

For a sustainable
& happy Life

Integrated Report 2023

[Fiscal year ended
February 28, 2023]



CHAPTER 01 INTRODUCTION

We are developing a community-based supermarket business based on our Corporate Philosophy, “through ‘reliable management with noble aspirations,’ contribute towards the realization of a sustainable and flourishing society.” In this chapter, we explain our philosophy and corporate culture, which we have regarded highly since our founding, in order to continue to provide unique value for our customers and all other stakeholders in an era of rapid environmental change and difficulties in forecasting the future.



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Editorial Policy

We have issued Integrated Report 2023 to further strengthen communication with all our stakeholders, including shareholders and investors, customers, business partners, and employees. To contribute to the realization of a sustainable and flourishing society, Integrated Report 2023 presents information on our policies and initiatives toward improving our medium- to long-term corporate value, including the values we regard highly, and future management plans. During the editing process, we focused on content with a high level of importance while aiming for a concise and easy-to-understand structure. For more detailed information, please refer to our website in addition to various disclosure materials.

Cautionary Note Regarding Forward-Looking Statements

In this report, statements concerning performance forecasts and business plans for March 2023 and beyond are forward-looking projections and are assumptions and judgments based on currently available information. Actual results, performance, and other information may differ from our forecasts.

Scope of Reporting

- Applicable period: March 2022 to February 2023 (some information from March 2023 onward is included)
- Scope: Activities of Group companies centered on LIFE CORPORATION (in cases where the main subject companies are different for each field of activity, the scope of coverage is described)
- Publication date: November 2023

Reference Guidelines

- The Integrated Reporting Framework (International Financial Reporting Standards Foundation)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Ministry of Economy, Trade and Industry)

Our DNA

Founder's
Thoughts

Nobutsugu Shimizu
Founder

Our management has been driven by the belief of our founder, Nobutsugu Shimizu, who passed away in October 2022, that “the most important thing to our business should be trust from our customers, society, and our employees.” Since our founding, our mission has been to be a company that contributes to creating a happy “Life” for everyone.

Succession and
Evolutions

Takaharu Iwasaki
Representative
Director and President



Carrying on the intention of our founder, while valuing the relationship of trust with our stakeholders above all else, we will contribute towards the realization of a sustainable and flourishing society. By pursuing the “True to LIFE” concept as symbolized by the words “delicious,” “exciting,” and “happy,” we will work to constantly create new value.

Since 1961

Corporate Philosophy

Through “reliable management with noble aspirations,” contribute towards the realization of a sustainable and flourishing society.

Vision | Long-Term Vision

All LIFE stores will become and remain the stores most trusted by customers in the local communities. “Trusted” means “believed in” and “relied on.” Our goal is to be Japan’s best supermarket that remains trusted by customers, society, and employees.

“True to LIFE” Declaration!

I will find new Life again today.

Very fresh ingredients.
Truly delicious delicatessen items.
All with a warm, welcoming smile.

At LIFE, something “delicious” is always waiting for me.
At LIFE, I am sure to find something “exciting” every day.

Making me a little bit “happy” in my everyday life.

This is my new Life.
LIFE. It’s my supermarket.



Culture of LIFE

Corporate Culture

The Company has continued to value the philosophy carried on from our founding of first being a “company that remains trusted by customers, society, and employees.” Based on this philosophy, we have built a corporate culture in which employees think and act independently while also engaging in teamwork that goes beyond the traditional boundaries of positions and affiliations. We also have a sense of mission to be the lifeline for the community. Additionally, even in a complex age of extreme volatility, uncertainty, complexity, and ambiguity (VUCA), our strength is our strongly rooted corporate culture that allows us to sensitively understand customers’ needs and respond with a sense of speed.

P.28

Teamwork

We have created a culture in which employees at stores and departments come together to produce innovative ideas that please our customers.

P.29

To Think and Act from the Customer’s Point of View

We are working to realize a comfortable shopping environment by taking an honest look at our customers’ needs and updating our product lineup and sales floor layouts.

P.49

A Sense of Mission to be the Lifeline for the Community

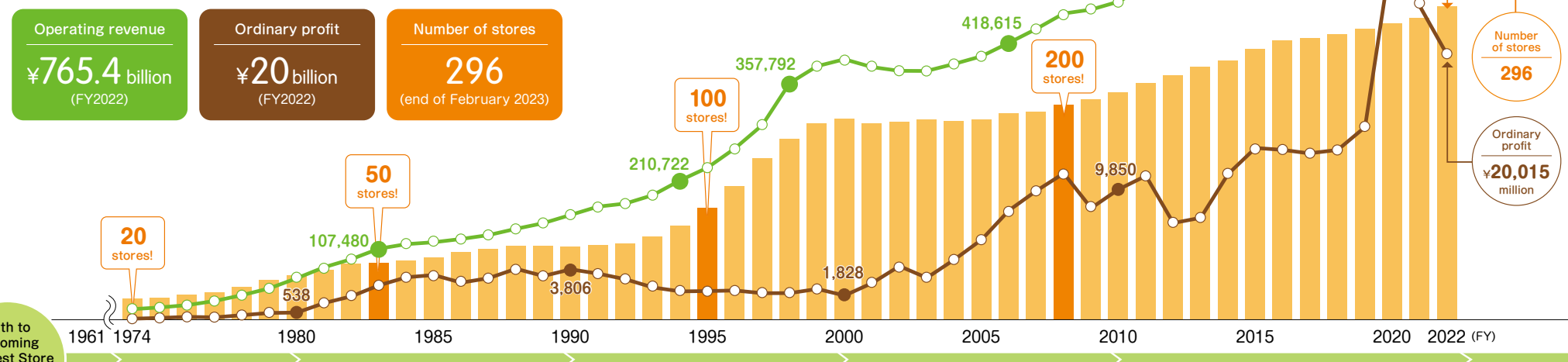
As part of the infrastructure that supports local communities, we work to run stores stably while engaging in various social contribution activities.

