof of Shibuya PARCO

Expansion of electric vehicle (EV) charging stations

Angel Park, a Group company involved in the operation of parking facilities, has installed a total of 10 EV charging stations that customers can use free of charge. From April 2023, Angel has switched to 100% renewable energy for

electricity throughout the building, which will not only improve convenience for customers using electric vehicles but also contribute to the decarbonization of society.



EV charging station in the parking lot of Angel Park

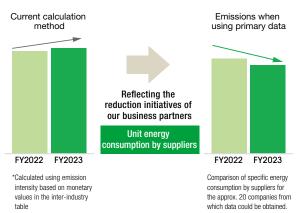


Initiatives for reducing Scope 3 emissions

As 90% of our Scope 3 emissions fall into Category 1 (purchased goods and services), controlling or reducing emissions in this category on our own is extremely difficult for the Company. The entire value chain must work together to reduce these emissions.

Going forward, we will obtain primary data on the emissions of supplier companies and proceed with calculations so that we can reflect the efforts of suppliers. For this reason, Daimaru Matsuzakaya Department Stores is promoting dialogue with its business partners, asking them to calculate their emissions, set reduction targets, and provide primary data on their emissions depending on the situation of each business partner. (By FY2023, we have held dialogue with over 100 companies, and have obtained primary data from over 40 companies.)

Reduction of Scope 3 Category 1 emissions



| Past efforts for the value | e chain |
|----------------------------|---------|
|----------------------------|---------|

| Informing suppliers | Held briefing session (April 2022, 253 companies participated) | | |
|------------------------------------|---|--|--|
| Grasping current situation | Survey on CO ₂ emissions (conducted in July 2022, sent to 330 companies) | | |
| Calculation and reduction requests | Continuous direct dialogue and visits | | |

FY2023 Scope 3 Emissions by Category (Unit: t-CO₂ %)

| | Category | Emissions | Percentage of emissions (%) |
|----|--|-----------|-----------------------------|
| 1 | Purchased goods and services | 2,678,726 | 92.42 |
| 2 | Capital goods | 48,021 | 1.66 |
| 3 | Energy excluding Scope 1 and 2 | 19,399 | 0.67 |
| 4 | Upstream transportation and distribution | 3,204 | 0.11 |
| 5 | Waste from operations | 1,439 | 0.05 |
| 6 | Business travel | 3,815 | 0.13 |
| 7 | Employee commuting | 1,736 | 0.06 |
| 8 | Upstream leased assets | — | 0.00 |
| 9 | Downstream transportation and distribution | 38,196 | 1.32 |
| 10 | Processing of products | _ | 0.00 |
| 11 | Use of sold products | 59,221 | 2.04 |
| 12 | End-of-life treatment of sold products | 15,564 | 0.54 |
| 13 | Downstream leased assets | 29,115 | 1.00 |
| 14 | Downstream franchising | _ | 0.00 |
| 15 | Investments | _ | 0.00 |

*Category 8 is excluded from the calculation because it is calculated under Scope 1 and 2 *Category 10, 14, and 15 are excluded from the calculation because they are not applicable to the JFR Group's business processes

Introduction of Internal Carbon Pricing -

Internal Carbon Pricing (ICP) was introduced in February 2024. By converting internal CO₂ emissions into monetary values, the Company aims to visualize the effect of CO₂ reductions and the cost of reductions to foster awareness of decarbonization, and to promote decision-making linked to decarbonization investments. We believe that anticipating future carbon taxes and other incurred costs, and taking proactive measures to address them, will lead to cost reductions from a long-term perspective and opportunities for business creation.

(Internal carbon price: 10,000 yen per ton of CO₂/t-CO₂)

Environment

ervation Information Disclosure in Line with TCFD and TNFD Recommend

JFR Group's Aim for Circular Economy

The circular economy is becoming increasingly important as various global environmental issues such as resource shortages, global warming, and waste disposal become more serious due to the linear economy based on mass production, mass consumption, and disposal. The Group will accelerate its resource recycling efforts in cooperation with customers and business partners, aiming to both reduce risks related to environmental issues and to acquire new business opportunities.

Environmentally Conscious Fashion Subscription Business "AnotherADdress"

New upcycling brand "reADdress"

Launched in March 2021 by Daimaru Matsuzakaya Department Stores, "AnotherADdress" is a fashion subscription business that aims to shift to a business model with high sustainability for society and the environment, placing importance on the essential value of fashion and sustainable initiatives.

In December 2023, we launched the upcycling brand "reADdress" with the aim of adding new value to clothing that has become difficult to rent due to such issues as stains, dirt, and scratches, extending their lifespan so that people can enjoy them again. In collaboration with Kyoto Monzuki Co., Ltd., which boasts a history of over 100 years, we have realized upcycling products utilizing deep black dye.

Clothing circulation project "roop" selected as Dekokatsu promotion project by Ministry of the Environment

AnotherADdress was selected by the Ministry of the Environment in 2024 to receive subsidies ("Decokatsu*" Promotion Project) for promoting environmentally conscious behavior and projects that control CO₂ emissions.

REDUCE WASTE REVOLO WASTE REVOLO WASTE REVOLO WASTE REVOLO WASTE REVOLO REVOLO

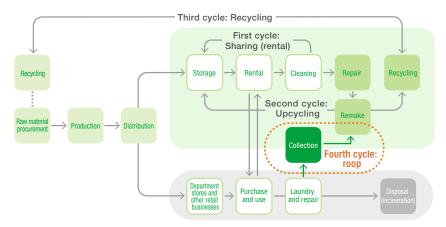
*National Movement for New and Prosperous Lifestyles toward Decarbonization promoted by the Ministry of the Environment

By adding a new "clothing collection" mechanism in collaboration with service users and department store businesses, a "fourth cycle: roop" with consumer participation is realized. We aim to create a society in which your precious clothes continue to circulate and are passed on to the future.











Environment



ECOFF-Working together with customers -

Launched by Daimaru Matsuzakaya Department Stores in fiscal 2016, ECOFF is a sustainable initiative to collect unwanted clothing, shoes, bags, and other items from customers at department stores and recycle and reuse them into new materials and products. The initiative has continued to grow every year thanks to the increasing environmental awareness of customers and their active participation. The volume of items collected in FY2023 was 377 tons (cumulative total: 1,845 tons since FY2016).



In the past, the clothing, shoes, and bags that we collected were reused overseas. But from the spring of 2024, we have increased the transparency of the supply chain by collaborating to deliver the goods to those who need them through used clothing stores in Thailand and Cambodia.

We are also involved in the ECOFF Charity Fund, which supports environmental activities. When the items are collected, we ask customers to choose from two organizations, WWF Japan and the Green Fund (National Land Afforestation Promotion Organization), and we donate 10 yen per person, depending on the number of customers who agree.

PASSTO: Collecting unwanted clothing and fashion goods —

In June 2024, PARCO and ECOMMIT Inc. introduced PASSTO to five PARCO stores (Shibuya PARCO, Ikebukuro PARCO, Kichijoji PARCO, Hibarigaoka PARCO, Hibarigaoka PARCO, and Chofu PARCO). PASSTO is an ECOMMIT service that collects, sorts, and redistributes unwanted items in one integrated process, with the aim of reducing local waste and contributing to resource recycling.



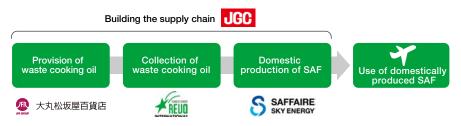
Resource Recycling of Waste Cooking Oil - Participation in the "Fry to Fly Project"

FRY to FLY Project



In September 2023, Daimaru Matsuzakaya Department Stores began participating in the "Fry to Fly Project," an initiative for recycling waste cooking oil which aims to achieve the first large-scale production of sustainable aviation fuel (SAF) in Japan.

As of the end of September 2024, we provide waste cooking oil from restaurants and carry-out shops at eight Daimaru Matsuzakaya stores. The amount of waste cooking oil generated by these stores is approximately 98.7 tons per year (FY2023 results), which accounts for about 64% of the total amount of waste cooking oil generated by all stores. We will continue to expand the number of participating stores and will communicate the importance of resource recycling to our customers by holding events to raise awareness and promote the use of domestically produced SAF.



*Revo International will collect waste cooking oil from our stores and deliver it to SAFFAIRE SKY ENERGY for SAF manufacturing planned at Japan's first large-scale domestic SAF production plant under construction in Sakai City, Osaka Prefecture. Saffaire aims to start production in the second half of fiscal 2024 or early fiscal 2025. JGC HD will establish the entire supply chain for the SAF production business using waste food oil as raw material.



Resource Recycling of Plastic

Upcycling marine plastic waste

In November 2022, Daimaru Hakata signed a "Comprehensive Collaborative Agreement on SDGs Promotion" with Tsushima City in Nagasaki Prefecture. To raise awareness about the problem of marine plastic waste in Tsushima City, which is caused by various factors such as topography and ocean currents, Daimaru Hakata used marine plastic litter that had washed ashore to make

Christmas tree ornament. The tree was displayed it in the plaza in front of the store.

For the year 2023, "flowerpots" made of waste plastic and marine plastic waste were created as a symbol of the theme "Circulation." The pots are the result of a co-creation project by Precious Plastic Kyushu, a group established by the Hakata Daimaru Kyushu Tankentai, in





Flowerpots made from marine plastic waste



cooperation with eight domestic and three overseas organizations. We will continue to expand this flowerpot project by holding co-creation workshops with local people in Tsushima City and other parts of Kyushu.

POOL PROJECT for recycling of plastic covers

Daimaru Tokyo and Matsuzakaya Ueno have been participating in "POOL PROJECT TOKYO" since December 2021 to collect and recycle plastic covers incidental to clothing deliveries.



In this initiative, Recotech Ltd. collects plastic covers generated by participating business facilities

in Tokyo and conducts advanced material recycling. The recycled plastic is sold to manufacturers as PCR material* "POOL resin." The PCR material is traceable from its origin to all processes including transportation, volume reduction, and processing.

Going forward, new production and commercialization will be considered, and the Group will actively promote resource recycling by participating in such efforts.

*Post-consumer recycled materials: recycled materials that are collected after consumers have used the product.

Reducing waste plastic

Daimaru Matsuzakaya is working to reduce the amount of disposable plastic emissions in response to the Law for Promotion of Recycling of Plastic Resources, which came into force in April 2022. For products that use specified plastics*, we are promoting the reduction of the amount used while gaining the understanding of customers by implementing one of the following measures in cooperation with our suppliers: (1) charging for cutlery, (2) providing cutlery only to customers who need it, or (3) changing the materials used for cutlery.

*Plastic products provided free of charge to consumers in conjunction with the sale of goods or the provision of services



Reduction in use of disposable plastic products in FY2023

| Reduction target | Results | | | | | |
|------------------|------------------------------|-------------------|---------------------|--|--|--|
| (vs. FY2021) | Amount used (basic unit)* | Rate of reduction | Rate of achievement | | | |
| -25% | 0.0791 | -93.6% | 301.8% | | | |

*Unit settings: Total amount of disposable plastic products used at cooperating suppliers' stores (kg)/Net sales at cooperating suppliers' stores (million yen)

Contributions to the Conservation of Biodiversity

Circular Economy \rightarrow Biodiversity Conservation



Our lives and business activities are supported by food, water, climate stability and other ecosystem services, which are provided by the interactions among diverse living organisms. Due to the recent deterioration of the natural environment, however, the diversity of animals and plants (biodiversity) is being lost at an unprecedented rate. As a recent issue, companies are being asked to understand the impact of their business activities on nature, stop the loss of biodiversity, and contribute to its recovery.

Environment

Amending the Eco Vision

The Company has established an Eco Vision as our policy to promote efforts to solve environment-related issues and coexist with the environment. In May 2024, we revised Eco Vision to promote company-wide efforts to address nature-related issues, adding biodiversity as a new priority. Going forward, we will strengthen our response to biodiversity conservation in addition to decarbonization and resource recycling.

Participation in TNFD Forum

In November 2023, the Company endorsed the philosophy of the Taskforce on Naturerelated Financial Disclosures (TNFD)*¹ and joined the TNFD Forum*² to support



its activities. Based on the TNFD's disclosure framework, we will scrutinize the relationship between the Group's business activities and natural capital (dependence and impact) as well as risks and opportunities. We will also promote proactive information disclosure from the four perspectives recommended by the TNFD: governance, strategy, risk and opportunity management, and metrics and targets.

- *1 TNFD is an international organization with a framework for disclosing the impact of nature-related risks and opportunities on corporate finance. It aims to encourage companies and financial institutions to disclose information on natural capital and to shift the flow of global capital from nature-negative outcomes to nature-positive outcomes.
- *2 The TNFD Forum is comprised of corporations, government agencies, academic institutions, and other organizations with expertise in a wide range of sectors, providing support for the development of disclosure frameworks and sharing information related to TNFD.

Rooftop Greening – Landscape-Conscious Store Development – –

Daimaru Shinsaibashi's 7th floor terrace (110m²) in the main building is a "garden" filled with Japanese ash trees, olive trees, and other plants, where visitors can walk around. On the rooftop is also a 900m²



"greening space". In addition, a green wall with elaborate stripes of greenery has been adopted on Taihoji-dori, the street that runs between the main building and Shinsaibashi PARCO. The greening is a part of our proactive efforts to reduce CO₂ emissions.

Rooftop Urban Beekeeping

In 2019, we launched the Shinsaibashi Honey Project. Beehives were installed on the roof top, which is approximately 900m² large and 60m above ground, for urban beekeeping. Approximately 200,000 bees fly out and collect nectar from flowers within a 3km radius. The bees' presence in the city contributes to maintaining the rich ecosystem of the region and to the revitalization of the pollination of crops and plants. Honey produced on the rooftop is sold as "Shinsaibashi Honey."

We also provide opportunities for children to think about the environment, such as by holding workshops for local children to make honeydew candles.





Making beeswax candles

Honey-pressing experience



Composting - Reduction of Food Waste -

As part of the Daimaru Shinsaibashi Stores' "SHINSAIBASHI Green Project" launched in 2022, a flower bed was created on the sidewalk in front of the store (along Midosuji Avenue in Osaka) in November 2023, and approximately 600 flowers and other greenery were planted by employees. Compost produced with food scraps from the Shinsaibashi store was added to the soil. This contributes to the reduction of food waste.





Photo courtesy of Local Food Cycling Co.

Use of eco-friendly packaging materials

In September 2019, packaging materials used at Daimaru Matsuzakaya Department Stores were switched to environmentally friendly materials. Paper shopping bags, including bags used for food products, and paper used for sales promotions have been switched to paper produced from forests managed with



consideration for the environment, thereby contributing to forest conservation.

Acquisition of FSC[®]-CoC Certification

J. FRONT Design & Construction manufactures a large amount of custom-made furniture and store fixtures to meet the needs of its customers, mainly hotels, commercial facilities, and offices. In October 2023, as proof that it properly manages and processes products made of wood from forests that have acquired forest management



certification (FM certification) or from other low-risk wood, the company acquired FSC[®]-Chain of Custody (CoC) certification* for its Osaka factory and its sales department, which serves as the customer contact point for its products.



*Chain of Custody (CoC) certification guarantees the processing and distribution process of products made from FSC[®]-certified wood until they reach the hands of consumers.



Audits and certifies socially beneficial, economically viable, and environmentally viable forest management.







Other Initiatives

Use of domestic lumber

Effective use of domestic lumber is very important in maintaining the multifunctional nature of forests. In one case where J. Front Design & Construction, a hotel and office interior design company, participated in the redevelopment of an office building, the Company gained the understanding of the client to adopt the use of

domestic lumber, which had not been effectively utilized, as materials for interior design and large planters.



Adoption of temporary system panels for demolition work

In the past, temporary enclosures used in department store renovation projects were disposed of once construction was completed, with most of the enclosures put to good use as recycled material. In collaboration with Daimaru Matsuzakaya Department Stores, J. Front Design & Construction has taken this concept a step further by switching

to a system panel construction method that does not generate waste.



From waste gypsum board to soil improvement material

J. Front Design & Construction properly disposes of gypsum board removed from demolition work at construction sites and recycles much of it as a resource. Taking this a step further, we have focused on a system to utilize calcium sulfate, the main component of gypsum board, as a soil conditioner. Although

it is labor-intensive to separate the calcium sulfate on-site, we are using it as a soil conditioner through a processing company.



Use of scrap wood

J. Front Design & Construction had been generating scraps of wood, unusable film, and other materials in the process of interior construction and the production of film mirror and fixtures. In order to make use of these materials, we have teamed up with Osaka University of Arts to hold the "Breathing Life into Scrap Wood" project every year since 2022. In 2023, the range of materials used was expanded with the help of suppliers to include stone and metal.

