

Sustainability

Determination for the Future

Report 2019



Sustainability Report 2019

Create and Bring to Life "New Happiness."



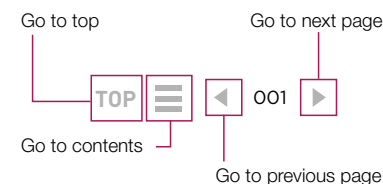
J. FRONT RETAILING

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Introduction

This report supplements the integrated report concerning ESG information of J. Front Retailing Group (the “Group”) and focuses on completeness. It is intended to share with stakeholders the Group’s stance and activities for sustainable growth with stories linked to management strategies in an easy-to-understand manner and enhance their understanding. By focusing on the initiatives of each operating company, we, as a whole group, will accelerate sustainability activities. This report was compiled in an interactive PDF format both for the completeness of information and easy accessibility. We hope this will help you find information.

Guidelines referred to

- Global Rating Initiative (GRI) Standard
- Guidance for Collaborative Value Creation

Timeframe

This report contains the latest information available at the time of issue to the extent possible. Data mainly cover the fiscal year 2018 (March 1, 2018 through February 28, 2019).

Scope

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

*The Group means J. Front Retailing Co., Ltd. and its consolidated subsidiaries.

*J. Front Retailing means the unconsolidated holding company.

*Each operating company means each of consolidated subsidiaries.

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 materially from the results anticipated herein due to changes in various factors.

Issued

February 2020

Third-party assurance

Environmental data (Scope 1 and 2) in this report have received an independent third-party assurance from Lloyd’s Register Quality Assurance Limited (LRQA) to ensure reliability.

Corporate information disclosure

A wide variety of corporate activity information of the Group including this report is disclosed to satisfy interests of various stakeholders including shareholders, investors, and local communities including customers.

Report

Integrated report

<https://www.j-front-retailing.com/english/ir/library/annual.php>



Corporate governance report

<https://www.j-front-retailing.com/english/company/governance.php>



Securities report (Japanese only)

<https://www.j-front-retailing.com/ir/library/statement.php>



Shareholder information (Japanese only)

<https://www.j-front-retailing.com/ir/library/report.php>



Website

Corporate information

<https://www.j-front-retailing.com/english/company/company.php>



IR information

<https://www.j-front-retailing.com/english/ir/index.php>



Sustainability

<https://www.j-front-retailing.com/english/sustainability/sustainability.php>



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Initiatives by J. Front Retailing to Realize a Sustainable Society

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

J. Front Retailing (the “Company”) is a pure holding company, which was established by merging department store chains Daimaru and Matsuzakaya in September 2007. Parco, which operates commercial complexes, joined the Group seven years ago. In spring 2019, we opened an infant child care facility in Aobadai, Yokohama and launched infant child care business. Thus we aim for “Multi Service Retailer” beyond the framework of retail.

Daimaru with more than 300 years of history and Matsuzakaya with more than 400 years of history have practiced sustainable business activities while responding to changes in customers and society. I think we could stay in business for such a long time only because our philosophy has been persistently kept at the core of management despite significant changes of the times.

Daimaru has a corporate credo of “Service before Profit,” which means those who give priority to service over profit will prosper. And Matsuzakaya’s corporate credo is “Abjure all evil and practice all good.” They

provide us with a mental fallback position. These lasting basic philosophies represent the idea of sustainability and we are taking actions going back to our corporate credo.

This year many people have been affected by a spate of typhoons and heavy rains, following repeated large-scale natural disasters in 2018. As mentioned by Prof. Yamamoto in the next section, it is evident that these disasters are attributable to global warming and we have a keen sense of crisis that we will be in big trouble unless we confront environmental issues seriously. And now I think it is expected of future companies to address environmental and social issues proactively.

The Group has analyzed the risks that have a significant impact on companies over the past few years. I see the risks forecast over the past few years as unprecedented headwind. However, we would like to fight head-on against these adverse conditions. The same applies to risks associated with environmental issues including



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climate change.

I expect that the environment surrounding us for the next decade will change greatly in all areas. And I think the goal of the Group is to try to achieve “discontinuous growth,” which is not an extension of past growth, and sustainable corporate growth through contribution in terms of both customer’s manner of living and enjoying.

We have tackled corporate governance reforms from early on to realize such discontinuous growth. And we tried to find what we ought to be and made the transition to a Company with Three Committees (Nomination, Audit and Remuneration Committees) after approval at the Annual Shareholders Meeting in May 2017. After the transition, we have proceeded further with the reform of the Board of Directors, which is an integral part of corporate governance reform. By strengthening corporate governance, I think the management oversight function is strengthened and transparency and objectivity of management are further improved.

Based on these efforts to strengthen corporate governance, we are working to realize sustainability management to carry out our intention to improve the world and do the right thing. In order to realize that, firstly, we formulated the Sustainability Policy in 2018. As mentioned above, we clearly stated in the Sustainability Policy that to practice our corporate credo and mission statement placed at the core, which serve as a foundation for continuing business activities for 300 or 400 years, leads to the realization of the Group Vision, that is, resolution of social issues through business activities, and

generates value for stakeholders and contributes to creating a sustainable society.

Next, we have determined five materiality issues in line with the idea of the Sustainability Policy.

From the perspectives of the issues we can tackle using our core businesses and the environmental/social issues that are meaningful for us to address and can produce results, we selected five materiality issues including “contribution to a low-carbon society,” “management of the entire supply chain,” “coexistence with local communities,” “promotion of diversity” and “realization of work-life balance.” At the same time, we set 2030 and 2050 goals for each materiality issue.

Among them, the Group positioned “contribution to a low-carbon society” as the most important issue. As mentioned above, we have a keen sense of crisis that we will be in big trouble unless we confront environmental issues seriously. And now it is expected of future companies to address environmental and social issues proactively and companies as public entities cannot overlook actions against global warming. Recognizing that globally increasing awareness of climate change is the most important issue, the Group will not just unite efforts to tackle it but also work together with all stakeholders to resolve the issue to contribute to realizing



a low-carbon society.

The Group formed the Sustainability Committee in 2019 to promote these initiatives, The Sustainability Committee is chaired by the President and Representative Executive Officer and comprised of 16 members including five Senior Executive General Managers of supervisory units of the Company and 11 presidents of operating companies in the Group. The Committee shares the status of promotion of each company concerning five materiality issues and takes a prompt action when problems occur to promote sustainability management in a cross-organizational manner in all companies in the Group. The activities of the Sustainability Committee are reported to the Board of Directors each time so that ESG issues and actions are shared with the Board of Directors.

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Determination for 2050

We have “set the stage” for sustainability management over the last one and a half years. I think we should continue these efforts.

In the meantime, we cannot continue to meet increasing needs for initiatives to realize a sustainable society if we stay on the extension of present initiatives forever. We think that the future direction to evolve sustainability management is to carry out our intention to improve the world and do the right thing and create new markets. And this is our idea of CSV strategy.

We will head in the direction to increase economic value by resolving five social materiality issues. The Group

would like to conduct its unique initiatives based on CSV idea.

One of the initiatives that realized our uniqueness is the Daimaru Shinsaibashi store. We position a store that embodies CSV idea as a “CSV store.” It is a strategic store for sustainable growth combining department store and Parco's business models and the idea of sustainability. It is a core place to actually work “with people, with local communities, and with environment” as stated in the Sustainability Policy and also a place to realize sustainable growth while resolving social issues and realizing economic value at the same time.

The Daimaru Shinsaibashi store, as a symbol of the Group that contributes to a low-carbon society and promotes the Sustainability Policy, evolved into a store of new era using 100% renewable energy. We will also convert other stores to the ones that combine new department store business model and the idea of sustainability (CSV stores).

New Shibuya Parco operates as a new urban shopping complex and also in an eco-friendly manner incorporating the idea of the Sustainability Policy. Specific initiatives to create both the next-generation commercial space and CO₂-saving complex building with enhanced energy operation efficiency include attractive outdoor space,

efficient energy system including a cogeneration system, digital communication to promote efficient energy use.

We have a long way to go before achieving sustainability management. The Group has set goals for 2050. As a matter of course, we have to address them not only during my generation but also permanently as long as the Company exists. There are various issues including the issues to be addressed continuously and the issues to be newly addressed. For this purpose, we have to keep ahead of changes of the times and respond to them with the corporate credo at the core. This is the determination of myself who launched these initiatives, and at the same time, the company's determination.

We will continue to ask for what we do business, what issues we should address, and what roles we will take to realize a sustainable society. And the Group will realize sustainable corporate growth and contribute to creating a sustainable society by promoting ESG initiatives simply and honestly.

December 2019

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Sustainability Initiatives Expected of J. Front Retailing

YAMAMOTO Ryoichi Emeritus Professor, The University of Tokyo

1,200. In Japan, Iki (Nagasaki), Kamakura (Kanagawa), Hakuba (Nagano), Nagano, and Oki (Fukuoka) have declared. Needless to say, a local government or a city cannot be carbon neutral unless all constituents including energy, traffic, agriculture, forestry, fisheries, factories, and stores aim to be carbon neutral. 77 countries committed to being carbon neutral by 2050 in the UN Climate Action Summit in September. Why?

It is becoming clear that some of earth's climate systems such as Arctic sea ice in summer, Greenland ice sheet, and the west Antarctic ice sheet will begin to exceed a tipping point if the global average temperature increases 1.5°C above the pre-industrial levels.

Young people across the world, who are afraid that the global average temperature will begin to exceed a tipping point by as early as 2030 and that we will begin to face climate crisis and environmental decay, began climate strikes to call for radical measures. The climate strikes were conducted immediately before the UN Climate Action Summit on September 20 and it is reported that four million people joined the strikes throughout the world. In Japan, 5,000 people joined, and in Osaka, hundreds of people marched from Osaka City Central Public Hall in Nakanoshima.

On this day, September 20, the new main building of the

Daimaru Shinsaibashi store was opened. The biggest feature of the new main building is to aim to be carbon neutral from the beginning. J. Front Retailing formulated the Eco Vision and set a goal of zero greenhouse gas (GHG) emissions by 2050. The main building of the Daimaru Shinsaibashi store is positioned as a flagship store to promote EGS initiatives. It is an ethical initiative, which is appropriate for the company that operates under the corporate credo of Service before Profit, and it is also a challenge ahead of a spirit of the times.

The Oshio Rebellion at the end of Edo period reminded me for no reason. It is said that the Daimaru store escaped burning due to its reputation as a philanthropic merchant. I thought the main building of the Shinsaibashi store, which is carbon neutral, would escape from being set on fire by young people who would join the climate strike in the future.

In retrospect, it is said that the first modern department store is Bon Marche, which was founded by Mr. and Ms. Boucicaut in the middle of the 19th century in France. Bon Marche was committed to showing consumers ideals and goals to be achieved and encouraging them. I sincerely hope the Daimaru Shinsaibashi store will provide citizens with ethical beauty, ethical comfort, ethical food, and ethical life, which protect the global environment and climate as a model of future department stores.

I name famous cities in the world: London, Vancouver, Edinburgh, Basel, San Francisco, Ottawa, Dublin, Geneva, Milan, Napoli, Wellington, Amsterdam, New York, Bonn, Dusseldorf, Warsaw, Koln, Paris, Melbourne, Brussels, Madrid, Rome, Toronto, Hawaii, Budapest, and Miami. Do you know what they mean? Of course, it is not a tourism city ranking. They are the cities that have declared a climate emergency at their council meetings for one year from December 2018 and aim to be carbon neutral by 2050, which are listed in order of declaration date.

The number of cities that have declared already exceeded

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Issue of Sustainability Report 2019

SAWADA Taro

Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit, and in charge of Risk Management, J. Front Retailing Co., Ltd.

below after a lot of discussions at the Management Meetings and the Board of Directors meetings based on the results of the questionnaire survey for 4,250 stakeholders.

- **Contribution to a low-carbon society**
- **Management of the entire supply chain**
- **Coexistence with local communities**
- **Promotion of diversity**
- **Realization of work-life balance**

We set goals for each materiality issue to be achieved by 2050 and set medium- to long-term goals for 2030 as a roadmap. Furthermore, in recognition that it is important to create systems in which these medium- to long-term goals are drilled down into a single fiscal year and each company in the Group and the PDCA cycle is implemented, we focused on “contribution to a low-carbon society” in 2019. Firstly, the validity of the whole Group’s specific numerical GHG emissions reduction targets was approved by the Science Based Targets initiative (SBTi) and we obtained scientific evidence. We also received independent assurance statement

from Lloyd’s Register Quality Assurance Limited concerning the method of calculating emissions and its appropriateness and it became possible to calculate emissions according to the actions of each company in the Group. This enabled us to follow the PDCA cycle from valid goal setting to result verification in each fiscal year.

As for other materiality issues, the Group launched initiatives as one in fiscal year 2018 in consideration of J. Front Retailing’s unique approach that gets the best out of the business characteristics of the Group that has many customer touch points.

The Group will tackle these five materiality issues earnestly, act to contribute to the future of the earth and society as a corporate group, and disclose the progress honestly.

In closing, in this document, we report our initiatives concerning these five materiality issues in fiscal year 2018 and part of fiscal year 2019 as well as the Company’s ideas and promotion systems concerning sustainability. We would appreciate it if you could contact us at the email address provided in the beginning of this report for inquiries or information.

We have released the Sustainability Report 2019 to help stakeholders better understand the Group.

The Company formulated the Sustainability Policy in 2018, and based on the Policy, we newly established the Eco Vision concerning environmental issues and the Social Vision concerning social issues. At the same time, we updated the Corporate Governance Guidelines, which were developed in 2015.

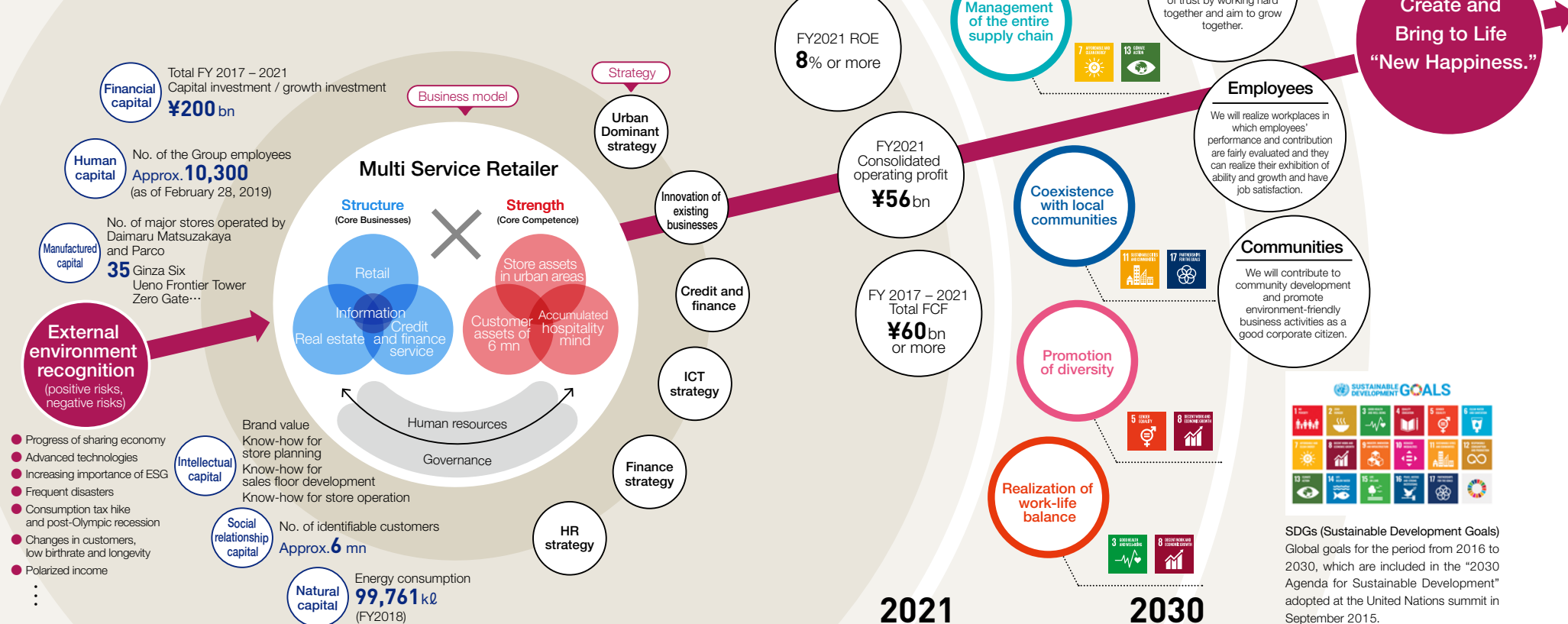
In order to pick out issues to realize these policies and visions, we identified the five materiality issues listed

JFR Business Strategy

Under the Corporate Credo and the Basic Mission Statement, J. Front Retailing is committed to creating affluent lifestyles with its stakeholders to realize the Group Vision "Create and Bring to Life 'New Happiness.'"

The business activity of J. Front Retailing is to constantly seek to create rich markets that grow with local communities, which is led by department stores and Parco. It is nothing less than to create, as a public entity of society, new value with which its various stakeholders empathize.

Circulating the Group's business model and creating new value using the six capitals of J. Front Retailing effectively and efficiently are the process to create the brand value of J. Front Retailing, which will result in the creation of new value with which society empathizes. Through this initiative, we strive to create both social value and economic value.



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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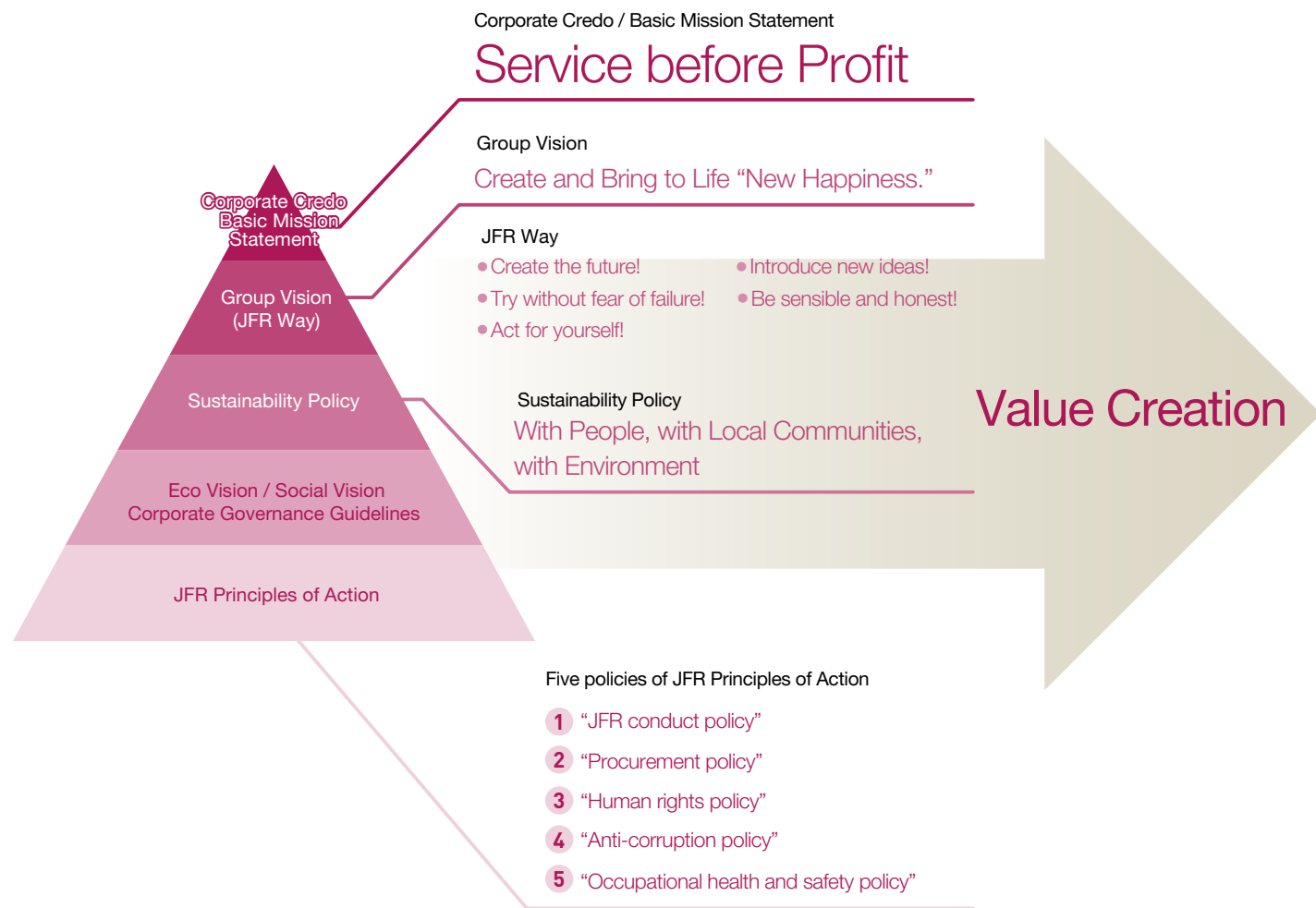
JFR Mission Statement System

Based on the corporate credo “Service before Profit,” which shows its commitment to pursuing the right path, the Group developed the Group Vision “Create and Bring to Life ‘New Happiness’” in 2017. We always think of each and every customer’s life and conduct business activities to make their futures happy.

In 2018, we formulated the Sustainability Policy, which shows our intention to continue to grow to realize a sustainable society underlying our ideas on ESG initiatives and new happiness in life. We also developed the Eco Vision and the Social Vision, which show our environmental and social ideas, based on the Sustainability Policy. The Sustainability Policy, these Visions, and the Corporate Governance Guidelines serve as our ESG guidelines.

In 2019, we formulated the JFR Principles of Action, which set forth the matters the Group should comply with to meet its social responsibilities. The Principles define basic actions to be followed on a daily basis by all officers and individual employees of the Group with an awareness of their own roles and responsibilities.

The Group will work as one and with stakeholders to create sustainable value and increase corporate value through activities based on these policies.



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Formulation of the Sustainability Policy – With People, with Local Communities, with Environment



The society where we live, whether in Japan or overseas, faces various social issues including unusual weather, water resource crisis, resource depletion, widening gap, incomplete employment and human rights issues. Among them, environmental risks have been getting particularly remarkable in recent years. The environment surrounding us is changing significantly due to global warming and worsening global environment. Companies are increasingly expected to contribute to a sustainable society including actions to address climate change under the Paris Agreement and social issues covered by the “Sustainable Development Goals (SDGs)” adopted by the United Nations as part of global initiatives. It is essential for companies to tackle environmental, social and governance (ESG) issues.

In the meantime, Daimaru and Matsuzakaya, which are the foundations of J. Front Retailing Group, have conducted business activities under the corporate credos “Service before profit” and “Abjure all evil and practice all good,” which show their commitment to pursuing the right path, over their long histories of 300 and 400 years. Based on this, we newly developed the Vision “Create and Bring to Life ‘New Happiness.’” And we always think of each and every customer’s life and conduct business activities to make their futures happy.

We have many places where we communicate with customers, including retail stores. Various people including customers, employees, business partners and local people get together and meet there. Local communities in which people root assume an important role in keeping these communication places rich. And we believe it is important to hand down the irreplaceable global environment that supports all to the next generation smoothly so that local communities will continue forever as contact points always filled with vitality. That is to say, it is important to keep communication places in order to create and bring to life new happiness, which we aim to realize. And this cannot be realized without a sustainable society.

We defined the places for communicating with customers as a focus area of J. Front Retailing’s sustainability management and we are uniting and making proactive and serious efforts to realize a sustainable society. To this end, we have received

various opinions from stakeholders through questionnaires and have had many discussions at the Management Meetings and the Board of Directors meetings. As a result, we identified five materiality issues to be addressed by us including “contribution to a low-carbon society,” “management of the entire supply chain,” “coexistence with local communities,” “promotion of diversity” and “realization of work-life balance.” We believe our efforts to address these materiality issues will contribute to achieving the global “Sustainable Development Goals (SDGs).” Among these five materiality issues, the management team put the greatest focus on “contribution to a low-carbon society (action on climate change),” which is an urgent issue. We are addressing this issue as the mission of a member of society and developed the “JFR Eco Vision” with an eye to 2050 to help realize a sustainable society. Based on this vision, we will aim to achieve both the resolution of environmental issues and corporate growth.

As mentioned above, we will meet our environmental and social responsibilities to all customers to realize a sustainable society, and as a Multi Service Retailer, we will create new happiness to be brought to each and every stakeholder’s life. At the same time, we will continue sustainable growth by strengthening corporate governance to tirelessly continue this initiative.

YAMAMOTO Ryoichi

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

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Eco Vision / Social Vision

Eco Vision

1.Approach

Our lives are exposed to environmental risks such as increasing global warming and unusual weather. We, as a member of society, think it is our important mission to place environmental issues at the top of our agenda and work together to maintain this irreplaceable global environment. For the purpose of achieving our mission, we will take action to resolve environmental issues through business activities. We think it will perpetuate the contact points with various stakeholders as stated in the Sustainability Policy.

Each of us will deepen insight into environmental issues, comply with legal requirements and internal standards, and take responsibility for addressing these issues.

2.Guidelines for action

- (1) Efforts to reduce energy consumption and emissions
We will strive to continuously reduce energy consumption and emissions through business activities in stores and offices and the entire supply chain.
- (2) Response to a circular society
We will work with customers and suppliers to recycle waste from homes, stores and offices and strive to improve the resource efficiency of business activities by recycling resources and using recycled resources.
- (3) Provision of products and services that contribute to a low-carbon society
We will develop and provide environment-friendly and high-value-added products and services that contribute to a low-carbon society through stores and offices.
- (4) Development of promotion system
We will develop J. Front Retailing Group's environmental plan at the "Sustainability Committee." Each company in the Group will set medium- to long-term targets based on the environmental plan, develop and promote a specific action plan, and review them on a regular basis for continuous improvement.
- (5) Environmental education and communication with stakeholders
We will actively promote environmental awareness raising activities to increase environmental awareness of individual employees. We will also strive to mutually raise environmental awareness through active dialogue with stakeholders.

Social Vision

1.Approach

We are expected to resolve social issues to realize a sustainable society amid expanding social challenges with increasingly diversified social values.

We aim to help stakeholders we meet at our contact points stated in the Sustainability Policy lead a fulfilling life and become a reliable corporation as a member of society by meeting corporate social responsibility through community involvement and business activities in the supply chain.

And we will make ourselves healthy by diversifying the work styles of employees working for the Group who play a central role in realizing our aim mentioned above and respecting their health and human rights.

Each of us will deepen insight into social issues, comply with legal requirements and internal standards, and take responsibility for addressing these issues.

2.Guidelines for action

- (1) Promotion of cooperation with local communities
We aim to contribute to revitalizing the area and grow with local communities by combining the "realization of sustainable society" and the "realization of fun in the life" unifying stores and community building in the area through coexistence with local communities to increase the appeal of the area.
- (2) Practice of fair business activities
In the entire supply chain, we, together with suppliers as our stakeholders, will not only comply with applicable laws and regulations and social norms in the entire supply chain but also conduct business activities with consideration for social responsibilities such as human rights based on high ethical standards.
- (3) Creation of workplaces in view of ease of working and diversity
We will promote work-life balance to realize the environment in which employees and their families feel happy. At the same time, we will promote diversity initiatives to respect and accept various people with different ages, genders, sexual orientations and gender identities, and disabilities so that individual employees can perform at their best.
- (4) Development of promotion system
We will develop J. Front Retailing Group's social initiative plan at the "Sustainability Committee." Each company in the Group will set medium- to long-term targets based on the plan, develop and promote a specific action plan, and review them on a regular basis for continuous improvement.
- (5) Promotion of human rights education
Based on the understanding that respect for human rights is a vital corporate social responsibility, we will provide human rights education to all employees and raise their awareness to carry out such responsibility.

October 30, 2018
YAMAMOTO Ryoichi

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

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J. Front Retailing Principles of Action

JFR* conduct policy

(1) Fair business activities

We will comply with laws and regulations and social norms and conduct fair and transparent business activities. We will also comply with rules on antimonopoly, fair competition and fair transactions and not engage in acts that deviate from these rules.

(i) Legal compliance

We will comply with laws and regulations and relevant rules that apply in the countries and regions where we engage in business activities. And we will strive to make highly transparent and objective and sound corporate governance function in management.

(ii) Prohibition of transactions with antisocial forces

We will have no relationship with antisocial forces, organizations, groups or individuals that threaten social order and the safety of civilian life. And we will adopt a resolute stance against their pressure and eliminate them.

(iii) Prohibition of corruption, bribery and the like

We will maintain a healthy and normal relationship with government agencies and civil servants and not give bribes, illegal political contributions, etc.

(iv) Prohibition of giving and accepting of improper benefits

We will not give to or accept from business partners including those in the Group improper benefits that lack or could undermine fairness.

(v) Prohibition of anticompetitive acts

We will not engage in private monopoly, unfair restraint of trade such as a cartel, and other acts that interfere with free and fair competition.

(vi) Disclosure of information

In case we become aware of events that cause doubt about the quality, safety, effectiveness, etc. of the products and services we offer, we will actively disclose information regardless of whether or not such disclosure is required by laws and regulations.

(vii) Prevention of leakage of personal information

We will appropriately manage and protect personal information of customers, third parties and our employees.

(viii) Protection of intellectual properties

We will respect the rights of suppliers that have intellectual property rights in procurement transactions. And we will not engage in any transaction that violates third party's rights. We will actively disclose information on the quality, safety, effectiveness, etc. of products and services.

(ix) Promotion of responsible procurement

With respect to ESG issues in our supply chain, we will work to resolve them and make improvements with suppliers and address these issues in terms of realizing a sustainable society and enhancing corporate value.

(2) Consideration for human rights and the work environment

We will respect the human rights of everyone in the entire supply chain and not be involved in human rights violations. And we will give consideration to the work environment and realize a safe and pleasant work environment.

(i) Prohibition of discrimination

We will not discriminate on the basis of race, ethnicity, nationality, social status, gender, disability, health condition, thought and creed, sexual orientation and gender identity, job, employment status, etc.

(ii) Prohibition of harassment

We will respect employees' human rights and not be involved in any abuse, physical punishment, psychological/physical/sexual harassment and intimidation.

(iii) Provision of safe work environment

We will design and build facilities and ensure the safety of facilities in consideration of the health and safety of employees. And we will monitor the situations where employees contact with biological and chemical substances that are harmful to humans, noise, bad odor, etc. in workplaces and take appropriate measures.

(iv) Respect for freedom of association and collective bargaining

We will respect employees' rights to form a labor union, to join or not to join it, and to engage in collective bargaining

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with head offices, business places and associated companies in Japan and abroad.

(v) Prohibition of forced labor

We will not use any forced labor such as labor by means of physical or psychological restraint and not engage in human trafficking.

(vi) Prohibition of child labor

We will not hire children who do not reach the minimum labor age and not allow child labor that may impair children's development.

(vii) Responsibility for local communities

We will strive to contribute to the development of the local communities affected by our businesses.

(viii) Disaster prevention measures

We will prepare measures for possible emergencies including disasters and accidents, keep employees informed about them, and implement disaster prevention measures.

(3) Consideration for the environment

We will comply with all environmental laws and regulations that apply in the countries and regions where we engage in business activities, maintain a proactive stance on environmental conservation through business activities, and strive to contribute to the development of society by reducing greenhouse gas emissions, saving energy and other resources, reducing waste and wastewater, recycling, preventing pollution, conserving biodiversity, and other means.

(i) Actions against global warming

We will work to reduce greenhouse gasses to counter global warming.

(ii) Sustainable use of resources

We will work to save energy and other resources, recycle

and reduce waste.

We will also strive to reuse water resources and appropriately manage wastewater.

(iii) Prevention of pollution

We will work to prevent pollution and health damage.

(iv) Biodiversity

We will comply with international conventions and relevant laws and regulations and work to ensure biodiversity-conscious procurement to promote conservation of biodiversity and sustainable use.

(v) Elimination of chemicals

We will not handle products using chemicals and raw materials prohibited by international conventions and relevant laws and regulations.

(4) Consideration for the safety and security of products and services

We will provide products and services that comply with all laws and regulations that apply in the countries and regions where we engage in business activities.

And we will strive to prevent accidents related to products and services from happening.

(i) We will improve the quality of products and services and provide products and services that meet both the safety standards set in each country and by us.

(ii) In case there is a fear that an accident that could affect the safety of customers may happen, we will take appropriate measures to prevent the accident from happening or expanding.

(iii) We will respond to inquiries from customers in good faith and reflect them in improvement of products and services.

(5) Contribution to local communities

We, as a corporate citizen that coexists with society, will respect local culture and actively engage together with local stakeholders in creative activities that contribute to the development of local communities.

(i) We will strive to engage in activities to realize together economic and cultural development of local communities in order to contribute to the development of local communities.

(ii) We will pursue cooperation with a wide range of stakeholders including local communities, governments and educational institutions.

(6) Responsibility for shareholders, investors and other stakeholders

(i) Disclosure of management information

We will strive to ensure sound management, appropriately return profits to shareholders and maximize shareholder value.

We will emphasize dialogue with a diversity of stakeholders including shareholders and investors. And we will disclose information timely and appropriately through dialogue and respond to them fairly and honestly to meet their trust.

(ii) Prohibition of insider trading

We will not use inside information on the Company, associated companies or suppliers obtained in the course of business to seek personal interests.

(iii) Proper accounting procedures

We will follow proper accounting procedures in accordance with laws and regulations and internal rules to ensure the reliability and appropriateness of financial reporting.

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Procurement policy

While fulfilling social responsibilities, the Group will procure products and services, increase business competitiveness and enhance corporate value to realize the optimal procurement for business.

The Group will work to realize the optimization of the entire supply chain by providing suppliers with an understanding of this policy and listening to suppliers to communicate with each other.

The Group will strive to provide suppliers with an understanding of this policy.

We expect suppliers to understand and comply with the matters set forth in this policy.

(1) Quality first

Returning to our basic focus on providing safe and excellent products and services that satisfy customers, we will realize "optimal cost" and "high quality" always from "customer's perspective."

(2) Fair trade

We will provide all like-minded suppliers with opportunities for procurement transactions and actively consider procuring from new suppliers. We will judge in a comprehensive manner in terms of quality, cost, delivery time, services, ESG initiatives, etc. to select suppliers fairly.

(3) Thorough compliance

We will strive to trade fairly in compliance with laws and regulations and social norms and by giving full attention to corruption prevention and occupational health and safety.

(4) Prohibition of transactions with antisocial forces

We will have no relationship with antisocial forces, organizations, groups or individuals that threaten social order and the safety of civilian life. And we will adopt a resolute stance against their pressure and eliminate them.

(5) Compliance with the Antimonopoly Act, etc.

We will comply with laws and regulations including the Antimonopoly Act that ensure fair competition and relevant internal guidelines. And we will not engage in acts that restrict competition or will not be involved in bid rigging.

(6) Consideration for human rights

We will protect employees' health, safety, human rights and other rights protected by law and contribute to improving their lives and working conditions.

(7) Consideration for the environment

We will recognize the importance of environmental conservation and maintain a proactive stance on environmental conservation in our procurement activities. We will comply with international conventions and environmental laws and regulations and work to manage the entire supply chain to create a circular and sustainable society.

In particular, in order to promote conservation of biodiversity and sustainable use, we will comply with international conventions and relevant laws and regulations and work to ensure biodiversity-conscious procurement. And we will not handle products using chemicals and raw materials prohibited by international conventions and relevant laws and regulations.

(8) Appropriate management of information

We will put in place appropriate information management system to prevent confidential information and personal information obtained in the course of procurement transactions from being leaked.

(9) Protection of intellectual properties

We will respect the rights of suppliers that have intellectual property rights in procurement transactions. And we will not engage in any transaction that violates third party's rights. We will actively disclose necessary and sufficient information on the quality, safety, effectiveness, etc. of products and services.

(10) Mutual trust and prosperity with suppliers

We will build a relationship of trust with suppliers based on high transparency and a sense of ethics through procurement transactions and aim to mutually evolve and develop as business partners.

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Human rights policy

Since its inception, the Group has conducted business activities trusted by stakeholders based on the corporate credos "Service before profit" and "Abjure all evil and practice all good."

Respect for human rights underlies all our business activities. Companies are expected to have a better understanding of various human rights issues related to all activities in each country or business and take appropriate actions. We at the Group will act based on this human rights policy of the Group.

The Group's human rights policy applies to all officers and employees.

The Group will strive to provide suppliers with an understanding of this policy. We expect suppliers to understand and comply with the matters set forth in this policy.

(1) Basic ideas on human rights

We understand that our business affects human rights directly or indirectly in each process of value chain including the procurement and consumption and use of products.

And we support and work on the "International Bill of Human Rights" and the "Guiding Principles on Business and Human Rights."

We also support and respect the "Ten Principles of the United Nations Global Compact" as a signatory to the United Nations Global Compact.

(2) Stakeholders and human rights

We commit to prohibition of discrimination on the basis of race, ethnicity, nationality, social status, gender, disability, health condition, thought and creed, sexual orientation and

gender identity, job, employment status, etc., prohibition of harassment, provision of safe work environment, ensuring of minimum wage, responsible labor practices including appropriate management of working hours, and respect for freedom of association and collective bargaining.

(3) Implementation of responsibility for respect for human rights

We will identify negative impacts on human rights related to the Group's business and work to prevent and reduce these impacts in accordance with the "Guiding Principles on Business and Human Rights."

We will not violate human rights themselves as a matter of course, and furthermore, we will build a responsible supply chain by taking appropriate corrective actions when finding negative impacts on human rights in our business activities.

We will strive to build a human rights due diligence system, identify the Group's negative impacts on social human rights, and adopt appropriate and effective remedies.

(4) Development of corporate culture that respects human rights

We will provide education and awareness-raising activities for all officers and employees to have a corporate culture that respects human rights take root.

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Anti-corruption policy

Recognizing corruption and bribery as a serious risk factor that severely damages the trust of companies, the Group will prevent the actions that may constitute corruption or bribery and perform fair and highly transparent corporate activities.

The Group will strive to provide suppliers with an understanding of this policy. We expect suppliers to understand and comply with the matters set forth in this policy.

- (1) We will not engage in or be involved in any form of corruption including embezzlement and bid rigging.
- (2) With a full understanding of laws and regulations, we will not offer to civil servants and the like entertainment or gifts that may cause society's doubt or distrust or money or other benefits to gain unfair advantage.
- (3) We will not offer to or accept from suppliers, etc. entertainment or gifts beyond business practices and social common sense.
- (4) We will not use our statuses or positions in the companies to seek personal interests from suppliers, etc.
- (5) We will provide education and awareness-raising activities for officers and employees to have an anti-corruption corporate culture take root.

Occupational health and safety policy

Based on the idea that occupational health and safety is the most important foundation of business activities, the Group will work to improve employees' occupational health and safety levels with top priority on ensuring health and safety.

The Group will strive to provide suppliers with an understanding of this policy. We expect suppliers to understand and comply with the matters set forth in this policy.

- (1) **Creation of workplaces with priority on health and safety**
We will give top priority to employees' occupational health and safety in business activities.
- (2) **Compliance with laws and regulation on health and safety**
We will comply with laws and regulations on health and safety and rules, etc. on health and safety set by the companies and business places in the Group.
- (3) **Creation of a safe and low-risk work environment**
We will create a safe and low-risk work environment to prevent occupational accidents.
- (4) **Maintenance and enhancement of employees' health**
We will strive to improve our health management system and implement all-hands health and

safety activities to prevent health problems from overwork and mental distress.

