

TOP MESSAGE	Materiality	2024—2026 Medium-term Business Plan	Stakeholder Engagement	Progress on Sustainability Goals	Environment	Society	Governance	External Assessment	Sustainability Bond Reporting	Sustainability Data
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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%
Realization of customers' healthy/safe/secure life	●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
	●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
	●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

TOP MESSAGE

Materiality

2024–2026 Medium-term
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EngagementProgress on
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Environment

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Reporting

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→ Social KPI and Progress

Respect for Human Rights

Human Capital

Creating Communities

Local Revitalization

	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
Realization of work-life integration	● Turnover rate due to childcare and caregiving	● 1.4%	● 1.8%	● 2.0%	● Under 1.0%
	● Paternity leave usage rate	● 43.6%	● 68.0%	● 87.5%	● 100%
	● 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

Respect for Human Rights



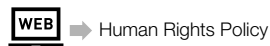
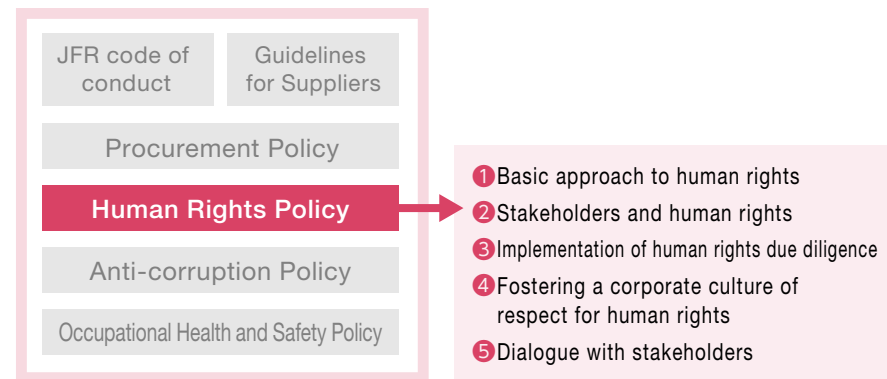
Amidst growing concern about issues such as forced labor and discrimination in the supply chain, we place respect for human rights as the basis of all our business activities in accordance with the “Guiding Principles on Business and Human Rights” established by the United Nations. Through our ongoing 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”

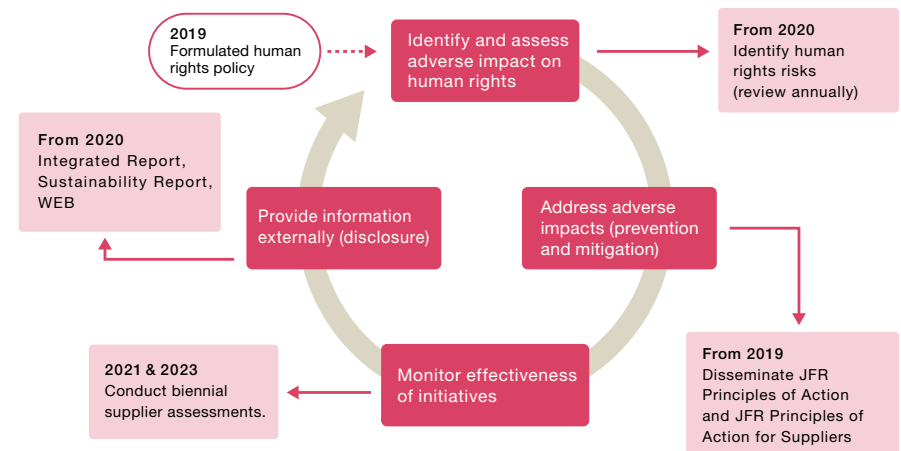
JFR Principles of Action / JFR Principles of Action for Suppliers



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



① 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 external 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	<ul style="list-style-type: none"> • Forced labor • Child labor • Foreign labor conditions • Long working hours • Low wages • Right to access remedies • Discrimination (gender, LGBTQ, etc.) 	<ul style="list-style-type: none"> • Harassment • Long working hours • Discrimination (gender, LGBTQ, etc.) 	<ul style="list-style-type: none"> • Violation of customer privacy (personal information and right of publicity) • Expressions of discrimination through advertisements • Health and safety

② 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.