The students used their rich imagination and flexible design skills

to confront the interesting irregularities of scrap wood to create unique works. The winning entries in the design competition were exhibited at the Daimaru Shinsaibashi store.



Exhibition Work: Breathing Life into Scrap Wood 2023

Water storage tank – Appropriate use of water

A water storage tank 3.7m high × 7m wide × 5m deep is installed on the basement floor to supply water to the toilets and water faucets in the building. The water tank can hold enough water to fill 600 bathtubs, and the water can be supplied to local residents in the event of a disaster. On the B2 floor, we have installed a "kitchen wastewater purification system" in which wastewater is detoxified by microorganisms and discharged into the sewage system, thereby contributing to environmental preservation of oceans and rivers.





Information Disclosure in Line with TCFD and TNFD Recommendations



In May 2019, the Company endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Furthermore, in November 2023, we endorsed the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum. Based on the frameworks for both recommendations, we will disclose information in line with the four categories of governance, risk management, strategy, and metrics and targets. Additionally, we will continue to work toward comprehensive solutions, recognizing that climate change and biodiversity loss are inseparable issues.

Governance TCFD TNFD

1 Monitoring

To promote sustainability management across the entire JFR Group, the Company is responding to environmental issues (including climate and nature-related matters; same applies below) and incorporating initiatives that will lead to solutions to these issues in our business strategy. These are then deliberated and approved by the Group Management Meeting, the highest decision-making body for business execution. Furthermore, policies on environmental issues deliberated and approved by the Group Management Meeting are shared within the Sustainability Committee, which meets at least twice a year, and the Committee formulates and monitors the progress of action plans for the Group's environmental issues.

The Board of Directors receives reports on the deliberations and approvals made by the Group Management Meeting and the Sustainability Committee, and discusses and oversees the Group's policies, target setting, and action plans for addressing environmental issues.

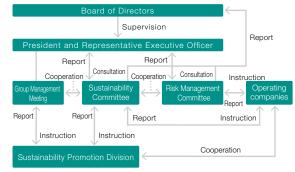
2 Board of Directors Skill Matrix

In selecting candidates for the Board of Directors, we use a skill matrix to clarify the expertise and experience we expect from directors, and "environment" is one of the items. By appointing directors capable of providing appropriate oversight of specific action plans and regular reviews, and monitoring the status of initiatives for continual improvement of environmental plans, we are enhancing the effectiveness of our efforts to address environmental issues that include medium- to long-term targets for resolving environmental issues through business activities.

3 Management Structure

The President and Representative Executive Officer chairs the Group Management Meeting as well as the Risk Management Committee and the Sustainability Committee, which are both advisory panels under his or her direct control. The President thus bears final responsibility for management decisions related to environmental issues, including climate-related issues.

JFR Group Environmental Management System



| Meeting bodies and | their roles in the env | /ironmental manageme | ent system |
|--------------------|------------------------|----------------------|------------|
| | | | |

| Me | eeting body and system | Role |
|------------------|--|--|
| | Board of Directors | Supervises the progress of environment-related initiatives deliberated and approved by those who execute business. Meets monthly. |
| ody | Group Management Meeting | Deliberates and approves policies and measures related to company-wide management as the highest decision-making body for business execution. Deliberates and approves company-wide management policies and other matters related to comprehensive risks and opportunities, including environment-related issues, as discussed by the Risk Management Committee and Sustainability Committee, and reports to the Board of Directors for approval. Meets weekly. |
| Meeting b | Risk Management Committee | Deliberates on the identification, evaluation, and response to comprehensive risks and opportunities, and monitors the risk responses of operating companies. Climate-related risks and opportunities are also integrated into the company-wide risk management framework and managed together with other risks. Deliberations by the Committee are reported to the Board of Directors. Held three times a year. |
| × | Sustainability Committee | Discusses specific measures to address more detailed issues related to sustainability, including environment-related issues deliberated and approved by the Group Management Meeting. Concerning climate-related issues, it monitors the progress of each operating company based on the Group's long-term plan and KGI/KPI, taking into account risks and opportunities. Dialogue also held with experts in climate-related issues. The contents of the discussions are reported to the Board of Directors. Held at least twice a year. |
| Executing entity | President and Representative Executive Officer | Chairs the Group Management Meeting, and also the Risk Management Committee and the Sustainability Committee. Assumes the ultimate responsible for making management decisions on environment-related issues, including identifying, assessing, and responding to climate-related risks and opportunities, and promoting group-wide initiatives to resolve environment-related issues. |
| | Operating Companies | Each operating company plans and implements specific measures to address environment-related issues based on the items approved by the Group Management Meeting and the deliberations of the Risk Management Committee and Sustainability Committee, and reports on the progress to the JFR Group's Risk Management Committee and Sustainability Committee. |
| | Sustainability Promotion Division | Formulates and proposes Group policies and other measures to promote sustainability management. The division collects climate-related information on risks and opportunities, formulates the direction of medium- and long-term initiatives, and reports to the Group Management Meeting and the Sustainability Committee. |



Risk Management TCFD TNFD

Details of the process for identifying and evaluating environmental risks and opportunities

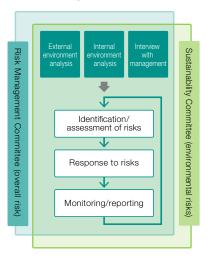
The Company considers risk to be the starting point of strategy. We have defined risk as "uncertainty, both positive and negative, that affects the achievement of corporate management goals" We believe that the appropriate handling of risk leads companies to sustainable growth.

With the recognition that climate-related risks and opportunities have a great impact on our business strategies, the Group identified and evaluated both positive and negative aspects of climate-related risks and opportunities through the process shown below.

First, the Group identified risks and opportunities for each activity in the supply chain process. Next, we evaluated them based on two criteria: "importance to the Group (degree of impact × urgency)" and "importance to stakeholders."

For details, please refer to "Strategy" page.

JFR Group risk management process



2 Environmental risk management process

The Company is working to share environmentalrelated risks with each operating company through a more detailed study of these risks within the Sustainability Committee. Each operating company incorporates climate change initiatives into their action plan and confirms the progress through discussions in meetings headed by the president of each operating company. Progress is monitored by the Group Management Meeting, the Risk Management Committee, and the Sustainability Committee, and is finally reported to the Board of Directors.

JFR Group risk management system

| Risk management | Responsible meeting bodies and |
|----------------------|---|
| process | executing entities |
| Identification/ | Board of Directors Group Management Meeting Risk Management Committee |
| assessment of | (Overall management risk) Sustainability Committee |
| risks | (Environmental risks) |
| Response to risks | Operating companies |
| Monitoring/reporting | Board of Directors Group Management Meeting Risk Management Committee (Overall management risk) Sustainability Committee (Environmental risks) |

Group-wide risk management process (PDCA)

3 Status of integration into the company-wide risk management framework

The Group has established a Risk Management Committee to manage various risks, including climate-related risks, in an integrated company-wide manner, based on the recognition that risk management is an extremely important management issue. The Committee deliberates on important matters such as the identification and evaluation of risks and the determination of risks to be reflected in strategies, and utilizes this information for management decision-making. The Committee also positions risk as the starting point for strategy and strives to link risk and strategy to enhance corporate value through risk management.

Risks that are extremely important to the Group's management over the medium term are positioned as "critical risks" and serve as the starting point for our Medium-term Business Plan. We have incorporated important risks into "annual risks" and prioritize and implement measures to address them to clarify the risks to be addressed for each fiscal year.

The deliberations of the Risk Management Committee are reported to the Group Management Meeting and shared with the Sustainability Committee.

The deliberations of the Risk Management Committee and Sustainability Committee in the above process, as well as matters approved by the Group Management Meeting, are reported to the Board of Directors in a timely manner and are reflected and addressed in Group's strategies under the supervision of the Board of Directors.





Strategy TCFD

1 Details of short-, medium-, and long-term risks and opportunities

The Company considers it important to examine climate-related risks and opportunities at the appropriate milestone occasions because of the potential impact on its business activities over the long term. Accordingly, the Company has positioned the implementation period of the Medium-term Business Plan up to FY2026 as the short term; the period up to FY2030, which is the short-term target year set by SBTi, as the medium term; and the period to FY2050, which is the SBTi net zero target year, as the long term.

The Group's strategy is developed and responds to climate-related risks and opportunities by backcasting from the year 2050, when net-zero emissions will be achieved.

2 Nature and extent of impact of risks/opportunities on business, strategy, and financial plans

The Company conducts scenario analysis to understand the risks, opportunities, and impact of climate change on the group, and to examine the resilience of its strategies and the necessity of further measures by envisioning the world in fiscal 2030.

In the analysis, we referenced multiple existing scenarios announced by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), then considered two world scenarios: the below 1.5°C/2°C scenario that envisages the goal of the Paris Agreement of striving to limit the increase in the global average temperature to below 2°C above pre-industrial levels; and the 4°C scenario that envisages the GHG emissions on the present basis.

Based on these two scenarios, the Company, which is mainly engaged in the retail business such as department stores and shopping centers, extracted climate-related risks and opportunities according to the TCFD recommendations for each activity in its value chain process. In addition, we defined the transition risks (regulation policy, technology, market, reputation) and physical risks (acute, chronic) arising from climate change, as well as the opportunities (resource efficiency, energy sources, products and services, markets, and resilience) arising from responding appropriately to them.

Definition of the periods for considering climate-related risks and opportunities in the JFR Group

| | ds for considering climate- ed risks and opportunities | JFR Group's definition | | |
|----------------|---|---|--|--|
| Short term | Until FY2026 | Execution period of the Medium-term Business Plan | | |
| Medium term | Until FY2030 | Period until the SBT target year for Scope 1, 2, and 3 emissions | | |
| Long term | Until FY2050 | Period until the SBT net-zero target year for Scope 1, 2, and 3 emissions | | |

Existing scenarios referenced

| Possible world | Existing scenarios |
|-----------------|--|
| Below 1.5°C/2°C | "Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2023) |
| scenario | "Representative Concentration Pathways (RCP2.6)" (IPCC, 2014) |
| 4°C | "Stated Policy Scenario (STEPS)" (IEA, 2023) |
| 4°C scenario | "Representative Concentration Pathways (RCP6.0, 8.5)" (IPCC, 2014) |

| TOP MESSAGE | Materiality | 2024–2026 Medium-term Business Plan | | Progress on Sustainability Goals | Environment | Society | Governance | External Assessment | Sustainability Bond Reporting | Sustainability Data | |
|---------------------------------|-------------|--|------------------|-------------------------------------|---------------------------------|--------------------------|--------------------|---------------------|----------------------------------|---------------------|--|
| Environmental KPIs and Progress | | s Decarbonization | Circular Economy | Biodiversity Cor | nservation \rightarrow Inform | ation Disclosure in Line | with TCFD and TNFD | Recommendations | | | |

3 Strategies and resilience in response to risks, opportunities, and financial impact based on related scenarios

The Company assessed the importance of the identified climate-related risks and opportunities based on two assessment criteria: the "importance to the Group (degree of impact × urgency)" and "importance to stakeholders." For items that were evaluated to be of particular importance, we assessed the financial impact of two scenarios, a 1.5°C/less than 2°C scenario and a 4°C scenario, from both quantitative and qualitative perspectives for FY2030, and developed countermeasures for each scenario. Risks and opportunities for which it is difficult to obtain information to quantitatively assess the financial impact have been evaluated qualitatively, and the results are indicated in three levels according to the slope of the arrow.

Climate change risks and opportunities of particular importance to the JFR Group and their financial impacts in FY2030

Impact on JFR Group's business and finances expected to be very large inpact on JFR Group's business and finances expected to be somewhat large impact on JFR Group's business and finances expected to be negligible

| | Type of climate- related risks and opportunities | | | ing c rgeno | | Climate-related risks and opportunities of particular | Financia | l impact | Measures |
|---------------|--|----|--------|-----------------|---------------|---|---|---------------------------------------|--|
| | | | Modium | Medium- term | Long- term | importance to the JFR Group | Below 1.5°C/2°C scenario | 4°C scenario | weasures |
| | | • | (| • | | Increase in costs associated with introduction of carbon tax, etc. | Approx. ¥1,500 million* ¹ | Approx. ¥1,300 million*1 | Reduction of GHG emissions through aggressive energy conservation measures in stores and expansion of switchover to renewable energy to achieve the 2050 net-zero target |
| | Transiti | | | • | • | Increase in costs associated with the development of properties with high environmental performance and the installation of equipment | 1 | 1 | Financing through Green Bonds, etc. Introduction of cost-effective equipment |
| Risks | | | (| • | • | Increase in investment for introduction of high-efficiency energy- saving equipment | | | Introduction of internal carbon pricing Cost-effective and well-planned investment considerations |
| | | • | | • | | Increase in renewable energy procurement costs due to increased demand for electricity derived from renewable energy | Approx. ¥700 million* ² | Approx. ¥300 million* ² | Introduction of internal carbon pricing Reduction of renewable energy procurement risk and mid- to long-term costs through diversification of renewable energy procurement methods Improvement of energy self-sufficiency through installation of renewable energy equipment in the company's facilities, etc. |
| | Physic risks | | | • | | Decrease in revenue due to store closures caused by natural disasters | Approx. Approx. ¥5,200 million* ³ ¥10,300 million* ³ | | Increased resilience of stores and business sites through BCP preparation Improvement of disaster prevention performance of stores |
| | Energ | | | • | • | Decrease in energy procurement cost due to introduction of high- efficiency energy-saving equipment | Approx. ¥ | 400 million* ⁴ | Upgrade to high-efficiency energy-saving equipment at the appropriate time |
| Opportunities | Produc and service | | | • | | Decarbonization of the entire supply chain and expansion of earnings by responding to increased demand for environmentally friendly products and services | 1 | * | Expansion of environmentally friendly products and services handled Recycling of waste cooking oil as domestically produced SAF Collaboration with suppliers, such as reducing food waste through the use of AI demand forecasting Dialogue with suppliers to ward decarbonization, including encouraging suppliers to calculate GHG emissions and holding briefing sessions to link Scope 3 emissions data |
| Onno | Marke | ts | | • | • | Expansion of new growth opportunities through new entry into the circular businesses Expansion of profits through acquisition of new customers by proposing sustainable lifestyles | 1 | - | Expansion of circular businesses such as sharing and upcycling, including the fashion subscription business "Another ADdress" Launch of circular businesses through effective use of M&A and CVC* investments |
| | | | | • | • | Expansion of profits due to increased opportunities to acquire new tenants through conversion to stores with high environmental value | Approx. ¥2,500 million* ⁵ | _ | Acquisition of environmental certifications for newly developed properties (ZEB, CASBEE, etc.) Promotion of energy conservation in stores toward realization of RE100 |

*CVC (Corporate Venture Capital): A mechanism to efficiently and effectively promote business co-creation through investment in promising start-ups. In FY2022, the Company established the "JFR MIRAI CREATORS Fund" to promote open innovation. (Basis for calculation of quantitative financial impacts in FY2030)

*1 Calculated by multiplying JFR Group Scope 1 and 2 GHG emissions as of FY2030 by the carbon price per t- CO2 (parameters: 1.5°C scenario 140\$/t-CO2, 4°C scenario 120\$/t-CO2)

*2 Calculated by multiplying the JFR Group's electricity consumption in FY2030 by the price per kWh of electricity derived from renewable energy compared to the regular electricity rate.

*3 Calculated by multiplying the amount of lost sales due to store closures caused by past natural disasters by the frequency of future flooding (Source: "Representative Concentration Pathways (RCP2.6)(RCP8.5)" (IPCC, 2014)).

*4 Calculated by multiplying energy procurement costs by the amount of energy saved by the JFR Group as of FY2030.

*5 Calculated by multiplying the JFR Group's real estate revenues as of FY2030 by the rate of change in new contract conclusion fees for buildings with environmental certification.

Based on the above scenarios, we have analyzed the impact of climate change and examined our countermeasures, and have confirmed the measures the Group has already implemented and planned are effective and flexible enough to reduce risks and contribute to the realization of opportunities under any of the scenarios. We will continue to work to enhance the resilience of our management.

JFR Sustainability Report 2024



JFR Group 2050 Net Zero Transition Plan

The Company believes that it is necessary to strengthen its strategic resilience from a medium- to long-term perspective to achieve net zero emissions by 2050, and therefore have formulated a transition plan to do just that. The plan identifies specific initiatives from short-, medium-, and long-term perspectives to capture new growth opportunities, such as proactively responding to market changes in response to positive opportunities, while developing appropriate measures to avoid negative risks in our business strategy.