(5) Education and awareness-raising activities

We will provide education and awareness-raising activities for all officers and employees to have a health and safety corporate culture take root.

→ [Sustainability Promotion System](#) | [Support for Initiatives](#) | [External Recognition](#)

Creation of the Sustainability Committee

The Group created the Sustainability Committee to promote sustainability management in a cross-organizational manner in all companies in the Group. The Committee, as well as the Risk Management Committee and the Compliance Committee, is positioned as an advisory committee directly under the President and Representative Executive Officer. It meets biannually to develop action plans and monitor the progress concerning the five materiality issues of each operating company. The Board of Directors receives reports about what was discussed at the Sustainability Committee meetings and discusses and supervises the long-term goals on ESG issues and the progress of actions.



2nd Sustainability Committee meeting

Membership

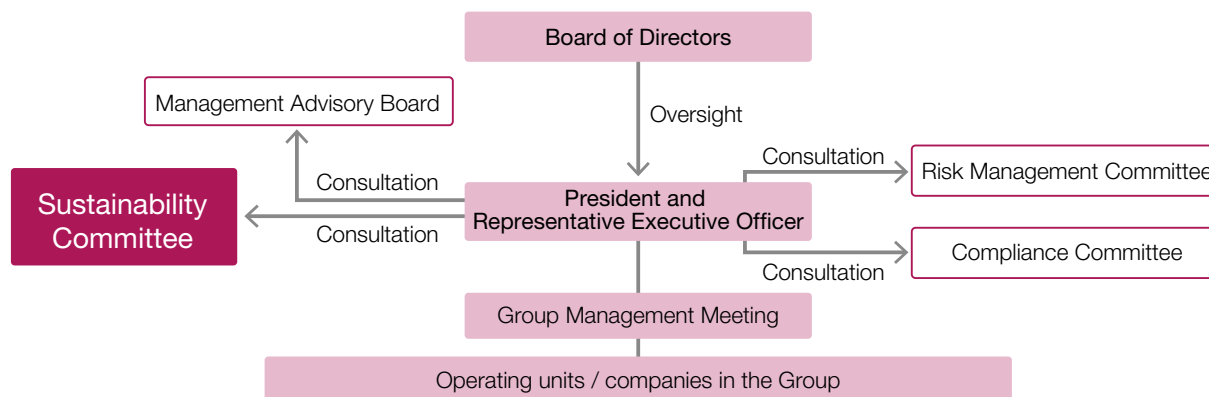
- Chair : President and Representative Executive Officer
- Members : 16 people including 5 Senior Executive General Managers of the business supervisory units of J. Front Retailing and 11 presidents of operating companies in the Group
- Secretariat Chief : Senior Executive General Manager of Management Strategy Unit

Positioning

As an advisory committee directly under the President and Representative Executive Officer, it assumes final responsibility for formulating policies, strategies, and long-term plans, and monitoring concerning sustainability in the Group.

Main activities

- Formulation of policies required by the entire Group to promote sustainability management
- Confirmation of the progress of long-term plans and KGIs/KPIs concerning materiality issues including response to climate change
- Discussion on and monitoring of ESG initiatives in each operating company
- Dialogue with experts to share the latest ESG insights

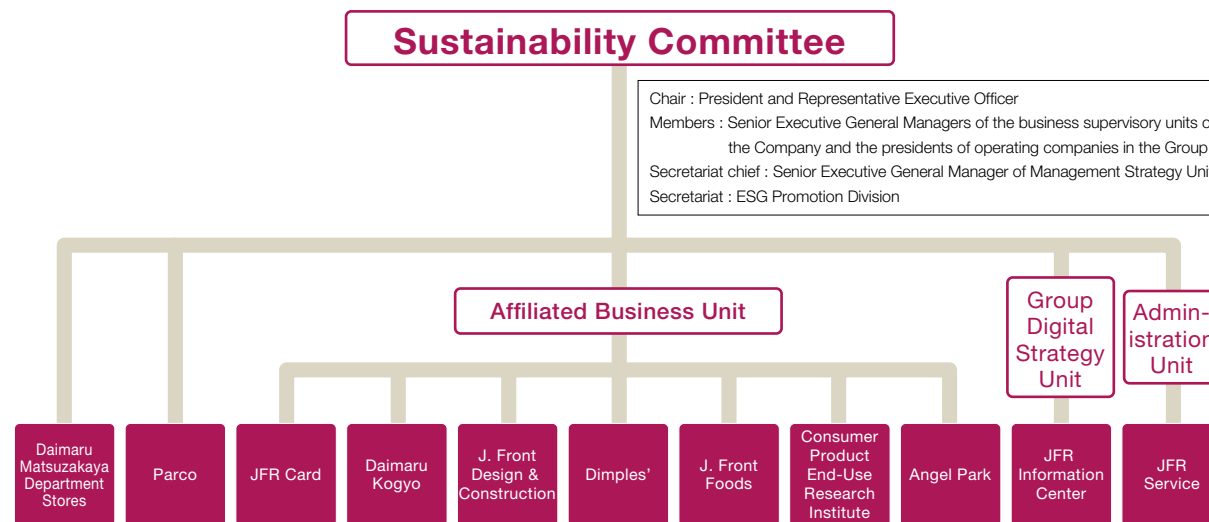


→ Sustainability Promotion System Support for Initiatives External Recognition

ESG Promotion System of Operating Companies

Presidents are responsible for promotion in operating companies.

The corporate divisions of the Company monitor their ESG action plans in cooperation with them by attending the ESG committee meetings and other meetings of operating companies to control the entire Group. In the 1st Sustainability Committee meeting in March 2019, we shared the targets set for fiscal year 2019 and specific initiatives concerning priority issues selected based on the characteristics of each operating company to realize sustainability management. And in the 2nd Sustainability Committee meeting in September in the same year, operating companies' GHG emissions reduction targets for fiscal year 2020 were discussed and the progress of each company's ESG action plan was checked.



*Presidents are responsible for promotion in operating companies.

Establishment of ESG Promotion Division in the Company

As ESG initiatives gain importance for companies to achieve sustainable growth, the Group thinks proactively addressing social issues through business and creating value for society will lead to sustainable corporate growth. The Group positions ESG initiatives as growth strategy and formed ESG Promotion Division in Management Strategy Unit in March 2018 to speed up the implementation of these initiatives.

ESG Promotion Division works with business supervisory divisions including Management Planning Division and Human Resources Policy Division and operating companies to formulate policies and strategies concerning sustainability of the Group.

The Group takes various internal dissemination measures so that individual employees treat ESG initiatives as their own affairs and tackle them as such.

And at the same time, we actively disclose what we think of sustainability outside the Company.

We will enhance sustainable corporate value through active engagement and dialogue to receive understanding and empathy from stakeholders for new collaborative value creation.

→ Sustainability Promotion System Support for Initiatives External Recognition

Internal Dissemination of Sustainability Management

The Group actively disseminates ESG initiatives among employees through trainings, internal newsletters, and internal website.

The top management people explain in person the background and importance of ESG initiatives in internal trainings such as general manager trainings and management line trainings and in each operating company for internal dissemination.

In May 2019, we published an “ESG special issue” of internal newsletter, which contains basic information required by all employees to promote ESG initiatives, for all employees of all companies in the Group. It is intended to raise awareness about ESG issues and receive understanding and empathy about the ideas on the resolution of social issues through business so that individual employees treat ESG initiatives as their own affairs.

Furthermore, we launched an ESG-dedicated internal website in September in the same year and use it as a tool to provide internal and external ESG information in a timely manner. Ideas and tips to help resolve social issues through business are posted on the website. Information is interactively shared with the employees of each operating company on the social networking site.

● ESG special issue for employees



● Presentation by the management



● ESG website for employees



ESG Presentation

The Group has published integrated reports since 2017 to disclose financial and non-financial information. The President in person has active dialogue with investors in Japan and abroad concerning sustainability of the Group every year.

The “ESG presentation” has been held once a year since 2018 to report the direction of our sustainability efforts, long-term goals and the progress of specific initiatives and we have direct dialogue with investors in a question and answer session. 56 investors attended the presentation in fiscal year 2018 and 59 attended in fiscal year 2019.

We will actively disclose information in the reports and website that contain abundant information concerning the sustainability management of the Group to reach more investors.

WEB → ESG presentation



2nd ESG presentation

1st ESG presentation held on November 30, 2018

Agenda

- (1) To create a sustainable society
Presented by: YAMAMOTO Ryoichi
Director, President and Representative Executive Officer

2nd ESG presentation held on November 19, 2019

Agenda

- (1) The Group's ideas on ESG
Presented by: YAMAMOTO Ryoichi
Director, President and Representative Executive Officer
- (2) Activities concerning five materiality issues in the year
Presented by: SAWADA Taro
Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit, and in charge of Risk Management
- (3) Current status and expectations of J. Front Retailing from the perspective of an Outside Director
Presented by: TACHIBANA FUKUSHIMA Sakie
Outside Director
Chairperson of Nomination Committee and Remuneration Committee Member

Questions from investors

- Engagement with suppliers such as GHG emissions reduction in the supply chain (Scope 3) and monitoring of the improvement of the work environment
- How to balance “discontinuous growth” and the “selection of managerial talent that secures objectivity and transparency” in trying something new to create innovation
- Ideas on setting of targets for materiality issues for 2050, 2030, and 2025
- Internal dissemination and sharing of ESG initiatives
- Ideas from a CSV perspective concerning return of ESG taken as risk
- Ideas on priorities among five materiality issues
- Achievements and problems of activities for one year after identifying five materiality issues
- Allocation of roles between the Board of Directors and the Management Advisory Board and the impact of the Management Advisory Board on the Board of Directors
- Levels of transparency, fairness, and liveliness of the Board of Directors
- What the Nomination Committee, which is also involved in managerial talent development, particularly focuses on

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Sustainability Promotion System → **Support for Initiatives** External Recognition

Support for Initiatives: Announced Participation in the UN Global Compact

The Group signed the UN Global Compact on October 17, 2018.

The Group has strived for many years to develop as a fair and reliable corporation by practicing the “customer-first principle” and “contribution to society” under the spirit of its corporate credos “Service before profit” and “Abjure all evil and practice all good.” Based on this belief, we set a vision “Create and Bring to Life ‘New Happiness’” and strive to make customers’ futures happy. To this end, we aim to realize sustainable management based on the places where we communicate with customers.

Initiatives on human rights, labor, environment and anti-corruption, which are advocated by the UN Global Compact, are essential to value these communication places and we greatly support its spirit and signed the UN Global Compact in 2018. We will comply with its ten principles and fulfill our responsibilities as a corporate citizen more than ever. At the same time, we will be committed to achieving SDGs.

The Group also attends the sessions by subject such as human rights, ESG, and CSV, which are organized by the Global Compact Network Japan, to discuss and share information.



The Ten Principles of the UN Global Compact



Businesses should:

- 1 support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



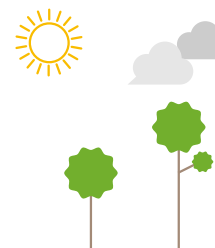
Businesses should:

- 3 uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 uphold the elimination of all forms of forced and compulsory labor;
- 5 uphold the effective abolition of child labor; and
- 6 uphold the elimination of discrimination in respect of employment and occupation.



Businesses should:

- 7 support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.



Businesses should:

- 10 work against corruption in all its forms, including extortion and bribery.



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Sustainability Promotion System → Support for Initiatives External Recognition

Support for Initiatives

Approved by the SBTi

The GHG emissions reduction targets set by the Group were approved as science-based reduction targets by the international SBTi*1 in October 2019. The SBTi updated its target validation criteria so that the level of targets is classified under three categories*2. The Group's targets were approved under the second strictest category of "well-below 2°C"-aligned targets.

The Group will take more proactive GHG emissions reduction measures such as the expansion of the share of renewable energy and waste reduction to achieve the targets approved by the SBTi.



GHG emissions reduction targets approved by the SBTi

- 40% reduction of Scope 1*3 and 2*4 GHG emissions by 2030
- 40% reduction of Scope 3*5 GHG emissions by 2030
(Both compared to FY2017)

*1 Established by a collaboration between four organizations including CDP, the UN Global Compact, World Resources Institute (WRI), and World Wide Fund for Nature (WWF) in 2015 for the purpose of promoting the achievement of science-based GHG emissions reduction targets to limit the temperature increase to below 2°C compared to pre-industrial levels.

*2 In October 2019, the SBTi raised its target validation criteria from existing upper limit of temperature rise of "2°C" above pre-industrial levels to "well-below 2°C" or "1.5°C." All existing SBTi-approved targets are classified under three categories: "1.5°C," "well-below 2°C," or "2°C."

*3 GHG emissions mainly from the company's own fuel consumption

*4 GHG emissions mainly from the generation of energy purchased from other companies

*5 GHG emissions from the production, sales, and consumption of products and supply chain activities excluding Scope 1 and 2

Support for the TCFD recommendations

The Group supports the final report released by the "Task Force on Climate-related Financial Disclosures (TCFD)" that was established by the Financial Stability Board (FSB) (TCFD recommendations), and at the same time, participated in the "TCFD Consortium" that was launched on May 27, 2019. Going forward, we will engage in dialogue with other companies and financial institutions which support these recommendations by participating in the TCFD Consortium to effectively disclose information on how we address the risks and opportunities of climate change, what initiatives we will implement to achieve the long-term GHG emissions reduction targets, and so on.



Participation in the Japan Climate Initiative

The Group participated in the Japan Climate Initiative in September 2018. It is a network of companies, local governments and NGOs that are actively implementing climate actions and agree to aim for decarbonization. By joining this network, we as a company will actively take climate actions to realize a decarbonized society.



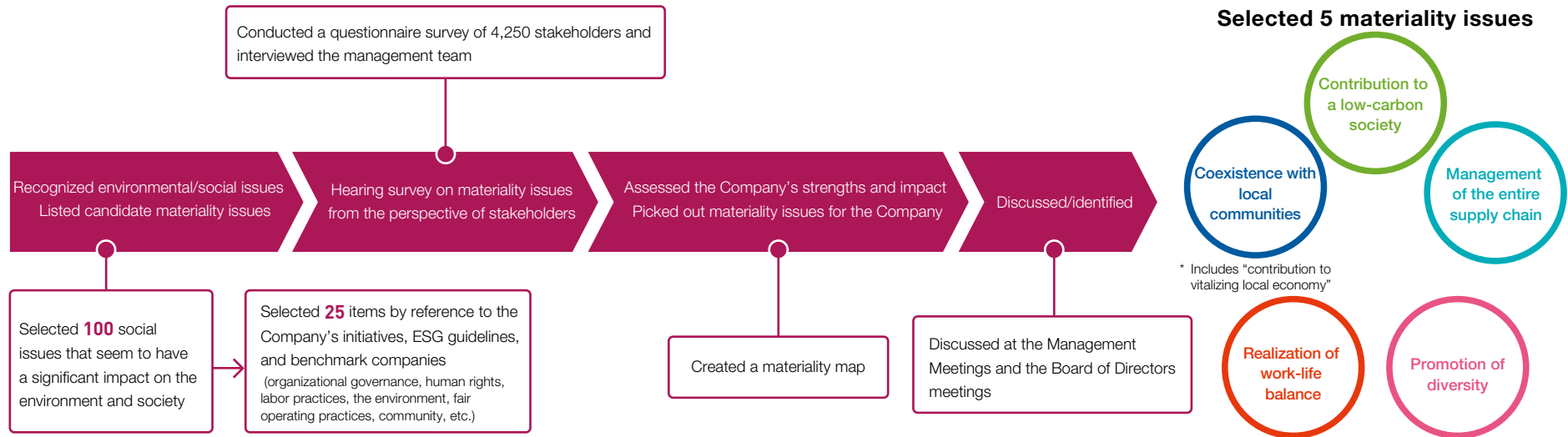
Signed the Women's Empowerment Principles

The Group signed the Women's Empowerment Principles in October 2018. They are a set of principles of action developed through a partnership between the UN Global Compact and UN Women to actively address women's empowerment. We will take this opportunity to actively implement initiatives for women's empowerment and aim to create an environment that empowers all women.



→ Identification of Materiality Issues | Five Materiality Issues and Actions | Sustainability Roadmap

Process to Identify Materiality Issues



The Group worked to identify materiality issues that contribute to the realization of “sustainable corporate and social growth” and a “sustainable society” in the process of clarifying the relationship between business activities and social issues.

Specifically, we selected 25 candidate materiality issues from the perspectives of:

- (i) **the environmental/social issues that are meaningful for the Company to address and can produce results and**
- (ii) **the issues we can tackle using its core businesses.**

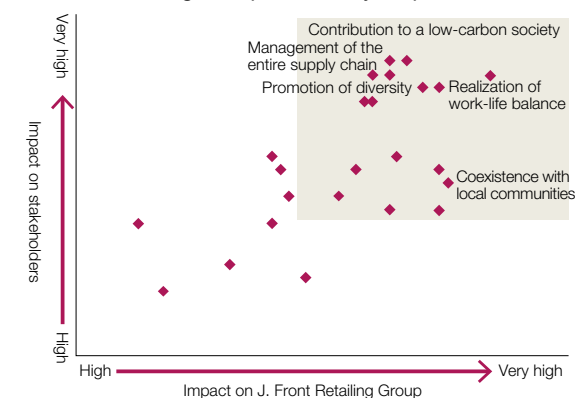
And then, we conducted a questionnaire survey of 4,250 stakeholders on these 25 issues to secure objectivity and diversity. And based on the results of

the survey in which the Global Reporting Initiative (GRI, a nonprofit organization that develops international guidelines) Standards, the assessment items of ISO 26000 and Socially Responsible Investment (SRI), Sustainable Development Goals (SDGs), and review by the President are reflected, and after discussions at internal meetings such as the Management Meetings, we created a materiality map. And finally, we narrowed down the list of materiality issues to and formally determined five items at the Board of Directors meeting.

Currently, we have set long-term goals to be achieved concerning these materiality issues and proceed with specific action plans. Thus the Group makes united efforts

to contribute to resolving social issues through business activities and develop as a sustainable company.

J. Front Retailing Group materiality map



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Identification of Materiality Issues → Five Materiality Issues and Actions Sustainability Roadmap

Five Materiality Issues and Actions






With regard to five materiality issues, by planning backward from the future as the starting point and determining what to do now, which is called backcasting, the Group has set long-term goals and takes actions to achieve them. For each action, we have set KPIs to know its progress. The Sustainability Committee monitors the progress every fiscal year and reports to the Board of Directors.



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Identification of Materiality Issues → Five Materiality Issues and Actions Sustainability Roadmap

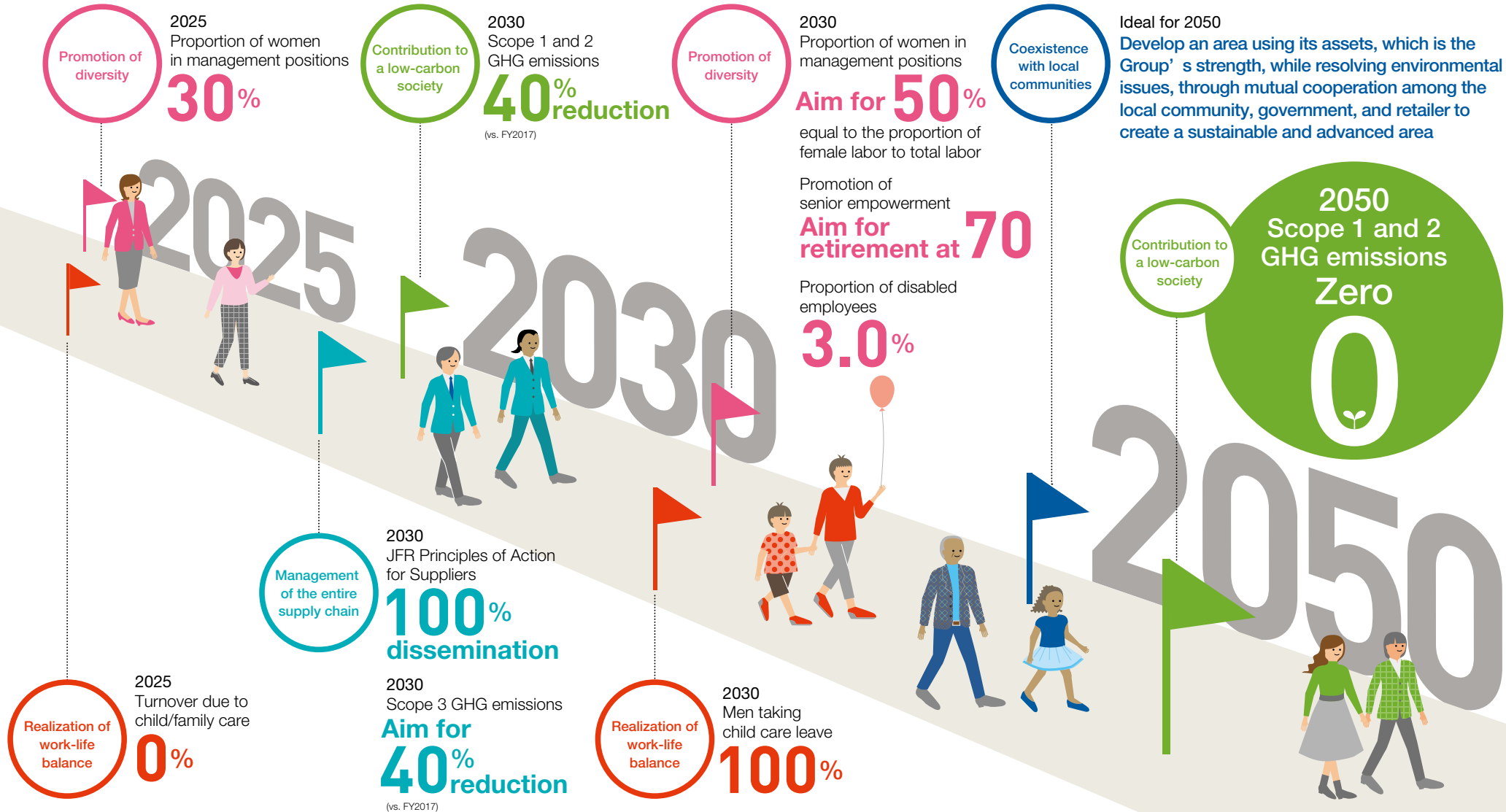
Actions

	Long-term goals (consolidated)	Actions
Contribution to a low-carbon society	<ul style="list-style-type: none"> 2050 Zero Scope 1 and 2 GHG emissions 2030 40% reduction of Scope 1 and 2 GHG emissions (vs. FY2017) 	<ul style="list-style-type: none"> Transition to renewable energy Introduction of energy-saving and highly efficient equipment Replacement with LED lighting Transition of the company fleet to EVs Transition to eco-friendly office supplies Promotion of paperless operations Response to SBT/TCFD/CDP 
Management of the entire supply chain	<ul style="list-style-type: none"> 2030 100% dissemination of the JFR Principles of Action for Suppliers 2030 Aim for 40% reduction of Scope 3 GHG emissions (vs. FY2017) 	<ul style="list-style-type: none"> Formulation and dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG emissions reduction Transition to eco-friendly office supplies Recycling initiative Ecoff 
Coexistence with local communities	<ul style="list-style-type: none"> 2050 Develop an area using its assets, which is the Group's strength, while resolving environmental issues, through mutual cooperation among the local community, government and retailer to create a sustainable and advanced area 	<ul style="list-style-type: none"> Promotion of urban development <ul style="list-style-type: none"> Store planning for the new main building of the Daimaru Shinsaibashi store and new Shibuya Parco Development of local historic facilities through renovation Expansion of local production for local consumption (<i>chisan-chisho</i>) <ul style="list-style-type: none"> Expansion of <i>chisan-chisho</i> using nationwide store network Expansion of offering of Japanese unique products Response to disasters, BCP plan 
Promotion of diversity	<ul style="list-style-type: none"> Proportion of women in management positions <ul style="list-style-type: none"> 2025 30% 2030 Aim for 50%, equal to the proportion of female labor to total labor 2030 Aim for retirement at 70 2030 Proportion of disabled employees: 3.0% 	<ul style="list-style-type: none"> Actions for women's empowerment <ul style="list-style-type: none"> Development of shortened working hours system for women coming back from child care Improvement of education and provision of information during a leave of absence JFR Women's School, Mother Recruitment for child-raising generation Promotion of senior empowerment <ul style="list-style-type: none"> Development of job categories and duties, optional working hours, lifting of the ban on second jobs and side jobs for employees aged 60 and older Employment of disabled people <ul style="list-style-type: none"> Improvement of the work environment of operating companies in the Group Development of new business by a special subsidiary 
Realization of work-life balance	<ul style="list-style-type: none"> 2030 Men taking child care leave: 100% 2025 Turnover due to child/family care: 0% 	<ul style="list-style-type: none"> Expansion of work systems <ul style="list-style-type: none"> Homeworking, remote working (creation of satellite offices) Minimization of transfer with or without family Use of technologies <ul style="list-style-type: none"> Use of technologies such as AI and RPA Expansion of work systems and rules <ul style="list-style-type: none"> Introduction of paid child care leave, development of family care-related system, creation of child care facilities within offices 

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Identification of Materiality Issues → Five Materiality Issues and Actions → Sustainability Roadmap

Sustainability Roadmap

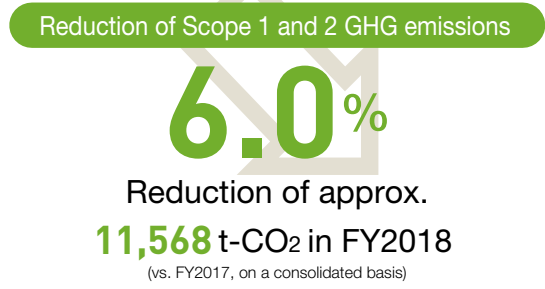
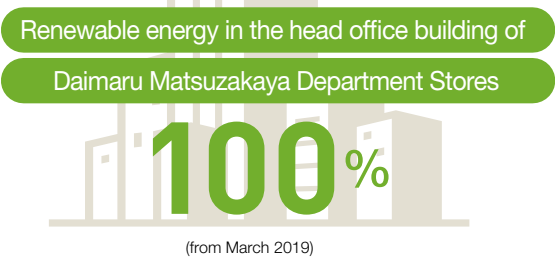
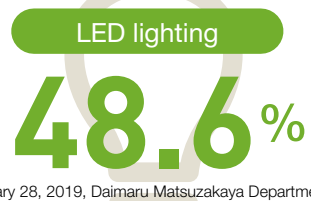
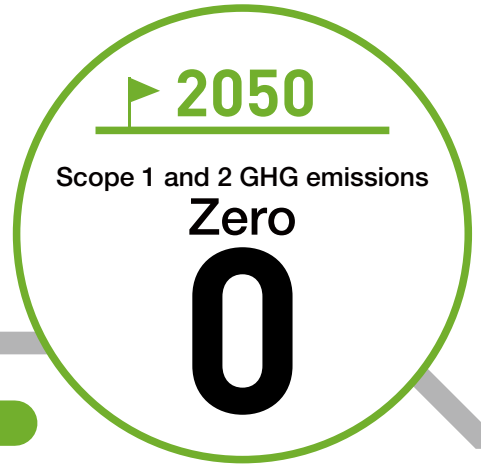
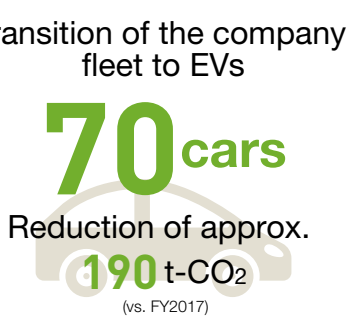
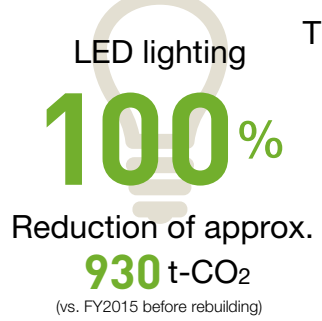
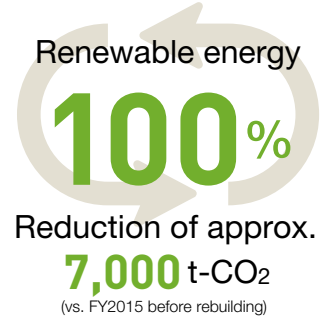
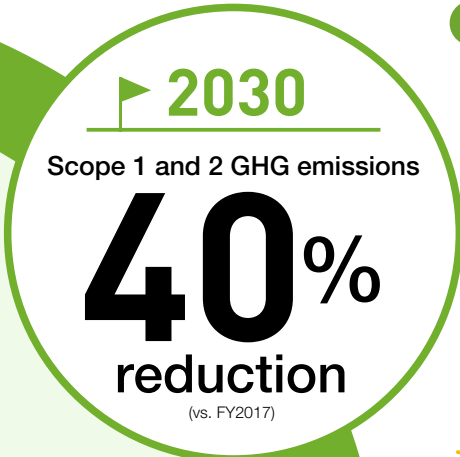


*This roadmap covers the Company and its consolidated subsidiaries.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Scope 1 and 2 GHG Approved as SBT and Support for TCFD Recommendations For the Establishment of JFR Environmental Management System GHG Emissions Reduction Initiatives ESG Model Store

Environmental actions in the main building of the Daimaru Shinsaibashi store (ESG model store)



Contribution to a Low-Carbon Society

The Group works with all stakeholders to tackle climate change to reduce GHG emissions.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Scope 1 and 2 GHG Approved as SBT and Support for TCFD Recommendations For the Establishment of JFR Environmental Management System GHG Emissions Reduction Initiatives ESG Model Store

Background

Nowadays environmental problems including climate change are becoming more and more serious all over the world. Also in Japan, they have a great impact such as a rash of natural disasters caused by unusual weather. Currently it is impossible for companies to ignore climate change.

View

The Group positions “contribution to a low-carbon society” as the most important issue of the five materiality issues. We will work together to tackle global warming in a strategic way to increase stakeholder confidence and create new business opportunities by resolving social issues. The Group will work with all stakeholders to resolve global warming, and thereby contribute to realizing a low-carbon society.

Contribution to a Low-Carbon Society



Outline of actions

- The Group set long-term targets to reduce GHG emissions, which are one of the causes of global warming, and they were approved as SBT in October 2019. We will take actions through business activities to achieve SBT.
- Actions to reduce Scope 1 and 2 GHG emissions
 - Approved by the SBT initiative
 - Establishment of environmental management system
 - The “main building of the Daimaru Shinsaibashi store” and “Shibuya Parco” as ESG model stores

Structure



⇒ Sustainability Committee

Policy

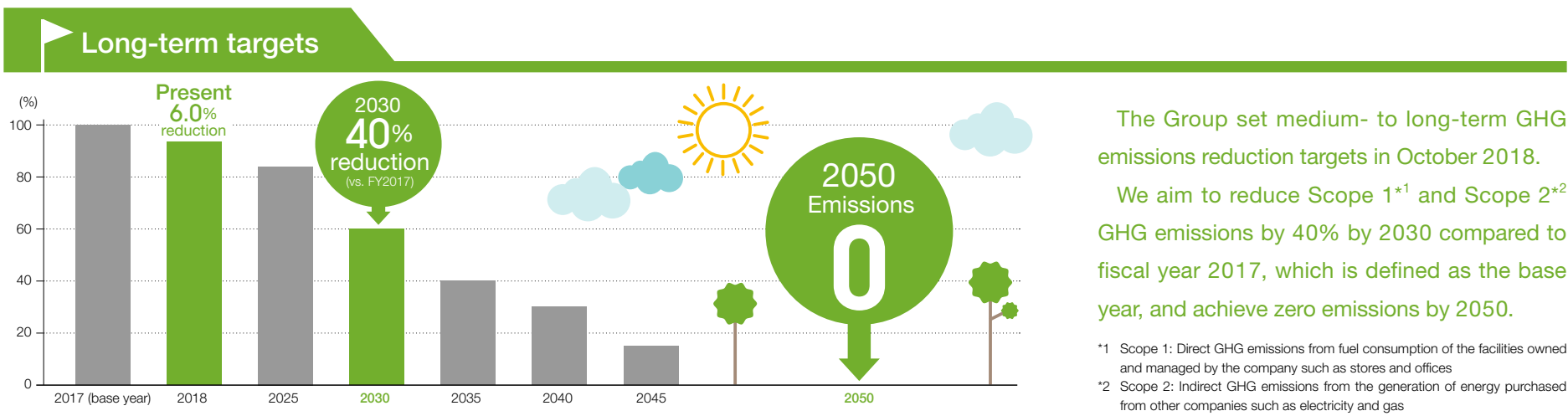


⇒ Eco Vision
⇒ JFR conduct policy

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ **Scope 1 and 2 GHG** Approved as SBT and Support for TCFD Recommendations For the Establishment of JFR Environmental Management System GHG Emissions Reduction Initiatives ESG Model Store

For Scope 1 and 2 GHG Emissions Reduction



Current Status of the Group

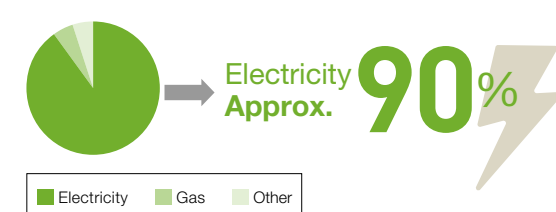
Current status of the Group's GHG emissions (Scope 1 and 2)

The Group is a business group with retailers including Daimaru Matsuzakaya Department Stores and Parco at its core and approximately 90% of the Group's GHG emissions are from stores. And approximately 90% of GHG emissions from stores are from electricity consumption.

Breakdown of the Group's GHG emissions



Breakdown of the Group's GHG emissions by source



Approved as SBT and Support for TCFD Recommendations

Approved by SBT Initiative

The GHG emissions reduction targets set by the Group were approved as science-based reduction targets by the international Science Based Targets initiative (“SBTi”)* in October 2019.

The SBTi updated its target validation criteria by adding two categories including “1.5°C” and “well-below 2°C” to its existing upper limit of temperature rise of “2°C” above pre-industrial levels in December 2019 reflecting the IPCC Special Report on global warming of 1.5°C published in October 2018.

The Group’s targets were approved under the second strictest category of “well-below 2°C”-aligned targets.

Daimaru Matsuzakaya Department Stores, a main operating company, is taking actions such as use of 100% renewable energy in the head office building (Koto-ku,

Tokyo) and the Daimaru Shinsaibashi store to reduce GHG emissions. As a result of these efforts, the Group reduced Scope 1 and 2 GHG emissions by 6.0% in fiscal year 2018 compared to fiscal year 2017, which is the base year. Originally, we set the GHG reduction target for fiscal year 2018 at 3.9% below fiscal year 2017 in the same scope. So the Group steadily reduces GHG emissions.

The Group will take more proactive measures such as the expansion of the share of renewable energy and the strengthening of energy saving to achieve the targets approved by the SBTi.

* Established by a collaboration between four organizations including CDP, the UN Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) in 2015 for the purpose of promoting the achievement of science-based GHG emissions reduction targets to limit the temperature increase to below 2°C compared to pre-industrial levels.

Support for TCFD Recommendations

The Group expressed its support for the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)” that was established by the Financial Stability Board (TCFD recommendations) in May 2019.

And in Japan, the “TCFD Consortium” was launched on May 27, 2019 as an opportunity for holding discussions on effective corporate information disclosure and initiatives that lead disclosed information to financial institutions’ appropriate investment decision making and we participated in it. We actively join the working groups organized by the “TCFD Consortium” with the hope of leading it to constructive dialogue with investors and financial institutions.

Going forward, the Group will effectively disclose information on its actions for climate change in line with the TCFD recommendations.



SBTi GHG emissions reduction requirements

	Long-term target (temperature rise limit)	Annual reduction rate	Approved category for the Group
High ↑ ↓ Low	1.5°C Approx. 66% probability of keeping temperature rise below 1.5°C in 2100	4.2% reduction each year	
	Well Below 2°C Approx. 66% probability of keeping temperature rise below 2°C in 2100	2.5% reduction each year	
	2°C Approx. 50% probability of keeping temperature rise below 2°C in 2100	1.23% reduction each year	

GHG emissions reduction targets approved by the SBTi

- Scope 1 and 2
Reduce GHG emissions by 40% by 2030
- Scope3
Aim to reduce GHG emissions by 40% by 2030
(Both compared to FY2017)



External recognition

- Rated “A-” in the CDP climate change survey 2019

J. Front Retailing was first rated “A-” in the “CDP climate change survey 2019” conducted by CDP, an international NGO. The climate actions of the Company, which defines “contribution to a low-carbon society” as one of its five materiality issues,



including the efforts to obtain approval from the SBT initiative and support for the TCFD recommendations were recognized.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Scope 1 and 2 GHG Approved as SBT and Support for TCFD Recommendations → For the Establishment of JFR Environmental Management System GHG Emissions Reduction Initiatives ESG Model Store

For the Establishment of JFR Environmental Management System

Target Setting by Each Operating Company

With the aim of achieving GHG emissions reduction targets, the Group holds the Sustainability Committee meetings, which are chaired by the President and Representative Executive Officer, semiannually to share the action plans of each operating company and manage the progress. In addition, the Board of Directors receives reports about what was discussed at the Sustainability Committee meetings and discusses and supervises the long-term goals on ESG issues and the progress of actions.

Each operating company sets GHG emissions reduction targets separately. Daimaru Matsuzakaya Department Stores and Consumer Product End-Use Research Institute have ISO 14001 certified environmental management systems and promote environmental activities such as annual external audits.

Going forward, the Group will strive to strengthen governance in environmental management to achieve GHG emissions reduction targets.

Creation of Environmental Data Calculation and Aggregation Rules

The Group operates at more than 400 locations including department stores and offices in Japan and abroad. We have recognized we need a group-wide standardized system to calculate and aggregate environmental data, for example, accurately calculate GHG emissions at each operating company and location in the Group to achieve GHG emissions reduction targets. As part of building its foundation, we created Scope 1 and 2 GHG emissions calculation and aggregation rules in June 2019.

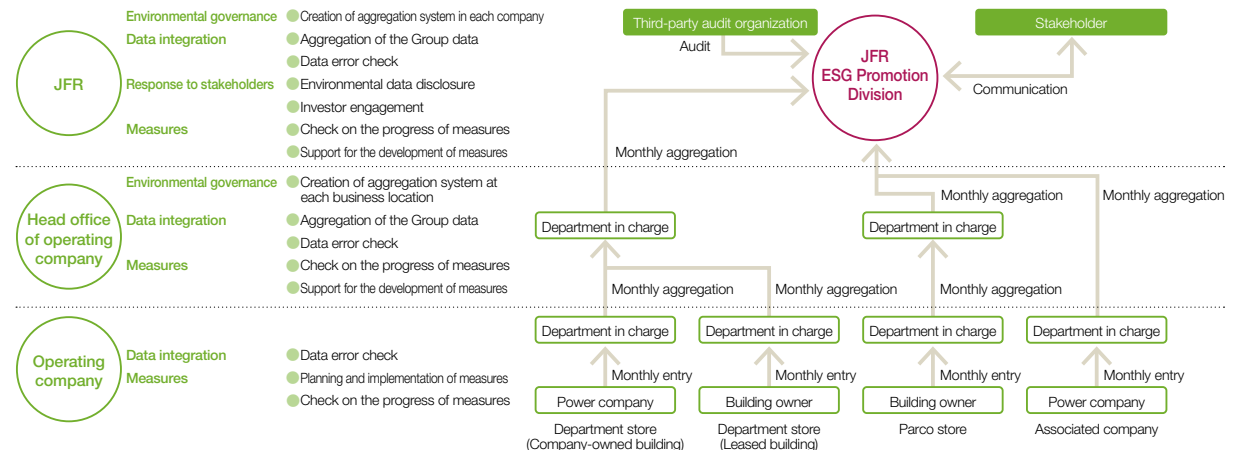
Firstly, in this process, we set the scope of the calculation and aggregation of the Group's Scope 1 and 2 GHG emissions. We clarified the Group's business locations, the period of time, and the types of emissions in

Scope 1 and 2 to ensure the completeness of calculated and aggregated data on GHG emissions.