“True to
LIFE”
Concept

Our History

For more than 60 years, LIFE CORPORATION has taken the needs of our customers seriously and continuously supported supermarkets as an essential part of social infrastructure.

Trends in Number of Stores and Financial Performance



Path to Becoming the Best Store in the Community

1961

- LIFE's first store opens Toyonaka (Toyonaka, Osaka Prefecture)



1982

- Listed on Second Section of Osaka Exchange.

1983

- Listed on Second Section of Tokyo Stock Exchange.

1984

- Listed on First Section of Tokyo Stock Exchange.
- Listed on the First Section of Osaka Exchange.

POINT

Food Process Centers

Through centralized production focused on agricultural produce, marine and meat products, and delicatessen items, food process centers achieve high quality and low costs in addition to the development and production of original LIFE products.

POINT

Surging Wave of Store Openings

Amid accelerating competition over retail store openings in Japan and overseas, based on the belief that expanding scale is necessary to survive as a supermarket, we opened 132 stores in eight years starting in 1993.

POINT

CENTRAL SQUARE

Our flagship store format. Based on the concept of "transforming daily shopping from convenience to fun," CENTRAL SQUARE stores disseminate new, interesting, and highly relevant information for the enjoyment of local customers.

POINT

BIO-RAL

BIO-RAL is our private brand that uses healthy ingredients and production methods that are kind to the body.

➤ P.16 "Promotion of BIO-RAL Business"

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Our History

As a supermarket that handles an extensive range of products, LIFE CORPORATION has been supporting people's lives with sincere service and making trusting relationships with customers its top priority since 1961. We now have 296 stores in Japan (as of the end of February 2023).

1956	Nobutsugu Shimizu separates Shimizu Store's trading department from the food wholesale business, establishes Shimizu Jitsugyo Co., Ltd., which becomes LIFE CORPORATION's parent organization.	
1961	Decides to operate supermarkets. Opens first Toyonaka store (Toyonaka, Osaka Prefecture). Makes start on what would become LIFE CORPORATION.	
1971	Sets up a district head office in Tokyo and opens Itabashi store (Itabashi Ward, Tokyo) as long-awaited first store in Tokyo region.	
1982	Listed on Second Section of Osaka Exchange.	
1983	Listed on Second Section of Tokyo Stock Exchange.	
1984	Listed on First Section of Tokyo Stock Exchange and First Section of Osaka Exchange.	
1985	Opens Nanko Logistics Center in Osaka region (Suminoe Ward, Osaka City). Opens Nanko Food Process Center in Osaka region (Suminoe Ward, Osaka City). Opens Kawaguchi Food Center in Tokyo region (Kawaguchi City, Saitama Prefecture).	
1986	Nobutsugu Shimizu appointed chairman of Japan Chain Stores Association.	
1991	Relocates head office to in front of JR Shin-Osaka Station.	
1992	Enters into business alliance with Mitsubishi Corporation.	
1993	Initiates a surging wave of store openings. Opens Kurihashi Comprehensive Logistics Center (Kuki City, Saitama Prefecture) as strategic logistics base for Tokyo region.	

1995	Great Hanshin-Awaji Earthquake. Including Itami store, seven stores temporarily closed, 39 damaged. Resumes operations as soon as possible, plays important role as lifelines for local communities.	
1999	Nobutsugu Shimizu establishes Japan Supermarkets Association, an industry group, and appointed its first chairman.	
	Appoints Takaharu Iwasaki as president.	
2006	Holds joint labor-management seminar to commemorate 45th anniversary of launch of supermarket operations.	
2009	Relocates Tokyo head office to Taito Ward, Tokyo.	
2010	Opens Matsudo Comprehensive Logistics Center (Matsudo City, Chiba Prefecture).	
2011	Launches private brand product "Smile Life." Starts own online supermarket business. Celebrates 50 years since opening of its first store.	
2012	Enters into business alliance with Yaoko Co., Ltd.	
2013	Relocates Osaka head office to Yodogawa Ward, Osaka. Opens Central Square Nishimiyahara Store (Yodogawa Ward, Osaka City), the first CENTRAL SQUARE format store.	
2014	Opens Funabashi Food Process Center in Tokyo region (Funabashi City, Chiba Prefecture).	
2015	Establishes LIFE FINANCIAL SERVICE.	

Linking with Customers for Over 60 Years

The small dish to the right was handed out to our customers as a souvenir when we opened our first store, the Toyonaka store, in 1961. A customer, who has been a patron for more than 60 years, donated this dish to us as a keepsake. Our goal is for all LIFE stores to be supported by our customers long into the future.



	Creates LALAPI, LIFE's original mascot.	
2016	Opens BIO-RAL Utsubo Store (Nishi Ward, Osaka City), the first BIO-RAL format store.	
	Opens Kazo Food Process Center in Tokyo metropolitan area (Kazo City, Saitama Prefecture).	
2017	Opens Kawasaki Comprehensive Logistics Center in Tokyo region (Kawasaki City, Kanagawa Prefecture).	
2018	Opens Osaka Hirabayashi Comprehensive Logistics Center in Osaka region (Suminoe Ward, Osaka City).	
2019	Launches LIFE Online Supermarket on Amazon Japan.	
2020	Opens Sakai Food Process Center in Osaka region (Sakai City, Osaka Prefecture).	
2021	Establishes LIFE HOME DELIVERY.	
2022	Tempozan bio-gas power generation plant begins full operation.	
	Opens flagship Central Square Yebisu Garden Place Store (Shibuya Ward, Tokyo).	
	Listed on Prime Market of Tokyo Stock Exchange.	