JFR Group 2050 Net Zero Transition Plan

Priority measures



| Results and reduction targets | Scope 1 & 2 Scope 1 & 2 FY2017 FY2023 194,154 t-CO2 57.4% reduction | | Scope 1 & 2 FY2030 60% reduction | Scope 1 & 2 2050 Net zero | | | | | | |
|-----------------------------------|---|-------------------------------------|---|---------------------------------------|--|--|--|--|--|--|
| for GHG emissions (vs. FY2017) | Scope 3 FY2017 2,927,320 t-CO ₂ | Scope 3 FY2023 1.0% reduction | Scope 3 FY2030 Aim for 40% reduction | Scope 3 2050 Net zero | | | | | | |
| | Scope 1, 2 and 3 reduction by continuing and strengthening energy-saving measures •Scope 1, 2 and 3 (Category 3) reduction by expanding the switching to LED lighting in stores and introducing energy-saving, highly efficient equipment •Scope 1 & 2 reduction by shifting to electric vehicles for company use | | | | | | | | | |
| | Scope 2 reduction by expanding renewable energy •Scope 2 reduction by expanding the switching of stores and offices to renewable energy | | | | | | | | | |
| | | Scope 3 | 3 reduction in collaboration with suppliers | s and by promoting a circular economy | | | | | | |

•Scope 3 (Categories 1, 4, 5, 9) reduction through expansion of circular business models such as sharing and upcycling •Scope 3 (Category 5) reduction by reducing amount of waste disposal, such as food waste, and improving recycling rates •Dialogues and explanatory meetings with suppliers towards obtaining data on their GHG emissions

Scope 2 reduction by introducing an energy creation system •Scope 2 reduction through renewable energy capital investments, etc. in our own facilities •Scope 2 reduction by establishing corporate power purchase agreements (PPAs)

> Utilization of latest technologies, etc. and offsets •Use of electricity from new non-carbon energy sources, such as hydrogen and ammonia •Offsets through tree planting activities to absorb CO₂

The plan is current as of the end of May 2024 and may be revised depending on future business strategies.



TCFD

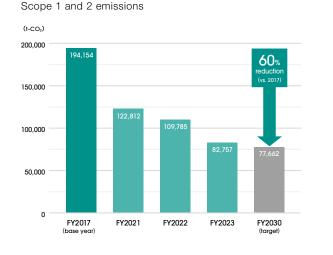
Metrics & Targets **TCFD**

The Company has established two metrics for managing climate-related risks and opportunities: Scope 1, 2 and 3 GHG emissions, and the ratio of renewable energy to total electricity used in business activities.

Executive remuneration system incorporating non-financial measures

Since FY2021, we have set reduction of Scope 1 and 2 emissions as one of the non-financial indicators for determining performance linked remuneration in officer remuneration. These are linked to the KPIs in the Medium-term Business Plan to clarify the responsibility of executive officers to achieve the targets for climate-related issues and to function as an incentive to realize and promote sustainability management.

P.52 Executive Remuneration System



JFR Group's Scope 1, 2 and 3 GHG emission results*1 (Unit: t-CO2)

| | | FY2017 | FY2022 | FY2 | 2023 | |
|---------------|--|-----------|-----------|-----------|--|--|
| | | Results | Results | Results | vs. FY2017 (comparison with base year) | |
| То | tal Scope 1 and 2 emissions | 194,154 | 109,785 | 82,757 | -57.4 % | |
| Break down | Scope 1 emissions | 16,052 | 13,714 | 14,021 | -12.7 % | |
| ЧĞ | Scope 2 emissions | 178,102 | 96,071 | 68,736 | -61.4 % | |
| | Total Scope 3 emissions ^{*2} | 2,927,320 | 2,761,669 | 2,898,436 | -1.0 % | |
| R | atio of renewable energy (%) | - | 33.6 | 52.9 | - | |

*1 Obtained third-party assurance from LRQA Limited

*2 Calculated based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain ver. 2.6 (March 2024, Ministry of the Environment and Ministry of Economy, Trade and Industry)," "Emission Unit Database for Calculating Greenhouse Gas Emissions of Organizations through Supply Chains Ver. 3.4 (March 2024)," IDEAv2.3 (for supply chain GHG emissions calculation)

Targets used by the JFR Group to manage climate-related risks and opportunities

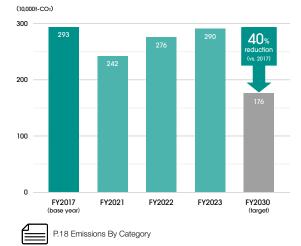
| Metrics | Target year | Details of targets |
|------------------|----------------|--|
| | 2050 | Net zero Scope 1, 2, and 3 emissions*3 |
| GHG emissions | 2030 | 60% reduction of Scope 1 and 2 emissions (vs. FY2017)* ³ 40% reduction of Scope 3 emissions (vs. FY2017)* ³ |
| Renewable | 2050 | 100% renewable energy share*4 |
| energy share | 2030 | 60% renewable energy share |

*3 Certified by SBT

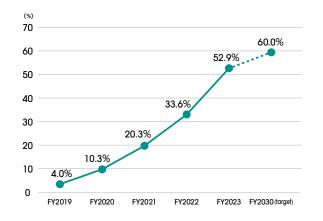
*4 Joined RE100 in 2020



Scope 3 emissions



Ratio of renewable energy



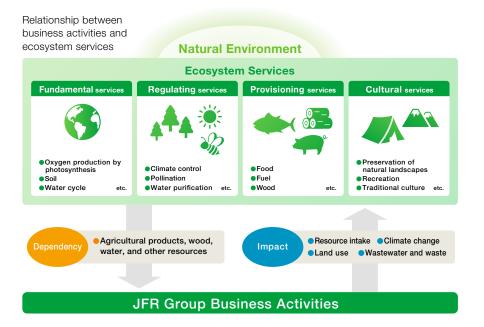


Strategy TNFD

1 Dependence and impact on nature

As a retailer with its main business in department stores and shopping centers, the JFR Group is in contact with a wide range of stakeholders, including business partners, customers, and local communities. We will leverage this connection to promote nature-positive initiatives through our business, such as procuring environmentally friendly products, proposing lifestyles that are conscious of coexistence with nature, and developing stores with high environmental performance.

Our Group is dependent on the many blessings of nature (ecosystem services), such as soil, forests, and a climate with four seasons, in addition to agricultural products, livestock products, marine products, wood, water and other resources. On the other hand, our business activities impact the natural environment in various ways, such as GHG emissions, waste emissions, and water discharge. The Company recognizes the importance of understanding and responding to the relationship between our business activities and the natural environment, specifically the "dependency" and "impact" of both.



2 LEAP*¹ based assessment of nature-related issues

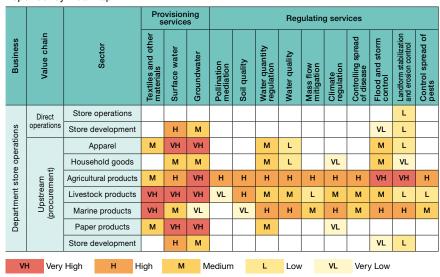
The LEAP Approach is an integrated process recommended by TNFD for assessing nature-related issues, including locating the interface with nature, evaluating dependencies and impacts on nature, and assessing risks/opportunities.

In FY2023, Daimaru Matsuzakaya Department Stores, one of the Group's main operating companies, identified and assessed nature-related issues (dependencies/ impacts, risks/opportunities) based on the LEAP approach for its 15 department stores located throughout Japan.

*1 LEAP: stands for the four-step process of Locate, Evaluate, Assess, and Prepare

() Appearance of dependencies and impacts [Locate]

We created a heatmap based on ENCORE, a tool for identifying dependence on and impact on nature, to understand the degree of dependence and impact on the entire value chain of the department store business, and confirmed the degree of dependence and impact on natural capital in direct operations (store operations and store development) and upstream in the value chain (procurement).



Dependency Heatmap



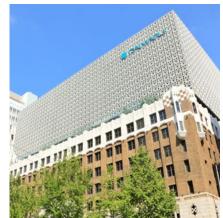
Impact Heatmap

| | | | Land/freshwater/ocean- use change | | | Pollution/depollution | | | | Resource usage | Climate change |
|--|---------------------------|-----------------------|--------------------------------------|--------------------------------|----------------------------|-----------------------|----------------|-----------------|-------|-------------------|-------------------|
| Business | Value chain | Sector | Use of terrestrial ecosystem | Use of freshwater ecosystem | Use of marine ecosystem | Air pollution | Soil pollution | Water pollution | Waste | Water usage | GHG emissions |
| ω. | Direct | Store operations | | | | М | н | н | м | н | |
| operations | operations | Store development | VH | | | м | М | м | Н | | н |
| bera | Upstream (procurement) | Apparel | н | | | н | М | м | М | VH | |
| | | Household goods | | | | м | Н | н | Н | н | н |
| stor | | Agricultural products | VH | VH | | | н | н | | VH | |
| ent | | Livestock products | VH | | | | М | м | | VH | н |
| Ę. | | Marine products | | VH | н | | н | н | | | |
| Department store | | Paper products | | | | м | н | н | | VH | |
| | | Store development | VH | | | м | м | м | н | | н |
| VH Very High H High M Medium L Low | | | | | | VL | Very I | _ow | | | |

2 Identification of stores to evaluate for risks/opportunities Locate

Using the Risk Filter Suite (ecosystem and water risk analysis tool) from WWF¹, Aqueduct (water risk analysis tool) from WRI², and other tools, we verified the state of ecosystems in areas where our stores are located. In addition, we evaluated the importance of each store location based on our own criteria (land and building ownership, sales size, etc.). As a result, Daimaru Shinsaibashi was identified as a store of particular importance for biodiversity conservation.

- *1 WWF (World Wide Fund for Nature): An environmental conservation organization active in more than 100 countries that works to restore the vanishing richness of biodiversity and to prevent global warning.
- *2 WRI (World Resources Institute): An independent organization that conducts policy research and provides technical assistance on global environmental and development issues.



Daimaru Shinsaibashi

③Sorting out the factors behind dependencies and impacts on nature [Evaluate]

Of the business activities at Daimaru Shinsaibashi, we have sorted out the factors with significant dependencies and impacts on the ecosystem services in the value chain: "Store Development," "Clothing and Food," and "Packaging Materials."

| | | Value chain upstream | In-house | Value chain downstream | |
|----------------------|--------------|--|---|---|---|
| | | Store development | Otaria an anatiana | | |
| | | Raw material production/extraction/procurement Manufacture of goods | Transportation of goods | Store operations | Use and disposal of goods |
| Store | Dependencies | Procurement of raw materials for construction Water usage Fuel usage | Fuel usage | •Fuel usage •Electricity usage •Water usage | |
| Development | Impacts | Land conversion and development Mineral resource extraction Energy usage GHG emissions Air pollution Waste emissions | Air pollution Energy usage GHG emissions Waste emissions | Air pollution Water pollution GHG emissions Waste emissions | Fuel usageGHG emissionsWaste emissions |
| | Dependencies | Use of soil, forests, and pastures for livestock feed and procurement of raw materials such as cotton and lumber Use of marine areas and extraction of natural fisheries resources Pollination by insects Water usage Fuel usage Electricity usage | Fuel usage | Fuel usageWater usagePaper usage | Water usage Fuel usage Electricity usage |
| Clothing and Food | Impacts | Soil pollution due to such factors as excessive wood consumption and use of pesticides, deforestation, reduction of pastureland, land degradation, desertification Depletion of water resources, destruction of marine ecosystems (e.g. overfishing of juvenile fish) Wastewater and water pollution in food processing processes Energy usage GHG emissions | Air pollution Energy usage GHG emissions Waste emissions | Air pollution Water pollution GHG emissions Waste emissions | Microplastic runoff during laundering, water pollution Waste emissions |
| Packaging | Dependencies | Procurement of raw materials for paper packaging Water usage Fuel usage | Fuel usage | Fuel usage Electricity usage | |
| Materials | Impacts | Deforestation due to excessive logging Energy usage GHG emissions Air pollution Waste emissions | •Air pollution •Energy usage •GHG emissions •Waste emissions | Waste emissions | •Fuel usage •GHG emissions during recycling •Waste emissions |

TNED

(Assessment and response to risks and opportunities Assess Prepare

Based on the sorting out of dependencies and impacts on ecosystem services at Daimaru Shinsaibashi in steps (1) to (3), we identified and evaluated nature-related risks and opportunities that could affect our business activities and discussed activities to address them. In addition, we qualitatively evaluated the impacts to our business activities on three levels (major, medium, minor) based on two criteria: "importance to our company" and "importance to our stakeholders.

| | Item | | Details of risks/opportunities | Impact | Details of activities |
|-------------|--------------------------------------|-------------------------------|--|--------|--|
| | | Acute | •Decrease in revenues due to store closures caused by extreme weather and increased natural disasters | Large | Strengthening the resilience of stores and offices through BCP development Improvement in disaster prevention performance of stores |
| - | | | Increase in energy costs due to rising temperatures | | Upgrading to high-efficiency energy-saving equipment at the right time |
| | Physical | Chronic | Earnings instability due to a decrease in the number of agricultural and marine products handled owing to crop failures, lower quality, and reduced harvests Decrease in number of customers visiting stores and changes in sales owing to rising temperatures and changing rainfall patterns | | Discussion and strategy development for the procurement risks of critical food raw material |
| | | Policy and regulations | Increase in costs due to tighter regulations on GHG emissions | Medium | Reduction of GHG emissions through aggressive energy-saving measures in stores and increased switchover to renewable energy sources |
| Risk | | | Increased difficulty in store development (exterior and interior design, including additions and renovations) and higher construction-related costs due to a shortage of building materials | Small | Greater use of domestically produced thinned lumber |
| | Transition | Market | Decrease in profits due to inability to meet growing consumer demand for sustainable products | Large | Expansion of environmentally friendly products such as certified products Switchover to environmentally friendly packaging materials such as FSC certified products Promotion of smart wrapping and simplified packaging options |
| | | Reputation | ·Loss of reputation due to inadequate sourcing of sustainably produced goods | | Expansion of certified products Smart delivery (reduction in the number of deliveries) |
| | | | Loss of reputation due to increased waste and lack of proper disposal | Medium | Introduction of AI demand forecasting service to reduce food waste Composting community activities by employees to reduce food waste Appropriate response to the Plastic Resource Circulation Act |
| | Resource efficiency | | •Reduction in costs associated with efficient water usage | Small | Usage of rainwater and graywater Usage of water-saving equipment |
| | Products and services | | Increase in the property value of buildings due to real estate development with sustainable sourcing of materials and reduced energy use | Large | Promoting the development of procurement rules and acquisition of various certifications (CASBEE, ZEB, etc.) and emphasizing them externally. |
| | | | Increase in revenues due to increased handling of certified/sustainably produced goods | Large | Expansion of certified products Raising awareness and educating customers about certified products |
| | Markets | | Continuation and maintenance of store operations due to mitigation of storms, typhoons, etc. | Large | Establishment of environment for the enjoyment of ecosystem services (e.g., establish rules based on an understanding of location, vegetation, and climate characteristics) |
| Opportunity | | | Increase in customer traffic to real estate development and retail operations (land use) that take biodiversity and landscape into consideration | Medium | Implementation of rooftop greening and rooftop urban beekeeping |
| | Capital flow | and financing | Increase in financing capacity due to higher environmental value of buildings | Large | Acquisition of environmental certification for newly developed properties Raising of funds through green bonds, etc. |
| | | | Improvement in reputation by providing rooftop gardens and other places for relaxation | Medium | Rooftop greening and rooftop urban beekeeping |
| | Repu | tation | Improvement in reputation by promoting recycling-oriented business | Medium | Establishment of partnerships with other companies for resource recycling of waste plastics and food waste (e.g., POOL project, domestic SAF project, etc.) |
| | | protection, rehabilitation | Reduction of compliance costs by improving traceability of products (especially risk commodities) | Small | Strengthening of supplier engagement by conducting assessments, etc. |
| | Sustainable use of natural resources | | Improvement in store brand value through reduced use of paper products and increased use of alternative materials | Small | Switchover to environmentally friendly packaging materials such as FSC certified packaging Promotion of paperless packaging |



Metrics & Targets TNFD

The Company recognizes that biodiversity loss and climate change are inseparable issues, and has established metrics and targets to comprehensively resolve both issues and promote efforts to achieve

Metrics and targets used to manage nature-related risks and opportunities for the JFR Group

| Target | Year | Details |
|---|------|---|
| | 2050 | Scope 1, 2, 3 Net zero GHG emissions* ¹ |
| GHG emissions | 2030 | 60% reduction of Scope 1, 2 GHG emissions (vs. FY2017)* ¹ Aim for 40% reduction of Scope 3 GHG emissions (vs. FY2017)* ¹ |
| Share of renovable onergy | 2050 | 100% of energy used in business activities from renewable electricity* ² |
| Share of renewable energy | 2030 | 60% of energy used in business activities from renewable electricity |
| Food recycling rate | 2030 | Food recycling rate of 85% |
| Development of environmentally friendly products | 2030 | Expand transaction volume of environmentally-friendly products, including certified products |
| Percentage of newly developed properties with environmental certification | 2030 | 100% acquisition rate of environmental certification for newly developed properties |