Next, we developed a system to manage the progress on GHG emissions on a monthly basis. We clarified the system to enter and check environmental data on a monthly basis, the way to manage the evidences that support actual energy use to ensure the accuracy of calculated and aggregated data on GHG emissions.

Going forward, we will introduce a system that centralizes the management of environmental data to improve the efficiency and accuracy of the calculation and aggregation of GHG emissions. Thereby we will strengthen governance to reduce GHG emissions.

Organization chart for calculating and aggregating the Group environmental data



Acquisition of Third-Party Assurance

The Group thinks it is important to ensure accuracy and reliability and receive recognition from a third-party organization concerning the effectiveness of the environmental management system, energy usage, and actual GHG emissions, which are disclosed to stakeholders, in order to reduce GHG emissions steadily. To this end, the Group received an independent assurance statement from Lloyd's Register Quality Assurance Limited (LRQA) for Scope 1 and 2 energy usage and GHG emissions in fiscal years 2017 and 2018 and their calculation method and appropriateness for the first time in July 2019.

As the process of third-party verification, the effectiveness of data calculated and aggregated by J. Front Retailing was inspected. And in light of the current

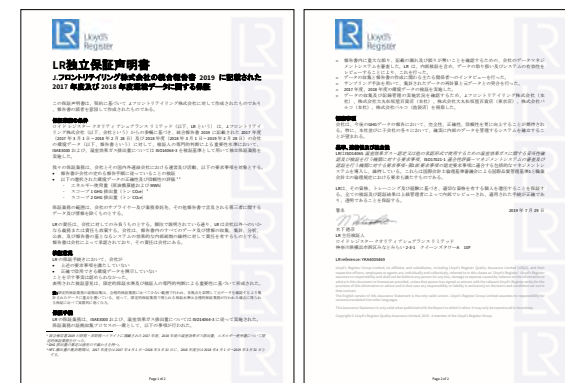
status of the Group's GHG emissions, on-site inspections of main stores of Daimaru Matsuzakaya Department Stores and Parco were conducted. The exhaustive calculation and aggregation of actual energy usage at more than 400 business locations across the Group and the accurate calculation and aggregation of data, each of which is supported by evidences, are recognized by the third-party organization.

We will continue efforts to receive third-party assurance for Scope 1 and 2 energy usage and actual GHG emissions. In addition, in order to reduce GHG emissions across the supply chain, we have been working to improve the accuracy of Scope 3 GHG emissions calculation and aggregation process and build an

environmental management system since fiscal year 2019 to receive third-party assurance.



Independent assurance statement



Environmental performance data for FY2018 (Scope 1 and 2)

The Group GHG emissions and energy usage

	FY2017 (base year)	FY2018	% change
GHG emissions (t-CO ₂)	194,154	182,566	(6.0)
Electricity usage (kWh)	333,514,110	328,899,897	(7.1)
City gas usage (m ³ N)	5,625,325	5,366,712	(4.7)
Steam and hot/cold water usage (MJ)	233,130,037	237,488,273	1.9
Heavy oil usage (kl)	6	6	0
Gasoline usage (kl)	708	655	(7.5)
Natural gas usage (m ³ N)	1,040	1,083	4.3
CFC usage (kl)	1,504	2,137	42.1

* Received third-party assurance from Lloyd's Register Quality Assurance Limited (LRQA).

The Group GHG emissions by operating company

Unit: t-CO₂, unless otherwise indicated

	FY2017		FY2018	
	Emissions	Emissions	% share	% YoY
Daimaru Matsuzakaya Department Stores Co. Ltd.*1	147,884	137,516	75.3	(7.0)
Parco Co., Ltd.*2	42,981	41,918	22.9	(2.5)
J. Front Design & Construction Co., Ltd.	553	533	0.3	(3.5)
Dimples' Co., Ltd.	137	116	0.1	(15.7)
Daimaru Kogyo, Ltd.*3	469	461	0.3	(1.8)
J. Front Foods Co., Ltd.	371	389	0.2	4.8
Consumer Product End-Use Research Institute Co., Ltd.	196	162	0.1	(17.2)
Angel Park Co., Ltd.	970	936	0.5	(3.5)
JFR Information Center Co., Ltd.	445	373	0.2	(16.1)
J. Front Retailing Co., Ltd.	148	161	0.1	8.7
Total J. Front Retailing Group	194,154	182,566	100.0	(6.0)

*1 Daimaru Matsuzakaya Sales Associates Co. Ltd., Daimaru Matsuzakaya Tomonokai Co., Ltd., JFR Card Co., Ltd., JFR Service Co. Ltd., JFR Online Co. Ltd., The Hakata Daimaru, Inc., Kochi Daimaru Co., Ltd., and The Shimomoseki Daimaru, Inc. are included.
 *2 Neuve A Co., Ltd., Parco Space Systems Co., Ltd., Parco Digital Marketing Co., Ltd., Parco (Singapore) Pte Ltd, Japan Retail Advisors Co., Ltd. are included.
 *3 Daimaru Kogyo International Trading (Shanghai) Co., Ltd., Daimaru Kogyo (Thailand) Co., Ltd., and Taiwan Daimaru Kogyo, Ltd. are included.

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GHG Emissions Reduction Initiatives

Transition to Renewable Energy

In light of the current situation that the majority of the Group's GHG emissions are from electricity consumption, we think it is important to focus GHG emissions reduction initiatives on electricity consumption.

Daimaru Matsuzakaya Department Stores replaced all the electricity used in the head office (Koto-ku, Tokyo) and the Daimaru Shinsaibashi store with renewable energy in March 2019 and September 2019, respectively. In fiscal year 2019, this transition to renewable electricity is expected to reduce GHG emissions by approximately 240 t-CO₂ in the head office compared to fiscal year 2017, which is the base year, and by approximately 7,000 t-CO₂ in the Daimaru Shinsaibashi store*¹ compared to fiscal year 2015 before rebuilding.

Parco transitioned to renewable energy in Chofu Parco and Ikebukuro Parco (P'Parco) in October 2019. In fiscal year 2019, this transition to renewable electricity is expected to reduce GHG emissions by approximately 1,900 t-CO₂ in Chofu Parco and by approximately 750 t-CO₂ in Ikebukuro Parco (P'Parco) compared to fiscal year 2017, which is the base year.

Going forward, mainly Daimaru Matsuzakaya Department Stores and Parco will transition to renewable electricity in their main stores in the Tokyo, Kansai, and Chubu areas. The Group is also considering joining the "RE100 (Renewable Energy 100%)*²" by the end of fiscal year 2020.

*1 The building structure is not the same because the main building was rebuilt.

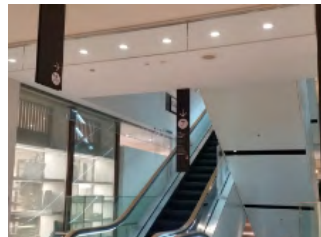
*2 Global initiative that promotes corporate sourcing of 100% renewable energy

Promotion of Installation of High Energy Efficient Equipments and Transition to LED Lighting

The Group adopts various energy-saving measures to reduce GHG emissions and prevent global warming. High energy efficient equipments are installed at the time of facility replacement, renovation, and new store opening.

Daimaru Matsuzakaya Department Stores strives to reduce electricity consumption and GHG emissions by replacing existing lighting with LED units. By February 2019, we replaced approximately 205,000 units, which account for about 48% of the total number of relevant lighting fixtures. By fiscal year 2025, all of approximately 430,000 relevant lighting fixtures will be replaced with LED units.

The Group operates a wide variety of businesses including the department store business that operates stores, the design and construction business, the wholesale business, and the staffing business. Therefore, we will actively save energy in plants and offices as well as stores to reduce GHG emissions across the Group.



LED lighting on the ceiling
(Daimaru Tokyo store)

Transition of the Company Fleet to EVs and Promotion of Eco Driving

Transition of the company fleet to EVs

Daimaru Matsuzakaya Department Stores promotes the transition of its company fleet to EVs. By December 2019, 70 company vehicles used by the Out-of-Store Sales Division of the Daimaru Shinsaibashi store were replaced with EVs. The transition of the company vehicles of the Daimaru Shinsaibashi store to EVs is expected to reduce GHG emissions by approximately 190 t-CO₂ compared to fiscal year 2017, which is the base year. We plan to complete the transition of a total of 128 cars including 34 company vehicles of the Tokyo Area Out-of-Store Sales Division and 14 company vehicles of the Out-of-Store Sales Division of the Kobe store to EVs by the end of fiscal year 2019. We will replace the fleet of all companies in the Group with EVs by fiscal year 2025.

Promotion of eco driving

Daimaru Matsuzakaya Department Stores has adopted the "telematics" system (mobile telecommunication system) for the company vehicles of the Out-of-Store Sales Divisions. The "telematics" system digitizes the driving status of persons in charge including excess speed, abrupt acceleration/deceleration, and gas mileage. The safe operation committee meeting is held every month and the stores that adopt the system use the data of the "telematics" system to facilitate fuel efficient eco driving and safe driving.

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ESG Model Store

ESG Flagship Store: Grand Opening of Main Building of Daimaru Shinsaibashi Store

Daimaru Matsuzakaya Department Stores strives to create eco-friendly stores to “realize a sustainable society.” And the main building of the Daimaru Shinsaibashi store was rebuilt and made its grand opening as an ESG flagship store. The Daimaru Shinsaibashi store will implement various initiatives taking full advantage of the new main building.

100% use of renewable energy

The main building of the Daimaru Shinsaibashi store uses renewable energy for all power needs. As a result, it achieved zero GHG emissions from electricity use for lighting, air conditioning, and equipments. Accordingly, the new main building is expected to reduce GHG emissions by approximately 7,000 t-CO₂ compared to the former main building in fiscal year 2015*. At the same time as the grand opening of the main building, the south wing also transitioned to renewable electricity. Accordingly, it is expected to reduce GHG emissions by approximately 1,800 t-CO₂ compared to the base fiscal year 2017. In addition, the north wing, which is closed for renovation, is planned to make the transition to renewable electricity. And it is expected to reduce GHG emissions by approximately 9,200 t-CO₂ compared to fiscal year 2017.

Going forward, we will adopt 100% renewable energy

initiatives in all stores of Daimaru Matsuzakaya Department Stores to increase the share of renewable energy.

* The building structure is not the same because the main building was rebuilt.

Energy saving initiatives and transition of the company fleet to EVs

LED lighting is used throughout the main building of the Daimaru Shinsaibashi store including the back stockrooms. The 100% use of LED lighting is expected to reduce energy consumption to one-fifth compared to the fluorescent lighting used previously. We think transition to LED lighting is one of important initiatives in terms of short-term GHG emissions reduction and long-term energy saving.

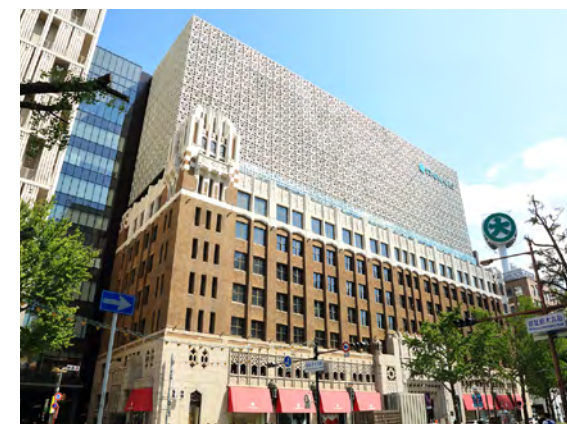
70 company vehicles of the Out-of-Store Sales Division, which are managed by the Daimaru Shinsaibashi store, were replaced with EVs. This transition is expected to reduce GHG emissions by approximately 190 t-CO₂ compared to fiscal year 2017, which is the base year. Renewable electricity is also used to charge EVs.

Other initiatives to contribute to a low-carbon society

Other initiatives include efficient delivery operations

through the central management of product distribution in the building and the use of green packaging materials. We actively green the terrace on the 7th floor (approximately 110 m²), which was created when the building was rebuilt, and the rooftop space (approximately 900 m²).

Originally designed eco bags of the Daimaru Shinsaibashi store were sold for charity for a limited time to celebrate the grand opening. Mr. Jason Brooks, an artist who illustrates for world-famous fashion magazines, drew a picture of the new Daimaru Shinsaibashi store on the eco bag. The Daimaru Shinsaibashi store donated a portion of the proceeds from its sale to the “Naniwa Art Support Fund” in December 2019.



Main building of Daimaru Shinsaibashi store

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Sustainable Urban Commercial Complex: New Shibuya Parco

Shibuya Parco, which was rebuilt and opened in November 2019, aims to be a sustainable global shopping complex by “enlivening the surrounding area,” “reducing the environmental burden,” and “collaborating with a diversity of corporations and individuals.”

Shibuya Parco was selected as a “Leading Sustainable Building Project (CO₂ Reduction Leader)” by the Ministry of Land, Infrastructure, Transport and Tourism in recognition of the following three points as a leading CO₂ reduction project in an urban commercial complex.

CO₂ reduction in outdoor space (elevated green walkway)

Shibuya Parco aims to ensure that customers walk around and stay in the facility while encouraging customers to take CO₂ reduction actions by creating high quality outdoor spaces (an elevated green walkway and outdoor plazas) though it is a commercial complex located in central Tokyo.

Establishment of highly efficient energy system

As well as creating an elevated green walkway to reduce the burden on the environment, we built a highly efficient energy system such as a co-generation system*1 to maximize CO₂ reduction.

Exhaust heat from the medium pressure co-generation system is used as a heat source. And it is also used to air condition and heat Theater until nothing is left. We will contribute to realizing smart energy management and reducing CO₂ emissions using various data and through remote management by an energy service provider and simulation of the operation of mixed heat source.

CO₂ reduction information hub*2

We created a new digital communication system tailored to the characteristics of commercial complex with the digital native generation as its main customers and mixed tenants. It will serve as an information hub on CO₂ reduction and health promotion proposal by linking it to the energy management system using the infrastructure of promotion-related ICT communication tool. In addition, it became possible to be used for disaster evacuation guidance and continue effective and long-term CO₂ reduction activities by establishing a CO₂ reduction promotion system through cooperation between tenants, the developer, and the energy service provider.

New Shibuya Parco realized a CO₂ reduction complex building whose operating efficiency was improved by “visualization” using the energy management system. As Parco’s ESG model store, it will expand this achievement into other stores.

*1 Collective term for the systems that generate and supply electricity and heat from a heat source

*2 Collecting, processing, and analyzing information using computers and the internet for dispersed use of energy



Eco-friendly next generation building Shibuya Parco

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Formulation and Dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG For the Realization of a Circular Society

Management of the Entire Supply Chain

The Group addresses ESG issues with all partners in the supply chain for sustainable growth.

2030
 JFR Principles of Action for Suppliers
100%
 dissemination



2030
 Scope 3 GHG emissions
 Aim for
40%
 reduction
(vs. FY2017)

JFR Principles of Action for Suppliers

Formulated the "JFR Principles of Action for Suppliers" in FY2019

Sent to **8,727** companies
(as of the end of November 2019, on a consolidated basis)

Presentation on the JFR Principles of Action for Suppliers

530 companies attended
(Daimaru Matsuzakaya Department Stores)

Scope 3 GHG emissions measurement

Approx. **3.12** million tons
(FY2018, on a consolidated basis)

% change of Scope 3 GHG emissions

Increased **1.6%**
(vs. FY2017, on a consolidated basis)

* "Investment in emissions from construction and manufacturing of the reporting company's capital goods" increased due to capital investment in the Daimaru Shinsaibashi store and Shibuya Parco.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Formulation and Dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG For the Realization of a Circular Society

Background

With increasing economic globalization and diversification of stakeholder needs, the entire supply chain is expected to respond to issues including environmental consideration, work environment, and human rights issues as well as quality and performance, which have been deemed important before, when procuring products and materials.



Management of the Entire Supply Chain

View

The Group mainly assumes the role of sale and service in the supply chain from raw material procurement to manufacture, sale, and consumption. We recognize that it is important that the entire supply chain including suppliers works together to resolve environmental and social issues. The Group will eliminate risk in the supply chain and enhance corporate value with suppliers by meeting the social responsibilities that it thinks should be fulfilled and promoting initiatives that consider the environment and human rights.

Outline of actions

- The Group will clearly state its basic ideas on the social responsibilities that it thinks should be fulfilled and ensure that officers and employees fulfill them. The Group will also actively encourage suppliers to understand and fulfill them. The entire supply chain strives to reduce GHG emissions.
- Formulation of the JFR Principles of Action and the JFR Principles of Action for Suppliers
 - Approach to suppliers
 - Initiatives to reduce Scope 3 GHG emissions
 - Initiatives to realize a circular society

Structure



→ Sustainability Committee

Policy

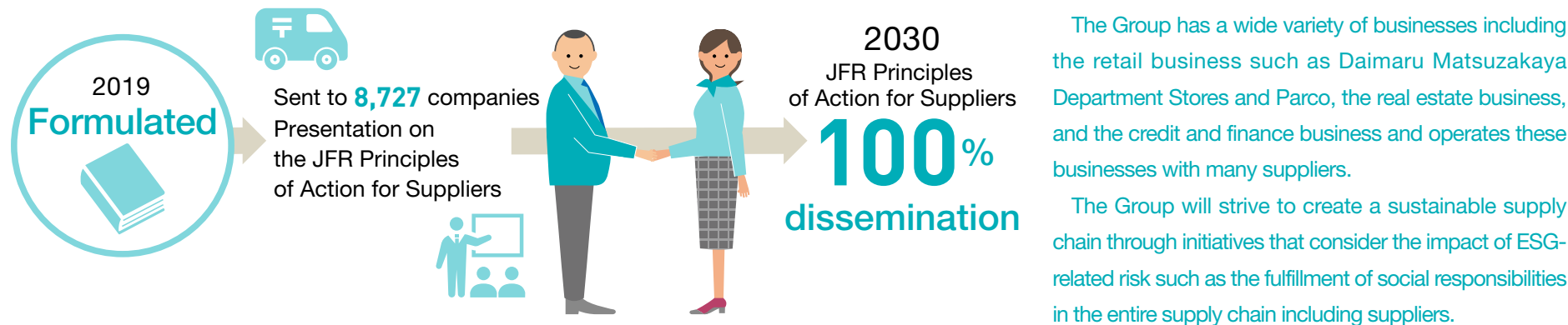


→ JFR Principles of Action
→ JFR Principles of Action for Suppliers

→ Formulation and Dissemination of the JFR Principles of Action for Suppliers | Scope 3 GHG | For the Realization of a Circular Society

Formulation and Dissemination of the JFR Principles of Action for Suppliers

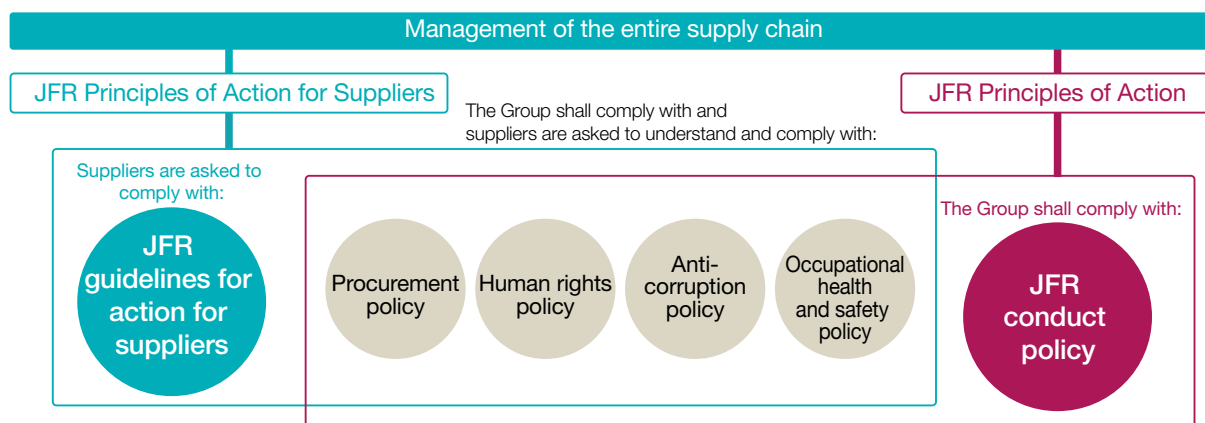
Long-term targets



Formulation of the “JFR Principles of Action for Suppliers”

J. Front Retailing formulated the “Principles of Action for Suppliers” in June 2019 to indicate its stance on corporate behavior that leads to the creation of a sustainable society, which the Group will realize with suppliers. Based on this stance, we will eliminate risk in the entire supply chain by fulfilling social responsibilities and promoting environment-friendly initiatives.

Suppliers and the Group will comply with the JFR Principles of Action for Suppliers and the JFR Principles of Action to fulfill social responsibilities and enhance corporate value together.



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ [Formulation and Dissemination of the JFR Principles of Action for Suppliers](#) [Scope 3 GHG](#) [For the Realization of a Circular Society](#)

Approach to Suppliers

Mailing of the JFR Principles of Action for Suppliers

Each operating company in the Group sent the “Principles of Action for Suppliers,” which was formulated in June 2019, to the representatives of suppliers. By doing so, the Group ensures that they understand and comply with the Group’s view and rules and the Group will fulfill social responsibilities with suppliers to mutually enhance corporate value. (Sent to 8,727 companies as of November 30, 2019, on a consolidated basis)

Presentation on the JFR Principles of Action for Suppliers

In October 2019, Daimaru Matsuzakaya Department Stores, a main operating company, held a “presentation on the JFR Principles of Action for Suppliers” in Tokyo and Osaka at the same time and 652 people from 530 companies attended it.

In the presentation, Mr. YAMAMOTO Ryoichi, the Director, President and Representative Executive Officer of J. Front Retailing, explained the corporate mission statement and the Group’s initiatives for sustainability management and Mr. YOSHIMOTO Tatsuya, the President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd., explained

the recognition of environmental and social issues surrounding Daimaru Matsuzakaya Department Stores and the JFR Principles of Action for Suppliers.

Main feedback and questions from suppliers

- The company’s view on cost increase associated with investment in and resources for ESG initiatives
- View on business hours and the number of business days
- I felt we have reached the point where our generation that will lead the next era should think seriously.
- I expect the Group will take leadership in expanding ESG initiatives to the entire department store industry.
- It is likely to generate synergy on sales floors and in gaisho events in combination with next generation education.

Through the presentation, we will share our view with suppliers and make them understand and comply with the JFR Principles of Action for Suppliers.



Daimaru Matsuzakaya Department Stores presentation on the JFR Principles of Action for Suppliers

Going forward, we will also develop a self-assessment system.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Formulation and Dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG For the Realization of a Circular Society

JFR Principles of Action for Suppliers

The Principles of Action for Suppliers set forth the matters with which the Group and suppliers shall comply to fulfill their social responsibilities together.

By complying with these Principles, the Group will fulfill its social responsibilities along with suppliers and aim to enhance corporate value.

We hope suppliers will understand and comply with these Principles.

Introduction

Since its inception, the Group has conducted business activities trusted by customers and other stakeholders based on the corporate credos "Service before profit" and "Abjure all evil and practice all good."

With increasing economic globalization and diversification of stakeholder needs, what is expected of business activities is greatly changing.

In particular, in procuring products and materials, ESG-related actions including consideration for the environment, work environment and human rights are becoming more important in addition to quality, performance, price, delivery time, etc., which have been deemed important before, and we are expected to promote ESG activities in the entire supply chain.

In response to such movement, the Group formulated a Sustainability Policy to make it clear that we will strive to resolve social issues through business activities in order to create values for suppliers and other stakeholders and contribute to creating a sustainable society.

We have to fulfill our social issues in each process of the supply chain in order to realize a sustainable society. Accordingly the Group newly developed the "Principles of Action for Suppliers." These Principles clearly state the Group's basic ideas on social responsibilities to be fulfilled as well as the code of conduct to be followed by the Group together with suppliers.

We hope the suppliers that deal directly with companies in the Group will understand and follow these Principles to ensure the prevention of legal violation, the safety of products, quality improvement and ESG initiatives.

We expect not only the Group's direct suppliers but also their suppliers from which they procure products, raw materials, etc. to understand the Group's Principles of Action for Suppliers to enhance corporate value in the entire supply chain.

1. "Guidelines for action for suppliers"

(1) Fair business activities

Suppliers are expected to comply with laws and regulations and social norms and conduct fair and transparent business activities. Suppliers are also expected to comply with rules on antimonopoly, fair competition and fair transactions and not to engage in acts that deviate from these rules.

(i) Legal compliance

Suppliers are expected to comply with laws and regulations and relevant rules that apply in the countries and regions where they engage in business activities.

(ii) Prohibition of transactions with antisocial forces

Suppliers are expected to have no relationship with antisocial forces, organizations, groups or individuals that threaten social order and the safety of civilian life. And suppliers are expected to adopt a resolute stance against their pressure and eliminate them.

(iii) Prohibition of corruption, bribery and the like

Suppliers are expected to maintain a healthy and normal relationship with government agencies and civil servants and not to give bribes, illegal political contributions, etc.

(iv) Prohibition of giving and accepting of improper benefits

Suppliers are expected not to give to or accept from business

partners including those in the Group improper benefits that lack or could undermine fairness.

(v) Prohibition of anticompetitive acts

Suppliers are expected not to engage in private monopoly, unfair restraint of trade such as a cartel, and other acts that interfere with free and fair competition.

(vi) Disclosure of information

In case suppliers become aware of events that cause doubt about the quality, safety, effectiveness, etc. of the products and services they offer, they are expected to actively disclose information to the Group regardless of whether or not such disclosure is required by laws and regulations.

(vii) Prevention of leakage of personal information

Suppliers are expected to appropriately manage and protect personal information of customers, third parties and suppliers' employees.

(viii) Protection of intellectual properties

Suppliers are expected to respect the rights of suppliers that have intellectual property rights in procurement transactions. And suppliers are expected not to engage in any transaction that violates third party's rights. Suppliers are expected to actively disclose information on the quality, safety, effectiveness, etc. of products and services.

(2) Consideration for human rights and the work environment

Suppliers are expected to respect the human rights of everyone in the entire supply chain and not to be involved in human rights violations. And suppliers are expected to give consideration to the work environment and realize a safe and pleasant work environment.

(i) Prohibition of discrimination

Suppliers are expected not to discriminate on the basis of race, ethnicity, nationality, social status, gender, disability, health condition, thought and creed, sexual orientation and gender identity, job, employment status, etc. in head offices, business places and associated companies in Japan and abroad.

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→ Formulation and Dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG For the Realization of a Circular Society

(ii) Prohibition of harassment

Suppliers are expected to respect employees' human rights and not to be involved in any abuse, physical punishment, psychological/physical/sexual harassment and intimidation in head offices, business places and associated companies in Japan and abroad.

(iii) Provision of safe work environment

Suppliers are expected to design and build facilities and ensure the safety of facilities in consideration of the health and safety of employees in head offices, business places and associated companies in Japan and abroad. And suppliers are expected to monitor the situations where employees contact with biological and chemical substances that are harmful to humans, noise, bad odor, etc. in workplaces and take appropriate measures.

(iv) Respect for freedom of association and collective bargaining

In head offices, business places and associated companies in Japan and abroad, suppliers are expected to respect employees' rights to form a labor union, to join or not to join it, and to engage in collective bargaining with head offices, business places and associated companies in Japan and abroad.

(v) Prohibition of forced labor

Suppliers are expected not to use any forced labor such as labor by means of physical or psychological restraint and not to engage in human trafficking in business places and associated companies in Japan and abroad.

(vi) Prohibition of child labor

Suppliers are expected not to hire children who do not reach the minimum labor age and not to allow child labor that may impair children's development in head offices, business places and associated companies in Japan and abroad.

(vii) Responsibility for local communities

Suppliers are expected to strive to contribute to the development of the local communities affected by their businesses.

(viii) Disaster prevention measures

Suppliers are expected to prepare measures for possible emergencies including disasters and accidents, keep employees informed about them, and implement disaster prevention measures.

(3) Consideration for the environment

Suppliers are expected to comply with all environmental laws and regulations that apply in the countries and regions where they engage in business activities, maintain a proactive stance on environmental conservation through business activities, and strive to contribute to the development of society by reducing greenhouse gas emissions, saving energy and other resources, reducing waste and wastewater, recycling, preventing pollution, conserving biodiversity, and other means.

(i) Actions against global warming

Suppliers are expected to work to reduce greenhouse gasses to counter global warming.

(ii) Sustainable use of resources

Suppliers are expected to work to save energy and other resources, recycle and reduce waste. Suppliers are also expected to strive to reuse water resources and appropriately manage wastewater.

(iii) Prevention of pollution

Suppliers are expected to work to prevent pollution and health damage.

(iv) Biodiversity

Suppliers are expected to comply with international conventions and relevant laws and regulations and work to ensure biodiversity-conscious procurement to promote conservation of biodiversity and sustainable use.

(v) Elimination of chemicals

Suppliers are expected not to handle products using chemicals and raw materials prohibited by international conventions and relevant laws and regulations.

(4) Consideration for the safety and security of products and services

Suppliers are expected to provide products and services that comply with all laws and regulations that apply in the countries and regions where they engage in business activities. And suppliers are expected to strive to prevent accidents related to products and services from happening.

(i) Suppliers are expected to improve the quality of products and services and provide products and services that meet both the safety standards set in each country and by suppliers.

(ii) In case there is a fear that an accident that could affect the safety of customers may happen, suppliers are expected to take appropriate measures to prevent the accident from happening or expanding.

(iii) Suppliers are expected to respond to inquiries from customers in good faith and reflect them in improvement of products and services.

(5) Contribution to local communities

Suppliers, as corporate citizens that coexist with society, are expected to respect local culture and actively engage together with local stakeholders in creative activities that contribute to the development of local communities.

(i) Suppliers are expected to strive to engage in activities to realize together economic and cultural development of local communities in order to contribute to the development of local communities.

(ii) Suppliers are expected to pursue cooperation with a wide range of stakeholders including local communities, governments and educational institutions.

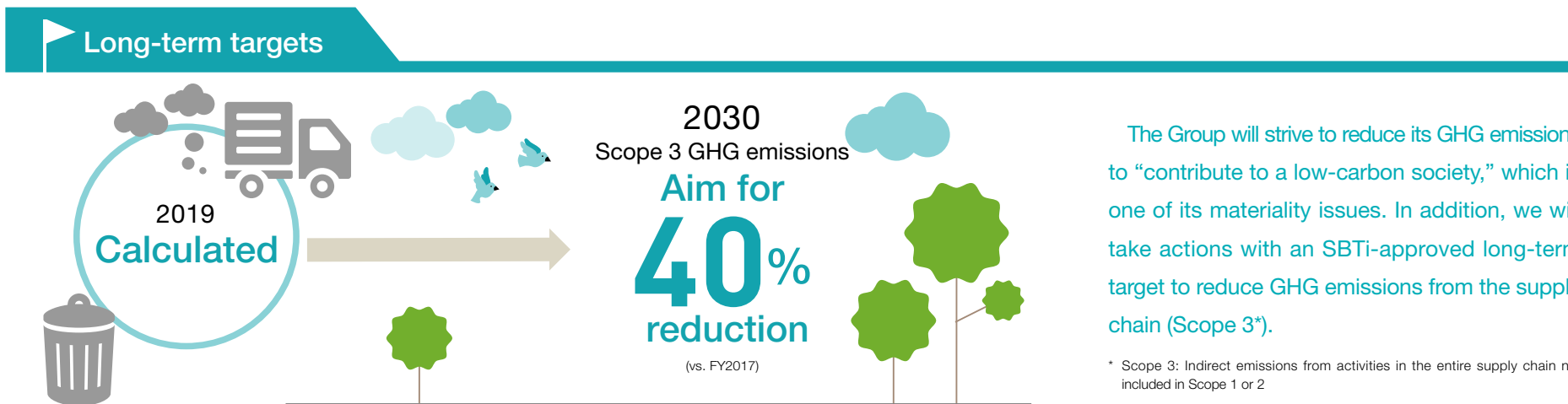


- ➡ Procurement policy
- ➡ Human rights policy
- ➡ Anti-corruption policy
- ➡ Occupational health and safety policy

Established on June 17, 2019

Formulation and Dissemination of the JFR Principles of Action for Suppliers → **Scope 3 GHG** For the Realization of a Circular Society

Initiatives to Reduce Scope 3 GHG Emissions



Scope 3 calculation and reduction measures

The Group calculated Scope 3 emissions for the first time in 2018.

In FY2018, Scope 3 emissions increased by 1.6% compared to FY2017. It is partly because “investment in emissions from construction and manufacturing of the reporting company’s capital goods,” which is one of Scope 3 categories, increased by 48% from the previous year due to capital investment in the Daimaru Shinsaibashi store and Shibuya Parco.

Going forward, we will aim to acquire third-party assurance and strive to reduce GHG emissions in the entire supply chain.

☞ Scope 1 and 2 GHG emissions

Emissions by category

Unit: t-CO₂, unless otherwise indicated

Category	Category name	Emissions FY2017	Emissions FY2018	% change
1	Purchased goods and services	2,701,108	2,704,488	0.1
2	Capital goods	81,883	120,929	47.7
3	Fuel- and energy-related activities not included in Scope 1 or 2	17,966	17,712	(1.4)
4	Upstream transportation and distribution	7,400	9,727	31.4
5	Waste generated in operations	845	759	(10.1)
6	Business travel	627	627	0
7	Employee commuting	1,158	1,173	1.3
8	Upstream leased assets*1	-	-	-
9	Downstream transportation	168,727	171,229	1.5
10	Processing of sold products*2	-	-	-
11	Use of sold products*3	-	-	-
12	End-of-life treatment of sold products	68,423	69,679	1.8
13	Downstream leased assets	26,914	26,914	0
14	Franchises*2	-	-	-
15	Investments*2	-	-	-
Total		3,074,960	3,123,236	1.6

*1 Excluded from calculation because it is calculated in Scope 1 and 2 emissions

*2 Excluded from calculation because they are not included in the business process of the Group

*3 Excluded from calculation because the product line of the retail business, which is the core business of the Group, does not include major appliances, vehicles, etc. and has almost no impact on GHG emissions of the business

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Formulation and Dissemination of the JFR Principles of Action for Suppliers → **Scope 3 GHG** For the Realization of a Circular Society

Switch to green packaging materials

Packaging materials used in Daimaru Matsuzakaya Department Stores are being replaced with packaging materials made from eco-friendly paper beginning in September 2019. Specifically, we are making the switch to shopping bags made from paper sourced from the forests that are managed in an eco-friendly way.

Plastic bags for food products, which attract attention concerning ocean plastic waste, are also being replaced with bags made from 30% biomass (plant-based resources). As a result, we will be able to reduce GHG emissions by approximately 24% per piece compared to

previous bags.

For refrigerated delivery, Daimaru Matsuzakaya Department Stores uses packaging materials made of Stone-Sheet, which contributes to preventing global warming and can be used as a neutralizer that prevents dioxin from being produced. By using domestic calcium carbonate, Stone-Sheet can be made into containers and packaging materials. When burned, it emits 55% less CO₂ compared to polyethylene on a life cycle assessment (LCA) basis.

* 282,450 Stone-Sheets (full size paper equivalent) were used in fiscal year 2018.


Initiatives to go paperless

The Group actively strives to go paperless, for example, by digitalizing slips and documents as one of Scope 3 reduction measures. J. Front Retailing worked on going paperless in 2018, and as a result, the Company could decrease paper usage in its offices by approximately 50% in the year.

Daimaru Matsuzakaya Department Stores introduced a new system for *gaisho* sales and uses electronic forms instead of paper slips when recording sales to reduce paper usage.

In addition, JFR Card started to issue credit card statements online. J. Front Design & Construction, Daimaru Kogyo, JFR Service, and JFR Information Center are also actively working to go paperless by replacing paper-based documents with electronic ones and using online storage.

Going forward, we will strive to refine the measurement of Scope 3 GHG emissions and further reduce emissions.

 ESG initiatives of operating companies



Shopping bags made from forest-certified paper



Plastic bags made from 30% biomass



バイオスマーク
Biomass Mark



BiomassPla

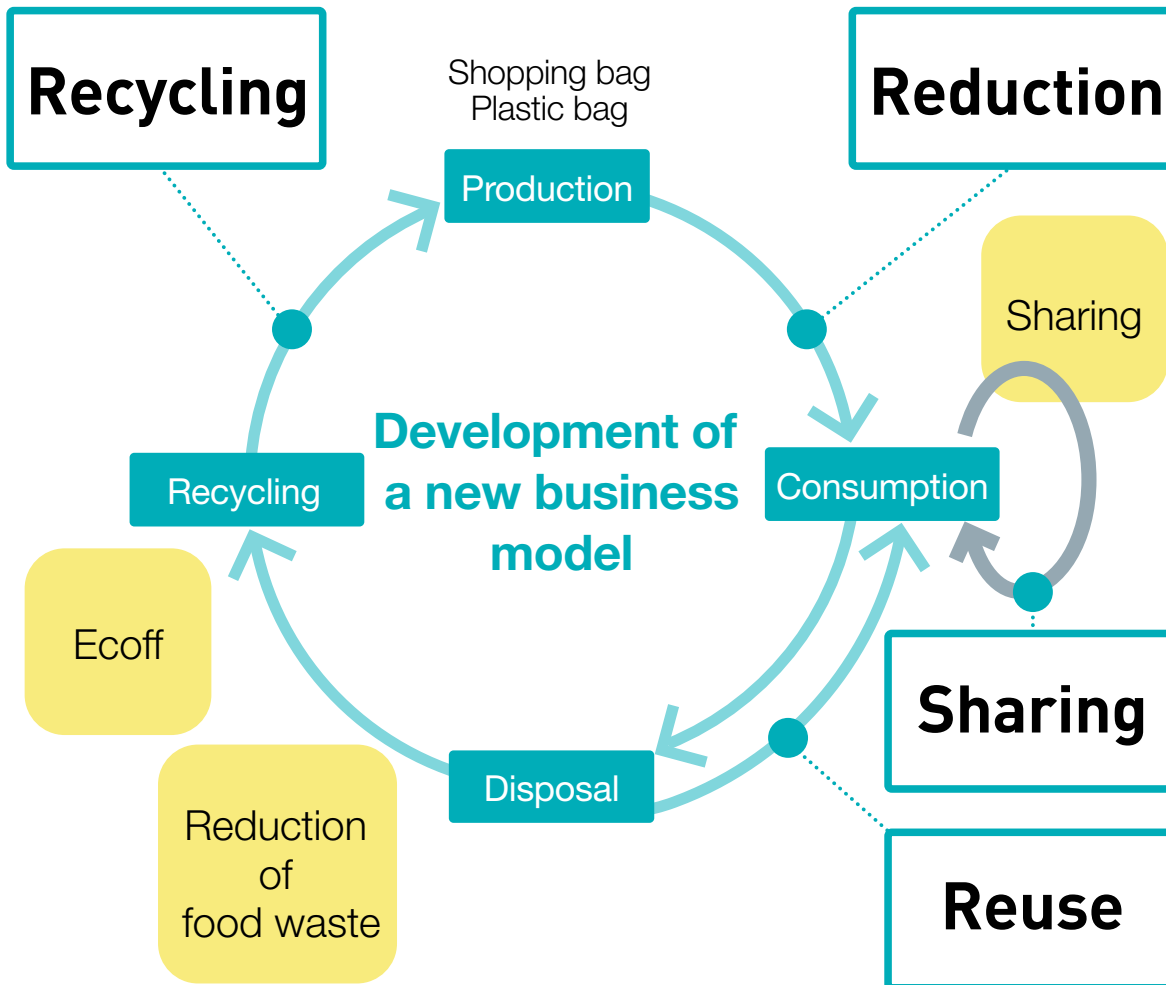
* The Biomass Mark is a label awarded by the Japan Organics Recycling Association to environmental products that utilize biomass (biologically-derived resources) and meet the requirements including quality requirements and standards.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Formulation and Dissemination of the JFR Principles of Action for Suppliers Scope 3 GHG → For the Realization of a Circular Society

For the Realization of a Circular Society

The Group aims to propose buying styles with customer participation through eco-friendly recycling and reuse activities and develop a new circular economy business model.