③ 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

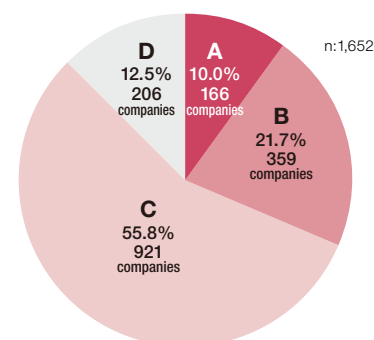
Questions : Five themes*, mainly questions related to human rights. Total of 27 questions.

- ※ 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.

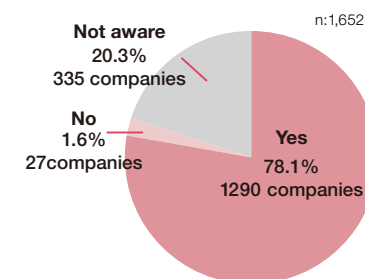
	No. of companies surveyed	No. of companies responding	Response rate
2023	3,281	1,652	50.4%
2021	7,415	3,012	40.6%



Evaluation	Score	How to interpret
A	41-50 points	Efforts are being made in line with the Guiding Principles on Business and Human Rights
B	31-40 points	
C	16-30 points	A certain level of effort is being made
D	0-15 points	Candidate for dialogue

● Penetration status of JFR Principles of Action for Suppliers

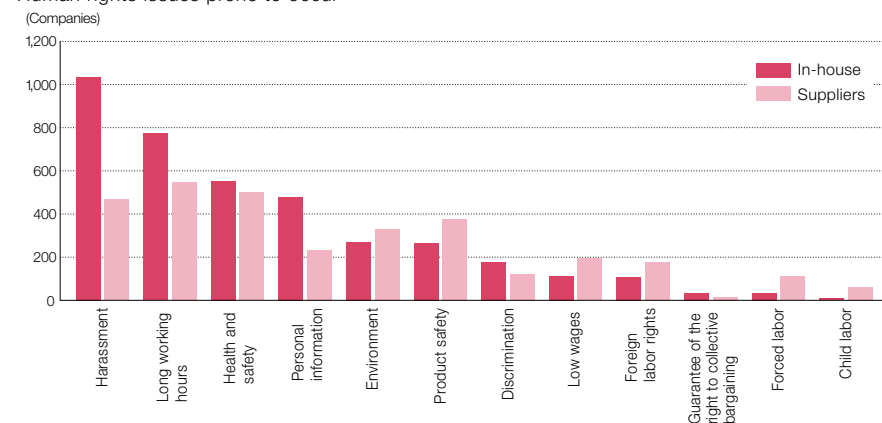
Of the respondents, 78% answered “Yes” to the question “Do you understand and comply with the JFR Principles of Action for Suppliers (including Human Rights Policy)?” (60.9% in the previous survey).



● 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.

Human rights issues prone to occur



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.”