*1 Obtained SBT certification *2 Joined RE100 in 2020

Going Forward

Going forward, the Company will continue to improve the effectiveness of our nature positive initiatives by prioritizing and expanding the scope of our efforts and through active communication, such as by conducting biodiversity assessments of major business partners. We will also work to raise customer awareness by expanding our lineup of certified products. *Details are disclosed in the TCFD Report and TNFD Report.



| | Materiality | 2024–2026 Medium-term Business Plan | | Progress on Sustainability Goals | Environment | Society | | Sustainability Bond Reporting | |
|-----------|-------------------|--|---------------|-------------------------------------|------------------------|---------|--|----------------------------------|--|
| Social KE | l and Progress Re | spect for Human Right | Human Capital | Creating Commun | nities I ocal Revitali | zation | | | |

Society

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| | | | | | Environment | Society | | | |
|-------------------------|----------------|--------------------------|---------------|-----------------|-----------------------|---------|--|--|--|
| \rightarrow Social KP | l and Progress | Respect for Human Rights | Human Capital | Creating Commur | nities Local Revitali | zation | | | |

Social KPI and Progress (FY2021 to FY2023)

| | Indicator | FY2021 results | FY2022 results | FY2023 results | FY2023 Target |
|---|---|---|--|--|---|
| Management of the entire supply chain | Dissemination of JFR Principles of Action for Suppliers | Supplier assessment: Response rate 40.6%, dissemination rate 60% Sharing of JFR Principles of Action for Suppliers (PARCO) | Dialogue with suppliers (Daimaru Matsuzakaya Department Stores) | Implementation of supplier assessment: Response rate 50.4%, dissemination rate: 78% *Confirmation at the same time as the assessment of respect for human rights. | Assessment response rate 80%, dissemination rate 25% |
| | Human rights | Implementation of human rights assessment (Conducted as part of the supplier assessment) Identification of human rights risks for FY2022 | Review of human rights risks | Implementation of human rights assessment (Conducted as part of the supplier assessment) Review of human rights risks Implementation of employee e-learning on "business and human rights" (Completion rate 88.7%) | Expansion of human rights due diligence initiatives Employee human rights education rate 100% |
| | Ethical consumption | •Attracted shops that deal in ethical products | Sales of products and services using certified products | •Same as on the left | Initiation of efforts to strengthen the offerings of certified products related to food safety and environmental conservation |
| Realization of customers' | Mental and physical health | Opening of healthcare wellness mall Welpa (Shinsaibashi PARCO) Opening of showroom space "asumise" (Daimaru Tokyo) | Think Wellness: A Wonderful Marche for the Heart and Body (Daimaru Kobe) Opening of Smart Aquarium Shizuoka, the first permanent aquarium in a department store | Opening of Welpa at Urawa PARCO (February 2024) Expansion of business domain for hair evaluation testing of hair care products (Consumer Product End-Use Research Institute) | Expansion of the entertainment business area, including traditional culture, art, and contemporary culture Launch of wellness business |
| healthy/safe/ secure life | Level of customer awareness and sympathy for sustainability activities | _ | ●66% (customer survey) | _ | •30% |
| | BCP, disaster prevention, epidemic prevention | Formulation of JFR New Infectious Disease Response Manual Virtualization of events and gift centers | Continued to conduct a BCP desk exercise based on the JFR Business Continuity Manual (large-scale earthquake edition) | Revision of the Overseas Safety Manual | Enhancement of BCP and quarantine measures Strengthening of contactless customer touch points through digital communication |

| | | | | | | Society | Governance | | |
|---------------------|----------------|--------------------------|-----------------|-----------------|---------------------|---------|------------|--|--|
| ightarrow Social KP | I and Progress | Respect for Human Rights | s Human Capital | Creating Commur | ities Local Revital | ization | | | |

| | Indicator | FY2021 results | FY2022 results | FY2023 results | FY2023 Target |
|--|---|---|--|---|--|
| Promotion of diversity & inclusion | Share of women in management | •21.3% | 22.2% Project to promote advancement of women "Career Forum" for female management candidates | •22.5%•"Career Forum" for female management candidates held again | •26% |
| | Extension of retirement age | Operating companies that have introduced retirement at age 65 (Daimaru Matsuzakaya Department Stores, JFR Card, Daimaru Kogyo, JFR Information Center) | •Same as the left | •J. Front Design & Construction introduced retirement age of 65 | •Expansion of companies introducing a mandatory retirement age of 65 |
| | Employment rate of people with a disability (special scope of associates) | •2.66% (June 2021) | •2.93% (June 2022) | ●2.89% (June 2023) | •2.6% |
| | Fostering a corporate culture of diversity | Establishment of LGBT-related systems (Same- Sex Partnership Rules, gender change support leave), creation of LGBT Consultation Desk Held LGBT events (Daimaru Shinsaibashi, Daimaru Kyoto, Matsuzakaya Nagoya, Shibuya PARCO) | Unconscious bias survey (for employees) LGBT pride initiatives (Shibuya PARCO) | Holding of LGBT events (Daimaru Kyoto, Shibuya PARCO) | Employee penetration of diversity and inclusion 100% Provision of sales floors, products, and services tailored to diverse customers including LGBT people |
| | Turnover rate due to childcare and caregiving | •1.4% | •1.8% | •2.0% | •Under 1.0% |
| Desligation | Paternity leave usage rate •43.6% | | •68.0% | •87.5% | •100% |
| Realization of work-life integration | Work style Expansion of telework system Formulation of J. Front Retailing Health Declaration | | Increase in annual holidays Shortening of the annual prescribed working hours (Daimaru Matsuzakaya Department Stores) | _ | •Establishments of systems and evaluations to create an organization where people can work anytime, anywhere |
| | Employee satisfaction (Employee satisfaction survey) | _ | _ | •Employee satisfaction survey (satisfaction level 67.7%) | •60% |
| Coexistence with local communities | Community development | _ | New entry into the residential business (PARCO) Initiation of construction on the Nagoya Nishiki 3-Chome 25-District Project (tentative name) Initiation of Shinsaibashi Project" (tentative name) | Establishment of J. Front City Development Initiation of operations for HAB @KUMAMOTO. | Making areas more attractive, leveraging the culture, history and other unique characteristics of local areas, developing in a way that contributes to drawing crowds to the areas Shift to CSV stores (making stores sustainable) throughout the Group |
| | Collaboration with local communities | •Opening of "City Library" (Daimaru Suma) | Launch of Think LOCAL web magazine (Daimaru Matsuzakaya Department Stores) "Tsushima City, Nagasaki x Kyushu Tankentai" Ocean Trash Tile Art Project (Daimaru Matsuzakaya Department Store) Signing of a comprehensive agreement with Kyoto City (Daimaru Kyoto) | Completion of agreement with Taito City and Local Food Recycling Co. to transform to a recycling oriented lifestyle (Daimaru Matsuzakaya Department Stores) Initiation of plan to support the development of sales channels for small and medium-sized enterprises using Booster, a crowdfunding site (PARCO) Completion of a comprehensive agreement with Kumamoto Prefecture (Hakata Daimaru) Announcement of the "Future Prosperity Project" by Kyushu Tankentai Team FiNANCiE (Hakata Daimaru) "Think LOCAL." initiative for coexistence with communities | Promotion of local revitalization in collaboration with governments, educational institutions, NGOs, and NPOs Promotion of local revitalization by finding and providing local content, including local production for local consumption |

Social KPI and Progress ightarrow Respect for Human Rights Human

Communities Local Revitalization

Respect for Human Rights



Amidst growing concern about issues such as forced labor and discrimination in the supply chain, we place respect for human rights as the basis of all our business activities in accordance with the "Guiding Principles on Business and Human Rights" established by the United Nations. Through our ongoing commitment to human rights due diligence, we aim to realize business activities that respect human rights together with our business partners.

Human Rights Policy

In 2019, the JFR Group developed a human rights policy in accordance with international human rights guidelines.* This policy sets forth our approach to ensuring that all officers and employees should deepen their understanding of the various human rights issues involved in all aspects of our business activities and take appropriate action that respects human rights.

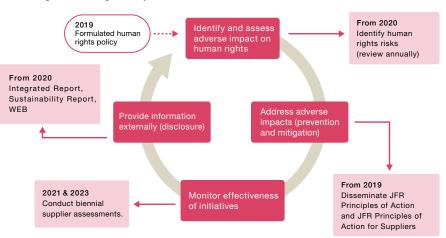
* "International Bill of Human Rights," "Guiding Principle on Business and Human Rights," "The ILO Declaration on Fundamental Principles and Rights at Work," "The Ten Principles of the UN Global Compact"



JFR Principles of Action / JFR Principles of Action for Suppliers

Human Rights Due Diligence

The Group identifies and assesses human rights risks in its corporate activities and conducts human rights due diligence to prevent and mitigate such risks.



Human Rights Due Diligence Cycle

Society



Identification and assessment of human rights

The Group has identified and assessed the human rights risks (potential negative impact on human rights) of stakeholders who could be negatively affected by our business activities using the following process. We were able to identify and assess more substantive human rights risks through the participation and reviews by eternal experts, including the departments in charge of the operating companies and lawyers.

Organizing the entire business value chain and exhaustively identifying the human rights issues that can be anticipated for each business line

Evaluating the identified human rights issues in terms of depth (scale, scope, and difficulty of remedy) and likelihood of occurrence, and identify human rights risks that are of high importance to the Group

Significant human rights risks

| Value chain | Upstream (Procurement) | Midstream (JFR Group business activities) | Downstream (Use of goods and services) |
|--|--|--|--|
| Stakeholder | Employees of supplier companies, store operators, cooperating companies of business partners | Employees of the JFR Group (including parttime workers in stores and temporary workers dispatched by suppliers) | Customers and local residents |
| Details | Manufacturing, wholesales, provision of services, construction | Commercial facilities, store operations (including remodeling, advertising, facility management, sales promotion, etc.), sales (including e-commerce), planning and construction | Use of goods and services |
| Significant human rights risks related to the Group's business | Forced labor Child labor Child labor Foreign labor conditions Long working hours Low wages Right to access remedies Discrimination (gender, LGBTQ, etc.) | Harassment Long working hours Discrimination (gender, LGBTQ, etc.) | Violation of customer privacy (personal information and right of publicity) Expressions of discrimination through advertisements Health and safety |

Prevention and mitigation initiatives

Penetration of JFR Principles of Action for Suppliers

In 2019, we established the "JFR Principles of Action for Suppliers," which includes our human rights policy, and we encourage our suppliers to understand and comply with it. Our aim is to build a sustainable supply chain by linking the chain of responsibility through compliance with the Principles, including suppliers from whom we procure goods and raw materials.



JFR Principles of Action for Suppliers

Education on human rights

In 2020, the Company adopted a Declaration on the Elimination of Harassment and is striving to eliminate and prevent harassment, which it considers as one of the human rights risks. We conduct an annual harassment survey of employees, including part-time and temporary employees, and implement human rights training for managers based on the results of the survey.

In 2023, we also carried out an e-learning course on business and human rights for all Group employees (participation rate: 88.7%). Going forward, we will continue to provide ongoing education so that every employee can deepen their knowledge of respect for human rights and make it a personal issue in their lives.

Basic Policy Against Customer Harassment

In December 2022, Daimaru Matsuzakaya Department Stores established a Basic Policy Against Customer Harassment. To date, we have conducted training and education multiple times at each store, and have built a system to protect employees (including part-time workers at stores and those dispatched by suppliers) from customer harassment, and have made them aware of specific responses.



Implementation of human rights assessment

Since 2021, the Company has been conducting supplier assessments to check the status of our business partners in areas where initiatives are required throughout the supply chain (in principle, assessments are conducted every other year.) The second assessment in 2023 was conducted with an emphasis on respect for human rights.

Summary

Implementing company : 10 operating companies including Daimaru Matsuzakaya Department Store, PARCO, J. Front City Development

Target : Primary suppliers (1st tier) 3,281 "Narrowed down from multiple perspectives such as human rights risk, sales size, etc.. Period : 10/2023 to 12/2023

Questions : Five themes*, mainly questions related to human rights. Total of 27 questions.

* ① Status of human rights policy and human rights due diligence efforts

(2) Status of understanding of human rights issues in business operations

③ Status of efforts to address human rights issues

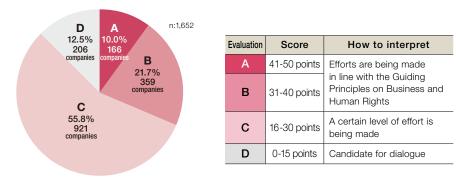
④ Issues to be addressed in the implementation of the above initiatives

(5) Status of penetration of the JFR Principles of Action for Suppliers

Assessment Results

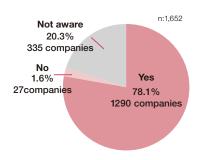
Responses were received from 1,652 companies, for a response rate of 50.4% (+9.8 percentage points from the previous survey). Of the total, 31.7% of the companies were rated A or B, 55.8% (the largest share) were rated C, and 12.5% (206 companies) were rated D, making them a candidate for dialogue.

| | No. of companies surveyed | | Response rate |
|------|---------------------------|-------|---------------|
| 2023 | 3,281 | 1,652 | 50.4% |
| 2021 | 7,415 | 3,012 | 40.6% |



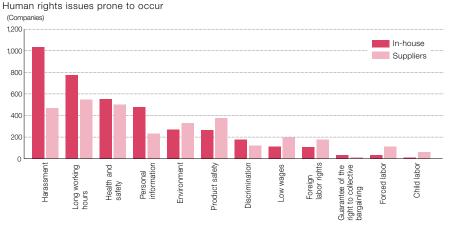
Penetration status of JFR Principles of Action for Suppliers

Of the respondents, 78% answered "Yes" to the question "Do you understand and comply with the JFR Principles of Action for Suppliers (including Human Rights Policy)?" (60.9% in the previous survey).



Identification of human rights issues

About 95% of the companies said they are aware of the human rights issues that are likely to affect their own employees, and about 87% are aware of the human rights issues that are likely to affect the employees of their suppliers.



Future responses

In the assessment results this time, many companies cited insufficient knowledge as a reason for the lack of progress in their business and human rights initiatives, such as "We don't know what to do regarding human rights" and "We don't understand the basic framework of business and human rights."

Accordingly, we intend to hold expert-led seminars and provide reference information to our suppliers. In addition, we will also provide opportunities for dialogue as necessary to share the assessments results, to gain an understanding of the importance of business and human rights initiatives, and to understand the situation of our suppliers and encourage them to make improvements.

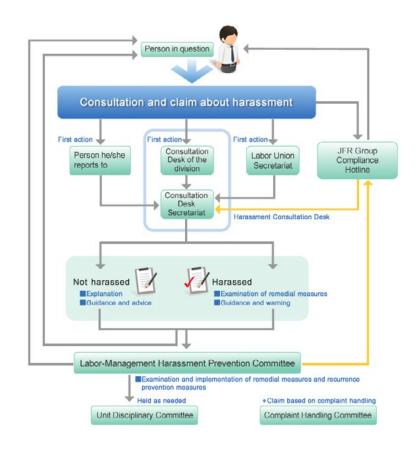


Harassment Consultation Desk

To eradicate and prevent harassment, we have established a Harassment Prevention Committee and a Harassment Consultation Desk at each group company, and we are working to respond quickly to any problems that arise and prevent them from recurring.

*In fiscal 2023, there were 41 consultations regarding harassment.

Social KPI and Progress \rightarrow Respect for Human Rights

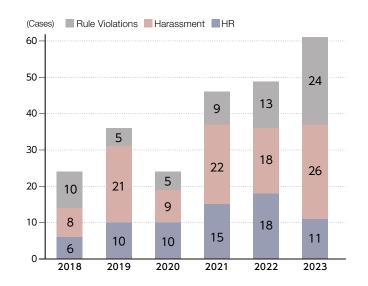


Whistleblowing System

Society

The Company's Whistleblowing System allows all directors, officers, employees, and anyone working for the JFR Group (including part-time employees and temporary staff from suppliers) to directly notify the Compliance Committee of compliance-related issues, including human rights violations and corrupt practices within the company, and request corrective action. In addition to internal reporting, we have also set up an external reporting system (with the assistance of our legal advisors). In accordance with the Whistleblower Protection Act, the Group's internal regulations strictly stipulate protecting the confidentiality of whistleblowers and prohibit any prejudicial treatment of whistleblowers.