Sharing

With shifting consumer values from owning to sharing, a “sharing economy” business model is spreading in the retail industry. The Group recognized this shift as a new business opportunity. If we can create a new business using our resources with a focus on sharing, the demand of existing customers will increase and we will be able to attract new customers. We think it will become a new pillar of our business as a Multi Service Retailer.

Reduction of food waste

In Japan, 27.59 million tons* of food is disposed of annually, which poses a major social problem. Daimaru Matsuzakaya Department Stores, which is the core business of the Group, strives to reduce and recycle food waste generated in the stores. The company installs garbage disposers and outsources the disposal of food waste to outside disposal companies so that food waste can be recycled as fertilizer. And we will work with suppliers to reduce food waste and increase the recycling rate of food waste.

* Estimate by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment (FY2016)

Ecoff

The mass disposal and burning of clothing pose a major environmental and social problem. Daimaru Matsuzakaya Department Stores has been working with customers to reduce the environmental burden through the activities of the recycling campaign with customer participation “Ecoff” since fiscal year 2016 using its characteristics of having touch points with suppliers and customers in the supply chain.

Formulation and Dissemination of the JFR Principles of Action for Suppliers | Scope 3 GHG → For the Realization of a Circular Society

Sustainable Project with Customer Participation

Ecoff initiative

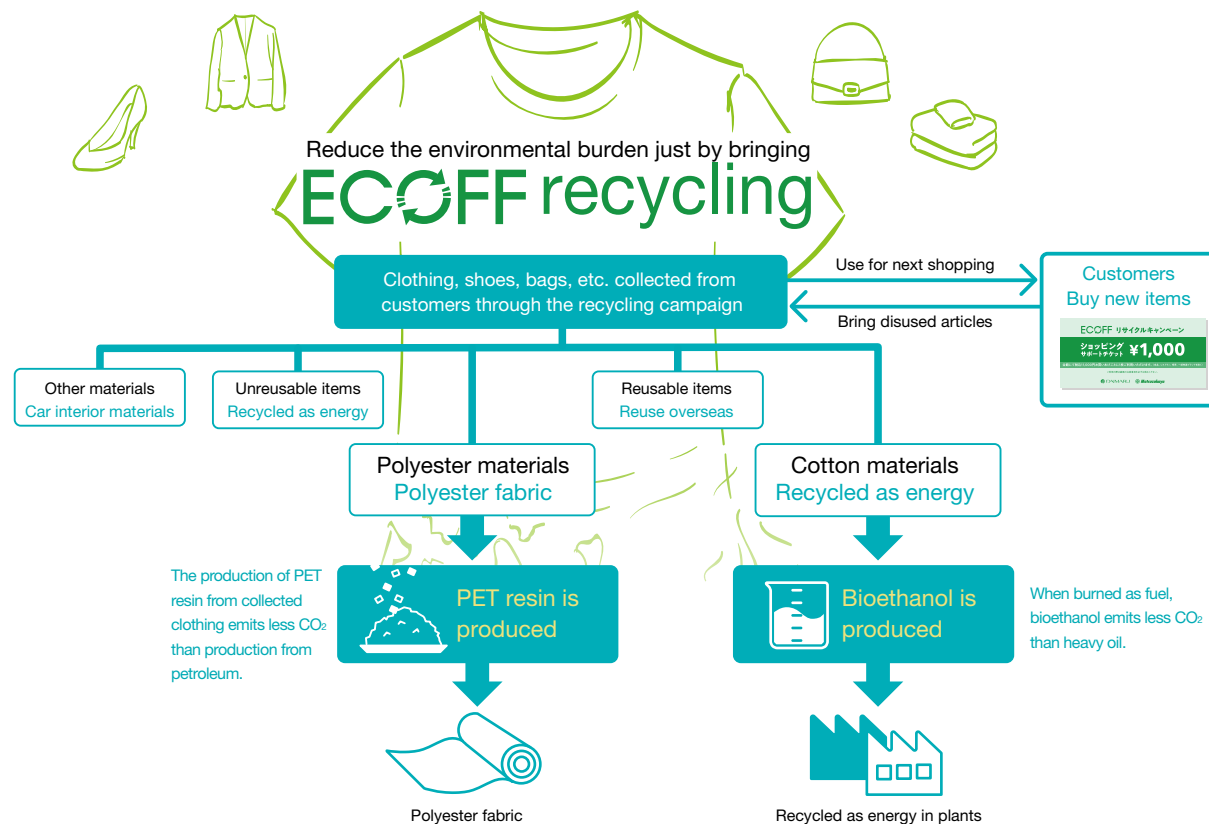
Since 2016, Daimaru Matsuzakaya Department Stores has been engaged in “Ecoff” initiative to collect and recycle disused clothing, shoes and bags. Disused items brought to the stores are recycled into polyester fabric and bioethanol as energy. In exchange for them, we give customers “shopping support tickets” and encourage them to shop in the Daimaru or Matsuzakaya department stores as a circular system. This is a sustainable project with customer participation to reduce the burden on customers and the earth through eco-friendly activities. Amid rising customer awareness of reducing the environmental burden, we held the 7th campaign in April 2019 and the number of collected articles increased.

Ecoff collection boxes are permanently installed since June 2019 to recycle or reuse more items. In August, we held the first family event “Ecoff School,” which provides an opportunity for the participants to learn about recycling and reuse while enjoying playing. It made customers and their children as the next generation understand a circular society through recycling and reuse.

We will work with customers as stakeholders to realize a circular society through business activities.



Special Ecoff collection counter



Articles collected in the past

Aug 2016	88,773 pcs.	30,657 kg
Nov 2016	165,944 pcs.	65,991 kg
Apr 2017	213,476 pcs.	71,632 kg
Oct – Nov 2017	254,666 pcs.	68,036 kg
Apr 2018	299,170 pcs.	92,327 kg
Nov 2018	461,550 pcs.	143,057 kg
Apr 2019	436,633 pcs.	106,456 kg

Total
1,920,212 pieces
578,156 kg

*The recycling and reuse of Ecoff collaborates with the recycling project “Bring.”

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→ Grow and Coexist with Local Communities Urban Development with ESG Model Stores at the Core Support for the Next Generation and Local Revitalization

2050

The Group will develop an area using local assets, which is the Group's area of expertise, while resolving environmental issues, through mutual cooperation among the local community, government and retailer to create a sustainable and advanced area.



Coexistence with Local Communities

The Group will work with local communities to enhance the appeal of the area through the integrated development of the area and the store in the area.

Urban Dominant strategy

Initiative to develop and coexist with local communities by maximizing the strength of the Group that has stores in urban areas

Main building of
Daimaru Shinsaibashi store



Ginza Six



Ueno Frontier Tower



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Grow and Coexist with Local Communities Urban Development with ESG Model Stores at the Core Support for the Next Generation and Local Revitalization

Background

Amid the declining birthrate and aging population and the concentration of population in urban areas, the enhancement of local appeal and local contribution have become social tasks. Businesses are expected to take actions to revitalize the areas with local communities.



Coexistence with Local Communities

View

The Group thinks the implementation of the “Urban Dominant strategy,” an initiative to develop and coexist with local communities by maximizing the strength of the Group that has stores in urban areas, will lead to the enhancement of local appeal and local contribution. Through mutual cooperation among local communities, governments and retailers, we will make compatible urban development and the resolution of environmental and social issues and realize a sustainable society through coexistence with local communities.

Outline of actions

The Group will create customers by implementing the Urban Dominant strategy, and at the same time, creating new value for local communities.

- Implementation of the Urban Dominant strategy
- Urban development with ESG model stores the “Daimaru Shinsaibashi store” and “Shibuya Parco” at the core
- Launching early childhood education business
- Local revitalization through *chisan-chisho* and support for disaster areas

Structure



→ Sustainability Committee

Policy



→ Social Vision
→ JFR conduct policy

Top
CommitmentSustainability
Promotion SystemJFR
Materiality IssuesContribution to
a Low-Carbon
SocietyManagement
of the Entire
Supply ChainCoexistence
with Local
CommunitiesPromotion of
DiversityRealization
of Work-Life
BalanceOperating
Companies'
ESG InitiativesOutside
Director's
Message

Governance

Data

→ [Grow and Coexist with Local Communities](#) [Urban Development with ESG Model Stores at the Core](#) [Support for the Next Generation and Local Revitalization](#)

Grow and Coexist with Local Communities

Long-term targets



Urban Dominant Strategy

Business model that pursues growth with local communities

The Group's Urban Dominant strategy is a business model to enhance the appeal of the entire area with the stores at its core and pursue growth with local communities. Promoting the Urban Dominant strategy leads to enhancing the appeal of the area and local contribution.

The Urban Dominant strategy has its roots in an initiative at the Daimaru Kobe store. The Daimaru Kobe store developed the shops in the Former Foreign

Settlement of Kobe to revitalize not the "points" but the "area" as a whole. Such shop development started with our own buildings. And then, the Daimaru Kobe store actively invited some brands to open their boutiques in other buildings in the Former Foreign Settlement to further revitalize the area and draw more customers to the entire area.

5 key areas of Urban Dominant strategy

The know-how of the Daimaru Kobe store has been applied to the Daimaru Shinsaibashi store and the

Daimaru Kyoto store and expanded and developed into the "Urban Dominant strategy."

Positioning five areas including Shinsaibashi, Kyoto, Kobe, Nagoya and Ueno as its key areas, we will continue to promote the "Urban Dominant strategy."

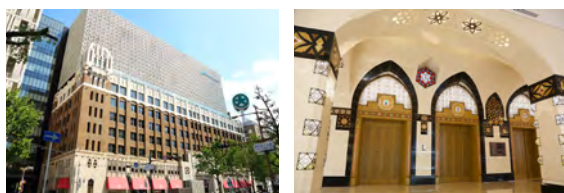
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→ **Grow and Coexist with Local Communities** Urban Development with ESG Model Stores at the Core Support for the Next Generation and Local Revitalization

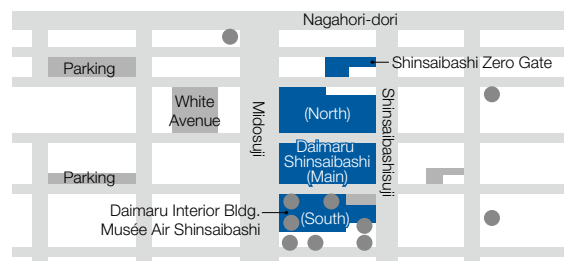
● Shinsaibashi area

The Shinsaibashi area is a world-class commercial area with characteristic blocks such as the 44-meter-wide Midosuji avenue, the bustling Shinsaibashi shopping arcade that is visited by some 150,000 people on weekends, Amerikamura (American village), Minamisenba and Horie.

The Daimaru Shinsaibashi store, which has about 300 years of history since first opening in the area, rebuilt its main building and celebrated its grand opening as a “department store that will evolve looking out at the world and toward the future” in September 2019. It was reborn as a landmark in the Shinsaibashi area with distinctive specialty shops including first openings in the Kansai area and shops in new formats. The Daimaru Shinsaibashi store recognizes that it has an important responsibility for making the Shinsaibashi area adored by the world. It will contribute to enhancing the appeal of the area by enticing foreign tourists to Japan to visit the area as a core commercial facility for them and draw new crowds to the area.



Main building of Daimaru Shinsaibashi store Elevator hall



Map around Daimaru Shinsaibashi store

● Kyoto area

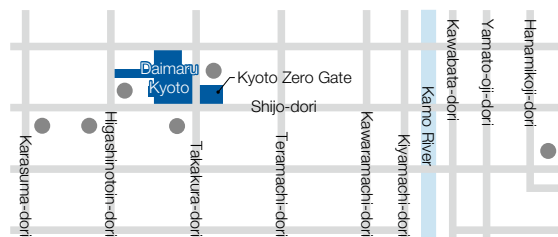
In the Kyoto area, Daimaru Matsuzakaya Department Stores opened the “Daimaru Kyoto Store Gion Machiya” in 2016 to celebrate the 300th anniversary of Daimaru’s foundation. Subsequently, in March 2018, we renovated an over 100-year-old Kyo-machiya townhouse and opened the “Blue Bottle Coffee Kyoto Cafe” with Blue Bottle Coffee in the Nanzenji area. By preserving and using the machiya, we inherit its historical value and contribute to revitalizing the area. And we are well received by people in Japan and abroad as well as residents in Kyoto.

In addition, in April 2019, we opened the “Bino Higashinotoin” featuring “beauty & health” on the Higashinotoin-dori street.

We also actively support the next generation by organizing the “Daimaru Kyotokko Gakuen (Daimaru school for children in Kyoto)” in which children in Kyoto learn traditional culture, customs, etc., which are the appeal of Kyoto where they live, using the Daimaru Kyoto store as a school building and other events with customer participation in partnership with local universities.



Blue Bottle Coffee Kyoto Cafe Bino Higashinotoin



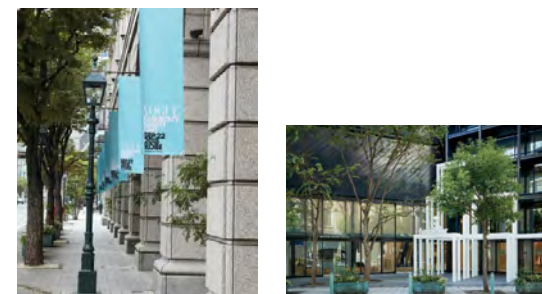
Map around Daimaru Kyoto store

● Kobe area

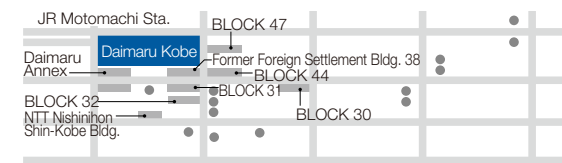
In the Kobe area, we have developed shops around our department store since 1987, about 30 years ago. At that time, the center of transportation and business of the Kobe area shifted from Motomachi to Sannomiya and Motomachi where the Daimaru Kobe store is located was relatively devitalized. The initiative to attract people to the store not by developing the “points” of our own buildings but by revitalizing the entire “area” is the roots of our Urban Dominant strategy.

The Daimaru Kobe store invites cutting-edge fashion brands to open their boutiques in exotic buildings in Motomachi, Kobe, which historically developed as a foreign settlement, to attract more customers to the area. Currently approximately 60 shops operate around the store and the area combining shopping and sightseeing attracts customers from a wider area.

The store organizes events using the appeal of the Former Foreign Settlement on a regular basis such as Vogue’s shopping event “Vogue Fashion’s Night Out,” which has been held since 2017.



Vogue Fashion's Night Out Shop near Kobe store



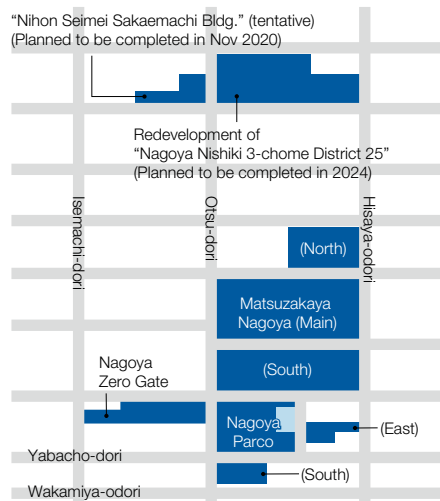
Map around Daimaru Kobe store

→ **Grow and Coexist with Local Communities** Urban Development with ESG Model Stores at the Core Support for the Next Generation and Local Revitalization

● Nagoya area

In the Nagoya area, two development projects started. One is the opening of a commercial facility in the “Nihon Seimei Sakaemachi Building” (tentative). Daimaru Matsuzakaya Department Stores has decided to develop a commercial facility by master-leasing the property owned by Nippon Life Insurance Company and looking for tenants. Given its location in the center of the Sakae area, we will develop the new commercial facility by creating the Group synergy with the Matsuzakaya Nagoya store, Nagoya Parco, etc. to help create a bustle in and attract more customers to the Sakae area. Construction is planned to be completed in November 2020.

The other is the redevelopment of the “Nagoya Nishiki 3-chome District 25.” Daimaru Matsuzakaya Department Stores and Nagoya City concluded a basic agreement in January 2019 to mutually cooperate in developing the land owned by them. We aim to complete construction in fiscal year 2024.



Map around Matsuzakaya Nagoya store

● Ueno area

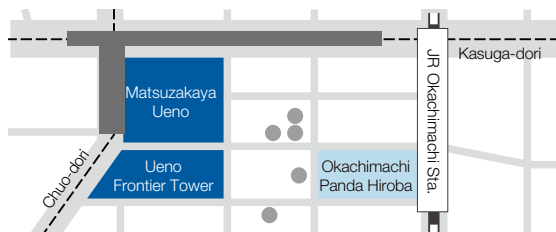
In the Ueno area, the “Ueno Frontier Tower” was opened in 2017. The complex with Parco's new format store “Parco_ya” as an anchor tenant and also a cinema complex and highly functional offices serves as a landmark that attracts a wide range of customers.

We are involved in a local project named “Shitamachi Front” including the “Ueno Frontier Tower.” Specifically, we strengthen efforts to disseminate local information and appeal using the community site “Ueno ga Suki (We love Ueno).” By creating multiple sales spaces in conjunction with this community site, we built a new system to increase customer loyalty, which helps strengthen customer relations.

We invite plans from the government and local companies and plans that can contribute to *chisan-chisho* and hold various events with local people in the adjacent “Okachimachi Panda Hiroba.” In December 2019, we renovated the second annex of the Matsuzakaya Ueno store and opened the “Bino Okachimachi.” Through these efforts, we help dramatically



Matsuzakaya and Ueno Frontier Tower



Map around Matsuzakaya Ueno store

increase the ability to attract customers to the Ueno Okachimachi area.

The Matsuzakaya Ueno store developed with the community the road adjacent to the “Shitamachi Front” as a new “street” and named the part from the “Shitamachi Front” to Yushima Tenmangu “Gakumon no Michi (the road of study).” Its vigorous efforts include the organization of events that can attract more customers, the development of related products, a food truck business and environmental improvement.

By strengthening collaboration with the government and local malls and companies, we will expand events in the “Okachimachi Panda Hiroba” and promote the expansion and revitalization of the economy of the Ueno Okachimachi area.

Events held in Okachimachi Panda Hiroba in FY2019

Month	Event	No. of visitors (people)
Mar	2nd Beautiful Mother Park in Shitamachi Marche	Approx. 9,000
Apr	Ueno – Tohoku Festival 2019	Approx. 15,000
	Disaster Prevention & Outdoor Fair	Approx. 900
May	Mottainai Kids Flea Market	Approx. 600
	2nd Shitamachi Marche & Gourmet Fair Celebrating Ueno Museum Week	Approx. 12,000
Jul	3rd Shitamachi Marche	Approx. 10,000
	Shitamachi Panda Beer Night	Approx. 12,000
Aug	Hawaiian Festival	Approx. 6,000
Sep	3rd Beautiful Mother Park in Shitamachi Marche	Approx. 10,000
	Equestrian Club Rein Horse Riding Festival	Approx. 7,000
Oct	Radio Gymnastics (Sep - Nov)	Approx. 150
	Rugby World Cup Support Event	Approx. 20,000
Nov	6th Shitamachi Halloween 2019	Approx. 12,000
	4th Shitamachi Marche	Approx. 18,000
	Fukushima Festival in Panda Hiroba 2019	Approx. 19,000
Dec	Uwatto! Kashiwazaki in Okachimachi Panda Hiroba	Approx. 9,600
	Jewelry Festa	Approx. 5,000

As of December 31, 2019



Okachimachi Panda Hiroba

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Grow and Coexist with Local Communities → [Urban Development with ESG Model Stores at the Core](#) Support for the Next Generation and Local Revitalization

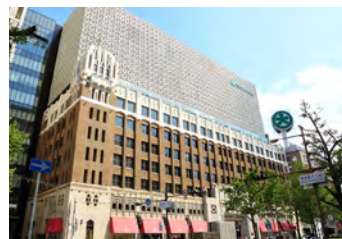
Urban Development with ESG Model Stores at the Core

New Landmark in Shinsaibashi: Main Building of Daimaru Shinsaibashi Store

The Daimaru Shinsaibashi store, which has about 300 years of history since first opening in Shinsaibashi, made its grand opening as a department store that will evolve looking out at the world and toward the future in September 2019. It was reborn as a landmark in the Shinsaibashi area with 368 distinctive specialty shops including first openings in the Kansai area and shops in new formats. Its concept is “Delight the World –Shinsaibashi, Adored by the World–.” The new Daimaru Shinsaibashi store aims to further increase the appeal of Shinsaibashi.

The main building of the Daimaru Shinsaibashi store adopts the latest things in the building and business model while inheriting long-loved things such as the Vories architecture and the spirit of hospitality. The store serves as a model for the future in terms of environmental initiatives such as the use of renewable energy and LED lighting in the entire building.

We aim to offer new value all the time to suit customer lifestyles and tastes that change with the times.



Main building of Daimaru Shinsaibashi store

Collaboration with Milano Fuorisalone

In October 2019, we launched “Osaka × Milano Design Link” in partnership with the world’s biggest design event “Milano Fuorisalone.” In collaboration with Milano Fuorisalone, we will work with local organizations and government to revitalize the area. We will work on this initiative for a long term as an effort to create new movement from the center of Osaka, which is growing into a global city, and “make Osaka a world-class city” with a focus on art and design.

Next Generation Commercial Complex: New Shibuya Parco

Shibuya Parco has addressed “Incubation,” “Urban Revitalization” and “Trends Communication” and has played a part in developing Shibuya stimulating and at the same time being stimulated by the area since its opening in 1973. These three initiatives are Parco’s DNA and point of origin and also the belief of evolving Parco.

New Shibuya Parco will contribute to urban revitalization both in terms of hardware and software as a symbolic facility on the Koen-dori street with a total floor area of approximately 64,000 square meters and 19 floors above the ground and three under the ground consisting of commercial part on the 1st basement to the 8th floors and part of the 10th floor, a creative studio (talent incubation facilities) on the 9th floor, an entrance on the 1st floor and offices on part of the 10th floor and the 12th to the 18th floors.

In terms of hardware, we created a pedestrian-friendly environment by installing a walkway around the building and plazas on the premises and thereby expanding space for pedestrians to enliven the area. We address local issues such as disposal of goods and bicycle parking on streets, which prevent people from walking around, by installing an area logistics center and a bicycle parking lot in the building.

In the meantime, in terms of software, in the outdoor plazas in the building, we will hold a wide range of events in coordination with the local community, fashion shows, music and food events to help create excitement in the area.



Shibuya Parco

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Grow and Coexist with Local Communities Urban Development with ESG Model Stores at the Core → Support for the Next Generation and Local Revitalization

Support for the Next Generation and Local Revitalization

Entry into Early Childhood Education Business

The Group is expanding its business fields with the aim of growing as a “Multi Service Retailer” beyond the framework of retail. We established JFR Kodomo Mirai Co., Ltd. in March 2018 to realize our wish to propose “‘new happiness’ in life” to infants at an early stage in life and parents with infants at an early stage in family life. JFR Kodomo Mirai Co., Ltd. launched early childhood education business that provides both education and extended-hour child care in collaboration with Kids Duo International. In March 2019, a bilingual nursery “Daimaru Matsuzakaya Kids Duo International Aobadai” opened in Aobaku, Yokohama.

The facility provides curriculums including bilingual education, intellectual training, physical exercise and job experience based on many years of experience and the spirit of hospitality acquired in the department store business.



Entrance ceremony of Kids Duo International Aobadai

Promotion of *Chisan-Chisho*

“*Chisan-chisho*” or local production for local consumption initiatives help revitalize local economies. They also help reduce environmental burden because GHG emissions from transportation and refrigeration decrease due to short transportation distance.

Daimaru Matsuzakaya Department Stores will contribute to revitalizing local areas by expanding the lineup of products that are unique to the areas capitalizing on the strength of its nationwide store network.

For example, in 2016, the Matsuzakaya Shizuoka store started to sell *chisan-chisho* sweets taking advantage of the strength of community-based store in collaboration with local producers and a local confectionery school. They are loved by local people and their sales are increasing every year.

Going forward, we will further expand these initiatives in Daimaru and Matsuzakaya department stores across Japan and evolve them into initiatives that take advantage of individual local characteristics.



People involved in *chisan-chisho* sweets

Comprehensive Partnership Agreements with Local Universities

Matsuzakaya Nagoya store

The Matsuzakaya Nagoya store entered into a “comprehensive partnership agreement” with Nagoya University in May 2017. This agreement is intended to contribute to local growth and human resource development through cooperation between the parties in the fields of culture, industry, education, academia, etc. As part of this initiative, we opened “Common-S.” Sakae College, an innovation facility in Sakae, in June 2019. We will continue to work with young talents and local companies to revitalize the Sakae area.



“Common-S.” Sakae College in Nagoya

Daimaru Kobe store

The Daimaru Kobe store entered into a “comprehensive partnership agreement on revitalizing local society and promoting lifelong education” with Kobe Gakuin University. The parties provide local disaster prevention and mitigation education ahead of the rest of Japan to apply the lessons of the earthquake to education and help revitalize the local community.

We will continue this cooperation in nine areas including joint projects for fostering creativity in children, support for the next generation, promotion of education and human resource development, disaster prevention and mitigation, and local development and resolution of local issues.

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With Customers

Consultation Corners for Consumers

At the “Consultation Corners for Consumers” of Daimaru Matsuzakaya Department Stores, consultants certified as advisory specialists for consumers' affairs provide consultation to customers regarding product quality and labeling. Inquiries from customers are sent to Consumer Product End-Use Institute for scientific quality inspection. The results are reported to customers through consultants.

These test results are also provided to relevant stores and suppliers to prevent recurrence, which leads to quality improvement and proper labeling.

Services to foreign tourists to Japan

Twelve stores of Daimaru Matsuzakaya Department Stores have tax refund counters so that foreign tourists to Japan can shop easily. Some tax refund counters are staffed with foreigners to facilitate services.

Aiming to be the “number one provider of services to foreign tourists to Japan,” Daimaru Matsuzakaya Sales Associates (DMSA) provided sales people with training concerning services to foreign tourists to Japan using the curriculums that are useful for customer services at stores six times a year at each store.

In addition, sales people use multi-language communication sheets (by sales department, by occasion, etc.) and pocketable guides to support customer services so that foreign tourists to Japan can shop without stress.

Efforts to help the stranded

From the experience of the Great East Japan Earthquake, the Tokyo Metropolitan “Ordinance Covering the Measures for

People Who Have Difficulty Returning Home” was enacted in April 2013. In line with that, Daimaru Matsuzakaya Department Stores organized a system that allows its stores to provide their floor space to stranded shoppers as temporary evacuation space based on the ideas of “self help,” “mutual help” and “public help.” Specifically, hardtack, drinking water, portable toilets, etc. are stored. At the same time, we hold meetings with food suppliers and restaurant operators to ask them to sign a memorandum to the effect that they agree to provide their products (before the expiration dates) on our store shelves in case of stock shortage.

Ginza Six also entered into an agreement with Chuo-ku, Tokyo to accept the stranded.

Creation of safe and secure store environment

The Group organizes self-defense fighting teams in its department stores, offices, etc. and conducts emergency drills and BCP trainings* in preparation for earthquakes and fires. Self-defense firefighting teams at the stores carry out drills on a regular basis with the participation of all workers including people from suppliers to ensure that they can take prompt and appropriate actions including firefighting, evacuation guidance for customers and information collection.

Automatic external defibrillators (AEDs) are placed mainly in the department stores and we continuously train workers in their use.

* BCP: A plan that allows an organization to continue to operate or restore business early in the event of a disaster

Support for affected areas

The Group donates money to support reconstruction of the areas affected by natural disasters, which are becoming larger in scale recently. We thought we need to formulate new donation guidelines to enable prompt and fair donations in emergencies caused by unexpected disasters. After a lot of discussions at the Group Management Meetings and the Board of Directors meetings, we formulated “The Group Donation Guidelines” in October 2018. The guidelines enable prompt donations to the affected areas.

Daimaru Matsuzakaya Department Stores raises money in each store. In addition we support the affected areas through our core department store business, for example, by actively selling the local products of the affected areas.

Major donations

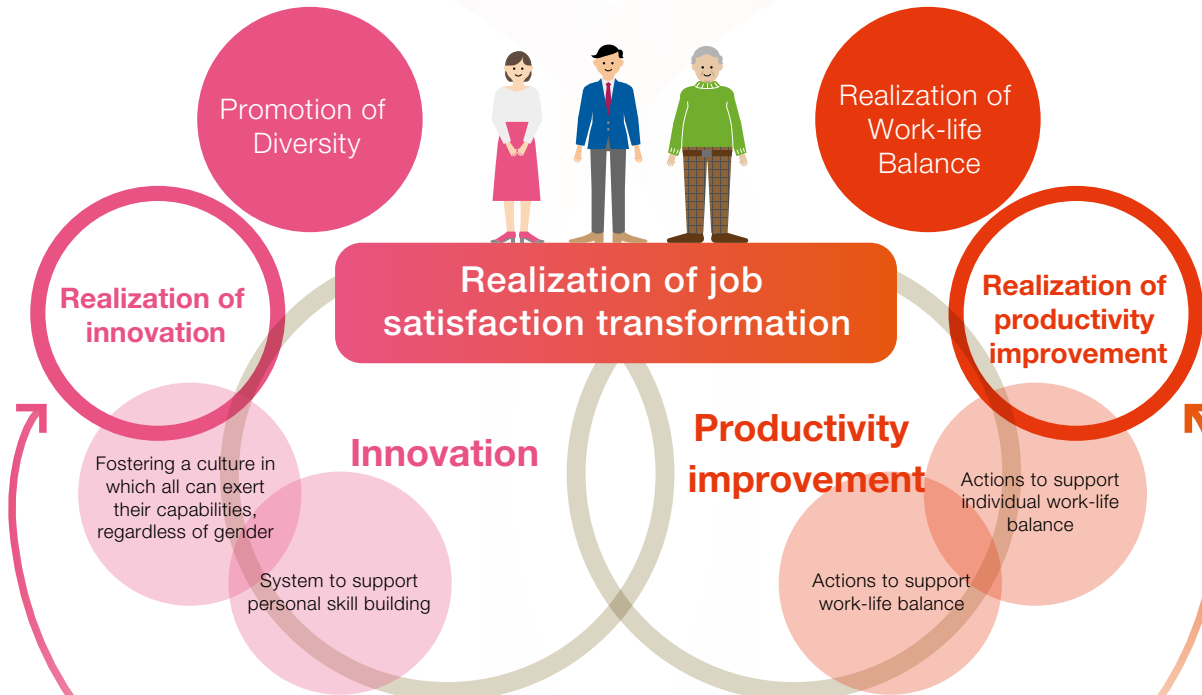
Disaster	Donor	Amount donated (millions of yen)	Recipient
Great East Japan Earthquake	J. Front Retailing	30	Japanese Red Cross Society
Kumamoto Earthquake	J. Front Retailing	10	Japanese Red Cross Society
	Parco	10	Japanese Red Cross Society
Torrential rains in July 2018	J. Front Retailing	10	Japanese Red Cross Society
Hokkaido Eastern Iburi Earthquake	J. Front Retailing	10	Japanese Red Cross Society
Typhoon No. 19 in 2019	J. Front Retailing	10	Japanese Red Cross Society



Certificate of appreciation for supporting the affected area

→ Realization of "Job Satisfaction Transformation" Promotion of Diversity Women's Empowerment Empowerment of Employees of Advanced Age Employment of People with Disabilities LGBT Human Rights Human Resource Development Promotion of Innovation Generation

Realization of "Job Satisfaction Transformation"



The Group is working towards "job satisfaction transformation" through promotion of diversity and realization of work-life balance.

The Group's idea of job satisfaction transformation means a comprehensive effort on promotion of diversity that generates innovation, and on realization of work-life balance to improve productivity. We aim to simultaneously achieve job satisfaction for individuals and higher productivity for the organization.

Our promotion of diversity currently includes women's empowerment, supporting balance between child care and work for female employees raising children, and new forms of hiring, such as mid-career hiring of personnel with expert knowledge. In future, we will foster innovation by nurturing a climate in which everyone can work to their full capability regardless of gender differences, such as between men and

women, and support for personal skill development, through means such as specialty-building training.

Our current measures for realization of work-life balance include developing the paid leave system to reconcile child/family care with work, developing working hours systems, such as encouraging flexi-time working and use of paid vacations, and IT-based working

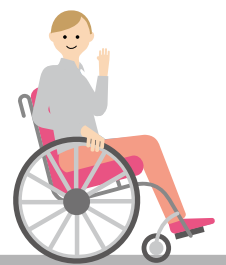
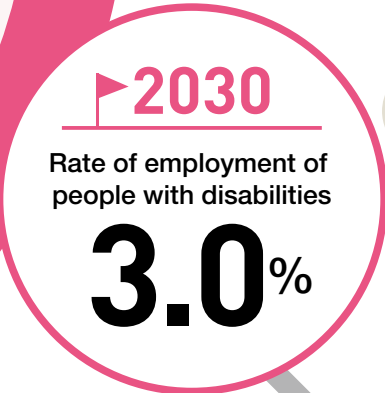
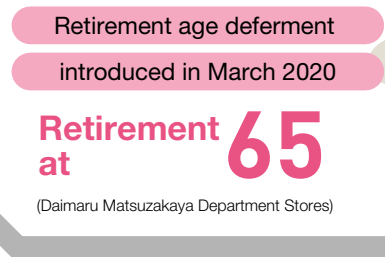
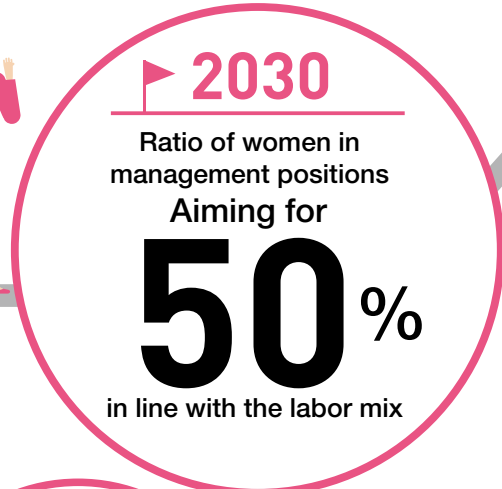
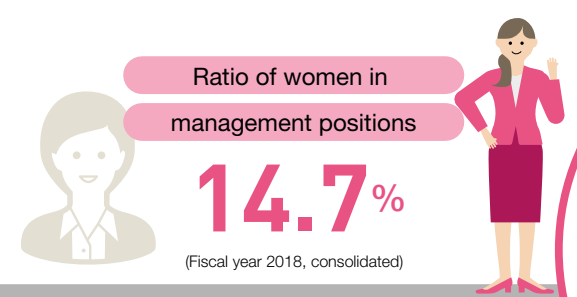
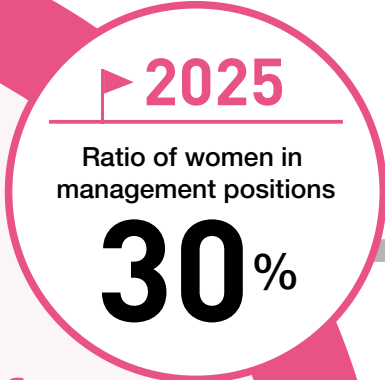
efficiency enhancements. In future, we will develop systems that allow people to carry on working without having their careers interrupted by childbirth and child/family care, and carry on working for the realization of work-life balance through personal work style reform and higher productivity as an organization.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Realization of "Job Satisfaction Transformation" → **Promotion of Diversity** Women's Empowerment Empowerment of Employees of Advanced Age
 Employment of People with Disabilities LGBT Human Rights Human Resource Development Promotion of Innovation Generation

Promotion of Diversity

The Group generates innovation by becoming a company that respects and accepts diversity, together with people of all ages, genders, and levels of abledness.

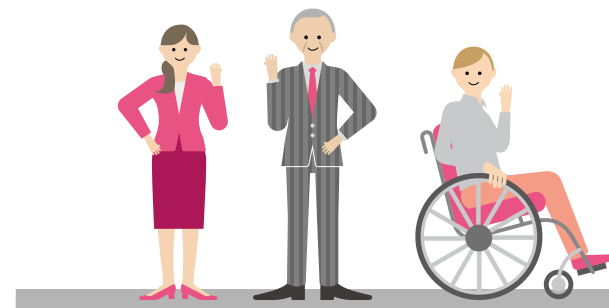


Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Realization of "Job Satisfaction Transformation" → Promotion of Diversity Women's Empowerment Empowerment of Employees of Advanced Age
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Background

The promotion of diversity is demanded in these times, when low birth rate and the aging of society are expected to reduce the working population, and the importance of women's empowerment in companies is being recognized. Providing an environment where diverse personnel can exert their full capability can lead to stronger company competitiveness.



Promotion of Diversity

View

The Group values having different individual characteristics and perspectives, which is the essence of diversity. We strive to build an environment in which personnel who are diverse in aspects like gender differences, such as between men and women, nationality, and sexual orientation, can exert their full capability. We build everyone's ideas into our management and our business. Fostering an organizational culture that allows people to express their individual characteristics, and increasing opportunities for people to build their personal skill sets, generate new ideas and businesses, and build an organization that generates innovation.

Outline of actions

The Group promotes the empowerment of diverse personnel and provides equality of opportunity. We have also set our policies on human rights, and are working hard to respect those rights.

- More women in management positions
- Decision to introduce retirement at 65 in fiscal year 2020
- Actions to promote employment of people with disabilities
- Actions to promote understanding of LGBT people
- Formulation of human rights policies

Structure



⇒ Sustainability Committee

Policy



- ⇒ Social Vision
- ⇒ JFR conduct policy
- ⇒ Human rights policy

Realization of "Job Satisfaction Transformation" | Promotion of Diversity → **Women's Empowerment** | Empowerment of Employees of Advanced Age | Employment of People with Disabilities | LGBT | Human Rights | Human Resource Development | Promotion of Innovation Generation

Employment of Diverse Personnel

Women's Empowerment

▶
Long-term targets


February 2019

Ratio of women in management positions

14.7%

2015

30%



2030

Aiming for

50%

in line with the labor mix

Ratio of women in the labor mix in fiscal year 2018 (consolidated) 56.8%

Around half the employees in the Group are women, and we recognize the vital importance of advancing women's empowerment for promotion of diversity and generation of innovation. The empowerment of female employees is also indispensable for business expansion into new fields, and for future changes in the employees' labor mix.