CHAPTER 02 OUR VALUE CREATION

Through our business activities as a supermarket, we create three forms of value in the economy, society, and the environment, and contribute towards the realization of a sustainable and flourishing society. To provide these three forms of value, we provide a shopping experience that meets the various needs of our customers, ensures a work environment that respects our employees' individuality, and pursues efficient business activities utilizing data. In this chapter, we will present our approach to value creation along with specific examples of our initiatives.

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TOP MESSAGE

**Our goal is to be Japan's
best supermarket
that remains trusted
by customers, society,
and employees.**

In a time full of drastic change, through a strong grasp of both the present and future, we aim to break away from the homogenous competition, further boost our presence, and enjoy even greater success.



Takaharu Iwasaki

Representative
Director and President

Top Message

Creating a sense of presence through appealing store design especially in times of change

The waves of COVID-19 that have come repeatedly over the past more than three years have finally calmed, and the downgrading of the virus to a “Class 5” common infectious disease has reenergized people’s everyday lives. However, the changes in lifestyles and values caused by the COVID-19 pandemic will not simply revert back to how things were prior to the pandemic. The business environment surrounding the Company is also entering a new phase amid rising costs starting with utilities costs and changes in purchasing behavior, as well as needs caused by rising product prices from soaring prices for raw materials. Amid these conditions, to continue growing, we must become “a store that attracts customers.” A store that attracts customers is one that continuously offers products, services, and shopping experiences that competitors cannot, and one that is trustworthy and reliable. For all LIFE stores to become “the most appealing store in the area,” we will continue to rise to the challenge.

Review of the Fiscal Year Ended February 28, 2023 (FY2022)**Achieved 19th consecutive year of revenue growth, and secured ordinary profit of ¥20 billion for third consecutive year**

FY2022 was positioned as the final year of the 6th Medium-Term Plan, and we focused on investment in employees, products, and stores. As a result, operating revenue totaled ¥765.426 million, marking our 19th consecutive year of revenue growth.* Net sales at existing stores were 104.5% compared to FY2019, prior to the COVID-19 pandemic, maintaining the same levels as FY2020, in which demand for eating at home rose due to the pandemic. We believe that these results are due to our initiatives to create sales spaces, including renovation of stores, the creation of original products, and our

services. In terms of profit, impacted by rising raw materials and other costs, ordinary profit was ¥20,015 million and net profit was ¥13,327 million, both declining from the previous fiscal year. However, we secured ordinary profit of over ¥20.0 billion for the third consecutive fiscal year, achieving profit levels that were a step higher than those in our 5th Medium-Term Plan.

* Results are compared using the figures before the application of the “Accounting Standard for Revenue Recognition”

Summary of the 6th Medium-Term Plan**Pursuing our “True to LIFE” concept where the store is the star!**

In the 6th Medium-Term Plan, we unveiled our main concept of “The store is the star!” Based on this concept, we steadily carried out investment in employees, products, and stores. We also strengthened infrastructure (at each food process center), and together with expanding our card business strategy and online supermarket business, we aimed to realize our “True to LIFE” concept. Because business continuity was our top priority during the COVID-19 pandemic, there were certain issues remaining to be addressed. However, we have mostly achieved our targets, with many tangible results.

In terms of “investment in employees,” investments to utilize human resources as a driving force for growth is ongoing. We have worked to maintain a rewarding working environment by delegating authority to stores, creating a corporate culture that allows employees to freely make suggestions, increasing the number of employees in store management positions and job rotations, and personnel change based on an internal recruitment system. We also strove to increase employee satisfaction through initiatives to improve employee treatment, including raising base pay.

Regarding investment in products, we have enjoyed steady growth in private brand products such as “BIO-RAL” and “LIFE PREMIUM.” In addition to being extremely well received by our customers, the taste and quality of

these brands have been recognized, and they have been covered more and more by the media. Also, regarding fresh produce, we worked with producers to pursue highly original products using unique manufacturing and growing methods.

Regarding investment in stores, we aggressively opened new stores and renovated existing stores as we worked to create stores that meet the needs of our local customers. We focused strongly on creating sales spaces with a primary focus on providing a more comfortable shopping environment for customers. Using data analysis and the desires of our customers, we introduced product lineups for each store and face-to-face kitchens. Furthermore, against the backdrop of increasing health consciousness, the number of stores with a BIO-RAL corner offering original, natural products including organic products has risen to 240 stores, around 80% of all LIFE stores.

The culmination of building stores focused entirely on the customer is our flagship store Central Square Yebisu Garden Place, which opened in April 2022. Amid intensifying competition including market entrants from different industries, under the “Supermarket 4.0” concept which lays out the direction for new supermarkets for the next generation, Central Square Yebisu Garden Place realizes the vision of “building a store that combines the CENTRAL SQUARE format and the BIO-RAL format, while fusing a brick-and-mortar store and an online store, to offer not only convenience, but also excitement with every store visit.” In addition to broad support from our customers, Central Square Yebisu Garden Place drew attention within the industry, capturing first place in the “STORE OF THE YEAR 2023*” awards.