Type of notification





External Perspective

OWLS Consulting Group

YAMORI Ayumi, Principle

I believe that the JFR Group, which is an influential member of society, is taking a very good approach by expanding its information disclosure on human rights in its annual Sustainability Report. The current initiatives, which include formulating a human rights policy and promoting a human rights due diligence process that begins with the identification and assessment of human rights risks, are appropriate and in line with the UN Guiding Principles on Business and Human Rights and other guidelines.

In particular, when it comes to identifying and assessing human rights risks, JFR is exemplary in not only considering the procurement-related (upstream) and in-house group-related (midstream) aspects, but also the aspects related to the use of products and services (downstream) in order to comprehensively identify risks throughout the entire value chain.

In addition, the fact that the JFR Group distributes questionnaires to over 3,000 business partners to assess their human rights initiatives is a meaningful initiative. This will not only strengthen the JFR Group's supply chain management but also raise awareness throughout the industry. As was the case in the most recent assessment, where many of the supplier responses were "We don't know what to do regarding human rights," the reality is that many companies "recognize the need to do something, but don't have the know-how to get started."

This human rights assessment is an initiative related to the upstream part of the value chain, but we would like to see the company proactively disclose specific policies and initiatives for addressing important human rights risks in the midstream and downstream parts of the value chain in the future. Common problems in the industry include "long working hours and discrimination within group companies" and "discriminatory expressions in advertising," so the JFR Group's initiatives could become best practices and provide a catalyst for change across the industry.

Furthermore, it is also important to strengthen grievance mechanisms for the relief of victims in case an actual human rights violation occurs. It is necessary to establish and operate contact points that can be used by consumers, community residents, employees at business partners and other external stakeholders.

In addition to these efforts for implementing human rights due diligence, I would also like to encourage you to actively take on the challenge of creating new services and businesses that help to solve various human rights issues in the world. If JFR Group's ability to create value is used, I am sure various human rights issues and life challenges can be solved.

Only in a society where the rights of every individual are properly respected can the "new happiness" that the JFR Group creates and brings to life will truly shine. I hope that you will continue to focus on initiatives for respecting human rights under the concept of "putting principle before profit" and become a leader in the industry.

PROFILE



YAMORI Ayumi

Yamori worked at A.T. Kearney (strategy consulting), Google, and startups before assuming her current position. She is a graduate of the University of Tokyo, Faculty of Law (Public Law Course). In her current position, Yamori is the leader of the "Business

and Human Rights" team and has assisted many companies in dealing with human rights and sustainability. She is the author of "An Introduction to Business and Human Rights for All Business People" (co-authored by Nikkei BP, Inc.), and has been a speaker at numerous seminars, including Business and Human Rights" seminar held by the Ministry of Economy, Trade and Industry (2021).

Completed the Basic Auditor Course for SA8000, an international standard in the field of labor and human rights.

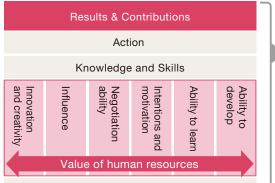
Diverse Human Capital as the Foundation for Business Activities

As the speed of social change accelerates and uncertainty increases, JFR believes that only the capabilities of our people can pave the way for the future of the Group. We consider our employees to be our most important value co-creation partners. We aim to realize our Group's vision by making the realization of employee "Will" the driving force of the company's growth through the development of systems and environments that supports each employee to maximize his or her own potential and by providing career development and other growth support.

Personnel management based on the principle of human resource capabilities

Since FY2019, we have departed from a duty-based personnel system and began operating one based on our 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 encompass visible aspects such as achievements, actions, knowledge, and skills, as well as intangible abilities, including human resource value, personality, values, temperament, aspirations, and interest. "Human resource value" comprises the perspective of reproductivity and versatility that leads to steady results and contributions under any circumstances (will, motivation, learning ability, innovation and creativity, influence, negotiation ability, and nurturing ability), and we have set the required level of reach stage.

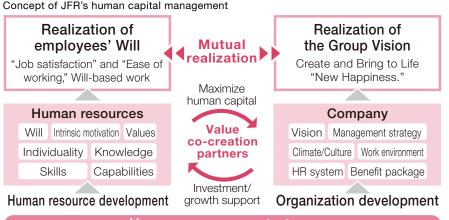
Human resource capabilities



Character, values, temperament, aspirations and interests



Reflect them in assignment, training, evaluation, and treatment



43

Human resources strategy

Risk Perception

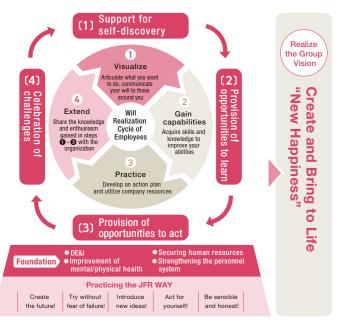
Going forward, if competition for human resources intensifies due to a shortage of workers caused by the shrinking of the working population and the increased mobility of talent, resulting in an increase in the brain drain or difficulty in acquiring talented people, it may not only affect our business 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 all employees so that everyone can work with vigor in good physical and mental health.



Human resource development

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



Investment in human resources

We will streamline our efforts to raise the standard across the board and focus our investment on selective and open recruitment-type curricula. In particular, we will focus on (1) early development and selection of young people, (2) revitalization through reskilling of middle-aged and senior employees approaching their second career, and (3) development of management resources.

| [1] Support for self-discovery | Through high-quality one-on-one dialogues, we help each employee to discover and express their inherent Will and develop their skills and careers in line with their characteristics and aspirations. 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 and increase education and training expenses to support the autonomous career and skills development of employees. We will operate "JFR College," a self-learning portal site available to all Group employees, to create an environment where employees can learn by their initiative and choice regardless of their job title or work location. We will implement "Transformation Leader Development Training (T3 Training)" and other training programs 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 will provide a means for employees to take on challenges and put their Will into practice. We will promote the use of RED, in which employees work together with management to create new ideas. We will establish various mechanisms to take on new business areas beyond the company's boundaries (e.g., secondment to outside the Group, including investee companies, and the Group's open recruitment system). |
| (4) Celebration of challenges | Celebrating and recognizing efforts to "take on challenges" leads to the growth of human resources. Enthusiasm for taking on challenges leads to the nurturing of new Will in others, spreading the enthusiasm throughout the company and creating a cycle of Will realization among employees. |

Measures that encourage employees to take on challenges and put their Will into practice - RED -

The Group provides a place for employees to say, "I want to do this!" and the management and employees of the Group work together to support them in realizing their passionate ideas. The name "RED," meaning "Realize Energetic

Dream," expresses a place where energetic people can make their passions come true. Since its launch in 2023, nine employees have taken up the challenge of using this system to realize their own dreams.



Internal Environment Improvements

Diversity, Equity, and Inclusion

We believe that incorporating a diverse range of individuality and converting that diversity into organizational strengths will lead to the realization of sustainable growth. To this end, we will eliminate unconscious bias stemming from age, gender, work styles, and other factors and promote and assign roles in line with the strengths and spirations of employees, from the selection and appointment of young people to the revitalization of middle-aged and senior employees. In other words, we will establish and environment where all employees can make the most of their individual characteristics and play an active role.

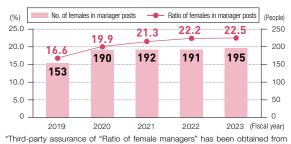
Women's empowerment

LRQA Limited since FY2021.

*Target for 2026: 31%

Given that a 53.5% of the Group's 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

Share of women in management positions



will also strengthen the formulation of development plans tailored to individual employees and promote regular follow-up after appointment to management positions. The Company holds selective "Career Forums" for women who are expected to be active in their careers and provides training on the mindset to become managers. (33 participants in FY2023)

Appointment of Female Directors

As of May 31, 2024, three of the Company's ten directors are women (one internal and two external), giving the Company a 30% ratio of female directors.

Encouraging male employees to take childcare leave

The Group aims to create an environment in which each employee can balance work and family life while enjoying a fulfilling and rewarding career without being constrained by conventional gender roles to realize Well-Being Life for employees.

J. Front Retailing and Daimaru Matsuzakaya Department Stores provide "childcare participation incentives" based on the number of days of postnatal

Percentage of male employees taking childcare leave (consolidated)

| FY2021 | FY2022 | FY2023 |
|-------------------|-------------------|-------------------|
| 43.6% | 68.0% | 87.5% |
| (No. of employees | (No. of employees | (No. of employees |
| taking leave: 24) | taking leave: 34) | taking leave: 42) |

*Third-party assurance from LRQA Limited. *Target for FY2026: 95% father childcare leave taken at birth, as well as childcare support leave (three days of leave per year for employees with children up to the end of the month in which the child enters elementary school) that can be taken regardless of gender. PARCO also provides incentives to employees who take childcare leave, regardless of gender, to encourage their active participation in childcare.

•Wage differences between men and women

The Group aims to narrow the gender wage gap by strengthening its efforts to prevent career loss through employee career development and training for women and management.

Wage difference between men and women in FY2023*1

| All workers | 65.3% |
|-------------------------|-------|
| Regular employees*2 | 74.4% |
| Non-regular employees*3 | 72.7% |

*1. Wage differences between men and women = average annual wage for women / average annual wage for men \times 100 %

*2. Regular employee (including employees seconded outside the company)

*3. Non-regular workers: Dedicated employees, fixed-term employees, contract employees, retirees rehired on a contract basis *Target for FY2026: Reduction of difference



LGBT Initiatives

In our Human Rights Policy formulated in 2019, the Group clearly prohibits discrimination and harassment based on sexual orientation and gender identity, and in March 2021, the Group established "Same-sex partnership rules" and "Gender transition support leave." To create a workplace environment in which diverse employees can play an active role, we have also established an "LGBT Consultation Desk" at each operating company, where employees can consult anonymously.

Through management training, e-learning for all employees, and awareness-raising on the company intranet, we are working to promote an understanding of LGBT issues among all employees and to foster an inclusive culture that respects diverse personalities. In addition, some stores of Daimaru Matsuzakaya

and PARCO hold LGBTrelated events during Pride Month to provide customers with opportunities for understanding and empathy.



Employment of Disabled People

The Group recognizes that the employment of disabled people is a corporate social responsibility and is working to promote the hiring of people with disabilities and the improvement of the working environment at our operating companies.

Special-purpose Subsidiary Company JFR Create Co., Ltd.

In 2021, JFR CREATE, a special-purpose subsidiary, began cleaning the offices of group companies and setting up digital devices such as company smartphones. In 2022, the company began checking vouchers at Daimaru Matsuzakaya Department Stores as a new initiative to work together with able-bodied people. Our employees with diverse characteristics are now working in more than 40 locations and are responsible for a wide range of back-office operations of our group. We will continue to expand opportunities for our employees to play active roles through cooperation

with other group companies.

*In FY2024, the employment rate of persons with disabilities was 3.09% (As of June 2024, special exception scope for affiliates). *At JFR Create, the employment retention

rate after one year of employment is 87.7% (as of June 2024).

Securing and Retaining Human Resources

In order for the Company to continue to grow in the future, it is essential that we secure and expand our human resources. To this end, we are striving to improve the human resource system and expand paths to employment at the Company, such as through alumni and referrals, to enhance our recruiting capabilities. At the same time, we are also working on wage policies and

| Number of new graduate hires (perso | | | | | | | |
|-------------------------------------|------|------|----|--|--|--|--|
| New graduate hires | 2021 | 2023 | | | | | |
| Total | 68 | 107 | 92 | | | | |
| Male | 33 | 38 | 34 | | | | |
| Female | 35 | 69 | 58 | | | | |
| | | | | | | | |

*New graduates enter the company in April each year

Turnover rate

| Turnover rate | 2021 | 2022 | 2023 | | | |
|--|-------|------|------|--|--|--|
| Employee turnover rate | 10.5% | 5.3% | 5.4% | | | |
| Turnover due to childcare and family care | 1.4% | 1.8% | 2.0% | | | |
| | | | | | | |

*2026 target: 5.3% or less

*Number of retired employees during the year / Number of employees at the beginning of the year (The number of retired employees above excludes employees who retired because of retirement age, transfer or becoming officers.) 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 creativity and productivity of employees 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.



Employee Engagement

We conduct surveys to understand employees' motivation toward their work and their engagement with the company. Since FY2023, we have conducted a group-wide standardized survey. The results of the survey are used to create a company in which every employee can demonstrate their abilities and play an active role.

(FY2023 results: 67.7% employee satisfaction)

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.

JFR Sustainability Report 2024

 TOP MESSAGE
 Materiality
 2024-2026 Medium-term Business Plan
 Stakeholder Engagement
 Progress on Sustainability Goals
 Environment
 Society
 Governance
 External Assessment
 Sustainability Bond Reporting

 Social KPI and Progress
 Respect for Human Rights
 > Human Capital
 Creating Communities
 Local Revitalization
 Event
 Sustainability Bond
 Event
 Sustainability Bond
 Event
 Event
 Sustainability Bond
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 <

Systems that support the activities of a diverse range of human resources

| Divoraity Fau | uity & Inclusion | | | | | |
|--|--|---|---|---|--|--|
| Diversity, Equ | uity & Inclusion | | | | | |
| Achieving diversity | Employment of people with disabilities (Special-purpose subsidiary) | Mother recruitment | Re-employment of retirees | Mandatory retirement at 65 | Same-sex Partnership Regulations | Gender transition support Accumulated annual paid leave |
| Representative talent development | JFR School (Business, management, leaders) | Women's Career Forum | JFR Entry School | Group open-entry training | Career development training | JFR Support College Distance learning courses, public lectures support for acquiring qualifications, etc. |
| Work-Life Ba | lance | | | | | |
| Pregnancy | Expecting mother leave of absence 3 weeks before maternity leave | Pre/post-natal maternity leave 10 weeks before and 8 weeks after childbirth (6 weeks before childbirth by law) | Healthcare for expectant mothers Shortened working hours Extension of rest times/increase in number of rests, etc. | Exemption from overtime, working on days off or at night during pregnancy | Accumulation of expired paid annual leave for fertility treatment | (Health) Contributions from the J. Front Health Insurance |
| Childcare Leave/time off) | Childcare leave Up to final day of the month when child enters elementary school (until child reaches age of two by law) | Leave to support childcare Until last day of elementary school enrollment 3 days paid leave (no legal requirement) | Leave to care for sick/injured child Up to final day of month in which child enters elementary school 5 days paid leave (Unpaid leave permitted by law) | Spousal leave for childbirth 1 day of paid leave (No legal requirement) | Paternity leave after birth (Childcare lave at birth) Up to 4 weeks unpaid | Association (Mutual) Contributions from the J. Front Mutual Aid Society |
| Childcare (Work system) | Childcare working hours (shortened working hours) Up to the final day of the month when child enters elementary school (Below age of 3 by law) | Overtime work during childcare ¹ Exemption from working on days off and late at night Until the end of the month when child starts elementary school | Childcare time Women with a child under the age of 1 Paid leave 30 minutes twice a day | One day of full-time/week for part-time workers | | |
| Childcare (Expenses subsidy system) | Childbirth allowance (Health) | Loan system for childbirth expenses (Health) | One-off payment for childbirth/ childcare | Subsidy for daycare costs Up to age 2 (Mutual) | Subsidy for use of babysitters 30 days a year for preschoolers (Mutual) | 10,000 yen for childbirth preparation 20,000 - 90,000 yen for childcare participation incentive |
| Family care Leave/time off) | Family care time off No limits on consecutive or separate leave within a year (legal requirements allow limiting the leave to 3 times) | Family care time off 5 days paid leave (Under current law, employers can offer unpaid leave in such situations) | Lost accumulated yearly paid leave for family care | | | |
| Family care (Work system) | Family care working hours (shortened working hours) | Exemption from overtime and working on days off and late at night for caregivers | | | | |
| Family care Expense subsidy) | Subsidy for family care leaveUp to 24 monthsMutual | Subsidy for use of home help30 days a yearMutual | | | | |
| Other types of leave | Consecutive leave for refreshment At age 30/40/50 | Event leave Up to 3 days paid leave | Taking half-day annual paid leave including those on shortened working hours | Transfer leave 3-7 days | Marriage leave 5 days | Career planning leave 5 consecutive days, Employees only 55 years of |
| | Volunteer work leave Unpaid, 10 days a year | Volunteer work leave Unpaid, from 1 month to 1 year | Personal training leave Unpaid, from 1 month to 1 year | | | |
| Work systems, etc. | Super flex-time system Including those on shortened working hours | Area limited employee system | Variable working hours system | Teleworking | Free address system | Conversion of fixed-term employmer to an open-ended contract Conversion to an open-ended contract after or year of employment (legally set at five years) |

*1 Exemption from overtime work is available until the child is 3 years old, and from the age of 3 until the end of the month in which the child starts elementary school. * Managed in different ways depending on the operating company.