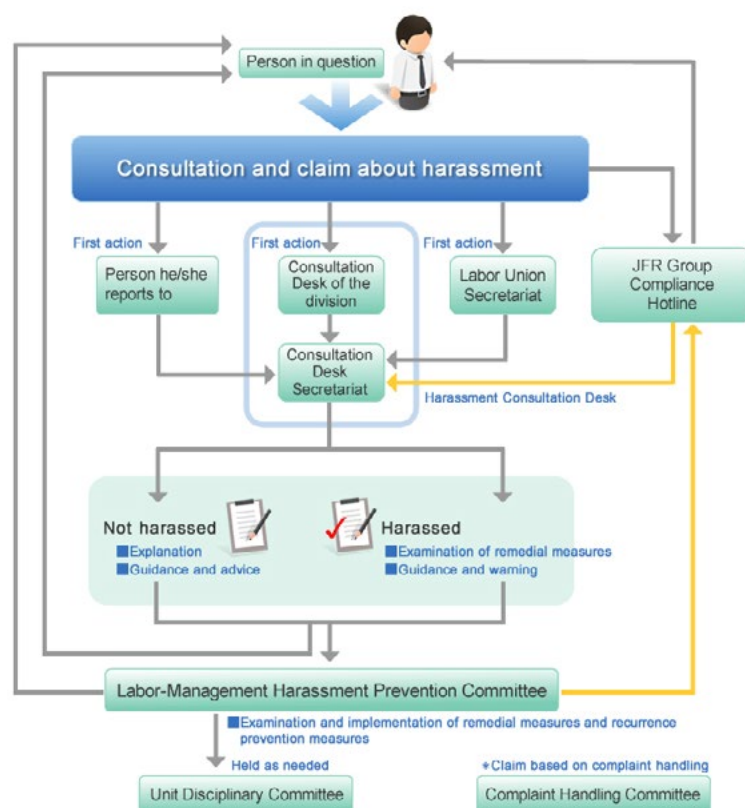
Accordingly, we intend to hold expert-led seminars and provide reference information to our suppliers. In addition, we will also provide opportunities for dialogue as necessary to share the assessments results, to gain an understanding of the importance of business and human rights initiatives, and to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

Establishment of Harassment Consultation Desk and Whistleblowing System

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.

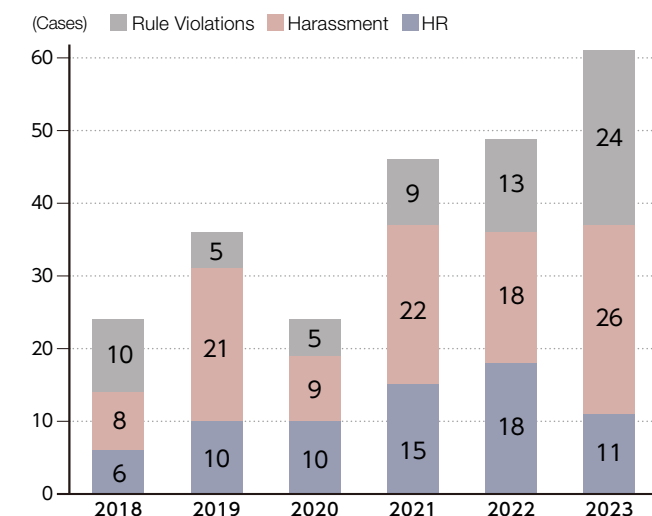


Whistleblowing System

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.

*Number of consultations in FY2023: 61 cases

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

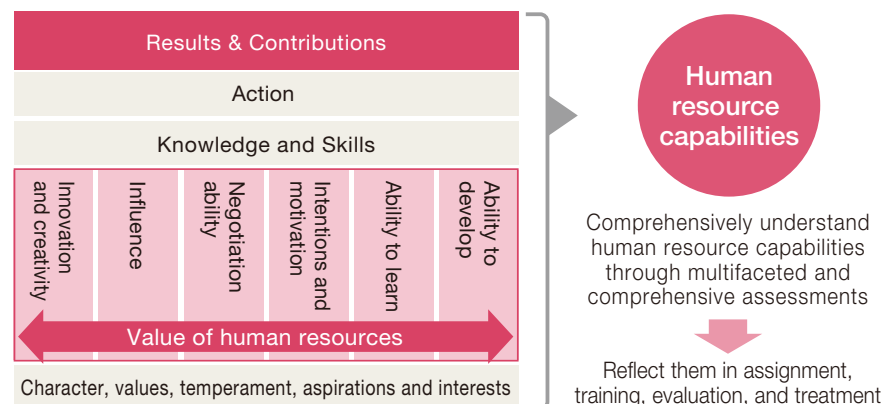


As the speed of social change accelerates and uncertainty increases, JFR believes that only the capabilities of our people can pave the way for the future of the Group. We consider our employees to be our most important value co-creation partners. We aim to realize our Group's vision by making the realization 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.