* Retail industry journal “Diamond Chain Store” award initiative.

In terms of “strengthening infrastructure (at each food process center),” we expanded the use of our food process centers for fresh food processing and production of delicatessen items, as well as the use of satellite delicatessen centers, working to improve productivity and expand the full lineup of products in stores. Furthermore, by reorganizing the food process centers in the Osaka region, we dramatically enhanced our production capabilities to service 400 stores in the future.

Top Message

Regarding our “card business strategy,” we pursued stronger policies to encourage customers to apply for the company credit card LC JCB Card, which offers the greatest benefits to our customers in terms of loyalty points, reaching 500,000 cardholders.* In addition to continuing to strengthen measures to encourage customers to apply for the card, we will also focus on promoting its use. Membership for the points card with e-money function, LaCuCa, also rose to around 4.71 million.*

* Both as of the end of February 2023.

We have been focused on expanding online supermarkets. LIFE has two online services, the “Life Online Supermarket” and our online supermarket service through Amazon. Through the two services, both customers who regularly visit LIFE stores and customers who have yet to visit us can purchase products through our online supermarkets. Our strength is the ability to provide ways to shop that are convenient for all our customers, for example customers first buying online and then visiting our stores. Our online supermarkets have opened new locations, increased their order receiving capacity for existing stores, and boosted their product lineups. These efforts resulted in net sales increasing by around six times from ¥2.4 billion in FY2018 to ¥14.2 billion in FY2022.

The greatest result from implementing our 6th Medium-Term Plan was the increase in our gross profit ratio, which rose by 3.2 percentage points during the plan. I believe that this was because each of our employees worked diligently to carry out various initiatives with a strong awareness of improving our gross profit ratio.

Start of the 7th Medium-Term Plan

Outlook and formulation of the vision “what we want to be in FY2030”

The 7th Medium-Term Plan began in FY2023. In a time of

drastic change in which the future cannot be discerned, some question the need to create a medium- to long-term management plan. However, for us, the Medium-Term Plan is extremely important. For all employees to be in alignment and continue to take on challenges, a backbone in the form of the Medium-Term Plan is essential. Our focal points in formulating the plan were the Company’s vision, our desire to contribute towards the realization of a sustainable and flourishing society, a corporate culture that encourages employees to think and act from the customer’s point of view, a challenging spirit, teamwork, and the ability to see our policies through to completion. Parallel to discussions by the management team, the Medium-Term Plan was created through frontline leaders gathering the opinions of employees and then engaging in thorough discussion. As a result, employees realize this is a Medium-Term Plan that they created, which imparts a sense of purpose and becomes a large driving force in executing the plan.

This Medium-Term Plan is a four-year plan covering the period from FY2023 to FY2026 in which policies have been compiled to envision and realize “what we want to be in FY2030.” This vision for FY2030 is to “become a

company that everyone says, ‘It’s my supermarket,’ as a community-based supermarket.” “Everyone” refers to all our stakeholders including our customers, people living in the regions where we operate, our business partners, and our employees. Our vision is for everyone to like LIFE and to become both our fans and supporters. Our financial targets are net sales of ¥1 trillion, ordinary profit of ¥35 billion, net profit of ¥22 billion, and 400 stores. Our non-financial targets are a 50% reduction in CO₂ emissions (compared to FY2013 levels), reducing final amount of food waste per net sales by 50% (compared to FY2017), an employee satisfaction level of 4.0, a ratio of female managers of 20%, and a ratio of male employees taking childcare leave of 100%.

The keyword in our 7th Medium-Term Plan is “linking.” This includes linking stores to customers, stores to local communities, and our headquarters to stores. As a result, LIFE will be connected to our customers, regions, business partners, shareholders, and investors. Through each of our employees being aware of this spirit of “linking” and actively cooperating and collaborating, we hope to link our efforts to realizing a better life and society for everyone.

“Aiming to ‘become a company that everyone says, “It’s my supermarket,” as a community-based supermarket.’”



Top Message



“Promoting even more initiatives aimed at breaking away from the homogenous competition with a strong sense of resolve.”

The three main themes in our 7th Medium-Term Plan are as follows.

1) Investment in Employees

As a theme carried forward from our 6th Medium-Term Plan, our first and most important theme is investment in employees. Unless employees feel a sense of value in their work and have a high level of satisfaction in the Company we cannot provide services that satisfy our customers. Because our human resources are a form of capital, maximizing their value will lead to medium-to long-term increases in corporate value. We believe that, as a result, we will continue to be a supermarket that remains trusted by customers. Our even greater efforts to build a corporate culture, delegate authority to stores, promote diversity, develop human resources, and improve employee treatment will lead to the growth of our employees, highly productive work styles, and a sense of value, as we aim to further improve employee satisfaction (ES). As a specific indicator, our current ES as evaluated by an external expert research firm is 3.4 (out of 5.0), and we aim to increase this to 4.0 by FY2030.

As Japan heads toward an age of accelerating population decline, if LIFE does not become “the Company also chosen by its employees,” we cannot expect to enjoy sustainable growth. We would like to be a company where our employees say, “I want to keep working at LIFE.”

2) Breaking Away from the Homogenous Competition

If we offer the same products and services as our competitors, we will fall into price competition and lose our corporate strength. Although we have been focusing on developing unique services and original products since before the 6th Medium-Term Plan, by establishing “breaking away from the homogenous competition” as a theme in the 7th Medium-Term Plan, we aim to transform into a business model that also utilizes the strength of digital technology with a strong sense of purpose to provide suitable product and sales information for individual customers with varying tastes. In this business model, we are focused on our goal of having everyone like LIFE and becoming both our fans and supporters.