We will keep on working to build a workplace environment in which women at diverse life stages can keep on working and feeling job satisfaction.

Appointment of Women to Management Positions

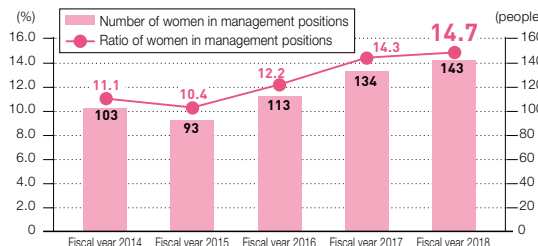
The Group is working to assign and apply personnel on the basis of their individual abilities, achievements, aptitudes, and ambitions, regardless of gender. We are also developing systems to support female employees who are raising children, to develop an environment in which they can carry on working. The result is an environment in which women too can work continuously, unaffected by changes in their life stages.

At Daimaru Matsuzakaya Department Stores, there are many women in management positions, some of whom have child-raising experience.

In future, we will foster a mindset of career formation by female

employees using shortened working hours, and develop systems that allow more flexible work styles, so that we can promote the empowerment of ambitious women much more strongly.

Graph of Appointment of Women to Management Positions in the Group



The State of Appointment of Women to Management Positions in the Group (as of the end of February 2019)

	No. of women	Total number of people	Percentage of women
General managers	19	278	6.8%
Department managers	124	693	17.9%
Total	143	971	14.7%

The State of Appointment of Women to Management Positions in Daimaru Matsuzakaya Department Stores*1 (as of March 1, 2019)

	No. of women	Total number of people	Percentage of women
General managers	14	108	13.0%
Department managers*2	81	305	26.6%
Total	95	413	23.0%

*1 Includes workers seconded to Daimaru Matsuzakaya Sales Associates.
 *2 The number of "department managers" includes managers, sales managers, and supervisors (Daimaru Matsuzakaya Sales Associates).

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Realization of "Job Satisfaction Transformation" → Promotion of Diversity → **Women's Empowerment** → Empowerment of Employees of Advanced Age
 Employment of People with Disabilities → LGBT → Human Rights → Human Resource Development → Promotion of Innovation Generation

Appointment of Female Directors and Executive Officers

At J. Front Retailing, board diversity goes beyond gender diversity. In directors and executive officers, we are looking for a mix that emphasizes diversity in their knowledge and skills. Currently two female outside directors have been appointed, and female directors are a 15.4% share of directors. In fiscal year 2019, J. Front Retailing appointed a female executive officer for the first time.

The State of Appointment of Female Directors and Executive Officers by J. Front Retailing (as of the end of August 2019)

Female outside directors: 2	Ratio of female directors: 15.4%
Female executive officers: 1	Ratio of female executive officers: 7.1%

Daimaru Matsuzakaya Department Stores have appointed one female outside director and three female executive officers (one of whom, the representative director and president of The Hakata Daimaru, Inc, is a managing executive officer). The proportion of women among all 15 executive officers of Daimaru Matsuzakaya Department Stores is 20.0%.

The State of Appointment of Women as Directors and Executive Officers in Daimaru Matsuzakaya Department Stores (as of the end of August 2019)

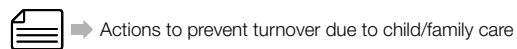
Female outside directors: 1	Ratio of female directors: 20.0%
Female executive officers: 3	Ratio of female executive officers: 20.0%

Support for Female Employees Who are Raising Children

J. Front Retailing and Daimaru Matsuzakaya Department Stores have a range of systems to make it easier for female employees to work while raising children.

We also provide employees taking child care leave with opportunities to use correspondence education and e-learning to gain knowledge and enhance their skills. We have also opened JFR Information Net, which allows employees taking child care leave to keep up to date with company information, so they can return to work smoothly.

The Group will keep on working to expand and enhance systems, as well as providing training to change mindsets among those in management positions who are the superiors of those using the systems. By providing training on career formation for female employees, and on issues such as gender bias, we are taking actions that lead to work styles that let women raise children without career interruption, and to job satisfaction.



Average Years of Employment Among Women

J. Front Retailing and Daimaru Matsuzakaya Department Stores are developing an environment in which female employees can carry on working through diverse life stages. As a result, the average number of years of employment among women exceeds that among men.

Average years of employment for employees in Daimaru Matsuzakaya Department Stores (as of the end of February 2019)

Men	23.5 years
Women	23.7 years
Total	23.6 years

*Ratio of years of employment between female and male employees: 100.9%

JFR Women's School

In fiscal year 2018, the Group opened the JFR Women's School to provide career training for employees who are using

shortened working hours while balancing work with child care. The aim of this training, which is provided to workers on shortened working hours (who are most of the female employees who have returned from child care leave), is to foster the mindset for continuing to work with job satisfaction. By providing a place for female employees to learn while on shortened working hours, we are working to further improve the balance between work and home. We are taking action to provide opportunities for thinking about future careers, and to prevent career interruption by birth and child raising. JFR Women's School teaches skills such as time management for using capabilities to the full within limited time, leadership, and financial knowledge, which lead to women thinking about ongoing career advancement. When we introduced our flexi-time system for workers on shortened working hours in fiscal year 2019, we were acting on a suggestion from JFR Women's School. That system makes an environment where it is easier for women to work while raising children. Women who will advance to leadership positions are emerging from among the school's students. We will carry on running the school, to develop the capabilities of female employees with experience of raising children, and support their further empowerment.



Fiscal year 2019 participants in JFR Women's School

Numbers of operation days and participants of JFR Women's School

Fiscal year 2018	1 day × 5 times 32 people (14 in the capital region, 18 in the Kansai region)
Fiscal year 2019	1 day × 5 times 27 people (15 in the Nagoya region, 12 in the Kansai region)

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Realization of "Job Satisfaction Transformation" Promotion of Diversity → **Women's Empowerment** Empowerment of Employees of Advanced Age
 Employment of People with Disabilities LGBT Human Rights Human Resource Development Promotion of Innovation Generation

Mother Recruitment

J. Front Retailing and Daimaru Matsuzakaya Department Stores practice mid-career hiring of highly expert personnel, to realize our strategies. The increase in mid-career hiring brings in new external perspectives and gradually changes the corporate culture. Employee mindsets also shift, leading to changes in work styles.

In fiscal year 2017, Daimaru Matsuzakaya Department Stores started "Mother Recruitment," a practice of hiring expert personnel who have been separated from their jobs at some stage by child raising. With the increasing social advancement of women in recent years, the high turnover rate of women leaving their jobs due to pregnancy and birth has grown as a social issue. Therefore, we have started mid-career hiring of women who have experience of raising children, have had careers at other companies, and still want to work. We hired nine such women up to August 2019, who are putting their expert knowledge and skills in areas such as management strategy, law, finance, and realty to good use in various departments.

New Graduate Hiring

In the Group, 50% of new graduate employees are women, and among them, women are particularly numerous among applicants to Daimaru Matsuzakaya Department Stores. We will continue to actively hire capable women.

J. Front Retailing's Record of New Graduate Hiring (fiscal year 2019)

(Unit: People)

	Men	Women	Total
Daimaru Matsuzakaya Department Stores	22	14	36
Parco	4	7	11
Hakata Daimaru	3	2	5
Daimaru Kogyo	1	5	6
J. Front Design & Construction	6	8	14
Consumer Product End-Use Research Institute	1	1	2
JFR Information Center	1	1	2
Total	38	38	76

*Proportion of women hired among all hires: 50.0%

Formulation of an Action Plan for Women's Empowerment

Daimaru Matsuzakaya Department Stores has formulated the following two Action Plans, to allow employee to balance work with child care and to enable all employees to fully apply their capabilities.

(1) The Action Plan for General Employers, Based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace

Daimaru Matsuzakaya Department Stores Co. Ltd. Action Plans

We have formulated the following Action Plans to state our policies for action of "promotion of diversity" and "realization of work-life balance," and to promote higher levels of empowerment and appointment of women. Through these plans, we will more strongly promote putting the right person in the right job, regardless of gender, on the basis of individual ability, achievement, aptitude, and ambition.

- Plan Period**
December 1, 2018 to February 28, 2022
- Goals**
Raise the proportion of women in management positions (department manager rank and above) to at least 25% in February 2022
- Action Items**
 - Set policies and goals to raise the proportion of women appointed to management positions
 - Support and encourage the development of the career formation mindset in female employees under time constraints
 - Promote mindset education about diversity management
 - Develop systems to allow more flexible work styles

(2) The Action Plan for General Employers, Based on the Act on Advancement of Measures to Support Raising Next-Generation Children

Daimaru Matsuzakaya Department Stores Co. Ltd. Action Plans

We will formulate the following Action Plans, to allow employees to balance work with child care and to enable all employees to fully apply their capabilities:

- Plan Period**
Two years and six months, from September 1 2018 to February 28 2021
- Content**
 - **Goal 1:** Take the uptake rates of child care leave and paid leave for child care to the following levels:
Take the uptake rates for child care leave and paid leave for child care for male employees to 30% or more, and the number of persons taking child care leave to at least one.
 - **Goal 2:** Take action within the plan period to fully apply the capabilities of those working while raising children.
 - **Goal 3:** Raise the average uptake of paid leave among all employees to at least 10 days/year.

Participation in Initiatives

- "Women's Empowerment Principles" (Approved in October 2018)

We signed these principles in order to take strong action for women's empowerment.



External recognition

- The MSCI Japan Empowering Women Index (WIN)

We were selected for two consecutive years from 2018.



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Realization of "Job Satisfaction Transformation" Promotion of Diversity Women's Empowerment → **Empowerment of Employees of Advanced Age**
 Employment of People with Disabilities LGBT Human Rights Human Resource Development Promotion of Innovation Generation

Empowerment of Employees of Advanced Age

Long-term targets



(Daimaru Matsuzakaya Department Stores)



The Group sees the empowerment of employees of advanced age as indispensable preparation for the onset of the aging society. Aiming for the target of 70 as the retirement age in 2030, we are addressing issues such as occupational fields and job development for those aged 60 and up, a working hour selection system, and abolishing the ban on dual jobs and side employment. In so doing, we intend to make the most of the accumulated experience and knowledge of people of advanced age, leading to the generation of innovation.

Introduction of Retirement at 65

Daimaru Matsuzakaya Department Stores became the first in the Group to decide to defer retirement age to 65 from March 2020. We are considering deferring retirement age in each operating company to 65, and aiming for 70 by 2030. This is not a conventional re-hiring system, but would actually employ personnel as company employees beyond age 60. It would demand expansion of occupational fields and greater than previous levels of results and contribution, appropriate to employment categories. As such, we also aim to raise productivity and added value by making the most of the skills and expertise of employees of advanced age. In future, we think it is important for employees of advanced age to go beyond conveying their learned skills and knowledge to successors, and to learn new skills and knowledge. To that end, we are working

to build training programs for recurrent (re-learning) education.

Re-employment of Retirees

The Group aims to go on adapting to changes in the social environment, such as the advance of the aging society and the raising of the age for the start of pension payments, and to make effective use of the skills and expertise of employees of advanced age. To that end, we operate a retirement re-hiring system for those employees who reach age 60, satisfy criteria, and wish to make use of the system. We aim to introduce retirement at 65 throughout the Group by 2025.

Implementation of My Life Plan Seminars

The Group organizes My Life Plan seminars for employees aged 53 or older, so that they can enjoy more affluent lives after retirement. Lecturers from inside and outside the company will deliver diverse information on themes of future economical design, health management, and life and job satisfaction. These seminars were attended by 300 people in fiscal year 2018.



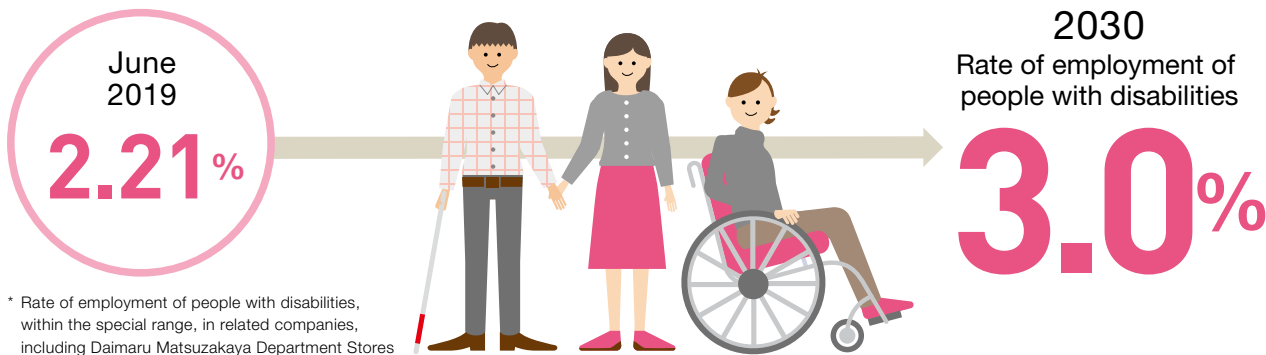
A My Life Plan seminar

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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 → Employment of People with Disabilities LGBT Human Rights Human Resource Development Promotion of Innovation Generation

Employment of People with Disabilities

Long-term targets



* Rate of employment of people with disabilities, within the special range, in related companies, including Daimaru Matsuzakaya Department Stores

Within its promotion of diversity, the Group sees the employment of people with disabilities as a key element of corporate social responsibility, and is working to develop hiring and working environments in each Group company. The Group will press ahead with securing stable workplace environments in its operating companies for people with disabilities, and with providing them with workplaces where they can use their abilities to the full.

Special subsidiary, JFR Create Co., Ltd.

In addition to developing working environments in each Group company, The Group founded JFR Create Co., Ltd., as a special subsidiary, in April 2017. It was approved by the Ministry of Health, Labour and Welfare as a special subsidiary in September 2017. The company's operations include sorting company internal mail, making ribbons to use on gifts in sales areas, sealing packages, and PC entry. It has around 20 job types, and each can be matched to individuals to suit their disabilities and symptoms. It also pays attention to working styles and allows shortened actual working hours, and the taking of multiple breaks, so that individuals can work in ways that match their individual disabilities. Therefore, the company has had a 100% retention rate for people with intellectual disabilities since it opened.

Also, JFR Create has been registered as an "Osaka Prefectural Government Superior Company for the Support of People With Disabilities," for its enthusiastic support for the hiring and employment of people with disabilities.

It also won the "Osaka Prefectural Government Heartful Company Educational Contribution Award" in fiscal year 2019, after just two years in operation.



Package sealing work



External recognition

● Certified as a "Company empowering people with disabilities" in fiscal year 2019

JFR Create was certified by the Japan Association of Employers of Persons With Severe Disabilities, a public interest corporation commissioned by the Ministry of Health, Labour and Welfare, as a "Company empowering people with disabilities," one of 40 nationwide.

It earned praise for its superior work in providing forms of employment adapted to the characteristics of people with disabilities, together with attentive support, and for hiring and empowering many people with disabilities.



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Realization of "Job Satisfaction Transformation" Promotion of Diversity Women's Empowerment Empowerment of Employees of Advanced Age
 Employment of People with Disabilities → LGBT Human Rights Human Resource Development Promotion of Innovation Generation

Actions on LGBT Issues

As part of our promotion of diversity, we are developing environments and systems which empower all employees and allow them to work in ways that make the most of their individual characteristics. To that end, we are also actively working on LGBT issues.

Explicit Statement of Policy

The JFR Conduct Policy and Human Rights Policy within the JFR Principles of Action, and the Principles of Action for Suppliers, stipulate the basic norms of behavior expected of each and every director and employee of the Group. These documents explicitly state that all forms of discrimination and harassment based on sexual orientation and gender identity are prohibited.

- 📄 → Human rights policy
- JFR conduct policy
- Principles of Action for Suppliers

Training at Management Levels

The Group provided its management levels (directors in J. Front Retailing, managing executive officers and above in Daimaru Matsuzakaya Department Stores and Parco, and the presidents of all operating companies) with training on LGBT issues, at an officer retreat in March 2019 with invited external teachers. External teachers were also invited to provide training to the Human Resources Department managers of each operating company.

We are considering providing such training to more employees in future.

Actions by Daimaru Matsuzakaya Department Stores

Daimaru Matsuzakaya Department Stores takes action in each of its stores to promote LGBT understanding.

Since June 2019, Daimaru Umeda store has been organizing events to respect sexual diversity and allow LGBT people and sexual minorities to participate with peace of mind. Events have included privacy-sensitive makeup events (51 participants), shows and spot sales of women's clothing in wide-ranging sizes (48 participants), and lingerie events. These popular events drew numerous LGBT customers to participate.

Matsuzakaya Nagoya store raised a vertical banner to express its support of the Rainbow Pride LGBT event. It also presented event posters, decorated its interior digital signage and sales areas with rainbows, and asked sales staff to wear rainbow items, as gestures of support.

We will keep on promoting LGBT understanding in future.



Vertical banner on Matsuzakaya Nagoya store

Opening the Ally Online Community

The Group has established the LGBT Ally Community on its internal social media network, which can be accessed by all employees, for the purpose of voluntary exchanges between LGBT ally* employees. This community achieved online connection between employees in stores and offices nationwide.

* Ally: A person who does not discriminate against LGBT people and strives for understanding.

External recognition

● Silver Pride Award (2019)

J. Front Retailing has been awarded a Silver Pride Mark by the "work with PRIDE" volunteer organization, as an indicator of its actions for LGBT and other sexual minorities in the workplace. We were highly rated for the explicit prohibition in our Human Rights Policy of discrimination on grounds of gender identity and sexual orientation, for our related training of managers and human resources staff, for actions by Daimaru Matsuzakaya Department Stores, and for opening the Ally community.



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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 Employment of People with Disabilities LGBT → Human Rights Human Resource Development Promotion of Innovation Generation

Actions for Human Rights

Human Rights Policy, Human Rights Education

The Group stipulates its Human Rights Policy in the JFR Principles of Action and the JFR Principles of Action for Suppliers, which were formulated in June 2019. Our Human Rights Policy states our attitude to deepening understanding of various human rights issues and taking appropriate action, as the foundation for all our business activities.



The establishment of the Human Rights Awareness Promotion Committee

Daimaru Matsuzakaya Department Stores is active in education and publicity about human rights, to ensure that every employee has a proper awareness and understanding of human rights issues.

Daimaru Matsuzakaya Department Stores "Human Rights Awareness Promotion Committee"

[Composition]

Chairperson (store manager), promotion committee members (department managers), Secretariat

[Activities]

- Participation in training sessions⇒Training on entry to the company, internal human rights seminars, etc.
- Participation in external training sessions⇒ Seminars hosted by various administrative agencies
- Practical activities⇒ Distribution of PR materials and seminar announcements

To Prevent Harassment

The Group recognizes that once an incident of harassment occurs, it can inflict major physical and emotional harm on the victim. We also realize that such incidents are a serious risk factor that can cause a collapse in a company's social credibility.

The Group continues to strive for legal compliance on harassment.

Therefore, Daimaru Matsuzakaya Department Stores and all other operating companies are developing systems, such as establishing the Harassment Prevention Committee and the Harassment Consultation Desk, to prevent all forms of harassment, to respond swiftly to incidents which do occur, and to prevent recurrence.

Daimaru Matsuzakaya Department Stores "Harassment Prevention Committee"

[Composition]

Chairperson (Executive General Manager of Human Resources Development Division or General Manager of Business Promotion Division), committee members (department managers), Secretariat

[Activities]

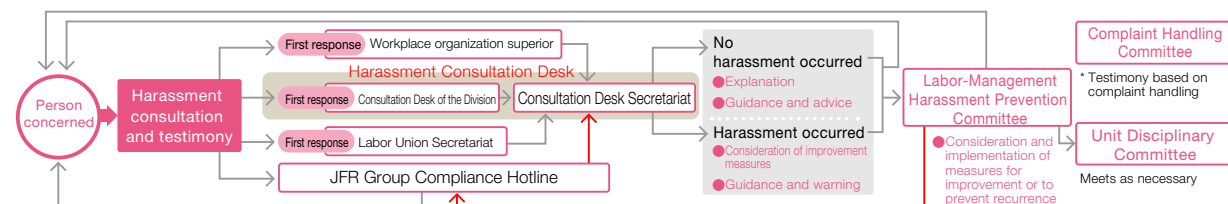
- Promotion of preventive measures and publicity about all aspects of harassment behavior
- Smooth resolution of incidents
- Consideration of measures to prevent recurrence
- Advertising activities ● Educational activities

Labor Management Relationships

In Japan, basic matters concerning the rights of workers, such as employment opportunities, working hours, and health and safety, are stipulated in the Labor Standards Law and other labor-related laws and ordinances. These matters must be observed by both management and labor. Each operating company practices labor-management self government with each individual labor union, in line with actual conditions, concerning issues of working conditions and economic position improvement. Also, J. Front Retailing and the Federation of J. Front Retailing Group Labor Unions have established the JFR Labor-Management Meetings as a forum for deepening mutual understanding. Both sides contribute to the building of smooth labor relations in each operating company.

* Overall membership rate in the Federation of J. Front Retailing Group Labor Unions 79.4% (March 1, 2019)

The process of consultation and testimony about harassment in the Group.



Human Resource Development

Employee Education

The Group provides diverse education for employee career formation.

New employees are given onboarding training immediately after they are hired, and then attend the "JFR Three-year Training School for New Employees with College Degrees" for initial career formation in their first three years after entry. Employees reaching the age of 27, seen as a milestone in their career formation, are provided with "Career Development Training".

General manager training and manager training are provided once in half a year, as management position training, together with new appointment training for those newly appointed to general manager and manager rank. The Group has also offered enrollment-based training since 2017, to provide employees with opportunities for more ambitious learning.

Employees are also dispatched to external bodies to build their skills, sent to MBA courses, provided with external training, and other active educational measures. We are also expanding the expert courses offered by the Career Support College, a venue for gaining expert skills and knowledge, which includes education by correspondence courses.

We also introduce internal enrollment systems, centered on new posts etc, created by expansion into new business fields or the addition and restructuring of organizations, so employees can voluntarily step up to the jobs they want. We also provide other opportunities for employees to state their career aspirations, through a self-declaration system, milestone consultations, and a career entry system.



Training in progress at the JFR Three-year Training School for New Employees with College Degrees

Total number of training participants among employees in fiscal year 2018 (consolidated)

	Total number of people
New employee training	94
JFR Three-year Training School for New Employees with College Degrees	551
Career development training	81
Management position training	801
Newly-appointed management position training	91
The Group enrollment-type training	35
Career Support College	831

*Calculated on the basis of fiscal year 2018 calculation criteria

Education of Next-generation Management Personnel

The Group recognizes the necessity of early discovery and nurturing of human resources, and picks candidates to become core personnel. Since 2017, our JFR School has provided focused education programs to educate next-generation candidates for key management positions. JFR School consists of three stages: JFR Business Management School (for next-generation management-level candidates); JFR Management School (for next-generation general manager candidates); and JFR Leader School (for next-generation top manager candidates). It is building a system for producing management personnel in the medium to long-term.

In addition to planned and strategic placement, the system aims for earlier education of next-generation core personnel by fostering management perspectives, sharing awareness of problems with top management, training in strategy formulation, and other content.

Numbers of officers and general managers appointed from the JFR School (2017 to the end of August 2019, consolidated)

JFR Business Management School (for next-generation management-level candidates)	4 people appointed
JFR Management School (for next-generation general manager candidates)	12 people appointed

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Realization of "Job Satisfaction Transformation" Promotion of Diversity Women's Empowerment Empowerment of Employees of Advanced Age
 Employment of People with Disabilities LGBT Human Rights Human Resource Development → **Promotion of Innovation Generation**

Promotion of Innovation Generation

Actions for Innovation Generation

Systems to Support Employees in Taking on Challenges

The Group's Vision is "Create and Bring to Life 'New Happiness.'" To achieve that vision, we introduced the Challenge Card system in fiscal year 2017, as a way to support individual employees in taking on challenges. Once per half year, employees generate ideas as "Challenge Cards" in the three categories of "management measures," "operational improvements," and "new business." Submitted ideas numbered 1,726 in 2017, and 6,123 in 2018.

The best Challenge Cards in each company are gathered and

presented for "the Group Creation Award," an annual event for the whole Group. In 2019, nine teams that won through heats within individual companies pitched their presentations to top management at the Daimaru Shinsaibashi Theater. The Group's top management were joined by outside experts as judges who provided feedback. The Challenge Cards presented at the Creation Award include new business ideas for *chisan-chisho*, using local industries close to stores; operational improvements using IT; and many more creations. Many such efforts have already been developed into businesses and are improving our revenues.

Communication Between Inside and Outside Companies

The Group fosters communication between people inside and outside its companies, so that "diverse connections" can generate new value, in forms such as new businesses and services, leading to creative innovation. In 2018, we ran "Diverse Connections Workshops" nationwide, which invited teachers from outside companies, brought up diverse individuality and values, and workshopped the formulation of new business ideas, in an effort to promote transformation to a "culture of creation" through diverse connections.

- First session** Theme: Learning frameworks for building new businesses
 Venues: Tokyo, Nagoya, Osaka
 (Held a total of 5 times)
 No. of participants: 207
- Second session** Theme: Experience artistic thought
 Venues: Sapporo, Tokyo, Shizuoka, Nagoya, Osaka, Fukuoka
 (Held a total of 7 times)
 No. of participants: 199



The Second Creation Award



Supporters applaud



Diverse Connections Workshop

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Working Combined with Child and Family Care Initiatives to Improve Productivity Promoting Health Management

Realization of Work-Life Balance

The Group and its employees are realizing diverse work styles to achieve both more productive ways of working and better lifestyles.



Encouraging fathers to take childcare leave

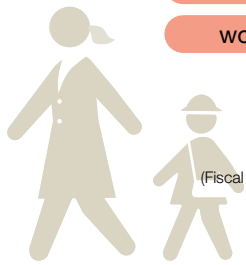
Newly established "short-term childcare leave" in 2019

Taken by 15

(As of the end of August 2019, Daimaru Matsuzakaya Department Stores)



Percentage of employees returning to work after taking childcare leave



97.4%

(Fiscal 2018, Daimaru Matsuzakaya Department Stores)



Employee job separation rate

3.3%

(Fiscal 2018, consolidated)



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Working Combined with Child and Family Care Initiatives to Improve Productivity Promoting Health Management

Background

With society now faced with the problems of long working hours and death from work, we must ensure greater productivity through reforms to work styles and full use of leave. As more and more people choose to work while raising children, workplace environments must allow all employees to work actively without discrimination.



Realization of Work-Life Balance

View

The Group creates an environment allowing all employees to continue to work with job satisfaction, to achieve a good work-life balance. We also will develop systems enabling a flexible approach to changes and issues in various life stages. This allows greater efficiency in the work of individuals and improved productivity for organizations, through flexible work styles allowing people to work when they want, where they want.

Outline of actions

The Group is striving to support jobs combined with raising children or family care and achieve flexible working styles, to ensure a good work-life balance.

- Adoption of a system to encourage men to take childcare leave
- Initiatives to prevent employment separation due to child or family care
- Work style reform to improve productivity
- Promoting health management

Structure



→ Sustainability Committee

Policy

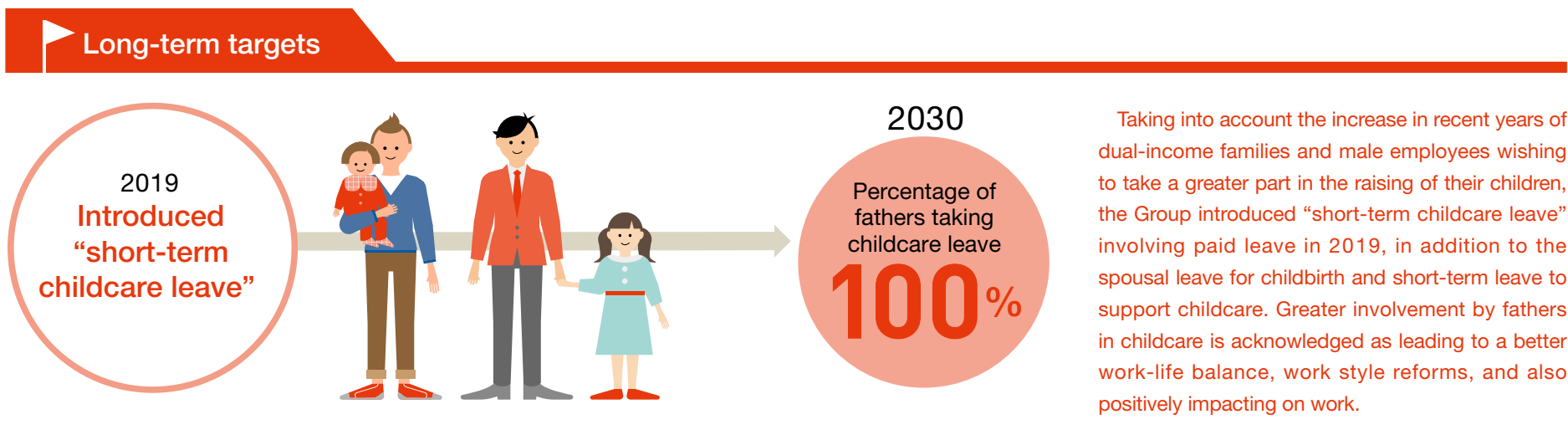


- Social Vision
- JFR conduct policy
- Human rights policy
- Occupational health and safety policy

→ Working Combined with Child and Family Care | Initiatives to Improve Productivity | Promoting Health Management

Working Combined with Child and Family Care

Encouraging More Involvement by Fathers in Childcare



Encouraging Fathers to Take Childcare Leave

The four companies of J. Front Retailing, Daimaru Matsuzakaya Department Stores, JFR Card, and JFR Service from March 2019 introduced short-term childcare leave allowing paid childcare leave to be taken for a short period of time (maximum of two weeks). The introduction of this system has made it easier for male employees to take childcare leave. Short-term leave to support childcare (four days paid leave) and spousal leave for childbirth (one day paid leave) are already in place to

allow fathers to actively take part in the birth and raising of their children. These systems provide more than is mandatory according to the law. The short-term childcare leave expands the scope to employees with children under three years old, encouraging them to take over two weeks leave consecutive with the short-term leave to support childcare, the spousal leave for childbirth, and standard paid leave.

Daimaru Matsuzakaya Department Stores is encouraging male employees to take childcare leave, and as of August 2019, 15 have already utilized the system.

Number of Male Employees Who Took Childcare Leave in Fiscal 2018 (Daimaru Matsuzakaya Department Stores)

System	Content	User number
Short-term childcare leave *Introduced in March 2019	Up to 2 weeks of paid leave for children under 3 years old (Under the current law, employers can offer unpaid leave in such a situation)	15 (As the end of August, 2019; all men)
Short-term leave to support childcare	Up to 4 days consecutive paid leave for children under 3 years old (No legal requirement)	21 (Of which, 2 were men)
Spousal leave for childbirth	1 day of paid leave (No legal requirement)	7 (All men)

→ Working Combined with Child and Family Care | Initiatives to Improve Productivity | Promoting Health Management

Initiatives to Prevent Employment Separation Due to Child or Family Care

Long-term targets



Employee job separation rate (consolidated)*

2017	3.6%
2018	3.3%

* Number of employees who left the company during the year / Number of employees at the beginning of the year x 100 (%). The number of employees who left above excludes employees who left because they reached retirement age, transferred, or became officers.

The Group is making available several types of leave for child and family care, in order to make it easier to work for its employees.

We offer a good range of types of leave to allow mothers to continue working while raising children, as well as family care leave. These systems allow experienced employees to continue to work even while looking after children or family members.

We will continue in our efforts to provide a full range of types of leave that enhance the job satisfaction of our employees.

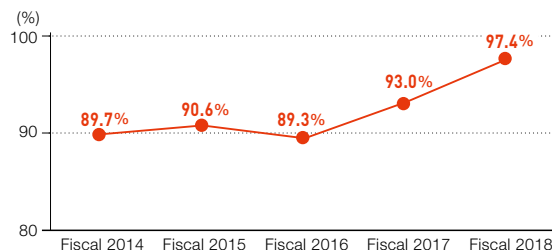
Initiatives to Prevent Employment Separation due to Childcare

J. Front Retailing and Daimaru Matsuzakaya Department Stores have introduced several types of leave over and above those mandated by the law, to provide environments where employees can both work and look after their children. As a result of systems such as childcare leave up to the final day of the month when the child enters elementary school and shortened working hours until the final day of the month when the child enters a junior high school, the percentage of those returning to work after a childcare leave of absence was 97.4% for Daimaru Matsuzakaya Department Stores.

In addition, from 2019 those on shortened working hours can work a full time day once a week, in order for them to independently expand their job opportunities. This allows them

to experience full time work, encouraging an early return to ordinary working hours. We have also made available flexi-time for those working on shortened working hours, and adopted a system where paid leave can be taken in half-day segments. The availability of these options will make it possible for employees to continue working while caring for their children, without having to leave the company or take a long absence.

Percentage of employees returning to work after taking childcare leave (Daimaru Matsuzakaya Department Stores)



Childcare leave greater than legal requirements and the number of leave-taking employees fiscal 2018 (Daimaru Matsuzakaya Department Stores)

System	Content	User number
Childcare leave	Up to the final day of the month when the child enters elementary school (Legal childcare leave lasts until the child reaches the age of two, at the longest)	203
Shortened work hours for childcare	Up to the final day of the month when the child enters elementary school (Legal requirement is until the child reaches the age of three). By opting for a "flexible work system," an employee may work shortened hours until the final day of the month when the child enters junior high school.	166
Leave to care for sick/injured child	Paid leave (Under the current law, employers can offer unpaid leave in such a situation)	154
Short-term leave to support childcare	Up to 4 days consecutive paid leave for children under 3 years old (No legal requirement)	21
Spousal leave for childbirth	1 day of paid leave (No legal requirement)	7

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Working Combined with Child and Family Care Initiatives to Improve Productivity Promoting Health Management

Initiatives to Prevent Employment Separation due to Family Care

J. Front Retailing and Daimaru Matsuzakaya Department Stores have introduced several types of leave, to help their employees both work and look after their families. Leave of absences for family care can be taken in units of a month up to a year. Up to five days can be taken for family care leave each year. Family care leave can also be taken in half day units. Lost accumulated yearly paid leave can also be used as family care leave, or employees can choose to work with shortened hours for up to a year under the family care working system. This system creates an environment where workers can enjoy job satisfaction while continuing to work and look after their family.

We intend to further extend this system and also to build a database of reasons why employees choose to leave the company when they must care for family members, in order to lower the number of such workers in the future.

Family care leave greater than legal requirements and the number of leave-taking employees fiscal 2018 (Daimaru Matsuzakaya Department Stores)

System	Content	User number
Family care leave	Total within a year for family care for the same person; can be taken consecutively or separately. No limit on the number of times it can be divided. (Legal requirements allow it to be limited to 3 times within a 93-day period)	10
Family care time off	Paid leave (Under the current law, employers can offer unpaid leave in such a situation)	42

Area Limited Employee System

J. Front Retailing, Daimaru Matsuzakaya Department Stores, Parco, J. Front Foods, and JFR Service have introduced an area limited employee system that allows employees to limit the area they want to work in, based on the values and diversifying lifestyles of workers. The aim is to build a platform with an extended range of work style choices, so that people can take charge of their own career development balanced with their personal life. There are no limitations on the reasons for applying for this system. Every half year members can choose to leave the system if they wish to, with no limits on the number of times. This system means that employees with children don't have to worry about changing daycare centers or schools, and allows workers to look after family members to continue working.

At Daimaru Matsuzakaya Department Stores, 696 employees transferred to this system at its introduction in September 2017, and 591 as of the end of August 2019.

Introduction of Dedicated Employee System

A dedicated employee system was introduced in June 2017 to raise some working conditions not simply to make the term of employment indefinite, but to provide stabler employment categories and greater frontline strength at partners (fixed-term contract employees) of Daimaru Matsuzakaya Department Stores and Daimaru

Matsuzakaya Sales Associates (DMSA).

The specific improvements involved equalizing working conditions to the same level as employees for leave of absence support*1 and reductions for absences.*2 Once this system was introduced in June 2017, approximately 1,600 out of 1,800 partners who met the conditions switched to indefinite-term employment.

We will continue to actively appoint employees under fixed-term employment as dedicated employees.

*1 80% pay during the leave of absence

*2 60% pay for the time absent. Also applies to pre/post-natal maternity leave.

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Systems and initiatives supporting diversity and the work-life balance

Diversity											
Achieving diversity	Employment of People with Disabilities (Special subsidiary)	Mother recruitment	Re-employment for retirees	Mandatory retirement at 65 Introduced in March 2020							
Representative human resources development	JFR School (Business, Management, Leader)	JFR Women's School	JFR three-year training school for new employees with college degrees	Group open-entry training	Career development training	Career Support College Includes distance learning courses					

Work-life balance											
Pregnancy	Expecting mothers leave of absence 3 weeks prior to maternity leave	Pre/post-natal maternity leave 10 weeks before birth, 8 weeks after birth (Legal requirements are for 6 weeks prior to giving birth)	Healthcare measures for expecting mothers Shortened working hours Extension of rest times/increase in number of times, etc.	Exemption from overtime, working on days off or at nights while pregnant	Lost accumulated yearly paid leave for infertility treatment	<div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">Health</div> <div>Contributions from the J. Front Health Insurance Association</div> </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">Mutual</div> <div>Contributions from the J. Front Mutual Aid Society</div> </div> </div>					
Childcare [Leave]	Childcare leave Up to the final day of the month when the child enters elementary school (Legal childcare leave lasts until the child reaches the age of two, at the longest)	Leave to support childcare Child under 3 years of age 4 days paid leave (no legal requirement)	Leave to care for sick/injured child Up to the final day of the month when the child enters elementary school 5 days paid leave (Under the current law, employers can offer unpaid leave in such a situation)	Spousal leave for childbirth Males only 1 day paid leave (no legal requirement)	Short-term childcare leave Maximum 2 weeks paid leave (Under the current law, employers can offer unpaid leave in such a situation)						
Childcare [Work system]	Childcare working hours (shortened working hours) Up to the final day of the month when the child enters elementary school (Legal childcare is for children under the age of 3)	Flexible work system (shortened working hours) Up to the final day of the month when the child enters junior high school	Exemption from overtime, working on days off or at nights while raising children Up to the final day of the month when the child enters elementary school	Childcare time period Women with a child under the age of 1 Paid leave 30 minutes twice a day	Full time work one day a week for those on shortened working hours						
Childcare [Expenses subsidy system]	Childbirth allowance Health	Childbirth expenses loan system Health	One-off payment for childbirth/childcare Health	Additional one-off payment for childbirth/childcare Health	Subsidy for daycare costs Up to age 2 Mutual	Subsidy for use of babysitters 30 days a year for preschoolers Mutual					
Family care [Leave/time off]	Family care leave No limits on consecutive or separate leave within a year (Legal requirements allow it to be limited to 3 times)	Family care time off 5 days paid leave (Under the current law, employers can offer unpaid leave in such a situation)	Lost accumulated yearly paid leave for family care								
Family care [Work system]	Family care working hours (shortened working hours) Up to 1 year	Flexible work system (shortened working hours) Time required for family care	Exemption from overtime, working on days off or at nights while caring for family								
Family care [Expenses subsidy system]	Subsidy for family care leave Up to 24 months Mutual	Subsidy for use of home help 30 days a year Mutual									
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					
Work systems, etc.	Leave to prepare for a post-retirement career Up to 40 days (up to February 2018)	Volunteer work leave 10 days a year unpaid	Long-term volunteer work leave Unpaid, from 1 month to 1 year	Personal training leave Unpaid, from 1 month to 1 year							
	Super flexi-time system Including those on shortened working hours	Area limited employee system	Indefinite-term employment of fixed-term employees 1 year (legally set at 5 years)	Variable working hours system	Free address system	Teleworking					

*Managed in different ways depending on the operating company.