Creating Bustling Communities



The JFR Group will contribute to the creation of sustainable cities by strengthening its ties with local communities and promoting development that enhances the attractiveness and liveliness of cities, mainly where we have stores, by making the most of local characteristics, including culture and history.

Regional Development

In March 2023, J. Front City Development was established to maximize the value of Group-owned real estate by taking over the developer business that PARCO had operated to date.

With J. Front City Development at the center, the Group is working to improve the appeal of the seven cities in which we have a presence (Sapporo, Tokyo, Nagoya, Kyoto, Shinsaibashi, Kobe, and Fukuoka) by promoting in key areas the development of multi-use/mixed use facilities, including hotels, offices, and residences with a focus on commercial development. Moreover, in these developments, we aim to create new spatial value that is unique to our group and to improve the added value of the region by bringing together our business foundations, resources and expertise in department stores, shopping centers and other businesses.

Major development properties

The Landmark Nagoya Sakae

Human Capital \rightarrow Creating Communities

Based on the concept of "a new landmark in Nagoya that will serve as a valuecreating center for cultural exchange between Japan and overseas," the joint venture will provide offices, Nagoya's first Conrad hotel, and the first cinema complex in the Sakae area, while the Group will develop, own, and operate the commercial portion of the complex. The project will create a new liveliness in collaboration with the many commercial facilities of our group in the area.

Society

In addition, the plan will enhance urban functions through proactive greening, such as a green wall that is designed to be continuous with the adjacent Hisaya-odori Park, enhanced disaster prevention functions (72-hour acceptance of people who have difficulty returning home), and a pedestrian walkway with access to the subway and underground shopping arcade.

Opening: Summer 2026 (planned) Planned site: 2501-1, Nishiki 3-chome, Naka-ku, Nagoya Building scale: 41 floors above ground, 4 floors below ground

Shinsaibashi Project (tentative name)

We are jointly developing a mixed-use facility on the largest property in the area, located at the Shinsaibashi intersection, where Midosuji and Nagahori-dori-Osaka's main streets-intersect.

Planned site: 3-8-4 Minami Senba, Chuo-ku, Osaka City Building scale: 28 floors above ground, 2 floors below ground





2030

January 2023 Construction starts for Shinsaibashi Project (tentative name) July 2022 New construction starts for The Landmark Nagoya Sakae — February 2026 Expected completion of Shinsaibashi Project (tentative name) March 2026 Completion of The Landmark Nagoya Sakae, opening in summer

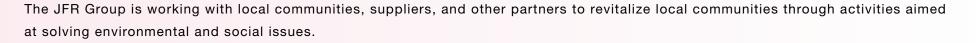


April 2023 HAB@ opens - FY2023 Completion of three residential properties

2026

gress Respect for Human Rights Human Capital Creating Communities ightarrow Local Revitalization

Local Revitalization Through Collaboration with Local Communities



Society

Daimaru Matsuzakaya Department Stores Think LOCAL AWARD

Daimaru Matsuzakaya Department Stores has been involved in "Think LOCAL" social contribution activities since 2020. In 2023, the "Think LOCAL AWARD" was held to honor the best products of each region recommended by staff working at Daimaru and Matsuzakaya stores nationwide. Votes were cast by 8,650 readers of the web magazine. Going forward, we will continue to connect customers with products, people, and ideas from various regions of Japan and communicate the appeal of those regions through the Think LOCAL initiative.



"Future Co-Prosperity Project" between Hakata Daimaru's Kyushu Tankentai and FiNANCiE —

In December 2023, Kyushu Tankentai, operated by Hakata Daimaru, launched the "Future Co-Prosperity Project" in collaboration with Financie, Inc.* to support the dreams that producers and businesses in the Kyushu area wish to realize.

We will support the dreams to accelerate regional revitalization by raising funds for new activities and fostering a community using FiNANCiE, a token-issuing crowdfunding service operated by Financier, and also by holding promotions and events physical stores in department stores and developing collaborative products with owners.



PARCO Supports SMEs Through Crowdfunding

In 2023, following on from 2022, PARCO, together with the Tokyo Metropolitan Small and Medium Enterprise Support Center, implemented a project to support the expansion of sales channels for small and medium-sized enterprises by utilizing BOOSTER, a purchase-type crowdfunding service operated by PARCO.

Products and companies selected from the "SME New Market Development Support Project," which is a sales channel development support program for SMEs conducted by a public corporation, are supported by a special website launched on BOOSTER with dedicated crowdfunding advisors. Also, an exhibition was held at the Shibuya PARCO "BOOSTER STUDIO." For SMEs that have never used crowdfunding before, this initiative is an opportunity for them to feel at ease in developing new store channels.



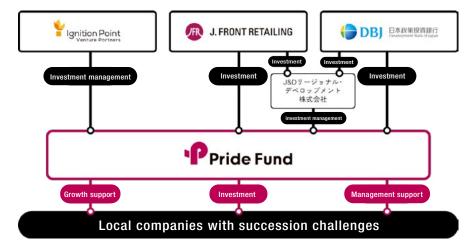


Establishment of "Pride Fund" to Support Business Success of Local Companies

Due to the declining birthrate and depopulation, many small and medium-sized enterprises (SMEs) are forced to close because of a lack of successors or for other reasons, even though they produce excellent products unique to their region. To resolve this current situation and support the sustainable development of local economies, JFR, in collaboration with the Development Bank of Japan and Ignition Point Venture Partners, established the Pride Fund in March 2024 to support business successions.

The Pride Fund will invest in domestic companies that are engaged in businesses rooted in local Japanese communities, with a focus on food culture. By leveraging the strengths of each of the three companies to support business succession, the Fund will help pass on the content of SMEs to the future and contribute to local communities.

Pride Fund Scheme



Pride Fund A fund that nurtures local

Society

The culture of this country has been developed over a long history and passed down from generation to generation. There are craftsmen who continue to carry out meticulous work today, using their ingrained skills and a keen sensibilities.

Every time a person comes into contact with the quiet but passionate pride of the artisans working hard at crafts all over the country, the thought arises: "Can this irreplaceable skill, this wisdom, this tradition, be allowed to disappear in the midst of changing times and lifestyles?

We want to change the future with you. By bringing innovation to tradition, we want to continue to pass on its value for the next 100 years.

To protect a culture that has been carefully nurtured over time is to protect not only the pride of the creators, but also the pride of the region, of Japan, and of us.

| | | | | Governance | External Assessment | | |
|--|--|--|--|------------|---------------------|--|--|
| | | | | | | | |

Governance System Risk Management

Governance

| Governance System | 52 |
|-------------------|---------|
| Risk Management | ·54 |



→ Governance System Risk Manageme

Governance System to Support Sustainability Management



52

The Group is addressing issues surrounding sustainability and promoting sustainability management that aims to balance the resolution of social issues and corporate growth. The Company has established board of directors-based governance structure to make sustainability management function, with the aim of enhancing corporate value over the medium to long term.

Role of the Board of Directors Regarding Sustainability ——

The Group's specific policies for sustainability initiatives, such as addressing environmental and social issues, are deliberated and approved by the Group Management Meeting, the highest decision-making body for business execution. Items approved by the Group Management Meeting are shared with all operating companies through the Sustainability Committee, an advisory body to the President and Representative Executive Officer. Additionally, the Sustainability Committee monitors the implementation and progress of the actions plans of each operating company to enhance the effectiveness of group-wide initiatives.

In response, the Board of Directors receives reports on activities approved by the Group Management Meeting and the Sustainability Committee, and deliberates and monitors target setting, response policies, and action plans.

Executive remuneration system incorporating non-financial measures –

Since FY2021, we have set reduction of Scope 1 and 2 emissions and "ratio of female managers" as non-financial indicators for determining performance-linked compensation in officer remuneration. These are linked to the KPIs in the Medium-term Business Plan and are designed to clarify the responsibilities of the executive officers in achieving their targets, as well as to function as an incentive to realize and promote sustainability management.

Board of Directors Skill Matrix

In selecting candidates for the Board of Directors, the Company uses a skills matrix to clarify the expertise and experience expected of directors. We have identified "environment," "society," "governance," and "human resources and organizational development" as skill categories, and we select directors who can appropriately oversee our sustainability initiatives.

| Name | | Status | Management strategies | Finance | Marketing | HR & organization development | Legal affairs & compliance | IT & digital | E: Environment | S: Society | G: Governance |
|----------------------|---|---|--------------------------|---------|-----------|----------------------------------|-------------------------------|--------------|----------------|------------|---------------|
| Koide Hiroko | Chairperson of Board of Directors Member of Nomination Committee Member of Remuneration Committee | Non-executive, independent, outside | • | | • | • | | | | | • |
| YAGO NATSUNOSUKE | Chairperson of Nomination Committee Member of Remuneration Committee | Non-executive, independent, outside | • | | | | | | • | | • |
| Hakoda Junya | Chairperson of Audit Committee | Non-executive, independent, outside | • | • | | | | | | | ٠ |
| UCHIDA AKIRA | Chairperson of Remuneration Committee Member of Nomination Committee | Non-executive, independent, outside | • | • | | | | | | | • |
| SEKI TADAYUKI | Member of Audit Committee | Non-executive, independent, outside | | • | | | • | | | • | • |
| New OMURA EMI | Member of Audit Committee | Non-executive, independent, outside | | | | | • | ٠ | | • | • |
| YOSHIMOTO TATSUYA | Member of Nomination Committee Member of Compensation Committee | Non-executive | • | | • | | | | • | | • |
| HAMADA KAZUKO | Member of Audit Committee | Non-executive | | | | • | | | | • | ٠ |
| New ONO KEIICHI | | Officer (President and Representative Executive Officer) | • | | • | | | | • | | • |
| WAKABAYASHI HAYATO | | Officer (Managing Executive Officer) | • | ٠ | | • | | | | | • |

* [Non-executive] Director who does not serve as an executive officer, [Executive officer, Director who also serves as an executive officer, [Independent] Independent director registered with the stock exchange, [Outside] Outside director

| Management strategies | Management expertise as well as knowledge and experience related to management strategies, such as making strategy proposals that lead to the increase of corporate value and formulating methods to identify issues for the formulation of the medium-term business plan. |
|---|---|
| Finance | Knowledge and experience in finance and accounting, including the improvement of corporate value through the establishment of a strong financial base and formulating financial strategies that are conscious of the cost of capital. |
| Marketing | Knowledge and experience in activities that bring about customer satisfaction and the continual improvement in corporate value by discovering customer issues, creating products and services to solve those issues, communicating information, and offering added value |
| Human resources & organization development | Knowledge and experience related to human capital management that maximizes the individuality and abilities of diverse employees and realizes the creation of new value. |
| Legal affairs & compliance | Knowledge and experience to promote advanced and specialized knowledge of corporate law and compliance management in a recognition that the legal and appropriate execution of corporate management is the basis for sustainable improvement of corporate value. |
| IT & Digital | Knowledge and experience to oversee ICT support and new business development from a customer perspective, while keeping up to date with the latest IT trends, in order to achieve the digital transformation of existing businesses. |
| E: Environment | Knowledge and experience to provide appropriate oversight of the JFR Group's initiatives for "co-existence with the environment," including business activities that are conscious of solving environmental issues, and environmental plans that include the setting of medium- to long-term goals. |
| S: Social | Knowledge and experience to provide appropriate supervision of the JFR Group's efforts to achieve regional prosperity and a sustainable society. |
| G: Governance | Knowledge and experience in corporate governance with the aim of improving the effectiveness of the supervisory function of the board of directors on a recognition that the establishment of an appropriate governance system is the foundation for sustainable improvement in corporate value. |

| TOP MESSAGE | Materiality | 2024–2026 Medium-term Business Plan | | | | Society | Governance | | Sustainability Bond Reporting | | |
|-------------|---|--|--|--|--|---------|------------|--|----------------------------------|--|--|
| → Governar | \rightarrow Governance System Risk Management | | | | | | | | | | |

Sustainability Promotion System

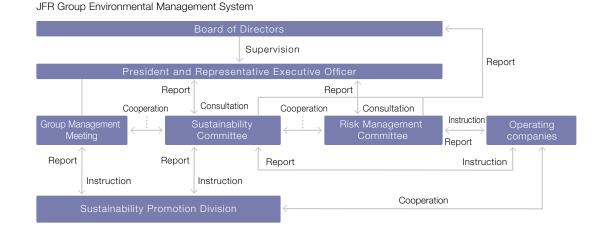
The Group's specific initiatives on social issues, including the environment and human rights, are deliberated and approved in the Group Management Meeting, the highest decision-making body for business execution. Matters deliberated and approved by the Group Management Meeting are shared with all operating companies through the Sustainability Committee, an advisory body to the President and Representative Executive Officer.

The Sustainability Committee also monitors the implementation and progress of action plans at each operating company based on the Group's policies. The content of matters discussed and decided by the Group Management Committee and the Sustainability Committee are reported to the Board of Directors

Sustainability Committee

| Established | March 2019 |
|-------------|--|
| Positioning | Advisory body to the President and Representative Executive Officer |
| Chairperson | President and Representative Executive Officer |
| Members | JFR Executive Officers, Presidents of all operating companies |
| Secretariat | Sustainability Promotion Division (Management Strategy Unit) |
| Frequency | Twice a year (Spring/Fall) in principle |





Major agenda items in the Sustainability Committee Meetings

| 021 | April | Initiatives with Suppliers to Reduce Scope 3 Emissions Overview of Supplier Assessment (Environment and Human Rights) in FY2021 Revision of Sustainability Policy FY2020 KPI Progress Report |
|--------|-----------|---|
| FY2021 | September | Lecture by an external instructor on "The importance of ESG information disclosure" Implementation of supplier assessment (environment and human rights) FY2021 1H KPI Progress Report |
| FY2022 | April | Lecture by an external instructor on "ESG/sustainability management" How to advance the Women's Empowerment Promotion Project Report on the results of supplier assessment (environment, human rights) FY2021KPI Progress Report and FY2022 Sustainability Action Plan |
| FY2 | May | Lecture by an external instructor on "Diversity as a Management Strategy" |
| | September | Progress report on the Women's Empowerment Promotion Project and discussion of future direction of each company FY2022 1H KPI Progress Report |
| =Y2023 | April | Lecture by external instructor on "Business and human rights" Status of initiatives to promote diversity and inclusion at each company Report on results of employee awareness survey FY2022 KPI Progress Report and FY2023 Sustainability Action Pan |
| FY2 | September | Lecture by an external instructor on "Overview and importance of biodiversity" Implementation of supplier assessment (human rights) FY20231H KPI Progress Report |
| FY2024 | April | Lecture by an external instructor on "The Relationship between Medium- to Long-Term Corporate Value Enhancement and Non-Financial Activities" 2024-2026 Medium-Term Sustainability Plan FY2023 KPI Progress Report |

Risk Management

Governance

The JFR Group defines risk as "uncertainty that affects the achievement of corporate management goals and has both positive and negative aspects." Risk management is positioned as "activities to enhance corporate value by managing risk in a rational and optimal manner from a company-wide perspective." The Group aims to achieve sustainable corporate growth by appropriately addressing both the positive and negative aspects of risk.

Risk Management System

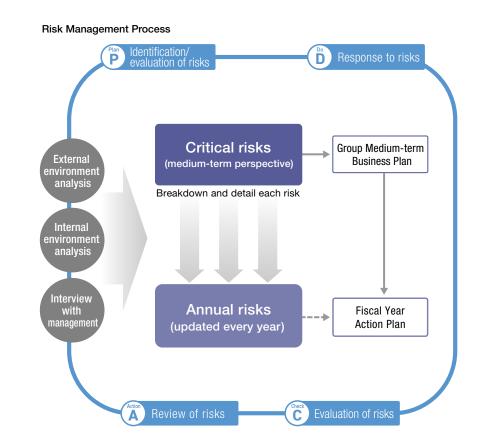
The Risk Management Committee, an advisory body to the President and Representative Executive Officer, is chaired by the President and comprises Executive Officers among others. The Committee deliberates on important matters, including the identification, evaluation and determination of risks to be reflected in strategies, and utilizes risk management for management decision-making. The deliberations of the Committee are reported to the Board of Directors in a timely manner.

The Committee has a secretariat headed by the executive officer in charge of risk management, and shares important decisions made by the committee with operating companies and promotes ERM (enterprise-wide risk management).

Risk Management Process

The Group promotes risk management through the process shown on the right. Specifically, based on external and internal environment analyses and the recognition of the management team including Directors and those responsible for actual operations, we strive to avoid omissions of risks that are of high importance to the Group.