3) Contribution towards the Realization of a Sustainable and Flourishing Society

As an essential part of people’s everyday lives, supermarkets take pride in contributing to local communities as infrastructure for everyday life and act with a sense of purpose. Recently, it seems that every year we are met with extreme abnormal weather and climate change that threaten people’s everyday lives. Maintaining an environment in which people can live comfortably is essential to LIFE’s growth. Given this, we believe that it is our responsibility to reduce the burden that we place on the global environment to the extent that we can by reducing both food waste and CO₂ emissions. Based on this strong resolve, we have established “contribution towards the realization of a sustainable and flourishing society,” part of our Corporate Philosophy, as a main theme in our 7th Medium-Term Plan.

To advance these three themes, we are engaged in Company-wide efforts in “linking the circle of Kaizen activities” through which we use internal opinions and realizations to resolve issues. Kaizen (improvement) means to change for the better by not being satisfied with the status quo, and recognizing and solving problems on our own. The greatest management priority during the COVID-19 pandemic was safe business continuity, and we intentionally turned a blind eye to certain cost factors. Put differently, this is an area where Kaizen now has ample room to be applied. If we come together with the Company-wide awareness that each of us are personally involved in Kaizen, I am sure that we will be able to produce significant results.

As we start our new 7th Medium-Term Plan, please count on us to strive towards our goal to be a “supermarket that remains trusted by customers, society, and employees.” Finally, we humbly ask for the continued support of all of our stakeholders.

Recognition of External Environment

In tackling issues towards the realization of a sustainable and flourishing society, we recognize the following issues in the external environment. We maintain a constant awareness of establishing businesses within the reality of the global environment and a sustainable society and pursuing our business activities.

1. Changes in Social Environment



- Progressively aging society and declining total population in Japan
- Responding to an era of 100-year life expectancies
- Expanding healthcare, nursing care, and social welfare service demand
- Increasing health consciousness

4. Technological Advances



- Evolution of AI (artificial intelligence)
- Popularization of autonomous devices such as robots and drones
- Growing market scale of e-commerce
- Popularization and growth of cashless payments with diversifying payment methods
- Evolution of freezing technology (emergence of a wide range of frozen food products)

2. Diversification of Work Styles



- Increasing ratio of workers 65 and older due to the progressively aging population
- Increasing foreign workers in Japan
- Growing needs to balance work with giving birth, childcare, nursing care, etc.
- Expanding remote working after the COVID-19 pandemic
- Normalization of short working hours and flextime systems

5. Resource Supply Uncertainties



- Soaring prices and insufficient supply of food resources
- Soaring energy prices
- Rising logistics costs
- Soaring construction costs

3. Worsening Environmental Issues



- Growing severity of climate change (rising temperatures and more heavy rains)
- Abnormal weather events including torrential rains and extreme heat
- Ocean and freshwater pollution
- Declining biodiversity caused by deforestation

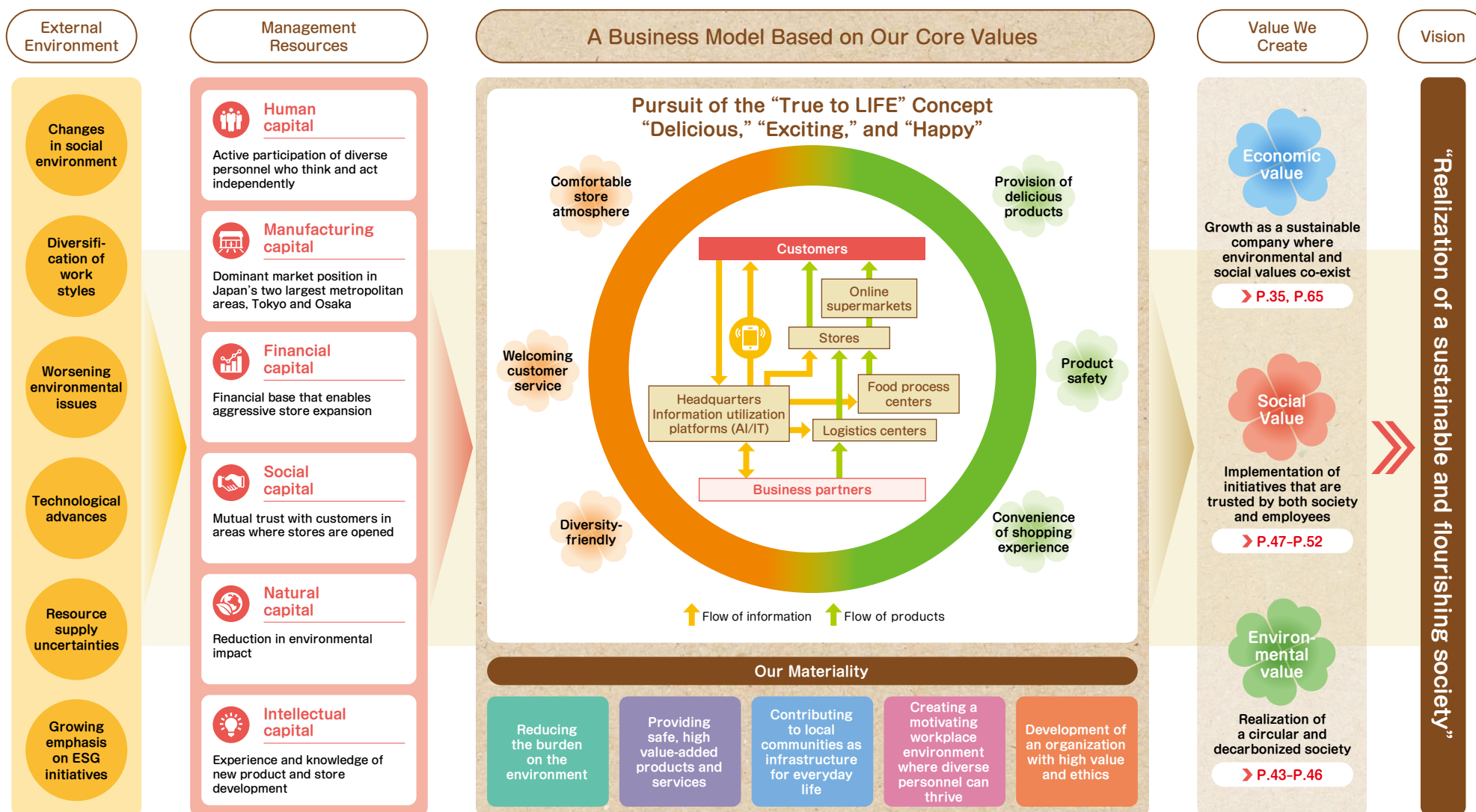
6. Growing Emphasis on Environmental, Social, and Governance (ESG) Initiatives