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Working Combined with Child and Family Care → **Initiatives to Improve Productivity** Promoting Health Management

Initiatives to Improve Productivity

Work Styles for Better Productivity

The Group seeks not only to correct long working hours but also to realize creative and productive work styles as well as better lifestyles for our employees through a good work-life balance, which will ultimately lead to growth for the company. In order to achieve this, our aim is to streamline both our operations (with greater efficiency) and our work styles, by promoting reforms in management, systems and rules, plus mechanisms and tools.

Management reforms have taken the form of management line training and revised regulation of working hours. Reforms to systems and rules are promoting paperless operations and initiatives such as thoroughly implementing no-overtime days. Reforms to mechanisms and tools include such changes as adopting digital offices and free address layouts to create better environments in each company, promoting better operations systems through the adoption of robotic process automation (RPA), and innovations in groupware to achieve more efficient and more productive work styles.

Introduction of Teleworking

The five companies including J. Front Retailing, Parco, Daimaru Kogyo, Dimples', and JFR Information Center have adopted teleworking from home in order to build working environments for better productivity and job satisfaction. Allowing flexibility in work allows more efficient work styles. Employees of J. Front Retailing can work from their own or their parent's homes, enabling teleworking when they return for long vacations to their hometowns.

J. Front Retailing is also active in reforms to work styles. A free

address system where anyone can sit anywhere was adopted on the move to a new office in January 2018. The promotion of digital meetings further promoted paperless operations, reducing around 50% of documents.



Meeting spaces at J. Front Retailing

Encouraging the Taking of Paid Leave

The Group is actively striving to promote the taking of consecutive days off to increase the taking of paid leave. Eight statutory holidays can be combined with paid leave as two 10-day or four 5-day consecutive holidays each year. Workers at Daimaru Matsuzakaya Department Stores can use three of their paid leave days as event leave.

Employees reaching the ages of 30, 40, or 50 can take consecutive holidays as refreshment leave. The utilization rate of paid leave in fiscal 2018 at Daimaru Matsuzakaya Department Stores was 44.5%.

Reducing Overtime Work

J. Front Retailing, Daimaru Matsuzakaya Department Stores, Daimaru Kogyo, and Dimples' are reducing overtime by adopting diverse working shifts and a super flexi-time system with no core times. The super flexi-time system allows all

employees to adjust their working hours. Outside training or sales work can be attended straight from home with no need to return to the workplace afterward, for a more efficient use of time. Employees engaged in child or family care can match their work styles to their individual circumstances, by adjusting job times in units of hours so that they can attend events or meetings without having to lose an entire day of work.

Other measures include keeping track of individual working times with IC cards, warning on computer screens, and no overtime days. Teleworking is also being considered for use in operating companies, to further reduce overtime.

Average monthly overtime (Daimaru Matsuzakaya Department Stores)

Fiscal 2016	5.2 hours
Fiscal 2017	5.3 hours
Fiscal year 2018	5.3 hours

* Calculated as the prescribed overtime work

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Working Combined with Child and Family Care → Initiatives to Improve Productivity Promoting Health Management

Use of Technology

The Group will streamline operations using technologies including AI and RPA and shift man-hours created by increased efficiency to high value-added operations or reassigned to creative jobs. Mobile PCs and a new videoconferencing system were adopted to enable flexible work styles such as teleworking, while digital meetings are helping to achieve paperless operations.

Work Style Reform through RPA

The Group is achieving work style reforms by adopting robotic process automation (RPA) to streamline the administrative operations system and shift to high-value added services.

The three companies including J. Front Retailing, Daimaru Matsuzakaya Department Stores, and JFR Service are steadily adopting RPA for routine tasks, such as calculation of expenses, system input of orders, or collecting the information required to be input in planning documents. By shortening task times, workers formerly busy with input can now shift to productive tasks like sales and planning, leading to work style reform. In fiscal 2018, 42 tasks worth approximately 8,000 hours were automated through the introduction of new software or streamlining organizational structures. This is to be expanded to 300 tasks for the entire Group over the five years of the Medium-term Business Plan, to automate 30,000 man-hours for enhanced productivity.

External recognition

● Certified for 4 stars in the Nikkei Smart Work management survey (2019)

We received four stars in the Third Nikkei Smart Work management survey, which selects companies leading the way in the productivity revolution through work style reform.

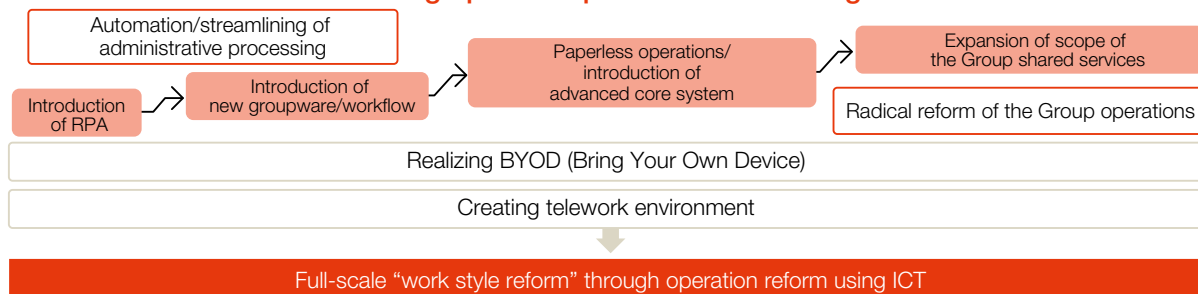


Work style reform using ICT

Radical overhaul of operation frames centered on paperless operations using ICT



Promoting operation process reform using ICT



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Working Combined with Child and Family Care Initiatives to Improve Productivity → Promoting Health Management

Promoting Health Management

Initiatives to Maintain and Improve Health

Based on the basic thinking that "employees are the company's greatest asset and that the employees' physical and mental well-being are crucial for us to provide better services to customers," the Group promotes thorough implementation of industrial health and safety measures and initiatives to maintain and improve employees' health. Health management for employees is essential with the extension of mandatory retirement to 65, hence we are collaborating with the Health Insurance Association to focus on prevention of lifestyle-related diseases and mental healthcare.

Introduction of PSA Tests, Gynecological Examinations, and Prevention of Lifestyle-related Diseases

We offer lifestyle diseases prevention screening including specified checkup items to employees aged 35 and over, in addition to the legally required regular health examination. Also, there are women's health checkups including breast cancer and uterus cancer exams, and prostate-specific antigen (PSA) test for male employees aged 50 and over. Using data from these exams, we provide individual health guidance, identify health management issues and establish goals for each office and implement various improvement measures.

Percentage of participation in regular health examinations (Daimaru Matsuzakaya Department Stores)

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Number eligible	6,917	6,529	6,551	6,337	5,223
Number of participants	6,907	6,499	6,530	6,320	5,216
Participation percentage	99.9%	99.5%	99.7%	99.7%	99.9%

Mental Healthcare

The Group has been conducting online surveys since fiscal 2016 to track stress indicators and follow up the results. In addition to the legally mandated stress surveys, feedback based on results of organizational health questionnaires is provided to leaders and HR managers of the operating companies. Such initiatives are taken to ensure workplaces where our employees can work with energy and vigor as well as self-care by employees themselves.

Figures for stress checks (Daimaru Matsuzakaya Department Stores)

	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Number eligible	3,655	3,558	3,260	3,293	3,247
Number of respondents	3,176	3,035	3,064	3,159	3,129
Reply percentage	86.9%	85.3%	94.0%	95.9%	96.4%

Creation of Fiscal 2018 Health White Paper

Coinciding with the publication of the Health Scoring Report* by the Ministry of Health, Labour and Welfare et al., the J. Front Health Insurance Association has, in collaboration with the Company, compiled the Fiscal 2018 Health White Paper to visualize the results aggregated and analyzed by gender, age, and other factors from the health data of the operating companies, in order to more effectively and efficiently maintain and improve the health of its policy holders.

Specifically, data is aggregated and analyzed on policy holders' participation in health examinations, how many have risky or healthy lifestyle habits, their medical care costs and so on. This

data is shared between the J. Front Health Insurance Association and the operating companies.

The White Paper will continue to be prepared as an index to compare improvements in health conditions year-on-year.

The operating companies and the Health Insurance Association will collaborate to promote the health of employees based on clear issues pinpointed by the White Paper.

* Health Scoring Report: A collaborative program by the Ministry of Health, Labour and Welfare, the Ministry of Economy, Trade and Industry, and the Nippon Kenko Kaigi. It presents in a visual format data comparing the averages for the Japan Health Insurance Association and each industry, on the health condition and medical expenses of members of the health insurance associations and initiatives to prevent disease or improve health.



External recognition

- DBJ health management Ranking gained (2018)

Received ranking as a "Company with excellent initiatives with concern for the health of its employees."



External recognition

- Selected as one of the 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program "White 500" (2019)

Our initiatives for health management have been recognized and gained certification.



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Operating Companies' ESG Initiatives

JFR Card

JFR Card is an operating company engaged in credit cards, loans, nonlife insurance agency, and life insurance soliciting.

JFR Card is actively involved in ESG initiatives under the sustainability policy. In regard to environmental matters, it is promoting a changeover to online card usage statements, digitalization of paper documents, and completely paper-free meetings, in order to contribute to a low-carbon society. When opening its Tokyo office in 2019, it also made productivity improvements through adoption of a free address system and workplace environment reforms. Coinciding with this, from March 2019 it changed to a system where Saturdays, Sundays, and public holidays are non-working days, to reduce the total number of hours worked in a year and promote a better work-life balance.

 → JFR Card website

J. Front Design & Construction

J. Front Design & Construction is an operating company that works on construction contracts and manufactures furniture.

Regarding environmental matters, it has adopted paperless meetings following the move of its Tokyo office in May 2019, and switched to LED lighting in its Osaka factory in August 2019. In these and other ways, it seeks to reduce emissions of greenhouse gases. In August 2019 the Children's Association of Neyagawa Niwajihonmachi Neighborhood Association, where the company plant is located, was invited to a woodwork workshop for children during the summer vacation, to enhance relations with local communities.

 → J. Front Design & Construction website

Dimples'

Dimples' is an operating company providing total solutions centered on four main areas: human resources dispatching, job placement services, outsourcing, and education and training.

Because of our high number of female employees, it recognizes the importance of promoting women's empowerment. The company promotes human resources utilization based on the individual's skills, achievements, aptitudes, and motivation. As of November 2019, the percentage of women in leadership positions in its head office, business offices, and outsourcing department is around 65%. As a company actively seeking to develop women-friendly workplace environments, we have received certification as a Leading Company for Women's Empowerment (Osaka City), Women's Empowerment Promotion Leader (Aichi Prefecture), Gender Equality Promotion Declaration Company (Ishikawa Prefecture), and a Fujinokuni Women's Empowerment Supporting Company (Shizuoka Prefecture).

 → Dimples' website

Daimaru Kogyo

Daimaru Kogyo is an operating company involved in the wholesale and import-export business.

For the sake of the environment, its offices have switched to LED lighting and its meetings are now paperless. From the perspective of governance, it has obtained international ISO 27001 certification for information security in its retail departments, and strives to protect the information of its trading partners and customers. Its automotive departments have acquired ISO 9001 and endeavor to strengthen quality control.

 → Daimaru Kogyo website

J. Front Foods

Super Mom system: a new work style

J. Front Foods is an operating company primarily involved in the restaurant business, operating 28 restaurants nationwide from Sapporo to Hiroshima.

Though many women are employed in the restaurant industry, they face difficulties in working while raising children or a lack of job security when returning to work after time away to be a mother. The Super Mom system was developed with an awareness of such problems to create better work environments for women.

The main features of this system are:

- Allowing women to carry mobile phones in the workplace so that they can respond to emergency calls from the daycare center or kindergarten.
- Providing rooms at some stores for children to wait until their mothers finish working and return home together.
- Allowing women to cook and take home meals using ingredients near to being disposed of and not able to be used the next day. This also makes effective use of food that would otherwise be thrown away.

Since the introduction of this system, more mothers have sought and found employment.

As labor shortages become acute, such systems as these supporting the needs of workers are securing vital human resources.



 → J. Front Foods website

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Consumer Product End-Use Research Institute

Newly entering the certification business HACCP initiatives

The Consumer Product End-Use Research Institute is an operating company that accepts commissions from companies inside and outside the Group for merchandise testing, quality consulting, and so forth.


With the rising concern by consumers over food safety, the Japanese government decided in 2018 to require HACCP* hygiene management for business operators handling food.

Seeing this current as a business opportunity, the Consumer Product End-Use Research Institute is entering into the certification business.

In March 2019, it was registered as an assessment company for the Japan Food Safety Management Association (JFSM)'s JFS-A/B standards (a Japanese food safety management standard in accordance with international standards; 29 companies are registered nationwide as of December 2019). This enables the institute to assess and appraise whether a company is providing food safety.

Currently five members are registered as auditors/assessors with the JFSM, a number that will be expanded as this business grows.

* HACCP stands for Hazard Analysis and Critical Control Point, a system of hygiene management for food developed to ensure the safety of space food in the USA in the 1960s.

 [Consumer Product End-Use Research Institute website](#)

Angel Park

Angel Park is an operating company involved in the leasing of car parks.

Both the south and north areas of the parking at Angel Park contain two 200-volt electric vehicle charging stands, while the Yaba Park parking area has one stand. Further efforts will be made for the expected increase in electric vehicles, to help contribute to reducing greenhouse gases.

 [Angel Park website](#)

JFR Service

JFR Service is an operating company that handles facilities, back office services, and purchasing for the Group.


It is achieving work style reforms for a better work-life balance by adopting robotic process automation (RPA) to streamline the administrative operations system and shift to high-value added services. In fiscal 2019 it focused on shifting to paperless office operations to reduce the amount of paper used, and supporting employment by developing job duties for those working shortened hours due to caring for children or family members. Through regular departmental ESG staff meetings, distribution of its own pocket manual to all employees, and regularly issuing ESG news, the initiatives of each division are shared to promote operations within all the companies.

 [JFR Service website](#)

JFR Information Center

The JFR Information Center is an operating company that develops, operates, and manages the systems of the Group.

The center's environmental initiatives include promoting paperless business with digital vouchers and encouraging use of online storage, and reducing greenhouse gas emissions. General office waste is disposed of properly through increasingly sophisticated sorting of garbage.

 [JFR Information Center website](#)

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Outside Director's View : J. Front Retailing Operations Now and in the Future

Outside Director
Chairperson of Nomination Committee and Remuneration Committee Member

TACHIBANA FUKUSHIMA Sakie

I was appointed to be an outside director of J. Front Retailing by a resolution at the 2012 annual meeting of shareholders. Since the transition to being a company with three committees in 2017, I have served as the chairperson of the nomination committee and as a lead director for executive sessions.

The role of an independent outside director is to supervise the execution of operations. I see my role as to take into account multiple perspectives such as the environment the company faces and the expectations of the market, to provide factors for consideration in execution in order to achieve the best solutions according to the corporate strategy, and

supervising how execution leads to improved corporate value, for deliberation by the board of directors.

Corporate governance is both defensive and offensive. On the offensive, there are roles to serve as a brake or a calming force on proposed courses of action, and on the other hand roles to provide a further push to actively take steps even when risks are involved.

On the defensive, my attention is constantly fixed on any actions that might contravene the corporate credo of "Service before Profit" or violate the law. What I emphasize at such times is to ensure that what is accepted as common sense inside the company is not considered irrational outside the company, and to bring in benchmarks from outside. It is quite common in Japan for people to keep working with the same colleagues once they are inside the company, so it is especially important to use external benchmarks.

When working as an outside director, my viewpoint from an offensive angle is to be constantly aware of global trends, in particular of (1) globalization and (2) the rise of the sharing economy as a new economic system through the progress of technology and digitalization.

These changes take place at the pace of just seconds, and for the sharing economy in particular consumer values are shifting from wanting to own to wanting to use things, or rather from products to experiences, altering the very concept

of retail. In addition, in an environment where our results can be affected by geopolitical changes in the US, China, and Korea, we have to consider how incorporating AI and big data into business models will decide future corporate value. My attention is focused on whether our strategies reflect the perspectives of globalization and digitalization in every opportunity.

In terms of defense, given the recent occurrences of unexpected events, I always reiterate the fact that we have to imagine the worst-case scenarios and decide in advance what to do about them, in order to avoid making the wrong decisions in a panic.

As an outside director, my job is to look at the consistency and balance between the quantity and quality of decisions, and for my own position, to consider the balance of impartiality vs affinity, time and commitments, confidentiality and sincerity.

Regarding my activities in the nomination committee, these committees elect executives, including successors for the next term, something which previously was the sole prerogative of the president in Japanese companies. As a result, out of the three legally mandated committees, many companies are still groping toward the correct way to manage this area, which demands the highest level of caution and innovation.

In general the role of the nomination committee is to correctly determine the status of human resources involved

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in management and to assign them in order to gain improved corporate value. The committee's supervision is essential to make sure that the right people are in the right place, that the best person to achieve the mission of a particular position is assigned. To make it possible for the right people to be assigned to the right places, the committee must have sufficient information on the candidates. This is why we have our management human resources evaluated by a third party (regarding their competency, values, psychological disposition, and growth potential). We also define the qualities, experiences, and capabilities required as the competency for our management human resources, so that we can evaluate whether candidates satisfy these conditions when selecting our officers.

The main roles and duties of the nomination committee are to decide on candidates for the board of directors to propose at the annual meeting of shareholders, and to investigate and provide answers to questions from the board of directors. I have served as the chair of nomination committees for several other companies, but each company expects different activities from these committees. The election of candidates for directors, which is the legal role of the nomination committee, is the same as of other companies with such committees, but when electing outside directors, we look at their experience, area of specialization, term of appointment and other factors in a portfolio. This is scrutinized from as early as we can, according to the needs of our corporate strategy.

The current challenges we have are to secure the right candidates and to consider the composition of the board to make even better use of diverse human resources, inclusive of their term of office, given our rapidly changing economic environment. A particular feature of the Company's nomination committee is that election or dismissal of executive officers as well as officers of the main subsidiaries is part of its scope under the terms of reference of the board of directors.

In addition, the board of directors requires us to handle the selection or dismissal of representative executive officers and of the chairperson of the board of directors, and examining the assignment, personal development, and training plans for management human resources, taking into account the succession plans.

The succession plan for the chief executive officer is for the nomination committee the most important decision in terms of strategy. In some companies the president retains the sole prerogative of appointing their successor, but the Company has systematically discussed this issue through its voluntarily created human resources and remuneration committee even before our shift to the new system.

With the establishment of the legally mandated nomination committee, we have emphasized clearer selection processes and greater transparency, methodically discussing the election of the relevant candidates. Sharing internal information with non-company committee members is essential for this, just as in the board of directors. Doubts are often expressed as to whether outside directors can really assess internal human resources, but for the committee to function, it is essential to have sufficient information on the human resources that are the subject of the committee's actions.

As an outside member of this committee, I have never been refused access to information as required for execution of my duties, and in fact information is progressively provided. There are also opportunities to come into contact with management human resources, including candidates for future executive positions, at training camps and so forth, providing us with the necessary information to examine the issues.

Given the relatively wide scope of our nomination committee, and its decision processes involving multiple systematic discussions, as a rule we meet every month. As an independent outside director in the nomination committee, I feel both a sense of my responsibility and also of satisfaction in

selecting the human resources who will be directly instrumental in raising the corporate value of J. Front Retailing.

Speaking candidly regarding the Company's future challenges, I believe there is a need to build up a sense of crisis.

In terms of offensive challenges, we must create a new business model amidst the rapidly changing corporate environment. In the eight years since my appointment, the rise of e-commerce in the distribution industry has been phenomenal. This spurred me to propose the rapid creation of countermeasures for the future of our store-centered retail operations. In addition, over these last few years consumer values are shifting from owning to using, while the new economic system of the sharing economy is developing at a rapid pace. Regarding the circular economy, I think it is essential that we consider how to turn this situation into business opportunities that can solve issues facing society. We need to have a sense of crisis to view as an urgent issue how to turn the rapid proliferation of AI and the IoT into a favorable situation for us.

We must appoint the right experts in the right places in order to achieve this, and encourage diversity in our human resources as they develop. At the same time, we must also continue to rapidly improve our productivity through the thorough adoption of new working styles.

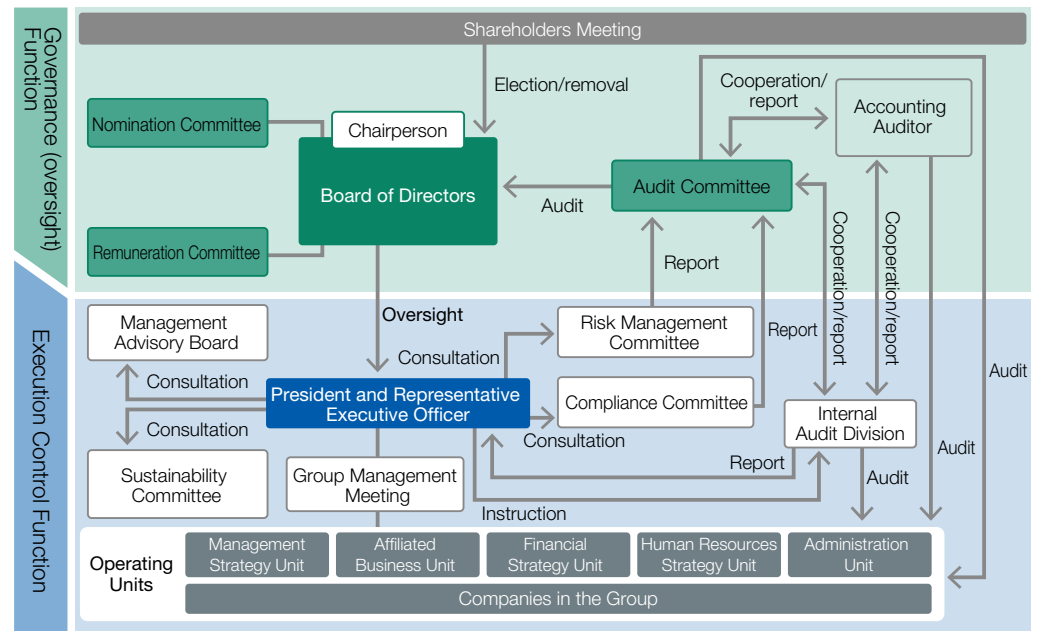
From the defensive view, promoting diversity means greater complexity in management. The issues brought about by this increase in complexity will have to be responded to, as will risks such as those of natural disasters. Measures for cyber security are a particular urgent issue. I believe such persistent efforts continue our credo of "Service before Profit" and are in line with the concept of ESG, and in implementing them we must hold fast to such tenets of our corporate philosophy, overall adopting a gentle but firm attitude of flexibly adapting to diverse changes. It is my intention as an outside director to steadfastly maintain this attitude.

→ Corporate Governance Risk Management Compliance

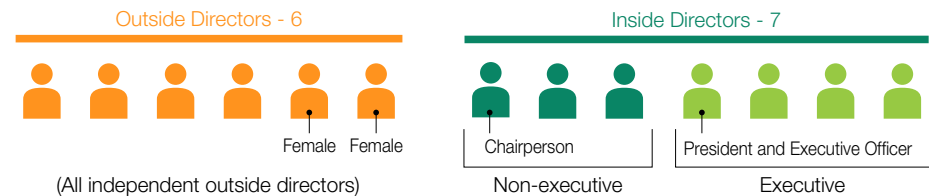


Corporate Governance

The Group aims to achieve ongoing growth for the Group and improve the medium- and long-term corporate value by ensuring transparency and objectivity of management operations by working together with stakeholders.



Composition of the Board of Directors



Top
CommitmentSustainability
Promotion SystemJFR
Materiality IssuesContribution to
a Low-Carbon
SocietyManagement
of the Entire
Supply ChainCoexistence
with Local
CommunitiesPromotion of
DiversityRealization
of Work-Life
BalanceOperating
Companies'
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→ Corporate Governance Risk Management Compliance

Corporate Governance



J. Front Retailing is a holding company, one of whose principal management goals is to strengthen corporate governance in order to ensure the legal compliance, transparency, objectivity, and health of Group-wide operations, acting as the central focus of governance for the Group.

As part of these efforts, we have transitioned to a "Company with Three Committees (Nomination, Audit and Remuneration Committees)" corporate format as a result of a decision made at the Annual Shareholders Meeting in May of 2017. We did this for the following reasons.

- (1) To strengthen management oversight functionality by separating auditors from directors.
- (2) To promote transparency of authority and responsibility in carrying out operations and to make management more dynamic.
- (3) To improve the transparency and objectivity of management.
- (4) To build a globally-compliant governance system.

J. Front Retailing is a pure holding company, and as such entrusts the various operating companies with the authority to handle operations (not including important matters pertaining to the Group management) in order to ensure rapid decision-making and achieve greater clarity in management responsibility.

As a pure holding company, our roles and responsibilities are as follows.

- (1) Establishing the Group-wide corporate governance.
- (2) Planning and drafting of the Group Vision, the Group Medium-term Business Plan, and the Group Management Policy, as well as monitoring progress and results thereof.
- (3) Optimizing distribution of the Group management resources.
- (4) Establishing a Group-wide risk management system and performing internal audits.
- (5) Handling decision-making pertaining to important Group management operations.
- (6) Providing advice on and approvals for each operating company's management direction and management strategy, and supervising and evaluating progress.

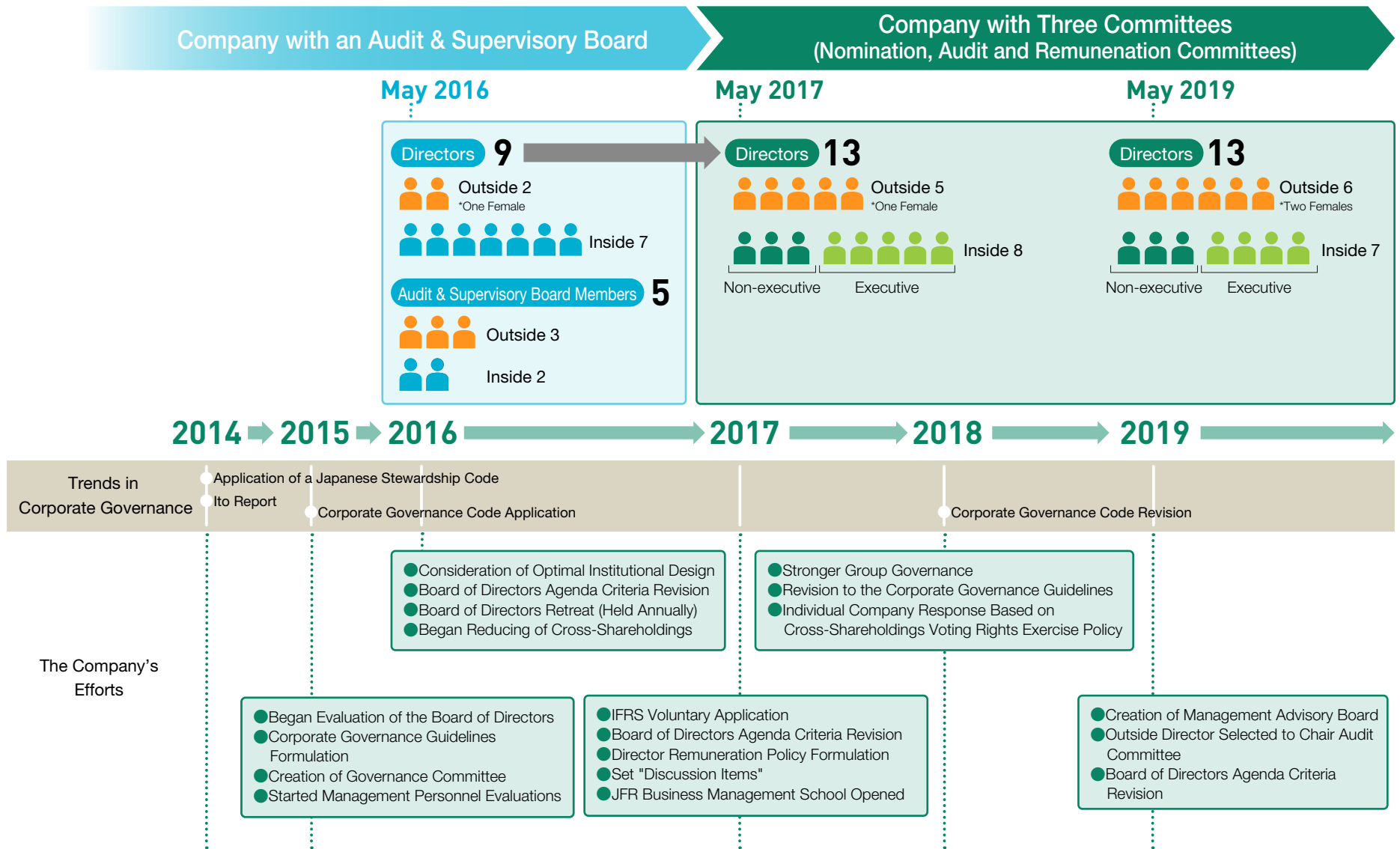
We believe that non-financial efforts must be strengthened alongside conventional financial strategies and indicators in order to ensure that the company continues to grow in a sustainable manner, which is why we view ESG as an opportunity for future growth. To this end, we are working on solving social problems as a Group-wide effort through our individual businesses. We are also working to further strengthen corporate governance in the belief that it can serve to support and promote ESG efforts.

We have prepared a written "Corporate Governance Guidelines" which lays out exactly what kind of corporate governance the Group should have, and we are aiming for the best corporate governance by constantly revising it. We will publicize the statement throughout society to foster an ongoing good-faith and constructive dialogue with the Group's various stakeholders with the goal of improving the Group's ongoing growth and medium- to long-term enhancement of corporate value.

WEB → Corporate Governance Guidelines

→ Corporate Governance | Risk Management | Compliance

Changes in Corporate Governance



Top
CommitmentSustainability
Promotion SystemJFR
Materiality IssuesContribution to
a Low-Carbon
SocietyManagement
of the Entire
Supply ChainCoexistence
with Local
CommunitiesPromotion of
DiversityRealization
of Work-Life
BalanceOperating
Companies'
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→ Corporate Governance Risk Management Compliance

Shareholders Meetings

Positioning of Shareholders Meetings

The Company regards the Shareholders Meeting as its highest decision-making body, and at the same time views the Shareholders Meeting as an important opportunity to engage in constructive dialogue with its shareholders.

Developing an Environment Appropriate for Exercising Voting Rights and Other Rights of Shareholders

The Company endeavors to develop an environment at its Shareholders Meeting, which is its highest decision-making body and enables its shareholders to appropriately exercise their voting rights and other rights of shareholders, as described below.

- (i) We give consideration to ensuring time for audits in the course of setting dates on which Shareholders Meetings are to be held and schedules otherwise in relation to Shareholders Meetings.
- (ii) We ensure that there is adequate time for our shareholders to consider matters with respect to which they will exercise their voting rights. To that end, we send convocation notices as early as possible (with the aim of doing so at least three weeks prior to the date on which a Shareholders Meeting is to be held) and at the same time we submit such content to financial instruments exchanges and post it to the Company's website as early as practicably possible before sending out convocation notices.
- (iii) We upgrade the content of our convocation notices (containing sections that include the business report, financial statements, and reference materials for Shareholders Meeting) in a manner that provides our shareholders with a deeper understanding of the Group and enables them to make

appropriate decisions when exercising their voting rights. We also prepare English translations of our convocation notices and make them available so that our overseas investors are able to properly exercise their voting rights.

- (iv) We give consideration to ensuring that our shareholders are able to conveniently exercise their voting rights, including domestic and overseas institutional investors. To that end, we have adopted online and other means of exercising voting rights and otherwise use an electronic platform for exercising voting rights.
- (v) We act appropriately with respect to substantively ensuring that shareholders are able to exercise their rights to make proposals and other minority shareholder rights. Moreover, our Articles of Incorporation stipulate that a shareholder may exercise his or her voting rights by proxy upon completing the necessary procedures when a beneficial shareholder has filed to exercise rights as a shareholder beforehand.

Analysis of Voting Results

The Company will analyze causes of opposition in situations where substantial numbers of voting rights have been exercised in opposition to a Shareholders Meeting proposal made by the Company, taking into consideration factors such as the content of the proposal, resolution requirements, the proposal in comparison with similar proposals made in the past, and the percentage of voting rights exercised. Upon so doing, the Company will then respond by engaging in dialogue with shareholders and otherwise taking action deemed necessary, and will otherwise act on its findings by reviewing content of the subsequent fiscal year Shareholders Meeting proposal.

Shareholders Meeting and Board of Directors

The Shareholders Meeting discusses and makes decisions on appointments and removals of directors, changes to the Articles of Incorporation, and other matters set forth by the Companies Act and the Articles of Incorporation.

The Board of Directors makes decisions on matters which the Companies Act allows the Board of Directors to be entrusted with requiring rapid responses and expertise with regard to management decisions, such as surplus profit dividends and stock buybacks.

Note that the appropriateness of entrusting the Board of Directors with a matter is studied with the object of ensuring optimum corporate governance.

証券コード：3086

第12期

2018年3月1日 ▶ 2019年2月28日

定時株主総会 招集ご通知

開催日時 2019年5月23日(木)
午前10時
(受付開始：午前9時)

開催場所 ニューピアホール
東京都港区海岸一丁目11番1号

目次

- 第12期定時株主総会招集ご通知 1
- 議決権行使についてのご案内 2
- 株主総会参考書類
- 議案 取締役13名選任の件 4
- (第12期定時株主総会招集ご通知添付書類)
- 事業報告
- 1. 企業集団の現況に関する事項 13
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※招集通知は、JFRコン
スマートフォンでも重要な
コンテンツをご用意いた
します。
<https://p2ok.jp/3086/>

J.フロントリテイリング株式会社

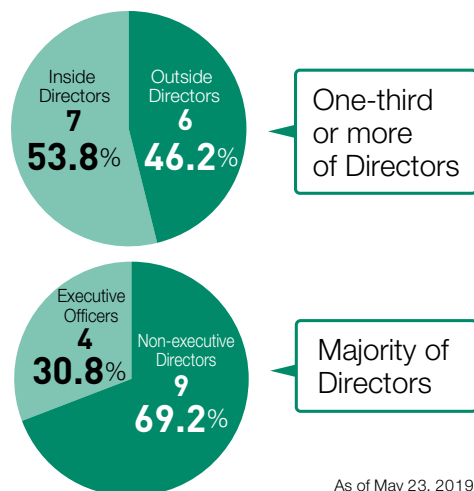
J.FRONT RETAILING

Board of Directors

Composition of the Board of Directors

The J. Front Retailing Board of Directors is composed of no more than fifteen appropriate members as set forth in the Article of Incorporation. Currently thirteen directors sit on the Board (of which six are independent outside directors, including two women) for term of one year. With the goal of separating supervisory and executive functions and to maximize the effectiveness of BoD discussions, independent outside directors make up at least one-third of the Board and the ratio of independent outside directors and non-executive directors from inside the company has to be at least half. The Chairperson is an inside non-executive director, in order to ensure separation of supervisory and executive functions and smooth operation of the Board of Directors.

The Board met fourteen times in 2018 with 100% attendance by all directors



Roles and responsibilities of the Board of Directors

Directors who are elected by shareholders and are entrusted with the management of the Company are to carry out the following roles and responsibilities in the Board of Directors in accordance with their fiduciary responsibility and accountability to shareholders with the aim of realizing the Group Vision:

- (i) Indicating the overall direction that the Group management is to take by engaging in constructive discussions with respect to the Group Vision, the Group Medium-term Business Plan, the Group Management Policy and other fundamental management policies and carrying out multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned;
- (ii) Making appropriate decisions in terms of overall policy and plans pertaining to the Group management on the basis of the direction noted above and overseeing the progress and results of the plans;
- (iii) Improving the environment to drive aggressive management toward discontinuous growth;
- (iv) Taking steps to build and develop internal control systems of the Group overall and otherwise overseeing the operational status of such systems;
- (v) Overseeing conflicts of interest between related parties; and
- (vi) On the basis of summary reports furnished by the Nomination Committee, overseeing the progress of senior management team succession planning, personnel assignment plans pertaining to managerial talent and management team training, as delegated to the Nomination Committee.

Board of Directors and Management Team

The Board of Directors discusses and makes decisions on matters set forth in the Companies Act and the Articles of Incorporation as well as matters pertaining to the Group Vision, the Group Medium-term Business Plan, the Group Management Policy, new business development, and M&A. The Board of Directors rules set down matters relating to voting, discussion, and reporting.

The management team is entrusted with all other operational decision-making, not including matters which might have an important effect on the Group management, in order to speed up decision-making and execution.



J. Front Retailing Directors

		Tenure	
Outside Directors (6)	Non-executive (9)	TACHIBANA FUKUSHIMA Sakie*	Approx. 7 years
		OTA Yoshikatsu	Approx. 4 years
		ISHII Yasuo	Approx. 2 years
		NISHIKAWA Koichiro	Approx. 2 years
		SATO Rieko*	Approx. 1 year
		UCHIDA Akira	Newly appointed
Inside Directors (7)	Executive (4)	KOBAYASHI Yasuyuki (Chairperson of Board of Directors)	Approx. 6 years
		TSUTSUMI Hiroyuki	Approx. 2 years
		MURATA Soichi	Newly appointed
		YAMAMOTO Ryoichi (President and Representative Executive Officer)	Approx. 11 years and 9 months
		YOSHIMOTO Tatsuya (Representative Managing Executive Officer)	Approx. 6 years
		MAKIYAMA Kozo (Managing Executive Officer)	Approx. 6 years
		WAKABAYASHI Hayato (Managing Executive Officer)	Approx. 3 years

*Female

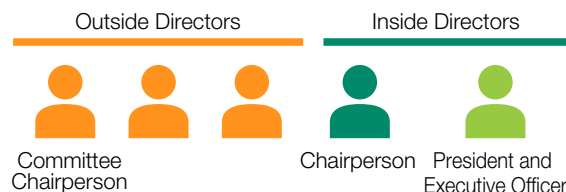
Nomination Committee, Remuneration Committee, Audit Committee

Nomination Committee

The Nomination Committee is composed of three (3) Outside Directors, Chairperson of Board of Directors who does not execute business, and President and Representative Executive Officer. The Chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity. The Nomination Committee determines the contents of proposals on the nomination and dismissal of Directors submitted to shareholders' meetings and the contents of reports submitted to the Board of Directors regarding the nomination and dismissal of management personnel of the Company and Daimaru Matsuzakaya Department Stores, as well as the chairpersons and members of three statutory committees, and other matters.

The meetings of the Nomination Committee were held 13 times in FY2018. Attendance at the meetings of the Nomination Committee was 100%.

Nomination Committee



Remuneration Committee

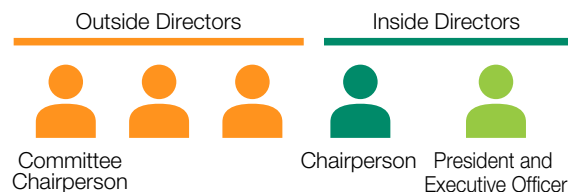
The Remuneration Committee is composed of three (3) Outside Directors, Chairperson of Board of Directors who does not execute business, and President and Representative Executive Officer. The Chairperson is chosen from among independent Outside Directors from the standpoint of ensuring

transparency and objectivity.