Risks that are extremely important to the Group's management over the medium term are positioned as "critical risks" and serve as the starting point for the Group's medium-term business plan. Additionally, annual risks identified in response to corporate risks are compiled into the JFR Group Risk List, evaluated using a risk map, and countermeasures are prioritized and implemented. The corporate risks and the JFR Group Risk List are monitored semiannually for changes in the environment surrounding the risks and the progress of countermeasures, and after discussion by the Risk Management Committee, the contents are reported to the Board of Directors.



TOP

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Governance System \rightarrow Risk Management

List of Key JFR Group Risks

| Category | Risk | Degree of impact | Future Outlook | Negative aspects | Positive aspects | Countermeasures | | |
|-----------------|---|-------------------------------|-------------------|--|--|--|---|---|
| | Changes in the industry structure of existing businesses | Very large | | Decline in the vitality of the entire group due to the poor performance of large-scale retail stores | Re-growth through fundamental reform of the business model of large-scale retail stores | Strengthening existing businesses and developing new businesses for a shift in the business portfolio Investment through M&A and CVC based on the future vision | | |
| | Intensification of the competition to acquire human resources | Very large | 1 | Falling behind in the competition to acquire human resources, and the outflow of talented people Decline in employee motivation | Promotion of business strategies, creation of innovation Employee engagement, improvement of organizational capabilities | Recruitment of specialized human resources, exchange and development of human resources within the Group Investment in human resources that leads to the realization of employees' well-being life | | |
| | Acceleration of technological innovation | Very large | 1 | Stagnation in the growth of the entire group Decline in competitiveness due to delays in the use of technology | Reform of business model through use of technology Streamlining of operations | Utilization of the Group database Streamlining operations through the use of AI Building business models in new markets such as Web 3.0, XR, and NFT Development of digital human resources | | |
| y risk | Increasing importance of environmental issues | Very large | | Defection of stakeholders, and decline in credit ratings and brand strength | Sustainable growth, improvement of the Group's presence | Reduction of greenhouse gas emissions Expansion of environmentally friendly products and services Expansion of circular business models such as sharing and upcycling | | |
| Strategy | Increasing importance of respect for human rights | Large | | Large | | Decline in reputation Decline in productivity and outflow of human resources due to a worsening of the working environment | Improvement of brand strength through gaining the support of stakeholders Improvement of employee engagement | Establishment of a sustainable supply chain through the continuous implementation of human rights due diligence Internal education to improve employee understanding |
| | Declining birthrates, aging population, and widening income disparity | opulation, and widening Large | | Shrinking domestic market scale Decrease in the volume of customers in the target market | Expansion of new markets through targeting | Approaching consumers who prefer high-quality, uplifting consumption and experiences that satisfy their own particular tastes and values Expansion of customer base and business base to reach the above targets | | |
| | Diversification of consumer values and behavior | f consumer values Large | | Decrease in sales and profits | Expansion of new markets | Promotion of measures in line with the values of consumers who prefer high-quality, uplifting consumption and experiences that satisfy their own particular tastes and values (subscription business, home delivery business, entertainment, pop culture, etc.) | | |
| | Increasing presence of overseas consumers | Large | | Delay in capturing inbound customers Sudden decrease in inbound customers | Expansion of inbound sales Acquisition of foreign demand through development of EC and other initiatives | Continue to strengthen product categories that are popular with customers in Japan and overseas Promote the development and acquisition of content that will enable expansion into the digital domain overseas Continue to expand our domestic customer base | | |
| | Expansion of disparities between cities | Large | | Decrease in the ability of commercial facilities in city centers to attract customers | Business development through contribution to urban needs and urban development | Participate in city development projects in collaboration with local governments and other organizations in key Group locations (commercial facilities, offices, hotels, residences, etc.) | | |
| Finance risk | Instability of economic trends | Large | | Loss of profit opportunities Increased funding costs | Promotion of growth strategy, promotion of change in business portfolio Reduction of funding costs | Long-term procurement at fixed interest rates Select appropriate financing methods when raising new funds | | |
| | Occurrence and spread of natural disasters and epidemics | Very large | • | Damage to the lives of customers and employees Risk to business continuity | Stable operation of business | Continue to implement practical BCP training Regular review of business continuity plans Strengthening of preparations for next pandemics | | |
| Hazard risk | Emergence of geopolitical and geoeconomic crises | and Large | | Stable operation of overseas business | Establishment and promotion of overseas crisis management systems based on the risk environment and actual conditions at overseas locations where employees are posted or on business trips Monitoring of the impact on our business (particularly overseas business) | | | |
| На: | Increase in information security threats | Large | | Leakage of personal information, lawsuits, compensation for damages, loss of social trust Delays and stagnation in business | Stable operation of business and systems Promotion of business efficiency, promotion of remote work | Development and promotion of advanced common systems infrastructure for the group Promote the enhancement of security operations and strengthen the response system Review the Group Security Guidelines and raise employee security awareness and literacy through training, etc. | | |

Impact: Based on the economic impact on our group during the medium-term business plan and the impact on brand value

Outlook: Forecast of the increase or decrease in risks during the period of the medium-term business plan, taking into account the impact on the Group

A risk that has a significant impact and is being dealt with as a top priority

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Risk classification: If it spans multiple fields, the risk will be listed in the field that has the greatest impact or relevance to the Group's strategy.

Governance System \rightarrow Risk Management

Information Security

Cyberattacks are becoming more sophisticated and complex every year, and we believe that further efforts are needed on both the tangible and intangible fronts.

As for tangible aspects, we are promoting multifactor authentication for our systems to reduce the risk of information breaches in the event of a password leak, and we are also gradually expanding security enhancements by renewing the Wi-Fi in our buildings. In addition, we are working to create an environment that is less likely to experience security incidents by centralizing the management of IT assets within the Group and clarifying the procedures to be followed when vulnerabilities are discovered.

In terms of intangible aspects, we are working to strengthen our security incident response system and minimize risks by conducting security checks when we use external services. At the same time, we are working to improve security awareness and literacy by conducting incident response training for IT staff, continuing to provide e-learning on information security for all employees, and conducting targeted email attack training.

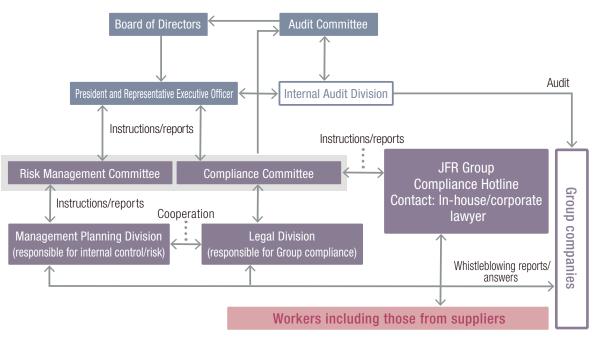
Furthermore, to actively utilize generative AI technology in our business, we will significantly reduce the risk of unauthorized external access and data leaks by creating an environment in which generative AI can be used under our own management. At the same time, we will work to protect data privacy and prevent misuse by ensuring that every employee complies with the "AI Usage Guidelines" established in 2023.

Compliance

We have established a Compliance Committee (whose members include legal counsel) to ensure proper handling of the Group's compliance management issues. The committee is chaired by the President and Representative Executive Officer. Working closely with the divisions in charge of promoting compliance, the committee builds the foundation of the compliance structure and oversees the status of operation on a continuous basis, and promotes compliance with laws, the corporate ethics, and other rules. In addition, when a serious compliance violation occurs, a response policy will be formulated. The deliberations of the committee are reported to the Audit Committee on a regular and timely basis.

Governance

Risk management and compliance system diagram





External Assessment

| Selected as a constituent of Dow Jones Sustainability Asia/Pacific Indexes for first time Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA | Selected as a constituent of MSCI Japan ESG Select Leaders Index* (GPIF selected index) 2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX | Selected as a constituent of MSCI Japan Empowering Women Index (WIN) for the seventh consecutive year (GPIF selected index) 2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) | Issued In April 202 which were conformity *Bonds th (environme social issue |
|--|--|---|---|
| Selected as a constituent of FTSE Blossom Japan Index for second consecutive year (GPIF selected index) FTSE Blossom Japan Index | Selected as a constituent of FTSE Blossom Japan Sector Relative Index for third consecutive year (GPIF selected index) FTSE Blossom Japan Sector Relative Index | Selected as a constituent of FTSE4Good Index Series for second consecutive year FTSE4Good | Signed Financ The Compa Bank, Limite for Positive Programme |
| Selected as a constituent of S&P/JPX CARBON EFFICIENT INDEX (GPIF selected index) | Selected as a constituent of Morningstar Japan ex-REIT Gender Diversity Tilt Index (GPIF selected index) | Included on the A-list in the CDP Climate Change Questionnaire 2023 for fourth consecutive year | the agreem concerning |
| Recognized as an Eco-First Company by the Ministry of the Environment | Selected as an Environmentally Sustainable Company at the 5th ESG Finance Awards Japan | Received "Gold" rating in the PRIDE Index for third consecutive year | |
| Selected as a constituent of the SNAM Sustainability Index | Rated 4.5 stars in Nikkei SDGs Management Survey Index | Rated four stars in the 7th "Nikkei Smart Work Management Survey" | |

*The inclusion of J. Front Retailing Co. Ltd. in any MSCI index, and the use of MSCI logos, trademarks or Index names herein do not constitute a sponsorship, endorsement, or promotion of J. Front Retailing Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Sustainable Finance

Issued sustainability bonds

In April 2021, the Company issued sustainability bonds* for the first time, which were externally evaluated by Japan Credit Rating Agency (JCR) for conformity with the Sustainability Bond Guidelines and other principles.

*Bonds that have both (1) an environmental improvement effect (environmental and green characteristics) and (2) a contribution to soling social issues (social and social characteristics)

Signed an agreement for Positive Impact Finance

The Company has signed a loan agreement with Sumitomo Mitsui Trust Bank, Limited for Positive Impact Finance in an alignment with the Principles for Positive Impact Finance established by the United Nations Environmental Programme Finance Initiative. This was a first for the retail industry. To sign the agreement, the Company has received a third-party opinion from JCR concerning the evaluation procedures.

| TOP MESSAGE | 2024—2026 Medium-term Business Plan | | | External Assessment | | |
|-------------|--|--|--|---------------------|--|--|
| | | | | | | |

Third-Party Assurance

Independent assurance statement



LRQA Independent Assurance Statement

Relating to J. Front Retailing Co., Ltd.'s Environmental and Social Data for the Fiscal Year 2023

This Assurance Statement has been prepared for J. Front Retailing Co., Ltd. in accordance with our contract.

Terms of engagement

LRQA Limited ("LRQA") was commissioned by J. Front Retailing Co., Ltd. ("the Company") to provide independent assurance on its environmental and social data within its Integrated Report 2024 and Sustainability Report 2024 ("the reports") for the fiscal year 2023 (1/3/2023-29/02/2024), against the assurance criteria below to a limited level of assurance and the materiality of the professional judgement of the verifier using ISAE3000(Revised)/ISO14064-3:2019 for greenhouse gas (GHG) emissions.

Our assurance engagement covered the Company and its consolidated subsidiaries' operations and activities in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies
- Evaluating the accuracy and reliability of data for the selected indicators listed below: 1

Environmental indicators: 2 3

- Energy usage (MWh)
- Renewable energy usage (MWh)
- Scope 1 GHG emissions (tonnes CO₂e)⁴
- Scope 2 GHG emissions [Market-based]5 [Location-based] (tonnes CO2e)
- Scope 3 GHG emissions (tonnes CO₂e)
- Amount of water use (m³) and amount of waste water (m³)
- Amount of waste generation (tonnes), recycled waste (tonnes) and finally disposed waste (tonnes)⁶ o Amount of food waste generation (tonnes), recycled food waste (tonnes) and finally disposed food waste (tonnes)

Social indicators:

- o Share of female employees (%)
- Employment rate of disabled people (%)
- o Number of employees who took child care leave (person)
- o Female return rate after childcare leave (%)
- Paternity leave usage rate (%)
- Number of occupational fatal accidents (person)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company

LROA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable environmental and social data

¹ LRQA undertook a limited assurance engagement of the environmental and social data marked with "\" within its Integrated Report 2024 and Sustainability Report 2024.

² GHG quantification is subject to inherent uncertainty

¹ LRQA also reviewed the company's Scope 1, Scope 2, and Scope 3 data over time for fiscal years 2022 and 2023. ⁴ Fluorocarbons are counted for the administrative fiscal year (April 1 2023 to March 31 2024). ⁴ Market based for the sites inside Japan and location based for the sites outside Japan

⁶ Including food waste

Page 1 of 2

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The opinion expressed is formed on the basis of a limited level of assurance⁷ and at the materiality of the professional judgement of the verifier.

LROA's Approach

LROA's assurance engagements are carried out in accordance with ISAE 3000 (Revised) and ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- · Sampling datasets and traced activity data back to aggregated levels;
- Verifying the environmental and social data and records of for the fiscal year 2023; and
- Visiting Fukuoka Tenjin of Hakata Daimaru Inc. and Fukuoka PARCO in Japan to confirm the data collection processes, record management practices, and to physically check their facilities.

Observations

Signed

The company is expected to achieve accurate and efficient data aggregation by utilizing the data aggregation system.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO 17021-1 Conformity assessment - Requirements for bodies providing audit and certification of management systems - Part1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LROA ensures the selection of appropriately gualified individuals based on their gualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Dated: 17 June 2024

Yoshinori Shibata LRQA Lead Verifier On behalf of LROA Limited 10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN LRQA reference: YKA00000726

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⁷ The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed

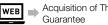
The environmental data contained in this report

- Energy consumption
- Renewable energy consumption
- Scope 1, 2, and 3 emissions
- Water consumption
- · Waste (amount generated, amount recycled, and amount for final disposal)
- · Food waste (amount generated, amount recycled, and amount for final disposal)

and the social data

- Percentage of female managers
- · Percentage of employees with a disability
- Number of employees taking childcare
- · Return rate after childcare leave for female employees
- Percentage of male employees taking childcare leave
- Number of work-related deaths
- ... has obtained independent third-party

assurance from LRQA Limited to ensure reliability.



Acquisition of Third-party

Sustainability Bond Reporting

Sustainability Bond Reporting (9th unsecured bond)

In May 2021, the Company issued sustainability bonds of ¥15.0 billion to contribute to resolving both environmental and social issues through business activities.

| Project category | Output | Outcome | Impact | Use and amount of funds |
|--|---|---|---|-------------------------------------|
| Realization of | decarbonized society | | - | 1 |
| Green buildings | Overview of eligible projects Construction of main building of Daimaru Shinsaibashi (FY2019) Construction of Shibuya PARCO (FY2019) | Status of building certification/confirmation (timing/certification level) Main Building of Daimaru Shinsaibashi: Osaka City: Osaka City Building Environmental Planning System Earned A ranking (FY2019) Shibuya PARCO: Tokyo Metropolitan Building Environmental Planning System Earned Grade 3 ranking (2021) Electric power reduction Daimaru Shinsaibashi Main Building 2,166MWh increase (vs. FY 2014*) Shibuya PARCO 2,500MWh reduction (vs. FY 2014*) Scope 1 & 2 GHG reductions Daimaru Shinsabashi Main Building 7,836t-CO₂ reduction (vs. FY 2014) Shibuya PARCO 875t-CO₂ reduction (vs. FY2014) *Estimated for 2014, the last full year before reconstruction (due to reconstruction, the building structure is not identical) | Leading a decarbonized society and creating a global environment for future generations | Total allocation: ¥6,000 million |
| Renewable energy | Purchased renewable energy-sourced electricity 157,443MWh | Percentage of renewable energy in total electricity consumption: 52.9%(up 19.3 ppt YoY) | | Total allocation: ¥3,040 million |
| Green procurement | No. of leased EVs: 21 in 2023 (177 in total, 47.6%) | Reduction in CO ₂ emissions by electrifying corporate fleet: approx. 389t-CO ₂ a year (Calculated by comparison with the emissions of gasoline vehicles in the same category.) | | Total allocation: ¥261 million |
| Energy efficiency | No. of LEDs installed for replacement: Approx. 19,500 in FY2023 (189,700 in total) | ●Reduction in CO₂ emissions by switching to LED lighting: approx. 9,485t-CO₂ a year | | Total allocation: ¥1,230 million |
| Coexistence w | vith local communities | | | • |
| Socioeconomic improvement and empowerment (community) | No. of tenants operating near Daimaru Kobe in the Former Foreign Settlement in Kobe: 52 in FY2022 | Initiatives to revitalize communities Kobe Market to introduce and sell attractive local products from Hyogo and Kobe Under the theme of "Old Settlement Valentine's Day," the "Valentine Chocolat Promenade," an event involving local businesses and the entire Old Settlement, was held under the symbol of "Chocolate covered BE KOBE" Promotion and sales of attractive products from the local Hyogo city of Kobe, "Handmade Souvenirs Close-up" and "Hyogo Koku" Utilizing bus stop waiting areas in Pascal Mita, Mita Flower Town, Takataya Kahei Park in Awaji and Sumoto Bus Center to directly sell items from department store basement food markets to distant customers. Customer traffic to Daimaru Kobe store: 9,903,000 people | Together with local people, creating prosperous future- oriented communities in which people gather, centering on our stores | Total allocation: ¥4,440 million |
| Promotion of a | diversity and inclusion | | | |
| Socioeconomic improvement and empowerment (Women/people with a disability) | No. of times JFR Women's School was held (4 times in FY2023) Cost of Mother Recruitment ¥13,302,000 in FY2023 | Status of appointment of women to management positions (consolidated) Share of women in management positions in FY2023: 22.5% No. of participants in JFR Women's School (annual): 33 people in FY2023 No. of people employed through Mother Recruitment (annual): 6 people in FY2023 | Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly demonstrates his/her individuality | Total allocation: ¥29 million |