- Growing importance of management focused on the Company long-term development
- Growing sustainability demands placed on companies
- Carbon-neutral and decarbonization initiatives
- Demand to exercise and energize the functions of Board of Directors

Value Creation Process

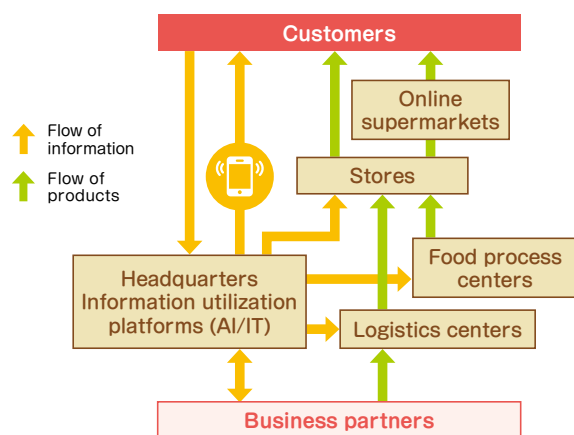
In the LIFE Group, we are pursuing the “True to LIFE” concept symbolized by three keywords, “delicious,” “exciting,” and “happy,” while utilizing our Group’s management resources and responding to customer needs and changes in our external environment. We will continue to contribute towards the “realization of a sustainable and flourishing society” by providing value that can only be created by our Group.



Value Creation Process

In the process of providing products to our customers, the LIFE Group strives to provide a highly precise supply of products that fulfill our customers' needs through the proactive use of information and data. Additionally, each employee is personally involved in thinking and acting on providing "True to LIFE" emotional value and functional value, and in doing so, we contribute towards the realization of a sustainable and flourishing society.

A Business Model Based on Our Core Values



Striving for efficient value creation through data use

We do not simply procure and sell products. Rather, using our information utilization platforms (AI/IT) that employ various data starting with sales data, we work to enhance the satisfaction levels of our customers through procurement activities and product lineups that reflect their desires. Parallel with these efforts, we work to enhance productivity through process management based on data. Improving the accuracy of ordering and production plans earns the support and trust of our customers, while connecting to operational streamlining and reduced food loss. Specific examples of data use

include setting product lineups that meet the needs of customers in each region in stores (see P.29), standardizing production management in food process centers, and streamlining facilities operations in logistics centers. Moreover, in terms of the relationships with our customers, by focusing on "linking" with each individual customer and by promoting the creation of environments that provide optimal shopping experiences to those customers whether in the real or virtual world (see P.24), we continue to challenge ourselves to provide products and services that our competitors do not.

Emotional Value We Provide

At LIFE, we work to provide the added value of comfort, relief, and having a little fun when our customers purchase our products. All our employees including those at our headquarters work to realize sales floors that provide an easy shopping experience to our customers and welcoming customer service through our smiles and greetings.



Functional Value We Provide

By providing our unique delicious products and special products, we strive to contribute to healthy, flourishing lives for our customers. Furthermore, by building out services that make shopping more convenient, including online supermarkets and in-store purchase and home delivery services, etc., we aim to be a company that everyone in the community says, "It's my supermarket."



Values that We Regard Highly

Towards the “realization of a sustainable and flourishing society,” through our business activities, the LIFE Group is creating three forms of value: economic value, social value, and environmental value (see P.13).

Here, we present concrete examples of the initiatives that we are pursuing to create these three forms of value.

01 A Fun Shopping Experience



Demand is increasing each year for online supermarkets due to the convenience of being able to shop anywhere without going to the store. However, we do not believe that brick-and-mortar stores will disappear in the future. This is because there is value that only real stores can provide. We want to provide exciting sales floors and customer service that makes our customers happy. Our brick-and-mortar stores will continue to be places that realize these goals for our customers.

Valuing Connections with Our Customers

In September 2022, we changed the name of our “Cash Register Operations Section” to the “Front Service Section.” As the division that leads customer service, the Front Service Section is involved not only with register operations, but also in creating a comfortable shopping environment throughout the entire store. In doing so, we aim for our store to be warm and welcoming to our customers.



