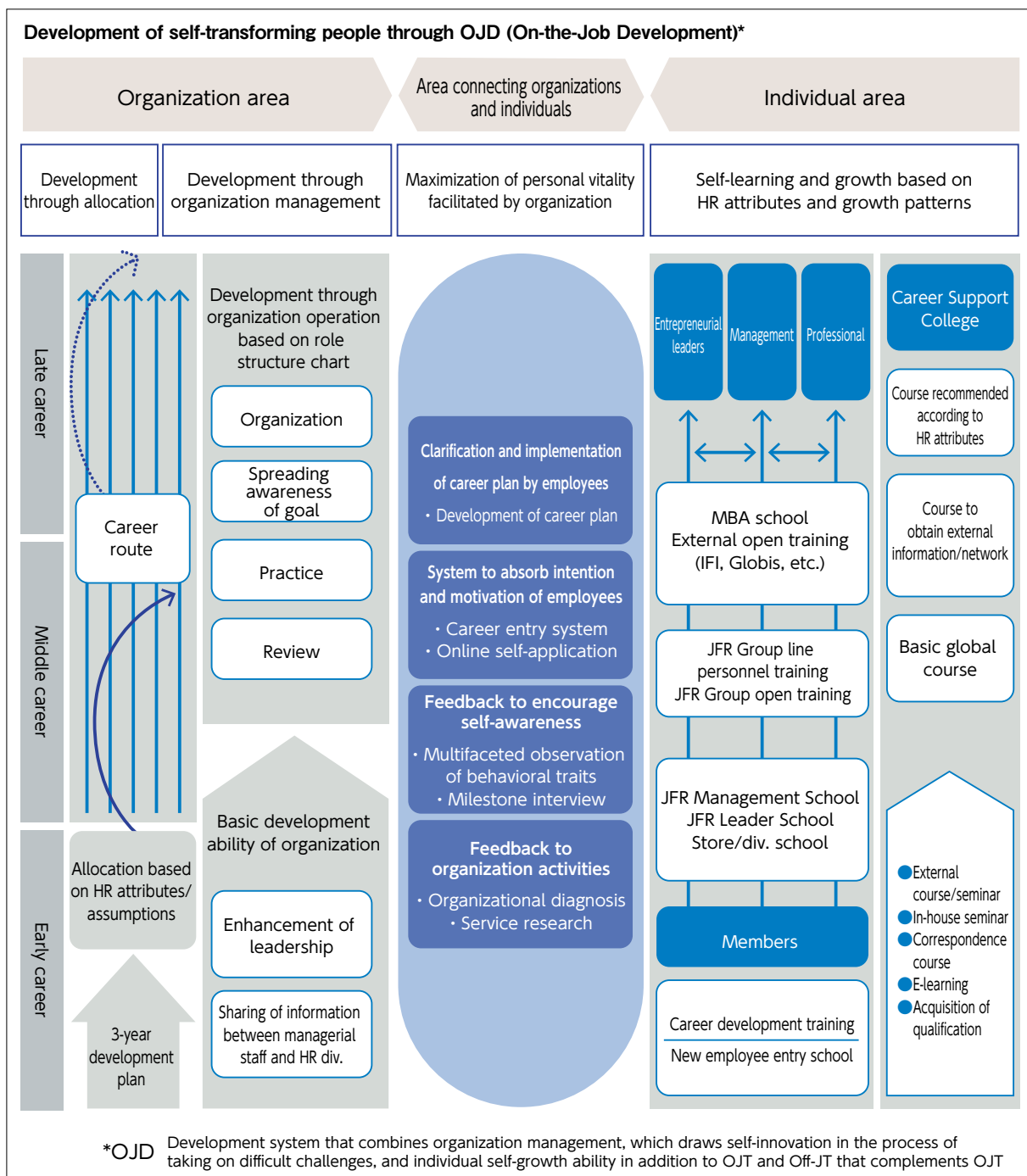


Human Resources “Creating” Happiness

J. Front Retailing (the “Company”) believes individual employees, that is, “human resources” lead the creation of added value, which is essential for sustainable corporate growth, and that human resources are the most important management resources. Based on the belief that “people grow by getting their job done,” we will develop human resources by linking four elements including recruitment, allocation, evaluation and development and maximizing energy that drives growth valuing the thoughts of each and every employee.



(1) Systems to help employees develop their careers

We thoroughly develop and strengthen employees' "personal basic skills" required for leaders with a focus on their first three-year career at the JFR three-year training school for new employees with college degrees (JES). We provide a "career development training" to employees aged 27 where employees review their experiences from the past to the present for future career development.



Training at JFR three-year training school for new employees with college degrees (JES)*
*JES stands for JFR Entry School.

With the aim of creating new value by combining different elements, we actively give employees opportunities to work for external bodies and attend MBA programs and external training sessions (IFI, Globis, etc.). In addition, we provide them with opportunities to show their intentions including the self-application system, milestone interviews and the career entry system. We also strive to improve the expertise courses of the Career Support College (self-development school) to give opportunities for obtaining professional knowledge and skills. In fiscal year 2017, a total of 539 employees attended the Career Support College including correspondence courses.

With respect of "allocation," which is an important factor in "developing human resources through jobs," we put the "right people in the right jobs," which vitalizes each person and brings out the best in him/her, at the Group level by focusing on each employee, finding new human resources and actively providing opportunities. To this end, using the human resources information system named "Talent Management System," which integrates human resources big data on approximately 10,000 employees of the Group, human resources divisions and job sites work together to promote allocation and development planning based on human resource attributes and certain human resource assumptions.

(2) Systems to develop the next senior management team

The selection of the chief executive officer is the most important strategic decision-making and the Company positions the development and implementation of succession plans (for the next senior management team) as matters of particular importance in terms of

management strategy. Therefore, we select some people from "all the human resources of the Group" as candidates for the next senior management team members and provide the employees selected from them with focused development programs organized by the "JFR School."

The "JFR School" is composed of the "JFR Business Management School" (for candidates for the next senior management team members), the "JFR Management School" (for candidates for the next general managers) and the "JFR Leader School" (for candidates for the next managers) to produce managerial talents over the medium to long term. We aim to develop the next generation leaders as soon as possible by fostering management perspectives, sharing awareness of issues with the senior management team and applying strategies to specific action plans and implementing these plans with a focus on five desirable qualities required of the Group managerial talents in addition to allocating these human resources in a well-planned and strategic way based on the belief that "a person's growth depends on his/her job."

*Desirable qualities required of the Group managerial talents: "strategic mindset," "reform-oriented leadership," "tenacity to achieve results," "organization development strengths" and "human resource development strengths"

*The total number of employees who attended the training programs including the Group general manager training programs and the Group manager training programs in fiscal year 2017 was 621 and the total time of these programs was approximately 22,400 hours.

(3) Systems to support each employee's creativity and willingness to take on a challenge

In order to realize the Group Vision "Create and Bring to Life 'New Happiness,'" we introduced the "Employee Pledges for Action" and "Challenge Card" programs in fiscal year 2017 to support each employee's willingness to take on a challenge. In fiscal year 2017, a total of 1,728 challenges were submitted and nine best teams were selected from the whole Group in the first half of the year and gave presentations to the management team in the Takatsuki training institute.

Beginning in fiscal year 2018, the contents of the "Challenge Card" have been divided into three categories including "sales measures," "operational improvement" and "new business" and the ideas for new businesses are examined at the Company. The event named the "Creation Award" is held semiannually at each company and each store and the Group-wide "JFR Group Creation Award" is held annually.



The "1st JFR Creation Award" presentation at Ginza Six