The Remuneration Committee determines the policy on deciding the contents of individual remuneration to management personnel of the Company and Daimaru Matsuzakaya Department Stores, and these contents themselves.

The meetings of the Remuneration Committee were held seven (7) times in FY2018. Attendance at the meetings of the Remuneration Committee was 100%.

Remuneration Committee



Audit Committee

To maintain and improve audit accuracy, the Audit Committee is composed of three (3) Outside Directors and two (2) full-time Inside Directors who do not execute business and are well informed about internal information. The Chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity. In addition, at least one of the Audit Committee members must have appropriate knowledge of finance and accounting.

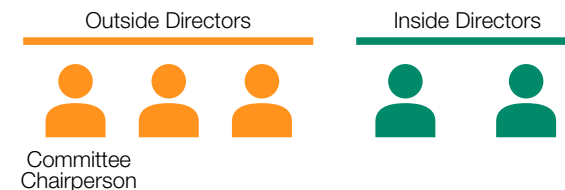
The Audit Committee effectively audits whether Executive Officers and Directors execute their duties in compliance with the laws and the Articles of Incorporation and efficiently in accordance with the Basic Mission Statement of the Company and the Group Vision, and makes necessary advice and recommendations. It also conducts audits on the construction and operation of internal control, and prepares audit reports.

To ensure the reliability of accounting information, the Audit Committee also oversees the Accounting Auditor, and determines the contents of proposals on the nomination and dismissal of such Auditor and other matters submitted for discussion at shareholders meetings.

With regard to the Chairperson of the Audit Committee, during the Company's transition to a company with three committees (nomination, audit and remuneration committees), we focused on the ability to collect internal information for smooth operation of the Audit Committee, and appointed the internal chairperson who does not execute business of the Audit Committee. However, as a result of reexamining the role of the Chairperson of the Audit Committee appropriate to the operation of the Audit Committee as the audit accuracy is improved and progressed, the new system after the Shareholders Meeting in May 2019 saw a more independent Outside Director appointed as Chairperson.

The meetings of the Audit Committee were held 17 times in FY2018. Attendance at the meetings of the Nomination Committee was 100%.

Audit Committee



	Board of Directors	Nomination Committee	Remuneration Committee	Audit Committee
Number of meetings	14	13	7	17
Inside director attendance	100%	100%	100%	100%
Outside director attendance	100%	100%	100%	100%
Average duration per meeting	2 hours 11 minutes	1 hour 14 minutes	56 minutes	1 hour 48 minutes

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ [Corporate Governance](#) [Risk Management](#) [Compliance](#)

Nomination and Appointment, etc., of Directors and Officers

Desirable qualities required of the Group managerial talent

The Company believes the persons who assume management of the Group should have the qualities described below in accordance with the Basic Mission Statement and the Group Vision.

(i) **Strategic mindset**

The persons need to forge strategies from a medium- to long-term perspective and contemplate their own forward-looking and innovative solutions geared toward achieving goals through a process that involves proactively analyzing changes in markets and customers and taking a multifaceted approach in using such findings to gain insights into the essential challenges at hand.

(ii) **Reform-oriented leadership**

The persons need to pursue new initiatives underpinned by a desire to take on challenges without becoming caught up with precedent or past experiences. Furthermore, they need to foment a healthy sense of urgency within the organization without any fear of risk while promoting a transformative course of action.

(iii) **Tenacity to achieve results**

The persons need to have a sense of mission and a desire to take on challenges with respect to achieving lofty goals, thereby holding course until goals are achieved and persevering until efforts lead to results.

(iv) **Organization development strengths**

The persons need to generate results through efforts that involve making the utmost of the organization's inherent energy and initiative by instilling their team members with a sense of vision and strategy for achieving the organization's objectives and spurring the organization's various elements (including its business operations, mechanisms, corporate culture and human resources).

(v) **Human resource development strengths**

The persons need to maximize the growth potential of their team members by taking a series of approaches that involve assigning challenges to team members, retrospectively evaluating their results and drafting training plans, all on the basis of a career development mindset premised on the notion that "individuals achieve growth through the work that they pursue."

Nomination and appointment policy

Outside Directors

We appoint individuals who are expected to furnish advice and perform the oversight function on the Board of Directors by drawing on points of view and perspectives that vary from those of our Inside Directors. Accordingly, such individuals must be able to fulfill the duty of care of a prudent manager and the duty of loyalty required by the Companies Act of Japan; they must offer a sense of pragmatism along with a high-level overview and sweeping perspective of business based on abundant experience as corporate managers; and they must have careers outside the retail industry or have a global managerial background or extensive expertise in finance, accounting, legal affairs etc.

Inside Directors who do not execute business

We appoint individuals who are well informed about internal information based on their extensive experience in the respective business of the Group, and who are expected to effectively ensure objective management oversight. Accordingly, such individuals must be able to fulfill the duty of care of a prudent manager and the duty of loyalty required by the Companies Act of Japan.

The Chairperson of Board of Directors, with the aim of further enhancing the oversight function while ensuring smooth operation of the Board of Directors, and the full-time members of the Audit Committee, with the aim of maintaining and improving audit accuracy by bringing about a smooth transition from our Audit & Supervisory Board Member system, are respectively appointed from among Directors who do not execute business.

Executive Officers

We appoint individuals who are expected to steadily and swiftly carry out business execution on the basis of corporate

management policy as determined by the Board of Directors. Accordingly, such individuals must be able to fulfill the duty of care of a prudent manager and the duty of loyalty required by the Companies Act of Japan; they must have extensive experience in the respective businesses of the Group; and they must have a profound understanding of the Group's operating environment (including its challenges).

The Company has stipulated appointment of a number of Executive Officers with specific titles in addition to the Representative Executive Officers. These individuals are to provide control, direction and oversight of business executed by the Executive Officers, acting as persons responsible for making fundamental and final decisions pertaining to business execution.

Nomination and appointment procedures and disclosure

Matters involving human resources with respect to Directors and Executive Officers of the Company and its major business subsidiaries are carried out on the basis of the aforementioned policy for nominations and appointments, and such decisions are made in accordance with the results of managerial talent evaluations performed by a third-party organization.

Moreover, to ensure transparency and objectivity in the decision-making process, a majority of the members are independent Outside Directors, and the Nomination Committee is chaired by an independent Outside Director. The committee is tasked with deliberating on such matters and making decisions in that regard and then reporting such details in response to the request of the Board of Directors.

In our convocation notices for Shareholders Meetings, we disclose our rationale for appointing candidates for the position of Director and the status of officers from other listed companies

→ Corporate Governance Risk Management Compliance

Outside Directors (as of May 31, 2019)



TACHIBANA FUKUSHIMA Sakie

Outside Director
Number of the Company's shares held: 5,500
Number of other shares as stock-based remuneration not yet granted: 1,933

Chairperson of Nomination Committee
Remuneration Committee Member

【Reasons for appointment】

She has broad insight in internal and external governance as a director at a US company's global headquarters and as an outside director at numerous Japanese companies. In addition, she has gained corporate management experience as the president of a foreign-owned human resource consulting company's local Japanese branch, and accordingly possesses in-depth knowledge regarding global human resources and the Company expects her to reflect them in the management of the Group.



OTA Yoshikatsu

Outside Director
Number of the Company's shares held: 8,300
Number of other shares as stock-based remuneration not yet granted: 1,933

Chairperson of Remuneration Committee
Nomination Committee Member

【Reasons for appointment】

He has abundant insight gained through his extensive experience acting as a manager of a holding company. In that capacity, he promoted the corporate merger between Minolta Co., Ltd. and Konica Corporation, and has served as a chairman of the board of directors of a company with committees (currently a company with three committees (nomination, audit and remuneration committees)) and the Company expects him to reflect them in the management of the Group.



ISHII Yasuo

Outside Director
Number of the Company's shares held: 2,700
Number of other shares as stock-based remuneration not yet granted: 1,933

Nomination Committee Member
Remuneration Committee Member

【Reasons for appointment】

He has long-standing overseas work experience and possesses insight based on his abundant experience in the field of global corporate management outside the retail industry, such as special familiarity with business development in overseas countries and the Company expects him to reflect them in the management of the Group.



NISHIKAWA Koichiro

Outside Director
Number of the Company's shares held: 1,300
Number of other shares as stock-based remuneration not yet granted: 1,933

Chairperson of Audit Committee

【Reasons for appointment】

He has useful insight even with respect to financial matters from his practical experience in business alliances, M&A, business reforms, and his involvement in numerous important international negotiations and the Company expects him to reflect them in the management of the Group.



SATO Rieko

Outside Director
Number of the Company's shares held: 300

Audit Committee Member

【Reasons for appointment】

She has abundant experience as an outside director and outside audit & supervisory board member at other companies, in addition to having made a career in handling many cases with in-depth and specialized knowledge as an attorney at law specializing in corporate legal affairs and the Company expects her to reflect them in the management of the Group.



UCHIDA Akira

Outside Director
Number of the Company's shares held: 0

Audit Committee Member

【Reasons for appointment】

He has broad experience and knowledge as the person responsible for management planning, IR and finance and accounting divisions. In addition, as a member of the "Council of Experts Concerning the Corporate Governance Code" and follow-up committees, he has been involved in formulation and promotion of said code, and accordingly possesses a high level of expertise and the Company expects him to reflect them in the management of the Group.

who are concurrently serving in those positions.

Criteria for Determining Independence of Outside Directors

In appointing the Company's Outside Directors, we select individuals who maintain a high degree of independence and consequently are not susceptible to conflicts of interest involving the Company's shareholders. An individual does not meet the criteria for independence if one or more of the items listed below apply to that individual.

- (i) Person who executes business in the Group
- (ii) Major shareholder of the Company (including person who executes

business thereof; the same applies with items (iii) to (vi), below)

- (iii) Major business partner of the Group
- (iv) Person affiliated with a law office, audit firm, consultancy or other entity that receives payment other than executive compensation of more than a certain amount from the Group
- (v) Recipient of donations of more than a certain amount contributed by the Group
- (vi) Related party in cases where the party is engaged in an arrangement involving a reciprocal officer appointment with the Group
- (vii) Person with respect to whom any of items (i) to (vi) has applied at any point over the last five years
- (viii) Spouse or relative within the second degree of consanguinity of

a person with respect to whom any of the items (i) to (vii) applies

With respect to the above, "person who executes business" refers to an Executive Director, an Executive Officer, and other employees; "major shareholder" refers to a shareholder who holds voting rights accounting for no less than 10% to the Company's voting rights; "major business partner" refers to a business partner whose transactions with the Group account for 2% or more of the Company's annual consolidated net sales or the business partner's annual net sales for any of the fiscal years over the last five years; "a certain amount" refers to an annual amount of 10 million yen in any of the fiscal years over the last five years.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ **Corporate Governance** Risk Management Compliance

The Company has registered all six Outside Directors as independent officers as stipulated by the financial instruments exchanges.

Ensuring Diversity

At J. Front Retailing we believe that the diversity in personnel is our true source of competitive advantage. When a diversity of views is expressed, different elements come together to create new value, which is vital to us. We are aiming to become a company which respects and tolerates diversity by positioning "promotion of diversity" as one of our priority materiality issues for the creation of sustainable corporate growth and a sustainable society, setting medium- and long-term targets, and implementing specific efforts.

We achieve diversity of candidate directors during the nomination process by considering the balance of knowledge, experience, and abilities of the Board of Directors as a whole.

Currently, two of the thirteen directors are women (independent outside directors).

Training

The Company continuously provides opportunities to Directors and Executive Officers of the Company and Directors, Audit & Supervisory Board Members and Executive Officers of the main operating companies, to acquire and update knowledge, etc. they need to fulfill their roles and responsibilities with respect to oversight, auditing, business execution and other tasks.

Directors and Executive Officers of the Company and Directors, Audit & Supervisory Board Members and Executive Officers of the Main Operating Companies

The Company also provides with useful information, etc. about corporate governance, compliance, and the Group

management. Furthermore, based on the result of the evaluation on managerial talent by the third-party organization, the Company sets and conducts training plans such as coaching which leads to the manifestation of achievement expected to each individual.

Candidates for Management Personnel, Including Executive Officers

The Company helps the top management share awareness of problems and enhances ingenuity in carrying out the Medium-term Business Plan and undertakes "JFR Business Management School," where the President and Representative Executive Officer serves as the principal. External consultants deliver lectures and the Company lets the attendees reconsider its Medium-term Business Plan and relevant medium-term departmental business plans from the managers' viewpoints, and also lets them make presentations directly to the President and Representative Executive Officer. These presentations are subject to evaluation. The President and Representative Executive Officer attends all day long every time it is held. In addition, the Company lets them prepare new business plans, etc., to prevent them from being only engaged in classroom learning. We provide opportunities for students to make presentations to the Board of Directors regarding the outcomes of their initiatives for the year and for them to receive advice from the Board.

Four people were hired as Executive officers from the JFR Business Management School between March 2017 and the end of August 2019.

Outside Director

We arrange briefings, when Outside Directors are appointed as well as on a continuous and regular basis, providing details on the Basic Mission Statement, the Group Vision, the Group Medium-term Business Plan and the Group Management Policy, and also

featuring content that includes details of the Group operations, its performance, financial standing and operational status.

Succession Planning

Selection of the Chief Executive Officer is a critical aspect of strategic decision making, and accordingly the Company regards drawing up and implementation of plans regarding successors (next senior management team) as matters of particular importance in terms of management strategy.

Selection of Successor Candidates

We make the selection process clear and achieve transparency and objectivity through repeated reviews in the Nomination Committee of successor candidate evaluations, which are prepared using third-party diagnostics based on internal company data. The Nomination Committee also sets down yearly successor plans which allow us to adapt to changes to the internal and external environment the company finds itself in, progress of strategy implementation, and other factors in order to ensure the suitability of the successor plans.

The Board of Directors fulfills its mission of oversight by focusing on the achievement of our Basic Mission Statement and Group Vision on the basis of responses from the Nomination Committee.

Removal of the Chief Executive Officer

The Board of Directors makes a decision on the responses discussed and decided on by the Nomination Committee in view of factors such as whether a successor candidate selected under the successor plan adopted by the Nomination Committee has achieved results, etc., in addition to set targets, anticipated results, and results of efforts (e.g., achievement of results for each financial period, successful implementation of strategies, etc.).

→ Corporate Governance Risk Management Compliance

Director and Officer Remuneration System

Policy on determining remuneration for Directors and Executive Officers

To carry out the Medium-term Business Plan steadily for realizing the new Group Vision, the Company has formulated the new "Officer Remuneration Policy" including the introduction of a stock-based remuneration system for officers in fiscal 2017. The basic policies on the officer remuneration are as follows:

- Contributing to the sustainable growth of the Group and increasing corporate value over the medium to long term;
- A highly performance-based remuneration system that provides incentives to Executive Officers both for accomplishing objectives set under management strategies and business plans and for achieving targets with respect to corporate performance;
- Remuneration levels that can secure and retain personnel who have the "desirable managerial talent qualities" required by the Company;
- Increasing shared awareness of profits with shareholders and awareness of shareholder-focused management; and
- Enhanced transparency and objectivity in the remuneration determining process.

Procedures for determining remuneration for Directors and Executive Officers

To ensure that remuneration levels and remuneration amounts are appropriate and that their determination process is transparent, the determination of the specific remuneration amounts to be paid is made by discussion and resolution of the "Remuneration Committee."

The Remuneration Committee meetings are to be held at least four times per year and the Company plans to conduct a

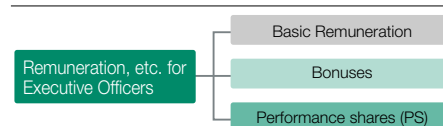
review of the officer remuneration system upon the completion of the period of each Medium-term Business Plan.

Remuneration composition for Executive Officers and Non-executive Directors

【Basic remuneration】(monetary remuneration)

Basic remuneration is positioned as a fixed remuneration and is decided for each rank (position) based on the size (weight) of the responsibility borne by each officer.

Executive Officers



Proportion of remuneration by type for Executive Officers of each rank

【President】		
Basic remuneration 38.5%	Bonuses 23.0%	PS 38.5%
Monetary remuneration 61.5%		Stock-based remuneration 38.5%
Fixed remuneration 38.5%	Performance-linked remuneration 61.5%	

【Executive Officers excluding President】		
Basic remuneration 45.4%	Bonuses 27.3%	PS 27.3%
Monetary remuneration 72.7%		Stock-based remuneration 27.3%
Fixed remuneration 45.4%	Performance-linked remuneration 54.6%	

Note: The above figure represents the case of a bonus for a standard ranking where the performance achievement rate for stock-based remuneration was 100%.

Note: The remuneration composition for Directors and Executive Officers at Daimaru Matsuzakaya Department Stores is the same as that shown for "Executive Officers excluding President" in the figure above.

【Restricted stock】(non-performance-linked stock-based remuneration)

Restricted stock is a system for issuing the Company's shares in a way that is not linked to performance with the objective of involving Non-executive Directors in management with a medium- to long-term view in order that they should strengthen the aggressive and defensive governance of the Company from a different standpoint from that of Executive Officers as the representatives of stakeholders. The shares are issued upon their retirement from office.

Details of performance shares

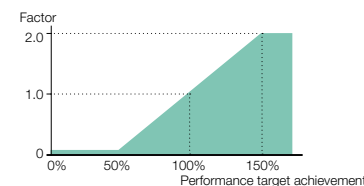
	KPI	Short term	Medium to long term	Methods of use
Profitability	Consolidated operating profit	○	○	Evaluation based on the achievement rate of targets (absolute value) Evaluation is weighed as 50% for each indicator. If targets are not achieved, the amount of stock-based remuneration is reduced by 50% (reduced by 25% if one target is not achieved).
	Basic earnings per share	○	○	
	Free cash flows	—	○	
Efficiency	ROE	—	○	

Note: KPI stands for Key Performance Indicator.
Note: Short-term targets are the initial forecasts for the relevant fiscal year as announced in the Consolidated Financial Results each April (IFRS basis).

Calculation method of performance-linked factor

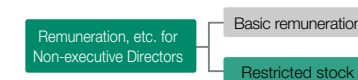
Performance target achievement	Performance-linked factor
150% or more	2.0
50% or more but less than 150%	(Actual results ÷ Target - 0.5) × 2
Less than 50%	0

Image of changes in performance-linked factor



Note: When performance target achievement is less than 50%, performance-linked factor is 0 (0%), and when performance target achievement is 150% or more, performance-linked factor is 2.0 (200%).

Non-executive Directors



Top
CommitmentSustainability
Promotion SystemJFR
Materiality IssuesContribution to
a Low-Carbon
SocietyManagement
of the Entire
Supply ChainCoexistence
with Local
CommunitiesPromotion of
DiversityRealization
of Work-Life
BalanceOperating
Companies'
ESG InitiativesOutside
Director's
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→ Corporate Governance Risk Management Compliance

A system designed to ensure the effectiveness of the oversight function of the Board of Directors

Management Advisory Board

An advisory board selected by the President and Representative Executive Officer consists of the President and Representative Executive Officer, all Outside Directors, and the Chairperson of Board of Directors. The Board is a valuable venue for receiving advice from the Outside Directors, whose views are informed by their high level of expertise and extensive experience, and discussing issues brought up by the Outside Directors regarding awareness of issues pertaining to corporate governance and management by the President and

Representative Executive Officer in general.

Executive Sessions

Meetings of the Board are followed by gatherings of the Outside Directors where there is a free and lively exchange of views and information. The Outside Directors discuss matters requiring their attention in their capacity as supervisors, including tasks facing the Board of Directors and problems in achieving improvements in effectiveness. The President and Representative Executive Officer and Chairperson of Board of Directors can participate in the

discussions at the request of the Outside Directors.



Executive Session

Evaluation of the Board of Directors

At J. Front Retailing we believe it is of utmost importance to ensure the effectiveness of the Board of Directors in order to achieve sustainable growth for the Group and improve our corporate value in the medium and long term. And to ascertain whether we are achieving adequate effectiveness, we carry out third-party evaluations of the Board of Directors every year since 2015.

Evaluation Methodology

A third-party organization conducts individual interviews with all members of the Board based on prior questionnaires and compiles a tabulation and analysis of the results into a report which is then reviewed by the Board of Directors.

The last time this was done, in 2019, we realized that the framework for our governance system had reached a high level of elaboration thanks to the improvements made possible by the previous four Board of Directors evaluations, and therefore in order to solve more substantive issues in improving our corporate

value, we have revised the questionnaire, changed third-party organizations, taken a new look at the transparency and objectivity of the evaluations, and included new perspectives.

Evaluation Items

The evaluations and analyses are designed to give us a better understanding of the responses given by the Inside and Outside Directors and members of the various committees in their respective roles, while giving due consideration to a balance between new questions and existing questions which ensure continuity, all in light of the roles and responsibilities of the Board of Directors.

[Main Evaluation Items in 2019]

- Composition of the Board of Directors and overview of activities;
- Level of explanation of agenda materials and items;
- Evaluation of the importance of items discussed by the Board of Directors over the past year and amount of discussion;
- Issues to be resolved in the medium to long term;

- Roles expected of Directors themselves;
- Effectiveness of activities by the three committees (Nomination, Remuneration, Audit);
- Ideal Group Governance; etc., for a total of around thirty items

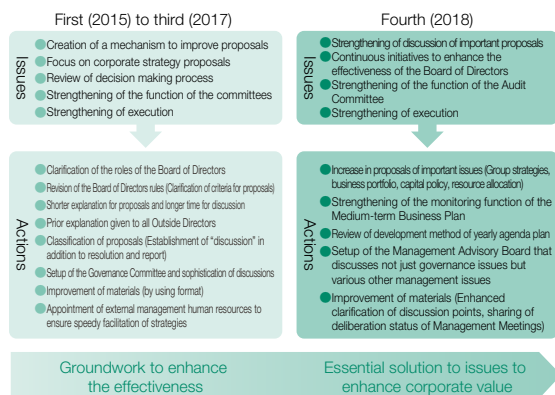
Evaluation Results and Improvement Measures

The third-party organization's report on the fifth evaluation of the Board of Directors conducted in October and November of 2019 stated that with the current makeup of the Board of Directors active discussions are had from a variety of viewpoints and a heightened level of objectivity regarding what is being discussed. The report and discussion thereof by the Board of Directors has confirmed that the Board of Directors and the various committees have achieved adequate effectiveness. The Board of Directors is currently discussing issues which have come to light and responses thereto.

We will share these issues on the basis of the Board of Directors evaluation to improve the effectiveness of the Board of Directors.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Corporate Governance Risk Management Compliance



Board of Directors Evaluation in the Operating Companies

At J. Front Retailing we believe it is important to strengthen governance not just in the Company but in the operating companies as well, in order to achieve sustained growth for the Group and improvement in our corporate value in the medium to long term. To this end we have begun efforts to implement evaluations of the Board of Directors in the operating companies as well.

Without stopping at improvements to the effectiveness of their Boards of Directors undertaken by the operating companies, we will get a clear picture of any issues through an accurate understanding of the activities of the Boards of Directors of each company and work to provide the type of support needed to solve these issues when it is needed and in the manner it is needed.

In fiscal 2019, such evaluations were conducted only in some operating companies (Daimaru Matsuzakaya Department Stores, Parco, JFR Card, J. Front Design & Construction, and Dimples'), but we will consider evaluating the Boards of other operating companies as well.

Daimaru Matsuzakaya Department Stores evaluates its Board using a third-party organization.

Accounting Auditor

Policy for Decisions of the Audit Committee on Proposals for Election, Dismissal and Non-reappointment of the Accounting Auditor

The Audit Committee draws up criteria in advance for selecting and evaluating the Accounting Auditor, which are composed of matters relating to the auditor's independence, expertise and other aspects of executing the audit, with the aim of ensuring that the Accounting Auditor properly carries out the audit. On the basis of these criteria, the Audit Committee sufficiently exchanges views with the management team, and then makes decisions on proposals for election, dismissal and non-reappointment of the Accounting Auditor that are submitted to the Shareholders Meeting.

The Audit Committee is to take necessary measures that include dismissing the Accounting Auditor upon resolution of the committee, or otherwise making a decision on proposals to dismiss or not reappoint the Accounting Auditor submitted to the Shareholders Meeting, in the event that the Audit Committee deems it appropriate to dismiss or otherwise not reappoint the Accounting Auditor either if there are grounds for dismissal as provided for in Article 340, Paragraph 1 of the Companies Act of Japan, or if a situation arises whereby the audit of the Company has been significantly impeded such as would be the case if the supervisory authorities were to issue an order requiring suspension of auditing activities.

Developing Structures for Supporting Effective Audits Performed by the Accounting Auditor

The Company has concluded an audit agreement with Ernst & Young ShinNihon LLC. The Accounting Auditor performs accounting audits in accordance with respective legal

provisions. The Accounting Auditor adopts measures to prevent engagement partners from being involved in the accounting audits of the Company for longer than certain periods.

To provide support for enabling effective audits performed by the Accounting Auditor, the Company develops structures for:

- (i) Ensuring that content of audit plans proposed by the Accounting Auditor is respected and allowing sufficient time to perform the audit, in order to enable high-quality audits;
- (ii) Arranging discussions between the Accounting Auditor and Representative Executive Officers and relevant Executive Officers on a regular basis (about two times per year);
- (iii) Arranging meetings between the Accounting Auditor and Audit Committee members and internal audit departments for the purpose of sharing information and exchanging views on a regular basis (about six times per year); and
- (iv) Enabling the Audit Committee to perform necessary investigations upon receiving a report from the Accounting Auditor detailing instances of material improprieties and illegal acts related to the execution of duties of Directors and Executive Officers; and enabling the Audit Committee to take necessary measures in that regard, that include reporting, furnishing advice and providing recommendations to the Board of Directors.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Corporate Governance Risk Management Compliance

System for Ensuring the Rights and Interests of Shareholders

Shareholder Relations

J. Front Retailing is working to build a relationship of trust with all its stakeholders through its business activities.

The shareholders not only provide our capital, but are also a vital focal point of the Group's corporate governance. Accordingly, we respect the rights of our shareholders (including minority and foreign shareholders) to the greatest extent possible and ensure that those rights are given substantive protection.

We treat our shareholders equally and fairly in accordance with the type and number of shares they hold. Moreover, we do not give anyone financial profits from the Company or the Group in connection with execution of the rights of specific shareholders.

We actively fulfill our environmental and social obligations to our customers, business partners, employees, and local communities, etc., as we work to create a sustainable society.

Basic Capital Policy

The Company believes that any increase in free cash flows and improvement in ROE should help to ensure its sustainable growth and increase corporate value over the medium to long term. To such ends, the Company promotes a capital policy that takes a balanced approach to "undertaking strategic investment," "enhancing shareholder returns" and "expanding net worth" for the purpose of hedging against possible risks.

Moreover, in procuring funds through interest-bearing debt, we aim to achieve an optimal structure of debt to equity in a manner cognizant of our funding efficiency and cost of capital, carried out on the basis of having taken into consideration our capacity for generating free cash flows and our balance of interest-bearing debt.

A "business strategy" to achieve an increase of profitable sales and a "finance strategy (encompassing the capital

policy)" that heightens the rate of return on invested capital are essential elements with respect to improving free cash flows and ROE. In addition, we believe it is crucial that we maximize our operating profit and continually improve our operating margin by strengthening our core businesses and concentrating management resources on initiatives such as business field expansion and active development of new businesses.

In monitoring our key financial indicators used in achieving objectives of the Medium-term Business Plan through efforts to realize our new Group Vision, we focus primarily on ROE for capital efficiency, consolidated operating profit for business profitability, free cash flows for profitability and stability, and ratio of equity attributable to owners of parent to total assets (equity ratio) for financial soundness.

Promoting Management that Recognizes the Cost of Capital

The Group aims to achieve a consolidated ROE of 8% or more in FY2021, the final year in the Mediumterm Business Plan. To explain the background of how we set the target as 8%, we began by recognizing the yields expected by shareholders and investors, or in other words, the Company's cost of equity.

The cost of equity is speculated to shift within the range of 6-7% over the medium to long term (about 6% as of February 28, 2019). For this reason, the Company believes that what is expected of it is to stably achieve an ROE of a level 8% or more, that exceeds the cost of equity.

Furthermore, with regard to the WACC (weighted average cost of capital), as of February 28, 2019 it was calculated at slightly below 5%, but we recognize it is a level of roughly 5% for the Group as a whole over the medium to long term. We have also ascertained the WACC of each of the main operating

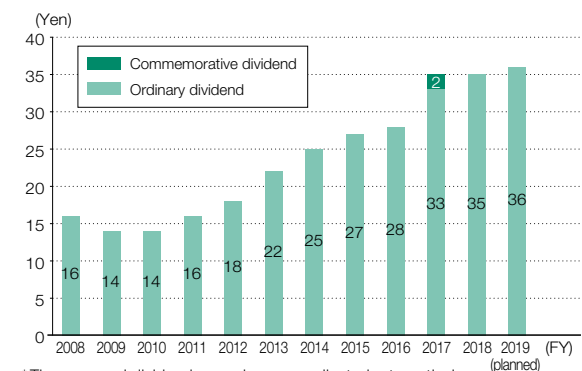
companies including the Department Store Business, the PARCO Business, the Real Estate Business, and the Credit and Finance Business.

Going forward, as we move ahead with business portfolio reforms, we hope to consider reducing capital costs by pursuing an optimal capital structure and a decrease in the awareness of business risks on the part of shareholders and investors.

Shareholder Return Policy

The Company's basic policy is to duly return profits to shareholders. Hence, while maintaining and enhancing its sound financial standing, the Company strives to provide stable dividends and target a consolidated dividend payout ratio of no less than 30%, taking such factors as profit levels, future capital investment and free cash flow trends into consideration. The Company also gives consideration to the option of purchasing its own shares as appropriate, in accordance with aims that include improving capital efficiency and implementing a flexible capital policy.

Changes in annual dividend per share (Yen)



* These annual dividends per share are adjusted retroactively, reflecting the consolidation of shares.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ Corporate Governance Risk Management Compliance

Respecting Rights of Shareholders in Cases Where Implementing Capital Policy Could Potentially Harm Shareholder Interests

The Company will take steps to ensure that interests of its existing shareholders are not unduly harmed should it engage in a management buyout or a large capital increase by means of third-party allotment of shares or should it otherwise implement capital policy that will bring about a change of controlling interests or a substantial dilution of shares. Accordingly, the Company will carefully consider the necessity and rationality of any such initiative at a meeting of the Board of Directors whose attendance shall include its Outside Directors who maintain a high degree of independence and consequently are not susceptible to conflicts of interest involving the Company's shareholders. Furthermore, the Company will fully explain such matters to the shareholders and will otherwise ensure that all necessary and proper procedures are followed.

Basic Policy Regarding Control of the Company

The Company believes it is necessary for parties controlling the Company's financial and business policy decisions to be parties who sufficiently understand financial and business specifics of the Group and the sources of the Group's corporate value, and who furthermore continuously and sustainably ensure the Group's corporate value while enabling further improvement thereof.

The Company has not specifically stipulated so-called takeover defense measures involving concrete initiatives to be taken should a party attempt to acquire a large volume of the Company's shares and thereby damage the Group's corporate value.

However, the Company will act to prevent damage caused to the Group's corporate value in the event that such a party

attempting a large-scale acquisition emerges. Under any such scenario the Company will accordingly establish an independent committee whose membership is composed of its Outside Directors as well as experts who maintain viewpoints that are independent of the Company's Inside Directors. The Company will then consider advice and opinions of the committee as it acts to secure the Group's corporate value by taking necessary and appropriate measures.

Adoption of the International Financial Reporting Standards (IFRS)

The Group has adopted the International Financial Reporting Standards voluntarily in the interest of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period and ensuring accountability to domestic and overseas investors by improving the international comparability of financial information.

Related Party Transactions

When engaging in transactions with Directors and Executive Officers, the Company gains approval beforehand and reports afterwards pursuant to the provisions of Japan's Companies Act and the Rules of the Board of Directors. Moreover, we regularly verify whether or not there have been transactions between our officers and the Group.

When conducting intra-group transactions involving listed subsidiaries and listed associates, we strive to ensure that no damage is incurred with respect to interests of any such company's minority shareholders. Accordingly, such transactions are generally to be carried out on the basis of business terms and conditions on par with those applicable to transactions conducted between independent parties.

Cross-Shareholdings

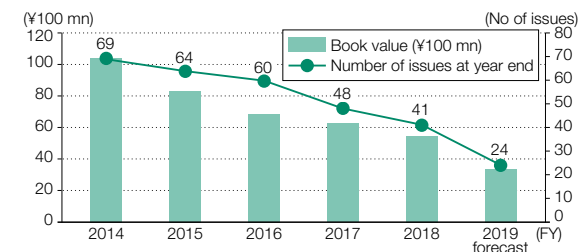
Holding Policy

The Group will be reducing its cross-shareholdings (listed shares held for reasons other than pure investment, not including shares in its subsidiaries and associates) in a measured manner in accordance with the market environment and share price trends, among other factors. However, if there is a request to hold shares from a community administrative body or company in the context of promoting our Urban Dominant Strategy, which is one of our focused strategies, we will make a decision after fully considering the appropriateness of the holding by executives in terms of our "coexistence with local communities" efforts, one of our major ESG tasks.

Verifying the Reasonableness of a Holding

At J. Front Retailing, the Board of Directors makes a yearly verification of the reasonableness of the Group's cross-shareholdings in light of qualitative measures relating to business strategy such as maintaining fruitful and productive relationships with business partners and keeping up our supply chain, as well as quantitative measures such as whether the earnings ratio, including individual share dividends and related business profits, etc., exceeds capital costs. As a result, the Group holds 41 cross-held shares as of end of FY2018 (end of February 2019).

Changes in number of issues of cross-shareholdings and their book value



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ [Corporate Governance](#) [Risk Management](#) [Compliance](#)

Policy on Exercising Voting Rights

Decisions with respect to voting on matters regarding cross-shareholdings are made from both of the following two perspectives:

- (1) whether cross-shareholdings will contribute to improving the sustainable growth and the corporate value over the medium to long term of the company whose shares are held;
- (2) whether the cross-shareholdings will contribute to improving the Group's sustainable growth and corporate value over the medium to long term.

Specifically, in regard to proposals that we consider to be of high priority with respect to strengthening corporate governance, such as proposals relating to the corporate governance system (selection of company officers), proposals relating to shareholder return (appropriation of surplus), and proposals that have an effect on shareholder value (introduction of takeover defense measures), we establish policies upon which to base judgment of our exercise of voting rights, and acting as the Group as a whole, we take a response that is in line with such policies. We engage in dialogue with companies whose shares we hold if necessary when we exercise voting rights.

Handling of Requests from Holders of Cross-held Shares Regarding the Sale of the Company's Shares

In case a company which holds the Company's shares for the purpose of cross-shareholding (holders of cross-held shares) indicates intention to sell the Company's shares, the Company will never conduct activities to hinder the sale of cross-held shares by implying a reduction of business transaction, etc., and appropriately handle the sale, etc.

Appropriate Disclosure of Company Information

The Company draws up business model, medium- to long-term strategy story that the Group pursues, as well as the Group Vision, the Group Medium-term Business Plan and the Group Management Policy which indicate management benchmarks and other objectives, with the aim of realizing the Group Mission Statement. We release those documents in order to share such details with our shareholders, investors and other stakeholders.

Information disclosure standards

The Company discloses the Group's important information in a timely and appropriate manner in accordance with laws and regulations including the Financial Instruments and Exchange Act and the timely disclosure rules enacted by the financial instruments exchanges where the Company is listed. As for any information deemed useful to stakeholders including shareholders and investors, even where such laws and regulations and the timely disclosure rules do not apply to it, the Company recognizes it as important information on corporate activities, which is required by society, and proactively discloses it fairly and promptly in an appropriate manner.

Methods of Information Disclosure

The Company releases information in a timely and appropriate manner by making use of the TDnet and EDINET platforms, the Company's website and other means in line with attributes of the information being disclosed. Moreover, to ensure that we disclose information in an impartial manner, we prepare and release English translations of our convocation notices for Shareholders Meetings, integrated reports, timely disclosure information, financial information, and the Company website.

Structures for Information Disclosure

Matters regarding important company information are presented for discussion at the Group Management Meeting, regardless of whether or not such information is to be disclosed. Matters involving such company information are presented for discussion at a meeting of the Board of Directors depending on the level of importance thereof, and disclosed in a timely and appropriate manner upon determining at such meetings the necessity of its disclosure. Meanwhile, upon any emergence of urgent company information that would not accord with the aforementioned procedures, that information is to be promptly disclosed after passing through the requisite organizational decision.

The work involved in providing information disclosure is carried out by the Legal Division, Budget and Management Support Division, Investor Relations Promotion Division and Group Communications Promotion Division.

Appropriately Managing Insider Information

With respect to company information, particularly significant event having an effect on investment decisions of investors, and information that is subject to timely disclosure requirements as stipulated by financial instruments exchanges, we develop structures for appropriately managing it by stipulating the Rules for Preventing Insider Trading that includes procedures for handling and managing such information, and responsible managers.

Moreover, in order to prevent the leakage of financial information and ensure fairness, the Company refrains from answering any questions concerning financial results during the quiet period from the day following the closing date of each quarter until the release of financial results. However, the Company will disclose information in a timely and appropriate manner if a significant amendment to business performance is necessary, even during the quiet period.

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→ Corporate Governance Risk Management Compliance

Constructive Dialogue with Shareholders and Investors

IR Policy

Under the Basic Mission Statement that “we aim at developing the Group by contributing to society at large as a fair and reliable corporation,” the Company promotes IR activities for the purpose of maintaining and developing relations of trust with stakeholders including shareholders and investors. By accurately and plainly disclosing important information about the Company in a fair, timely and appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company.

Promoting Constructive Dialogue

If a shareholder or investor makes a request to engage in constructive dialogue with the Company, either the President or another Director (including Outside Directors), Executive Officers, or the Investor Relations Promotion Division will properly respond, upon taking into consideration the intent and aims of the request.

Sharing Information Laterally Across Departments That Supports Constructive Dialogue

The Company develops structures for supporting constructive dialogue. Initiatives in that regard include engaging in organic collaboration among respective departments and sharing information among respective supervisory units of the Company and respective the Group companies, in the Group Management Meeting and other such forums.

Improving Communications

The Company endeavors to improve communications by achieving timely disclosure and disseminating information via its website, while also pursuing initiatives that include holding financial results presentations, one-on-one meetings, briefing sessions for individual investors, meetings for overseas institutional investors and other such forums, and replying to daily inquiries made by shareholders and investors. We also use fact books (prepared since the fiscal year ended February 29, 2016), which supports financial results presentations, integrated reports (issued since fiscal year 2017) and other documents to improve communications.

Moreover, we conduct what is referred to as shareholder identification surveys to identify the Company's shareholder ownership structure, thereby putting that information to use toward improving communications with our beneficial shareholders.

The Company has established the Investor Relations Promotion Division inside the Financial Strategy Unit. The Company aims to enhance its constructive dialog using more highly accurate Information based on financial data related to not only business performance in the short term but also the future outcomes expected as a result of carrying out the business strategies.

Major dialogue activities with investors in fiscal year 2018

Item		Remarks
Financial results presentations for institutional investors/analysts (explanation of results and business management)	Twice	Posted a streaming video and a Q&A summary of each presentation in Japanese and English on the Company's website.
Financial results teleconferences for institutional investors/analysts (1Q and 3Q)	Twice	Posted a Q&A summary of each presentation in Japanese and English on the Company's website.
ESG presentation for institutional investors/analysts	Once	Posted a streaming video and a Q&A summary of each presentation in Japanese and English on the Company's website.
Store tours for institutional investors/analysts	Once	Held a store tour of Ginza Six for overseas investors.
Overseas IR	3 times/45 companies	Once each in Europe, North America and Asia.
Conferences hosted by securities companies (in Japan and overseas)	4 times/41 companies	3 times in Japan and once overseas.
Individual meetings for institutional investors	163 times	Held mostly by visiting or inviting them and sometimes via teleconference.
Briefings for individual investors	16 times	7 times in Tokyo, 3 times in Osaka, twice in Nagoya, and once each in Saitama, Sapporo, Kobe and Kyoto.