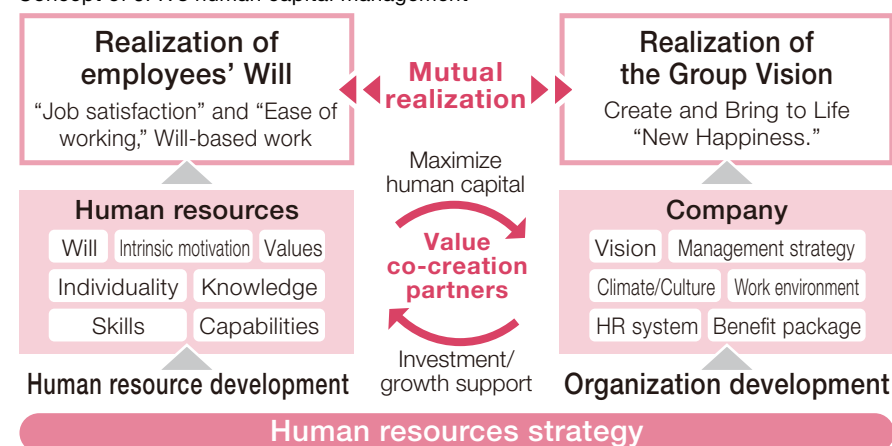
Personnel management based on the principle of human resource capabilities

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



Concept of JFR's human capital management



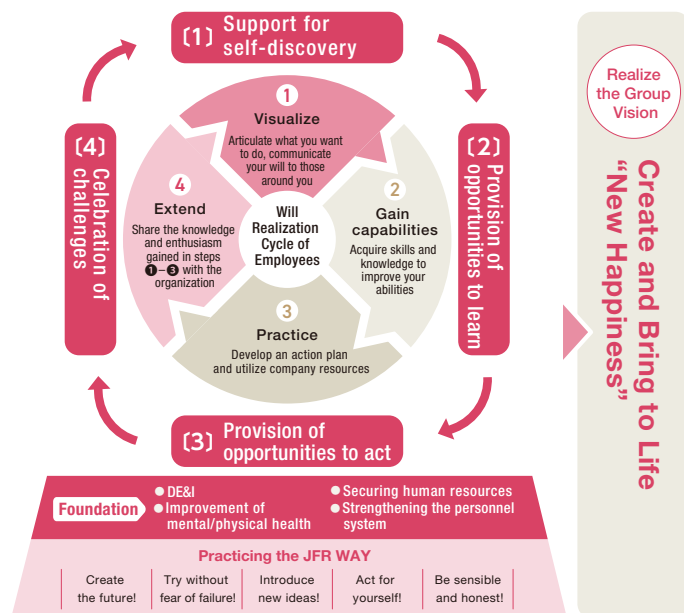
Risk Perception

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

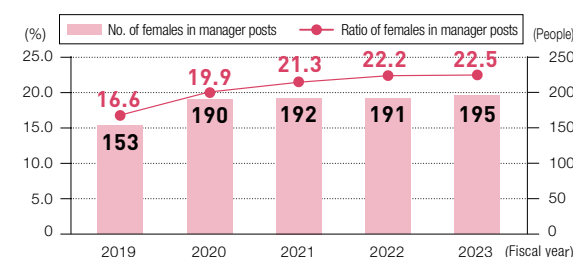
Diversity, Equity, and Inclusion

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 aspirations 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 an environment where all employees can make the most of their individual characteristics and play an active role.

Women's empowerment

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



*Third-party assurance of "Ratio of female managers" has been obtained from LRQA Limited since FY2021.

*Target for 2026: 31%

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% (No. of employees taking leave: 24)	68.0% (No. of employees taking leave: 34)	87.5% (No. of employees 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 × 100 %

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

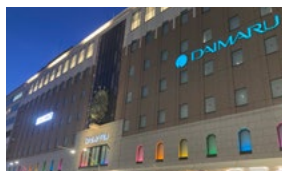
*3. Non-regular workers: Dedicated employees, fixed-term employees, contract employees, retirees rehired on a contract basis

*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 LGBT-related 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		(persons)	
New graduate hires	2021	2022	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.