(Status of asset allocation:) Amount of issue:15,000 million; amount already allocated: ¥15,000; amount unallocated: ¥0

Total amount allocated: ¥15,000 million

◀ 60 ▶

ТОР

Environmental Data Social Data Governa

Environmental Data

| | | Boundary | Unit | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---|--|----------------------------|-----------|---|-----------|-----------|---|---|-----------|
| | CO ₂ emissions | Consolidated | t-CO ₂ | 14,548 | 13,824 | 13,074 | 11,170 | 12,368 | 11,958 | 11,459 |
| Scope 1 greenhouse gas (GHG) $ \bigstar$ | HFC emissions | Consolidated | t-CO ₂ | 1,504 | 2,137 | 2,140 | 813 | 1,636 | 1,756 | 2,562 |
| | Scope 1 emissions | Consolidated | t-CO ₂ | 16,052 | 15,961 | 15,214 | 11,983 | 14,004 | 13,714 | 14,021 |
| Scope 2 greenhouse gas (GHG) 🔸 | CO ₂ emissions (market based) | Consolidated | t-CO ₂ | 178,102 | 166,605 | 147,294 | 120,123 | 108,808 | 96,071 | 68,736 |
| Scope z greenhouse gas (GHG) | (location based) | Consolidated | t-CO ₂ | 184,047 | 177,987 | 174,094 | 147,820 | 149,690 | 146,810 | 142,935 |
| Scope 1+2 greenhouse gas (GHG) ★ | Scope 1 and 2 emissions | Consolidated | t-CO ₂ | 194,154 | 182,566 | 162,508 | 132,106 | 122,812 | 109,785 | 82,757 |
| Scope 1+2 greenhouse gas (GHG) | vs. SBT base year FY2017 | Consolidated | % | - | -6.0 | -16.3 | -32.0 | -36.7 | -43.5 | -57.4 |
| Scope 3 greenhouse gas (GHG) ★ | Scope 3 emissions | Consolidated | t-CO ₂ | 2,927,320 | 3,123,238 | 3,782,555 | 2,470,411 | 2,420,492 | 2,761,669 | 2,898,436 |
| Scope 3 greenhouse gas (GHG) | vs. SBT base year FY2017 | Consolidated | % | - | - | - | - | -17.3 | -5.7 | -1.0 |
| Scope 1 and 2 greenhouse gas emissions intensity | Per consolidated sales | Consolidated | t-CO ₂ /Million | 0.17 | 0.16 | 0.14 | 0.17 | 0.14 | 0.11 | 0.07 |
| | Electricity usage | Consolidated | MWh | 333,514 | 328,900 | 327,851 | 288,691 | 305,752 | 305,287 | 297,828 |
| | City gas usage | Consolidated | MWh | 70,353 | 67,118 | 64,095 | 58,064 | 64,632 | 63,516 | 61,488 |
| Energy 🛧 | Gasoline, light oil, heavy oil A, kerosene, natural gas usage | Consolidated | MWh | 6,888 | 6,379 | 5,537 | 3,083 | 3,165 | 2,292 | 1,996 |
| | Steam, cold water, hot water usage | Consolidated | MWh | 64,758 | 8 13,824 13,074 11,170 12,368 11,958 4 2,137 2,140 813 1,636 1,756 2 15,961 15,214 11,983 14,004 13,714 2 166,605 147,294 120,123 108,808 96,071 7 177,987 174,094 147,820 149,690 146,810 4 182,566 162,508 132,106 122,812 109,785 - -6.0 -16.3 -32.0 -36.7 -43.5 0 3,123,238 3,782,555 2,470,411 2,420,492 2,761,669 - - - -17.3 -5.7 -5.7 -6.6 -11.4 0.11 0. | 60,848 | | | | |
| | Total energy usage | Consolidated | MWh | 475,513 | 468,366 | 466,214 | 403,973 | 1,636 $1,756$ $2,$ $14,004$ $13,714$ $14,$ $108,808$ $96,071$ $68,$ $149,690$ $146,810$ $142,$ $122,812$ $109,785$ $82,$ -36.7 -43.5 $-56,$ $2,420,492$ $2,761,669$ $2,898,$ -17.3 -5.7 $-57,$ 0.14 0.11 $00,$ $305,752$ $305,287,$ $297,$ $64,632$ $63,516,$ $61,$ $3,165,$ $2,292,$ $1,$ $54,500,$ $59,344,$ $60,$ $428,049,$ $430,439,$ $422,$ $62,156,$ $102,676,$ $157,$ $20.3,$ $33.6,$ $57,$ $10.0,$ $13.3,$ $11,$ $1,719,788,$ $1,796,295,$ $1,880,$ $570,760,$ $613,303,$ $625,$ $158,848,$ $151,017,$ $140,$ $2,449,396,$ $2,560,615,$ $2,646,$ $2,449,396,$ $2,560,615,$ $2,646,$ $2,449,396,$ $2,560,615,$ $2,646,$ $2,6637,$ $29,855,$ $29,$ $12,845,$ $15,421,$ $16,$ $13,792,$ $14,434,$ $13,$ $48.2,$ $51.7,$ $57,$ $4,394,$ $4,753,$ $4,$ $3,027,$ $3,598,$ $3,$ $1,367,$ $1,155,$ $1,$ $68.9,$ $75.7,$ $7,$ | 422,160 | |
| | Usage (purchased/generated) | Consolidated | MWh | 0 | 0 | 13,046 | 29,647 | 62,156 | 102,676 | 157,454 |
| Renewable energy 🖈 | Ratio of renewable energy to electricity usage | Consolidated | % | 0.0 | 0.0 | 4.0 | 10.3 | 20.3 | 33.6 | 52.9 |
| | YoY change | Consolidated | % | - | - | 4.0 | 6.3 | 10.0 | 13.3 | 19.3 |
| | Tap water usage | Consolidated*2 | m ³ | - | 1,317,230 | 1,260,594 | 1,407,531 | 1,719,788 | 1,796,295 | 1,880,316 |
| | Groundwater usage | Consolidated*2 | m ³ | - | 480,731 | 452,702 | 459,054 | 570,760 | 613,303 | 625,066 |
| Water \star | Gray water usage | Consolidated*2 | m ³ | - | 136,804 | 125,989 | 198,882 | 158,848 | 151,017 | 140,709 |
| | Total usage | Consolidated*2 | m ³ | - | 1,934,765 | 1,839,285 | 2,065,467 | 2,449,396 | 11,958 1,756 13,714 96,071 146,810 109,785 -43.5 2,761,669 -5.7 0,11 305,287 63,516 2,292 59,344 430,439 102,676 33.6 13.3 1,796,295 613,303 151,017 2,560,615 25,560,615 3,598 1,155 3,598 1,155 75,7 | 2,646,091 |
| | Emissions*1 | Consolidated*2 | m³ | - | 1,934,765 | 1,839,285 | 2,065,467 | 2,449,396 | | 2,646,091 |
| | Amount generated | Consolidated*2 | t | 18,532 | 17,202 | 17,597 | 21,694 | 26,637 | 29,855 | 29,814 |
| Waste*3 (including food waste) | Amount recycled | Consolidated*2 | t | 10,863 | 9,938 | 10,453 | 12,479 | 12,845 | 1,756 13,714 96,071 146,810 109,785 -43.5 2,761,669 -5.7 0.11 305,287 63,516 2,292 59,344 430,439 102,676 33.6 13.3 1,796,295 613,303 151,017 2,560,615 3,598 1,155 7,57 | 16,176 |
| Waste ^{∗3} (including food waste) ★ | Final disposal amount | Consolidated*2 | t | 7,669 | 7,264 | 7,144 | 9,216 | 13,792 | 14,434 | 13,638 |
| | Recycling rate | Consolidated*2 | % | - | - | - | 57.5 | 48.2 | 151,017 2,560,615 2,560,615 29,855 15,421 14,434 51.7 4,753 | 54.3 |
| | Amount generated | Consolidated*4 | t | 4,497 | 4,312 | 4,379 | 2,886 | 4,394 | 4,753 | 4,943 |
| | Amount recycled | Consolidated* | t | 2,416 | 2,477 | 2,610 | 1,857 | 3,027 | 3,598 | 3,934 |
| Food waste * | Final disposal amount | Consolidated*4 | t | 2,081 | 1,835 | 1,769 | 1,029 | 1,367 | 1,155 | 1,009 |
| | Recycling rate | Consolidated*4 | % | - | - | - | - | 68.9 | 75.7 | 79.6 |
| Packaging material usage*5 | Usage | Daimaru Matsuzaka Department Stores | ^{/a} t | 2,370 | 2,236 | 2,030 | 1,075 | 1,129 | 1,200 | 1,221 |

* Third-party assurance obtained: Third-party assurance obtained from LRQA Limited (water and waste from FY2020; energy, renewable energy, and food waste from FY2021)

*1 Water emissions are equal to the amount of water used. *2 Daimaru Matsuzakaya Department Stores until FY2019

IFY2019 *5 Weight of wrapping

*3 Waste: General waste, industrial waste, and food waste

*4 Daimaru Matsuzakaya Department Stores until FY2020

*5 Weight of wrapping paper, shopping bags, paper bags, plastic food bags, etc.

| Materiality | 2024–2026 Medium-term Business Plan | | | | Sustainability Data |
|--|--|--|--|--|---------------------|
| `````````````````````````````````````` | | | | | |

Environmental Data \rightarrow Social Data

Social Data

| | Boundary | Unit | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--|--------|--------|--------|-------|-------|-------|-------|-------|
| Number of employees | Consolidated | People | 10,429 | 10,276 | 9,844 | 9,635 | 8,148 | 7,258 | 7,369 |
| Share of female employees | Consolidated | % | 57.2 | 56.8 | 57.0 | 56.3 | 55.6 | 52.9 | 53.5 |
| Share of women in management $positions^{*1}$ | Consolidated | % | 14.3 | 14.7 | 16.6 | 19.9 | 21.3 | 22.2 | 22.5 |
| Number of new graduate hires | Consolidated | People | 79 | 94 | 76 | 94 | 68 | 107 | 92 |
| Men | Consolidated | People | 36 | 44 | 38 | 41 | 33 | 38 | 34 |
| Women | Consolidated | People | 43 | 50 | 38 | 53 | 35 | 69 | 58 |
| Share of female new graduate hires | Consolidated | % | 54.4 | 53.2 | 50.0 | 56.4 | 51.5 | 64.5 | 63.0 |
| Employment rate of people with a disability | Consolidated*2 | % | — | 2.21 | 2.21 | 2.21 | 2.66 | 2.93 | 2.89 |
| Number of foreign employees | Consolidated | People | — | 15 | 14 | 40 | 42 | 50 | 50 |
| Share of foreign employees | Consolidated | % | — | 0.1 | 0.1 | 0.4 | 0.5 | 0.7 | 0.7 |
| Employee turnover rate*3 | Consolidated | % | 3.6 | 3.3 | 3.9 | 1.9 | 10.5 | 5.3 | 5.4 |
| Involuntary turnover rate | Consolidated | % | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of employees taking childcare leave | Consolidated*4 | People | 175 | 203 | 161 | 139 | 88 | 75 | 81 |
| Return rate of women after childcare leave | Consolidated*5 | % | 93.0 | 97.4 | 89.5 | 94.4 | 95.3 | 93.4 | 94.0 |
| Paternity leave usage rate | Consolidated | % | — | — | _ | 18.8 | 43.6 | 68.0 | 87.5 |
| Number of employees working shorter hours for childcare | Daimaru Matsuzakaya Department Stores | People | 137 | 166 | 157 | 209 | 304 | 298 | 276 |
| Number of employees taking long-term caregiver leave | Daimaru Matsuzakaya Department Stores | People | 2 | 10 | 3 | 2 | 5 | 8 | 8 |
| Number of employees taking short-term caregiver leave | Daimaru Matsuzakaya Department Stores | People | 31 | 42 | 30 | 30 | 4 | 40 | 52 |
| Number of employees working shorter hours for caregiving | Daimaru Matsuzakaya Department Stores | People | 0 | 1 | 0 | 0 | 1 | 4 | 18 |
| Percentage of employees earning minimum wage by region*6 | Daimaru Matsuzakaya Department Stores | % | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health examination participation rate | Daimaru Matsuzakaya Department Stores | % | 99.7 | 99.9 | 99.6 | 100 | 99.8 | 100 | 100 |
| Stress check response rate | Daimaru Matsuzakaya Department Stores | % | 95.9 | 96.4 | 96.5 | 97.4 | 97.1 | 96.3 | 97.2 |
| Number of labor accidents (work accidents) | Consolidated*7 | Cases | 40 | 38 | 68 | 81 | 51 | 40 | 50 |
| Number of labor accidents (commutation accidents) | Consolidated*7 | Cases | 26 | 17 | 23 | 38 | 31 | 31 | 30 |
| Number of fatalities at works | Consolidated | People | — | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of harassment cases | Consolidated | Cases | 14 | 22 | 50 | 40 | 37 | 47 | 41 |
| Number of calls to JFR Group Compliance Hotline | Consolidated | Cases | 28 | 24 | 36 | 24 | 46 | 49 | 61 |
| Data security: Number of data breaches*8 | Consolidated | Cases | 0 | 0 | 0 | 0 | 0 | 1 | 0 |

 \star Third-party assurance received from LRQA Limited. (Have received assurance for social data since 2021.) *1. Manager level or above

*2. As of June each year, special exception scope for affiliates.

*3. Number of employees who retired during the fiscal year/Number of employees at the beginning of the fiscal year x 100(%). (The number of retired employees excludes those who retired due to mandatory retirement age, transfer, or appointment as an officer.)

*4. Unit FY2020, Daimaru Matsuzakaya Department Stores. (Number of employees taking childcare leave continuously after the year of childbirth.) *5. Daimaru Matsuzakaya Department Stores until FY2020.

*6. Garde 1 and 2 dedicated employees paid according to a wage table by region.

*7. Daimaru Matsuzakaya Department Stores until FY2018.

*8. Confidential information breaches and personal data breaches.

| | | Materiality | 2024–2026 Medium-term Business Plan | | Progress on Sustainability Goals | Environment | | Governance | External Assessment | Sustainability Bond Reporting | Sustainability Data |
|--|--|-------------|--|--|-------------------------------------|-------------|--|------------|---------------------|----------------------------------|---------------------|
|--|--|-------------|--|--|-------------------------------------|-------------|--|------------|---------------------|----------------------------------|---------------------|

Environmental Data ightarrow Social Data ightarrow Governance Data

Governance Data

| | Unit | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------|------|------|------|------|------|------|------|------|
| Directors | People | 13 | 13 | 13 | 13 | 12 | 10 | 11 | 10 |
| Men | People | 12 | 11 | 11 | 12 | 9 | 7 | 8 | 7 |
| Women | People | 1 | 2 | 2 | 1 | 3 | 3 | 3 | 3 |
| Independent Outside Directors | People | 5 | 5 | 6 | 6 | 6 | 6 | 7 | 6 |
| Men | People | 4 | 3 | 4 | 5 | 4 | 4 | 5 | 4 |
| Women | People | 1 | 2 | 2 | 1 | 2 | 2 | 2 | 2 |
| Share of Independent Outside Directors | % | 38.5 | 38.5 | 46.2 | 46.2 | 50.0 | 60.0 | 63.6 | 60.0 |
| Combined Directors and Executive Officers | People | 5 | 5 | 4 | 4 | 4 | 2 | 2 | 2 |
| Share of combined Directors and Executive Officers | % | 38.5 | 38.5 | 30.8 | 30.8 | 33.3 | 20.0 | 18.2 | 20.0 |
| Share of female Directors | % | 7.7 | 15.4 | 15.4 | 7.7 | 25.0 | 30.0 | 27.3 | 30.0 |



Create and Bring to Life "New Happiness."