FY2018 ESG presentation

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Corporate Governance → **Risk Management** Compliance

Risk Management

JFR Risk Management Philosophy

At the Group we define risk as uncertainty amid changes in the environment, involving both positive aspects (opportunities) and negative aspects (threats). We therefore believe that if we can take appropriate hedging measures against negative risks (i.e., uncertainty) and proactive measures with respect to positive risks (uncertainty) in light of an understanding of market changes, this will translate into sustained company growth in the future.

In FY2019 we identify 137 risk items in the four categories of "strategy," "finance," "operations," and "hazards" as risks the Group faces. We have analyzed and evaluated each recognized risk and prioritized tackling those risks we believe might have a very large effect on the Group's results and financial health by incorporating them into our strategy.

The environment the Group finds itself in is changing significantly faster than expected, with "Risk associated with the progress of sharing economy" and "Risk associated with advanced technologies" having a very large effect on the Group, whose core is the retail business. The sharing economy wave,

which is expected to lead to the even larger risk of a "circular economy," is particularly large. Digital disrupters, which break existing markets and industries, have already begun to appear in the US and EU, and we believe the day that wave arrives on Japan's shores is not far.

Another risk which is on the radar not only of investors but society as a whole is the "Risk associated with growing importance of ESG," on the basis of which companies are being judged as a matter of course, making a response ever more critical.

We are also increasing our focus on "Risk associated with disasters, etc.," in response to the greater frequency of natural disasters in recent years, including extreme weather, typhoons, and storms, thought to be a consequence of global warming.

In addition to these four risks, which we deem to be of maximum importance, we have also identified five risk items associated with finance which we believe will be significant in view of political uncertainty and economy slowdowns, and five other major risk items, for a total of fourteen major risk items

which are likely to affect investor decision-making. We have included risk awareness and responses in our securities reports.

WEB → Securities Reports (only in Japanese)

Creation of a Risk Management Committee

The Group has created a Risk Management Committee as an advisory body to the President and Executive Officer in connection with risk management, with the President and Representative Executive Officer as chair and directors, etc., as members. The Committee holds regular discussions based on internal and external environment analyses, closely examines and evaluates risks, and monitors response measures.

Reports on the discussions are made to the Audit Committee regularly (around twice a year) and whenever appropriate.

14 Focused Critical Corporate Risks

01 Risk associated with the progress of sharing economy	02 Risk associated with advanced technologies	03 Risk associated with growing importance of ESG	04 Risk associated with disasters, etc.
05 Risk associated with consumption tax hike and post-Olympic recession	06 Risk associated with changes in customers, low birthrate and longevity	07 Risk associated with polarized income	08 Risk associated with impairment
09 Risk associated with fund-raising	10 Risk associated with interest rate changes	11 Risk associated with share price fluctuations	12 Risk associated with exchange rate fluctuations
13 Risk associated with data management	14 Risk associated with laws and regulations and revisions to laws		

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Corporate Governance → Risk Management Compliance

Greater Resilience

Building a Safe and Reliable Retail Environment Protected Against Natural Disaster Risks

Daimaru Matsuzakaya Department Stores locations and offices around the country conduct disaster training and business continuity plan (BCP)^{*1} exercises to prepare for earthquakes, fires and natural disasters (severe storms, large typhoons, etc.) caused by climate change. System-related measures are also being put in place such as emergency earthquake early warning systems and systems to check on the safety of all employees. The store self-defense fire brigades conduct regular drills involving all employees, including workers from suppliers, to ensure suitable responsiveness, including quickly extinguishing fires, guiding customers out of the building, and collecting information. Additionally, systems^{*2} have been deployed which make in-store announcements automatically and in real-time when an emergency earthquake early warning is received after an earthquake.

In FY2018 we revised the BCP plans of all operating companies. Specifically, in light of the experience we gained when stores suffered damage during a major earthquake (the Great Hanshin Awaji Earthquake), we have included in the new BCP plan changes to the manual regarding specific actions to take, a clearer division of responsibilities between J. Front Retailing and the operating companies, and use of multiple means of

communication (e.g., wireless hand-held devices for use during disasters, company smartphones, the corporate intranet, etc.).

Parco is also reviewing what items to stockpile in view of their experiences with the Kumamoto Earthquake.

At the Group we have prepared against natural disasters which are occurring frequently due to extreme weather caused by climate change, connecting these efforts to stores and offices capable of withstanding disaster risk and enhanced resilience.

^{*1} BCP: Business Continuity Plan, a plan that ensures business continuity or rapid restoration during a disaster.

^{*2} As of February 2019, implemented at all Matsuzakaya locations and the Shinsaibashi, Umeda, Tokyo, Kyoto, Kobe, Sapporo, and Suma locations as well as Hakata Daimaru and Kochi Daimaru stores.

Improving Information Security

At the Group, we are keenly aware that technological progress and the speed of business innovation made possible by that progress are moving faster every day. The "Risk associated with advanced technologies" is clear. The threat of digital disrupters which are breaking down barriers between industries and rapid advances in services utilizing smartphones, which create a direct connection between consumers and products and services, will have a significant medium-term effect on the Group, whose focus is on the retail business in brick-and-mortar stores.

In July 2018, the Group formulated an information security policy as a guideline for implementing thoroughgoing information security management in the operating companies and risk-proofing information assets held by the Group in order to minimize security risks amid greater social demands that companies ensure information security. We conduct regular instruction and training to ensure all the Group employees can comply with the information security policy.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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Corporate Governance Risk Management → **Compliance**

Compliance

JFR Compliance Philosophy

At the Group, our goal is to grow the Group by broadly contributing to society as a company which is fair and reliable, as stated in our Group Mission Statement. In the "JFR Principles of Action" created in June 2019, we set down basic rules of conduct to be understood and followed everyday by our directors and employees on the basis of an awareness of their roles and responsibilities and with a strong moral sense in order to fulfill our social obligations as each one of the directors and employees of the Group works towards the realization of the Corporate Credo and the Group Vision.

These documents detail the norms the management team at each operating company wishes to communicate to the

employees. We are also spreading knowledge to employees through e-learning and the company intranet.

Creation of a Compliance Committee

The Group has created a "Compliance Committee" (whose members include a corporate lawyer) chaired by the President and Representative Executive Officer in order to ensure appropriate responses to issues of compliance management. The Committee formulates guidelines for responding to major compliance violations, maintains close communication with units tasked with promoting compliance, puts in place a compliance

system infrastructure (creating a promotion system, formulating promotion plans, etc.) and provides ongoing supervision of relevant operations, and promotes legal and ethical compliance.

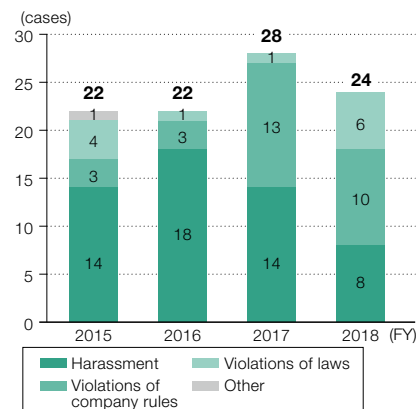
Reports on the discussions in the Compliance Committee are made to the Audit Committee regularly (around twice a year) and whenever appropriate.

JFR Group Compliance Hotline (a whistleblowing system)

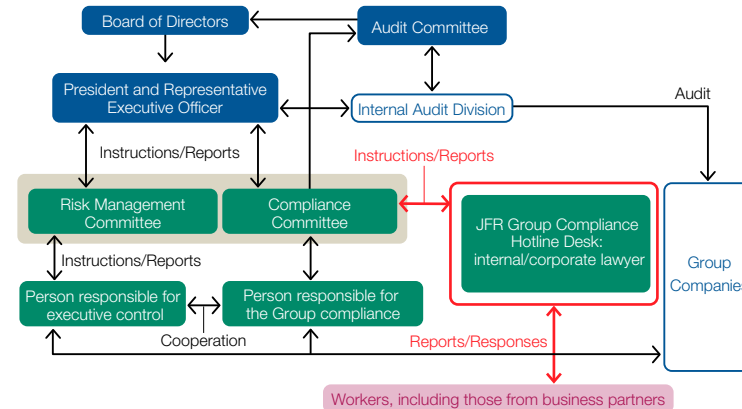
The Company has established a whistleblowing system that enables all the Group's officers and employees as well as all individuals working at the Group (including part-timers and employees seconded from business partners) to notify the Compliance Committee directly with respect to compliance-related issues, and to seek corrective action. The Company has set up points of contact for whistleblowers both internally and outside the Company (a corporate lawyer).

The Group's internal company rules rigorously provide for the whistleblowing system in terms of protecting the confidentiality of whistleblowers and prohibiting any disadvantageous treatment of any whistleblower.

Number of internal reports and breakdown



Risk Management & Compliance System Diagram



Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ [ESG Data](#) [GRI Standards Comparison Chart](#) [Company Data](#)

Environmental Data

		Scope	Unit	FY2014	FY2015	FY2016	FY2017	FY2018		
Scope 1 and 2 Greenhouse Gases (GHG) Emissions	CO ₂ emissions	Scope 1 results	Consolidated	t-CO ₂	-	-	-	14,548	13,823	
		Change relative to previous year	Consolidated	%	-	-	-	-	▲5.0	
	HFC emissions	Scope 2 results	Consolidated	t-CO ₂	-	-	-	178,102	166,606	
		Change relative to previous year	Consolidated	%	-	-	-	-	▲6.5	
	*Third-party guarantee	Total	Scope 1 results	Consolidated	t-CO ₂	-	-	-	1,504	2,137
			Change relative to previous year	Consolidated	%	-	-	-	-	42.1
Scope 3	Total	Scope 1 and 2 results	Consolidated	t-CO ₂	-	-	-	194,154	182,566	
		Change relative to previous year	Consolidated	%	-	-	-	-	▲6.0	
Energy usages	*Third-party guarantee	Scope 3 results	Consolidated	t-CO ₂	-	-	-	3,074,960	3,123,238	
		Change relative to previous year	Consolidated	%	-	-	-	-	1.6	
	Wrapping material usage	Electricity usage	Consolidated	GJ	-	-	-	3,325,136	3,279,132	
			Change relative to previous year	Consolidated	%	-	-	-	-	▲1.4
		Municipal gas usage	Consolidated	GJ	-	-	-	253,310	241,675	
			Change relative to previous year	Consolidated	%	-	-	-	-	▲4.6
		Gasoline, light oil, fuel oil A usage	Consolidated	GJ	-	-	-	24,750	22,914	
			Change relative to previous year	Consolidated	%	-	-	-	-	▲6.7
		Steam, hot water, cold water usage	Consolidated	GJ	-	-	-	317,057	322,984	
			Change relative to previous year	Consolidated	%	-	-	-	-	1.9
Energy usage -- total	Consolidated	GJ	-	-	-	3,920,253	3,866,705			
	Change relative to previous year	Consolidated	%	-	-	-	-	▲1.4		
Wrapping material usage	Wrapping material usage	Daimaru Matsuzakaya Department Stores	t	2,682	2,553	2,409	2,370	2,236		
	Change relative to previous year	Daimaru Matsuzakaya Department Stores	%	-	▲4.8	▲5.6	▲1.6	▲5.7		
Waste food product disposal amount	Waste food product disposal amount	Daimaru Matsuzakaya Department Stores	t	1,718	1,527	1,824	2,081	1,867		
	Change relative to previous year	Daimaru Matsuzakaya Department Stores	%	-	▲11.1	19.4	14.1	▲10.3		
Food product recycling rate	Food product recycling rate	Daimaru Matsuzakaya Department Stores	%	61.3	65.5	59.8	53.7	56.8		
	Change relative to previous year	Daimaru Matsuzakaya Department Stores	%	-	4.2	▲5.7	▲6.1	3.1		
Water usage	Water usage	Daimaru Matsuzakaya Department Stores	1,000 m ²	2,131	2,083	1,986	1,969	1,931		
	Change relative to previous year	Daimaru Matsuzakaya Department Stores	%	-	▲2.3	▲4.7	▲0.9	▲1.9		

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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→ [ESG Data](#) [GRI Standards Comparison Chart](#) [Company Data](#)

Social Data

	Scope	Unit	FY2014	FY2015	FY2016	FY2017	FY2018
Number of employees	Consolidated	People	11,149	11,023	10,732	10,429	10,276
Proportion of female employees	Consolidated	%	-	-	-	57.2	56.8
Proportion of women in management positions ^{*1}	Consolidated	%	11.1	10.4	12.2	14.3	14.7
Proportion of female leaders ^{*2}	Consolidated	%	27.0	24.1	25.9	28.1	28.4
Number of new graduate hires	Consolidated	People	59	69	58	79	76
Male	Consolidated	People	21	32	24	36	38
Female	Consolidated	People	38	37	34	43	38
Proportion of female new graduate hires	Consolidated	%	64.4	53.6	58.6	54.4	50.0
Employee turnover rate ^{*3}	Consolidated	%	-	-	-	3.6	3.3
Post-retirement reemployment rate	Daimaru Matsuzakaya ^{*4}	%	78.0	88.5	95.6	85.0	87.5
Male	Daimaru Matsuzakaya	%	73.2	88.9	97.3	85.3	90.0
Female	Daimaru Matsuzakaya	%	100.0	85.7	87.5	83.3	83.3
Number of employees taking childcare leave	Daimaru Matsuzakaya	People	171	181	186	175	203
Number of employees working shorter hours for childcare	Daimaru Matsuzakaya	People	169	148	135	137	166
Return rate after childcare leave	Daimaru Matsuzakaya	%	89.7	90.6	89.3	93.0	97.4
Number of employees taking family care leave	Daimaru Matsuzakaya	People	2	4	2	2	10
Number of employees taking family care time off	Daimaru Matsuzakaya	People	5	16	20	31	42
Number of employees working shorter hours for family care	Daimaru Matsuzakaya	People	0	0	1	0	1
Health examination participation rate	Daimaru Matsuzakaya	%	99.9	99.5	99.7	99.7	99.9
Stress check response rate	Daimaru Matsuzakaya	%	86.9	85.3	94.0	95.9	96.4
Number of labor accidents (work accidents)	Daimaru Matsuzakaya	Case	34	36	31	40	38
Number of labor accidents (commutation accidents)	Daimaru Matsuzakaya	Case	16	16	25	26	17
Number of harassment cases	Consolidated	Case	10	14	16	14	22
Number of usage of JFR Group Compliance Hotline	Consolidated	Case	15	24	22	28	24

*1 Manager level or above

*2 Assistant manager level or above

*3 Number of retired employees during the year / Number of employees at the beginning of the year ×100 (%)
(The number of retired employees above excludes employees who retired because of retirement age, transfer and becoming officers.)

*4 Daimaru Matsuzakaya stands for Daimaru Matsuzakaya Department Stores.

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→ [ESG Data](#) [GRI Standards Comparison Chart](#) [Company Data](#)

Corporate Governance Data

	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Directors	People	9	9	9	13	13	13
Male	People	8	8	8	12	11	11
Female	People	1	1	1	1	2	2
Independent Outside Directors	People	2	2	2	5	5	6
Male	People	1	1	1	4	3	4
Female	People	1	1	1	1	2	2
Ratio of independent Outside Directors	%	22.2	22.2	22.2	38.5	38.5	46.2
Directors and Executive Officers	People	7	7	7	5	5	4
Ratio of Directors and Executive Officers	%	77.8	77.8	77.8	38.5	38.5	30.8
Ratio of female Directors	%	11.1	11.1	11.1	7.7	15.4	15.4
Auditors	People	5	5	5	-	-	-
Male	People	5	5	5	-	-	-
Female	People	0	0	0	-	-	-
Independent Outside Audit & Supervisory Board Members	People	3	3	3	-	-	-
Male	People	3	3	3	-	-	-
Female	People	0	0	0	-	-	-
Ratio of independent Outside Audit & Supervisory Board Members	%	60.0	60.0	60.0	-	-	-
Ratio of female Audit & Supervisory Board Members	%	0	0	0	-	-	-

*The Company made the transition to a Company with Three Committees (Nomination, Audit and Remuneration Committees) at the Annual Shareholders Meeting held on May 25, 2017.

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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ESG Data → [GRI Standards Comparison Chart](#) Company Data

GRI Standards Comparison Chart

General Disclosures

Disclosures		Pages
GRI 102 General Disclosures		
1. Organizational profile		
102-1	Name of the organization	P106 Company Data
102-2	Activities, brands, products, and services	P106 Company Data
102-3	Location of headquarters	P106 Company Data
102-4	Location of operations	P106 Company Data
102-5	Ownership and legal form	P106 Company Data
102-6	Markets served	P106 Company Data
102-7	Scale of the organization	P8 JFR Business Strategy P106 Company Data
102-8	Information on employees and other workers	P100 ESG Data (Social)
102-9	Supply chain	P37-46 Management of the Entire Supply Chain
102-10	Significant changes to the organization and its supply chain	Not applicable
102-11	Precautionary principle or approach	P17-22 Sustainability Promotion System P80-95 Corporate Governance P96-97 Risk Management P98 Compliance
102-12	External initiatives	P21-22 Support for Initiatives
102-13	Membership of associations	P21-22 Support for Initiatives
2. Strategy		
102-14	Statement from senior decision-maker	P3-5 Top Message P7 Message from ESG Officer
102-15	Key impacts, risks, and opportunities	P8 JFR Business Strategy P24-27 JFR Materiality Issues P28-75 Activity Report on Materiality Issues P96-97 Risk Management
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	P8 JFR Business Strategy P9 JFR Mission Statement System P10-16 Policy on Sustainability
102-17	Mechanisms for advice and concerns about ethics	P96-97 Risk Management P98 Compliance

4. Governance		
102-18	Governance structure	P17-20 Sustainability Promotion System P80-95 Corporate Governance
102-19	Delegating authority	P17-20 Sustainability Promotion System P80-95 Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	P17-20 Sustainability Promotion System P80-95 Corporate Governance
102-21	Consulting stakeholders on economic, environmental, and social topics	P17-20 Sustainability Promotion System P80-95 Corporate Governance
102-22	Composition of the highest governance body and its committees	P80-95 Corporate Governance
102-23	Chair of the highest governance body	P84-88 Corporate Governance
102-24	Nominating and selecting the highest governance body	P84-88 Corporate Governance
102-25	Conflicts of interest	P92-95 Corporate Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	P84-88 Corporate Governance
102-27	Collective knowledge of highest governance body	P17-18 Sustainability Committee P80-82 Corporate Governance
102-28	Evaluating the highest governance body's performance	P90-91 Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	P17-18 Sustainability Promotion System P24-27 JFR Materiality Issues P96-97 Risk Management
102-30	Effectiveness of risk management processes	P24-27 JFR Materiality Issues P80-95 Corporate Governance P96-97 Risk Management
102-31	Review of economic, environmental, and social topics	P17-20 Sustainability Promotion System P96-97 Risk Management
102-32	Highest governance body's role in sustainability reporting	P17-20 Sustainability Promotion System P80-95 Corporate Governance
102-33	Communicating critical concerns	P17-20 Sustainability Promotion System P64 To Prevent Harassment P80-95 Corporate Governance P96-97 Risk Management P98 Compliance
102-34	Nature and total number of critical concerns	P17-18 Sustainability Committee P64 To Prevent Harassment P80-95 Corporate Governance P96-98 Risk Management / Compliance P100 ESG Data (Social)
102-35	Remuneration policies	P89 Corporate Governance

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ESG Data → [GRI Standards Comparison Chart](#) [Company Data](#)

102-36	Process for determining remuneration	P89 Corporate Governance
102-37	Stakeholders' involvement in remuneration	P89 Corporate Governance
102-38	Annual total compensation ratio	-
102-39	Percentage increase in annual total compensation ratio	-

5. Stakeholder Engagement

102-40	List of stakeholder groups	P8 JFR Business Strategy
102-41	Collective bargaining agreements	P12-16 JFR Principles of Action P64 Labor Management Relationships
102-42	Identifying and selecting stakeholders	P8 JFR Business Strategy
102-43	Approach to stakeholder engagement	P8 JFR Business Strategy P20 ESG Presentation P39-42 JFR Principles of Action for Suppliers P83 Corporate Governance P94-95 Corporate Governance
102-44	Key topics and concerns raised	P8 JFR Business Strategy P20 ESG Presentation P39-42 JFR Principles of Action for Suppliers P94-95 Corporate Governance

6. Reporting Practice

102-45	Entities included in the consolidated financial statements	P2 Introduction
102-46	Defining report content and topic Boundaries	P2 Introduction P24-27 JFR Materiality Issues
102-47	List of material topics	P24-27 JFR Materiality Issues
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	P2 Introduction
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	-
102-53	Contact point for questions regarding the report	P2 Introduction
102-54	Claims of reporting in accordance with the GRI Standards	-
102-55	GRI content index	P102-105 GRI Standards
102-56	External assurance	P2 Introduction P23 Third-party Assurance

GRI 103 Management Approach

103-1	Explanation of the material topic and its Boundary	P17-18 Sustainability Promotion System P24-27 JFR Materiality Issues
103-2	The management approach and its components	P17-18 Sustainability Promotion System P24-27 JFR Materiality Issues P80-88 Corporate Governance P96-97 Risk Management

103-3	Evaluation of the management approach	P17-18 Sustainability Promotion System P28-33 Contribution to a Low-Carbon Society P37-38 Management of the Entire Supply Chain P47-48 Coexistence with Local Communities P56-57 Promotion of Diversity P67-68 Realization of Work-Life Balance P90-91 Corporate Governance
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Economic topics

Disclosures		Pages
GRI 201 Economic Performance		
201-1	Direct economic value generated and distributed	P8 JFR Business Strategy
201-2	Financial implications and other risks and opportunities due to climate change	P28-36 Contribution to a Low-Carbon Society
201-3	Defined benefit plan obligations and other retirement plans	-
201-4	Financial assistance received from government	-
GRI 202 Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
202-2	Proportion of senior management hired from the local community	-
GRI 203 Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	P8 JFR Business Strategy P11 Social Vision P47-54 Coexistence with Local Communities
203-2	Significant indirect economic impacts	P8 JFR Business Strategy P11 Social Vision P47-54 Coexistence with Local Communities
GRI 204 Procurement Practices		
204-1	Proportion of spending on local suppliers	-
GRI 205 Anti-Corruption		
205-1	Operations assessed for risks related to corruption	P96-98 Risk Management / Compliance
205-2	Communication and training about anti-corruption policies and procedures	P12-16 JFR Principles of Action P96-98 Risk Management / Compliance
205-3	Confirmed incidents of corruption and actions taken	-
GRI 206 Anti-Competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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ESG Data → [GRI Standards Comparison Chart](#) Company Data

Environmental topics

Disclosures		Pages
GRI 301 Materials		
301-1	Materials used by weight or volume	Not applicable
301-2	Recycled input materials used	Not applicable
301-3	Reclaimed products and their packaging materials	Not applicable
GRI 302 Energy		
302-1 <small>*Third-party assurance</small>	Energy consumption within the organization	P33 Third-Party Assurance P99 ESG Data (Environmental)
302-2	Energy consumption outside of the organization	P43 Scope 3 GHG P99 ESG Data (Environmental)
302-3	Energy intensity	-
302-4	Reduction of energy consumption	P33 Third-Party Assurance P99 ESG Data (Environmental)
302-5	Reductions in energy requirements of products and services	-
GRI 303 Water and Effluents 2018		
303-1	Interactions with water as a shared resource	-
303-2	Management of water discharge-related impacts	-
303-3	Water withdrawal	-
303-4	Water discharge	-
303-5	Water consumption	P99 ESG Data (Environmental)
GRI 304 Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
304-2	Significant impacts of activities, products, and services on biodiversity	-
304-3	Habitats protected or restored	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
GRI 305 Emissions		
305-1 <small>*Third-party assurance</small>	Direct (Scope 1) GHG emissions	P33 Third-Party Assurance P99 ESG Data (Environmental)
305-2 <small>*Third-party assurance</small>	Energy indirect (Scope 2) GHG emissions	P33 Third-Party Assurance P99 ESG Data (Environmental)
305-3	Other indirect (Scope 3) GHG emissions	P43 Scope 3 GHG P99 ESG Data (Environmental)

305-4	GHG emissions intensity	-
305-5 <small>*Third-party assurance</small>	Reduction of GHG emissions	P33 Third-Party Assurance P43 Scope 3 GHG P99 ESG Data (Environmental)
305-6	Emissions of ozone-depleting substances (ODS)	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-
GRI 306 Effluents and Waste		
306-1	Water discharge by quality and destination	-
306-2	Waste by type and disposal method	P99 ESG Data (Environmental)
306-3	Significant spills	-
306-4	Transport of hazardous waste	-
306-5	Water bodies affected by water discharges and/or runoff	-
GRI 307 Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	-
GRI 308 Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	-
308-2	Negative environmental impacts in the supply chain and actions taken	P39-42 JFR Principles of Action for Suppliers

Social topics

Disclosures		Pages
GRI 401 Employment		
401-1	New employee hires and employee turnover	P60 Women's Empowerment P70 Initiatives to Prevent Employment Separation Due to Child or Family Care P100 ESG Data (Social)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-
401-3	Parental leave	P67-72 Realization of Work-life Balance P100 ESG Data (Social)
GRI 402 Labor/Management Relations		
402-1	Minimum notice periods regarding operational changes	-
GRI 403 Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	P12-16 JFR Principles of Action P75 Promoting Health Management P97 Greater Resilience
403-2	Hazard identification, risk assessment, and incident investigation	P96-97 Risk Management
403-3	Occupational health services	P75 Promoting Health Management

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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ESG Data → [GRI Standards Comparison Chart](#) [Company Data](#)

403-4	Worker participation, consultation, and communication on occupational health and safety	P16 Occupational health and safety policy P39-42 JFR Principles of Action for Suppliers P75 Promoting Health Management
403-5	Worker training on occupational health and safety	P54 With Customers P97 Greater Resilience
403-6	Promotion of worker health	P75 Promoting Health Management
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-
403-8	Workers covered by an occupational health and safety management system	P75 Promoting Health Management
403-9	Work-related injuries	P100 ESG Data (Socia)
403-10	Work-related ill health	-
GRI 404 Training and Education		
404-1	Average hours of training per year per employee	-
404-2	Programs for upgrading employee skills and transition assistance programs	P61 Empowerment of Employees of Advanced Age P65 Human Resource Development
404-3	Percentage of employees receiving regular performance and career development reviews	P61 Empowerment of Employees of Advanced Age P65 Human Resource Development
GRI 405 Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	P56-63 Promotion of Diversity P80-88 Corporate Governance P100-101 ESG Data (Social/Governance)
405-2	Ratio of basic salary and remuneration of women to men	-
GRI 406 Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	-
GRI 407 Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P12-16 JFR Principles of Action P39-42 JFR Principles of Action for Suppliers P64 Labor Management Relationships
GRI 408 Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	P12-16 JFR Principles of Action P39-42 JFR Principles of Action for Suppliers
GRI 409 Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P12-16 JFR Principles of Action P39-42 JFR Principles of Action for Suppliers
GRI 410 Security Practices		
410-1	Security personnel trained in human rights policies or procedures	-
GRI 411 Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	-

GRI 412 Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	P12-16 JFR Principles of Action P39-42 JFR Principles of Action for Suppliers P64 Human Rights
412-2	Employee training on human rights policies or procedures	P64 Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
GRI 413 Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	P11 Social Vision P47-54 Coexistence with Local Communities
413-2	Operations with significant actual and potential negative impacts on local communities	-
GRI 414 Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	-
414-2	Negative social impacts in the supply chain and actions taken	P39-42 JFR Principles of Action for Suppliers
GRI 415 Public Policy		
415-1	Political contributions	-
GRI 416 Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	P54 With Customers P77 Consumer Product End-Use Research Institute
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
GRI 417 Marketing and Labeling		
417-1	Requirements for product and service information and labeling	-
417-2	Incidents of non-compliance concerning product and service information and labeling	-
417-3	Incidents of non-compliance concerning marketing communications	-
GRI 418 Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-
GRI 419 Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	P98 Compliance

* The information shown here is provided in reference to categories in the GRI Standards; it is not disclosed in conformance with the GRI Standards.

* The information shown here is provided in reference to GRI Standards 2016 unless otherwise stated.

Top
CommitmentSustainability
Promotion SystemJFR
Materiality IssuesContribution to
a Low-Carbon
SocietyManagement
of the Entire
Supply ChainCoexistence
with Local
CommunitiesPromotion of
DiversityRealization
of Work-Life
BalanceOperating
Companies'
ESG InitiativesOutside
Director's
Message

Governance

Data

ESG Data GRI Standards Comparison Chart → **Company Data**

Company Data

Corporate Profile

Company name	: J. Front Retailing Co., Ltd.
Main store	: 10-1, Ginza 6-chome, Chuo-ku, Tokyo
Office	: Nihonbashi 1-chome Mitsui Building, 4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
Established	: September 3, 2007
Capital	: ¥31,974 million
The Group's business lines	: Department store operation; retail; restaurants; wholesale; import and export; design, supervision and contracting of construction works; direct marketing; credit cards; labor dispatch service; merchandise inspection and consulting; and others
Number of employees (consolidated)	: 6,695 (as of February 28, 2019) Note: In addition to the above, there are 1,697 dedicated employees and 1,884 fixed-term employees on average during fiscal year 2018.
U R L	: https://www.j-front-retailing.com/english/

Group Companies

Department Store Business / Real Estate Business

Daimaru Matsuzakaya Department Stores Co. Ltd.

Location: 18-11, Kiba 2-chome, Koto-ku, Tokyo 135-0042
Phone: +81-3-6895-0816
Capital: ¥10,000 million Investment ratio: 100%
<https://www.daimaru-matsuzakaya.com>

Daimaru Osaka Shinsaibashi Store

Location: 7-1, Shinsaibashisuji 1-chome, Chuo-ku, Osaka 542-8501
Phone: +81-6-6271-1231 Opened (Present location): November 1726

Daimaru Osaka Umeda Store

Location: 1-1, Umeda 3-chome, Kita-ku, Osaka 530-8202
Phone: +81-6-6343-1231 Opened: April 1983

Daimaru Tokyo Store

Location: 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-6701
Phone: +81-3-3212-8011 Opened: October 1954

Daimaru Kyoto Store

Location: 79, Tachiiri Nishimachi, Shijo-dori Takakura Nishi-iru, Shimogyo-
ku, Kyoto 600-8511
Phone: +81-75-211-8111 Opened (Present location): October 1912

Daimaru Kobe Store

Location: 40, Akashimachi, Chuo-ku, Kobe, Hyogo 650-0037
Phone: +81-78-331-8121 Opened (Present location): April 1927

Daimaru Sapporo Store

Location: 7, Nishi 4-chome, Kita 5-jo, Chuo-ku, Sapporo, Hokkaido 060-0005
Phone: +81-11-828-1111 Opened: March 2003

Matsuzakaya Nagoya Store

Location: 16-1, Sakae 3-chome, Naka-ku, Nagoya, Aichi 460-8430
Phone: +81-52-251-1111 Opened: March 1910

Matsuzakaya Ueno Store

Location: 29-5, Ueno 3-chome, Taito-ku, Tokyo 110-8503
Phone: +81-3-3832-1111 Opened: April 1768

Daimaru Suma Store

Location: 2-4, Nakaochiai 2-chome, Suma-ku, Kobe, Hyogo 654-0154
Phone: +81-78-791-3111 Opened: March 1980

Daimaru Ashiya Store

Location: 1-31, Funato-cho, Ashiya, Hyogo 659-0093
Phone: +81-797-34-2111 Opened: October 1980

Matsuzakaya Shizuoka Store

Location: 10-2, Miyuki-cho, Aoi-ku, Shizuoka 420-8560
Phone: +81-54-254-1111 Opened: November 1932

Matsuzakaya Takatsuki Store

Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Phone: +81-72-682-1111 Opened: November 1979

Matsuzakaya Toyota Store

Location: 85-1, Nishimachi 6-chome, Toyota, Aichi 471-8560
Phone: +81-565-37-1111 Opened: October 2001

Real Estate Division

Location: 18-11, Kiba 2-chome, Koto-ku, Tokyo 135-0042
Phone: +81-3-6860-1141

Corporate Sales Division

Location: 6th Fl., Kuromon Annex, Matsuzakaya Ueno Store, 18-6,
Ueno 3-chome, Taito-ku, Tokyo 110-0005
Phone: +81-3-5846-1431

The Hakata Daimaru, Inc.

Location: 4-1, Tenjin 1-chome, Chuo-ku, Fukuoka 810-8717
Phone: +81-92-712-8181
Capital: ¥3,037 million Investment ratio: 69.9%
<https://www.daimaru.co.jp/fukuoka/index.html>

The Shimonoseki Daimaru, Inc.

Location: 4-10, Takezaki-cho 4-chome, Shimonoseki, Yamaguchi 750-8503
Phone: +81-83-232-1111
Capital: ¥480 million Investment ratio: 100%
<https://shimonoseki.daimaru.co.jp/>

Kochi Daimaru Co., Ltd.

Location: 6-1, Obiyamachi 1-chome, Kochi 780-8566
Phone: +81-88-822-5111
Capital: ¥300 million Investment ratio: 100%
<https://www.kochi-daimaru.co.jp/>

Top Commitment	Sustainability Promotion System	JFR Materiality Issues	Contribution to a Low-Carbon Society	Management of the Entire Supply Chain	Coexistence with Local Communities	Promotion of Diversity	Realization of Work-Life Balance	Operating Companies' ESG Initiatives	Outside Director's Message	Governance	Data
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ESG Data GRI Standards Comparison Chart → **Company Data**

Group Companies

Parco Business

Parco Co., Ltd. (Shopping complex business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Phone: +81-3-3477-5710
Capital: ¥34,367 million Investment ratio: 65.2%

PARCO (Singapore) Pte Ltd (Shopping complex business)

Location: 10 Anson Road #09-05/06 International Plaza Singapore 079903
Phone: +65-6595-9100
Capital: S\$4.5 million Investment ratio: 65.2%

Neuve A Co., Ltd. (Retail business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Phone: +81-3-5428-2600
Capital: ¥490 million Investment ratio: 65.2%

Parco Space Systems Co., Ltd. (Space engineering and management business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Phone: +81-3-5459-6811
Capital: ¥490 million Investment ratio: 65.2%

Parco Digital Marketing Co., Ltd. (Internet-related business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Phone: +81-3-3477-8910
Capital: ¥10 million Investment ratio: 65.2%

Credit and Finance Business

JFR Card Co., Ltd. (Credit and Finance Business)

Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Telephone: +81-72-686-0108
Location: 9th Fl., Nihon Seimei Bldg., 13-12, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-0027
Telephone: +81-3-3548-8841
Capital: ¥100 million Investment ratio: 100%
<https://www.jfr-card.co.jp/>

Other

Daimaru Kogyo, Ltd. (Wholesale business)

Location: Yushutsu Seni Kaikan, 4-9, Bingomachi 3-chome, Chuo-ku, Osaka 541-0051
Phone: +81-6-6205-1000
Capital: ¥1,800 million Investment ratio: 100%
<https://www.daimarukogyo.co.jp/en/>

Daimaru Kogyo International Trading (Shanghai) Co., Ltd. (Wholesale business)

Location: 6th Fl., Heng Seng Bank Tower, 1000 Lujiazui Ring Rd., Pudong New Area, Shanghai, China
Phone: +86-21-6841-3588
Capital: U.S.\$2 million Investment ratio: 100%

Daimaru Kogyo (Thailand) Co., Ltd. (Wholesale business)

Location: Unit 1902, 19th Fl., Sathorn Square Office Building, 98 North Sathorn, Kwaeng Silom, Khet Bangrak, Bangkok 10500, Thailand
Phone: +66-2163-2903
Capital: THB202 million Investment ratio: 100%

Taiwan Daimaru Kogyo, Ltd. (Wholesale business)

Location: Room 709, No. 142, Sec. 3, Ming Chuan East Road, Taipei 10542, Taiwan, R.O.C.
Phone: +886-2-2718-7215
Capital: NT\$60 million Investment ratio: 100%

J. Front Design & Construction Co., Ltd.

(Design and construction contracting and manufacture and sale of furniture)

Location: 16F/17F, Harumi Island Triton Square Office Tower W Bldg., 8-8, Harumi 1-chome, Chuo-ku, Tokyo 104-0053
Phone: +81-3-6890-6710
Location: 2nd Fl., Nomura Fudosan Osaka Bldg., 8-15, Azuchimachi 1-chome, Chuo-ku, Osaka 541-0052
Phone: +81-6-4705-6200
Capital: ¥100 million Investment ratio: 100%
<https://www.jfdc.co.jp/en/>

Dimples' Co., Ltd. (Staffing service)

Location: 22nd Fl., Osaka Ekimae 4th Bldg., 11-4, Umeda 1-chome, Kita-ku, Osaka 530-0001
Phone: +81-6-6344-0312
Capital: ¥90 million Investment ratio: 100%
<https://www.dimples.co.jp/>

J. Front Foods Co., Ltd. (Restaurant)

Location: 101, Louis Chatelet Nakanoshima, 3-92, Nakanoshima 5-chome, Kita-ku, Osaka 530-0005
Phone: +81-6-7220-0290
Capital: ¥100 million Investment ratio: 100%
<https://www.j-frontfoods.co.jp/>

Consumer Product End-Use Research Institute Co., Ltd.

(Merchandise test and quality control)

Location: 20th & 21st Fls., Edobori Center Bldg., 1-1, Edobori 2-chome, Nishi-ku, Osaka 550-0002
Phone: +81-6-6445-4670
Location: 2nd Fl., Kuromon Annex, Matsuzakaya Ueno Store, 18-6, Ueno 3-chome, Taito-ku, Tokyo 110-0005
Phone: +81-3-6695-6780
Location: 10th Fl., Matsuzakaya Park Place, 2-36, Sakae 5-chome, Naka-ku, Nagoya, Aichi 460-0008
Phone: +81-52-261-2030
Capital: ¥100 million Investment ratio: 100%
<https://www.shoukaken.co.jp/>

Angel Park Co., Ltd. (Parking)

Location: 16-10, Sakae 3-chome, Naka-ku, Nagoya, Aichi 460-0008
Phone: +81-52-261-5746
Capital: ¥400 million Investment ratio: 50.2%
<http://www.angelpark.co.jp/>

JFR Service Co. Ltd.

(Commissioned back-office service / leasing / parking management)

Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Phone: +81-72-681-7245
Capital: ¥100 million Investment ratio: 100%

JFR Information Center Co., Ltd. (Information service)

Location: 3-24, Osaka 1-chome, Tennoji-ku, Osaka 543-0062
Phone: +81-6-6775-3700
Capital: ¥10 million Investment ratio: 100%
<https://www.jfr-ic.jp/>

Daimaru Matsuzakaya Sales Associates Co. Ltd.

(Commissioned sales and store operations)

Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Phone: +81-72-684-8145
Capital: ¥90 million Investment ratio: 100%

Daimaru Matsuzakaya Tomonokai Co., Ltd. (Specified prepaid transaction service)

Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Phone: +81-72-684-8101
Capital: ¥100 million Investment ratio: 100%
<http://www.dmtomonokai.co.jp/>

Create and Bring to Life "New Happiness."