Creating Sales Spaces with Added Excitement



Children's Day* (Koinobori [carp streamer] grilled meat set)

*A national holiday in Japan



Mother's Day (Cut fruit and thank you messages)



Halloween (Pumpkin sales)



New Year's Day preparations (Extra large-scale display of ceremonial rice cakes)

Based on the sales floor development plan from headquarters, the sales floor personnel for each store use their own creativity to create sales spaces that customers in each local community will enjoy. One of our strengths is how all our store employees, including our part-time employees, come together as a team and create sales spaces while enjoying themselves. Through proposals from our sales floors for seasonal ingredients, new product launches, seasonal events such as Mother's Day, New Year's Day, etc., we strive to help customers add a little charm to their lives.

Values that We Regard Highly

02

Providing Products that are Gentle on People and the Earth



Promotion of BIO-RAL Business



The COVID-19 pandemic led to more customers wanting to buy health-conscious food products at affordable prices. To respond to these customer needs, BIO-RAL is developing and providing healthy, delicious products that are also gentle on the global environment.

Four Concepts

What BIO-RAL Values

Organic

Agricultural produce and processed products are full of nature's goodness. We will communicate the value of these products to the customers and provide a place where customers know they can always get them.

Local

We appreciate delicious produce from the land and the fruits of the four seasons, and propose eating habits that are in tune with nature's blessings.

Healthy

A healthy diet nurtures a sound body and mind. We are also working to develop and offer a range of products that are gentle on the body.

Sustainability

We aim to realize a circular society and preserve the global environment to ensure we pass on the blessings of nature to our children's generation.

Message from Division COO of Product Division

"Gentle on the Earth, Gentle on People"
That is the concept behind
the BIO-RAL business

Expanding products and stores based on the four concepts of the BIO-RAL business is also extremely significant from the standpoint of the SDGs. It leads to greater trust and support from customers, and as a result, differentiation from competitors and breaking away from the homogenous competition. Toward even greater growth, our goal is to grow the BIO-RAL business into a ¥10-billion business in the near term. We are also opening new cafes as places to experience the worldview of BIO-RAL. We invite our customers to experience these cafes and to become fans of BIO-RAL.

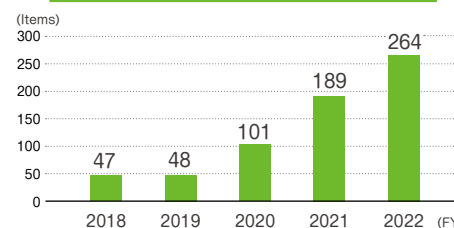
**Shinichiro Arai**

Managing Executive Officer
Deputy Group CEO of Business
Group Headquarters, and COO of
Tokyo Region Product Division,
and COO of Osaka Region Product
Division

● BIO-RAL product development

We are focused on the development of BIO-RAL private brand products as original products unique to LIFE. By developing organic products and other products that are gentle on the body, we are striving to provide even more products that are both healthy and delicious.

Trends in number of BIO-RAL products



A selection of BIO-RAL private brands

● BIO-RAL store expansion

Since the opening of our BIO-RAL Utsubo Store (Nishi Ward, Osaka City) in 2016 as the first BIO-RAL store, the brand has earned the support of our customers, and we have opened more stores. We are working to build stores that are supported by a broad customer base, including store development in large-scale multi-purpose facilities such as MARUI and PARCO.

Trends in number of BIO-RAL stores

	FY2021	FY2022
Stand-alone stores	4	5
Annexed stores	2	6
BIO-RAL corners	91	240

BIO-RAL Shinjuku MARUI Store
(opened May 2022)

Values that We Regard Highly

03

Diversification of Shopping Options



We offer our online supermarket service as a convenient option that can respond to the lifestyles and day-to-day circumstances of customers, such as being unable to go shopping due to bad weather or poor health. We aim to further improve quality so that customers can shop with the same convenience and comfort as in our brick-and-mortar stores.

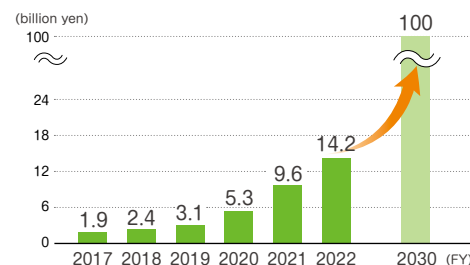
Expansion of Online Supermarket Business

Many customers began using online supermarkets due to the increasing needs during the COVID-19 pandemic. As a part of this shift, we began expanding the service areas of our online supermarkets. LIFE's Amazon-based online supermarket service expanded its coverage broadly throughout the Tokyo and Osaka regions, and our own LIFE Online Supermarket expanded the number of stores that it covers from 66 to 99 stores. Parallel with expanding our service areas, we strove to improve quality. To ensure that our online supermarkets offer the same product lineups as our brick-and-mortar stores, we increased the number of listed items by around 30% to 15,000 items. We are also working to improve quality further by expanding and improving product information and special product features.



Each item is carefully selected from our sales floors and delivered

Trends in online supermarket net sales



04

Connections with Our Suppliers



JA FURANO
Onion producer

To realize a sustainable and flourishing society, we believe that coexistence and mutual prosperity is important not only for the Company, but also for our entire supply chain, and have included this belief as one tenet in the LIFE Code of Conduct. Here, we introduce examples of initiatives that we are pursuing with our producers.