→ Promoting Health Management

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.

TOP MESSAGE

Materiality

2024–2026 Medium-term
Business PlanStakeholder
EngagementProgress on
Sustainability Goals

Environment

Society

Governance

External Assessment

Sustainability Bond
Reporting

Sustainability Data

Social KPI and Progress

Respect for Human Rights

→ Human Capital

Creating Communities

Local Revitalization

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

Diversity, Equity & 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 Balance

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	<div>Health</div> Contributions from the J. Front Health Insurance Association <div>Mutual</div> Contributions from the J. Front Mutual Aid Society
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 leave at birth) Up to 4 weeks unpaid	
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 <div>Health</div>	Loan system for childbirth expenses <div>Health</div>	One-off payment for childbirth/ childcare <div>Health</div>	Subsidy for daycare costs Up to age 2 <div>Mutual</div>	Subsidy for use of babysitters 30 days a year for preschoolers <div>Mutual</div>	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 leave Up to 24 months <div>Mutual</div>	Subsidy for use of home help 30 days a year <div>Mutual</div>				
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 old
	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 employment to an open-ended contract Conversion to an open-ended contract after one 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

Society

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

Based on the concept of “a new landmark in Nagoya that will serve as a value-creating 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.

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.

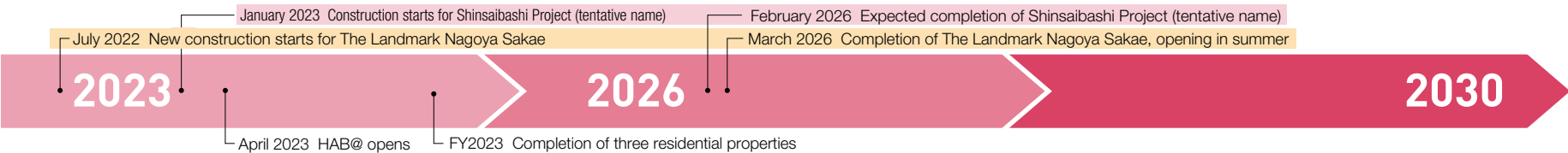
Opening: Summer 2026 (planned) Planned site: 2501-1, Nishiki 3-chome, Naka-ku, Nagoya
Building scale: 41 floors above ground, 4 floors below ground



●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 Midotsuji 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



Local Revitalization Through Collaboration with Local Communities



The JFR Group is working with local communities, suppliers, and other partners to revitalize local communities through activities aimed at solving environmental and social issues.

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, launched by the 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.

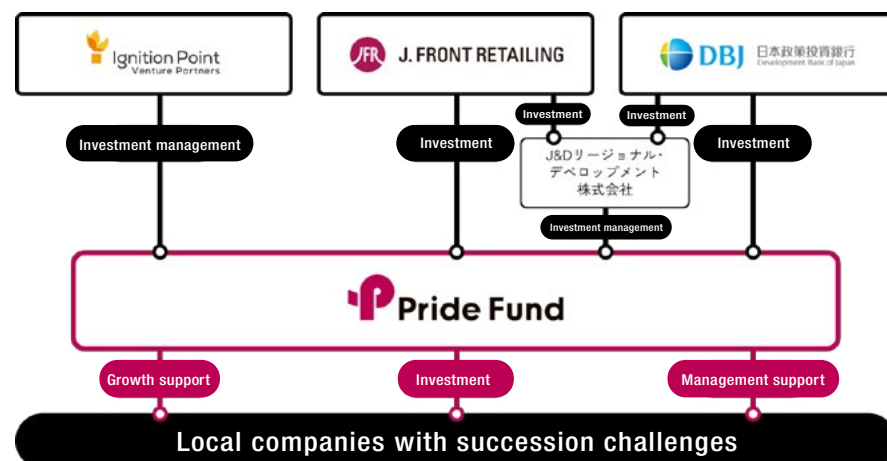


Establishment of “Pride Fund” to Support Business Success of Local Companies

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

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.