Supporting Producers

The Japanese agricultural industry faces many issues including aging farmers and a lack of successors to take over farms. Given this reality, as an initiative to support Japanese producers, since 2020 we have cooperated with the National Federation of Agricultural Cooperative Associations (JA ZEN-NOH) to run the *Tsunagu* Project. In addition to conducting PR for Japanese-produced agricultural and livestock produce and products, we are distributing pamphlets with the faces and messages of our producers featured, so that our customers can get to know them better. We are also working to connect our customers and producers through a "send a message to the producer" initiative using the questionnaire function of the LIFE app.



Salty Hyuganatsu citrus
fruit jelly producer



Sakaide Kintoki sweet
potato producer

Values that We Regard Highly

05

Diversity & Inclusion



We are advancing various initiatives to realize becoming “a company in which diverse human resources can grow and flourish.” We are creating an environment and raising awareness so that employees can deepen their understanding and respect for diversity and be able to grow.

Respecting the Individuality of Employees

We respect, recognize, and make use of the strengths of our individual employees regardless of their gender, age, nationality, or other individual traits. For example, we engage in proactive management position hiring and constantly improve our training systems to create a work environment that facilitates ongoing work for women while encouraging growth. We also proactively hire persons with disabilities, and by creating handbooks to promote understanding surrounding disabilities, we share items for consideration and ensure an environment in which everyone can work regardless of the type of their disability. With regard to our non-Japanese employees, we employ foreign technical intern trainees at our food process centers and in some of our stores to promote their acquisition of practical skills.



Through our e-learning materials, we have created an environment in which the systems and knowledge of our Company can be repeatedly learned at any place and time.



To share systems and information related to diversity, we issue a monthly “Diversity Newsletter.”

06

Connections with the Local Community



To fulfill our mission as infrastructure that supports the lives of local communities, it is important that we are both trusted by the people in the community and exist as a member of that community. To ensure that this is the case, we advance various initiatives both as a Company and in the form of independent initiatives by our stores.

Implementing Initiatives that Connect to Local Communities

● Initiatives led by divisions

As a company involved with food, we create awareness about the importance of food through food education activities, and through cooperation with regional social welfare councils, we donate food to children's cafeterias.

➤ P.50 Details on initiatives led by divisions

● Independent initiatives by stores

Through support from divisions for independent proposals from our individual stores, we hold various fun learning events using the sales spaces in each store.

➤ P.31 Details of independent store initiatives



Food education activities at an elementary school



An eco-event at one of our stores

CHAPTER 03 OUR STRATEGY

Having established “what we want to be in FY2030,” we also formulated our 7th Medium-Term Plan, covering the first half of the next four years starting in FY2023. In this chapter, we will explain both our medium-term plan and our financial capital strategy. As specific examples of our strategic initiatives, we will also introduce community-based management led by the store and the “Central Square Yebisu Garden Place,” which opened in FY2022 with the goal of offering a new supermarket format.

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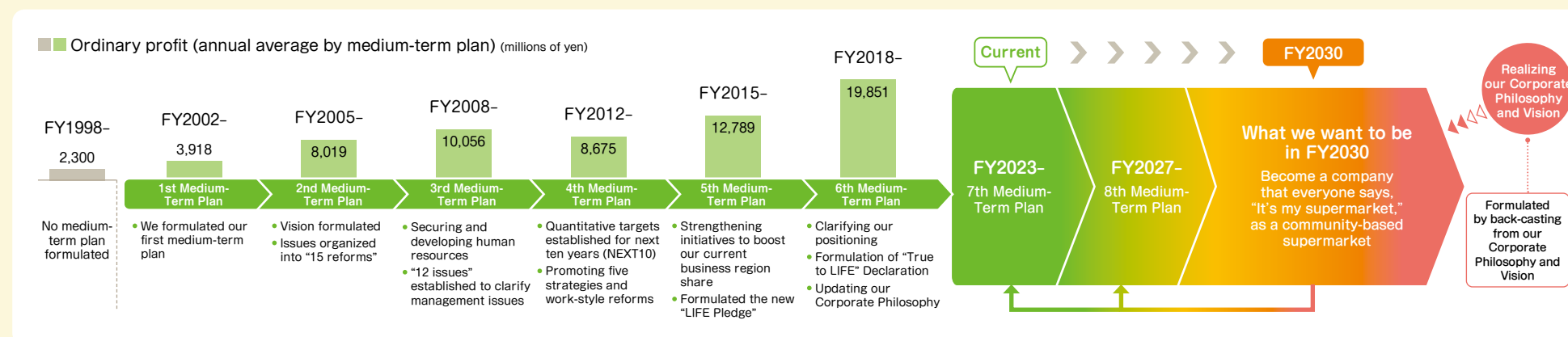


The 7th Medium-Term Plan

The Positioning of Our Medium-Term Plan

In creating a medium- to long-term strategy amid drastic changes in society, we evaluated our strategy with an eye on “what we want to be in FY2030.” We will plot out a solid growth strategy in this uncertain world so that we do not rely on short-term profits. We aim to realize both our Corporate Philosophy and Vision by sharing our desired direction, not falling into homogenous competition, and continuing to share our unique value with our customers. In our 7th Medium-Term Plan starting in FY2023, in addition to “continuous strategy,” we are advancing our initiatives around the key word of “linking.”

► Changes in the Medium-Term Plan



► Significance in Formulating the Medium-Term Plan

Even in a time of dramatic change in the business environment and a future that is impossible to predict, the creation of our medium-term plans is significant to the Company. In the formulation and execution of our medium-term plans, our employees will 1) align their efforts toward the Company’s desired direction and initiatives, 2) become personally involved in the Company’s plan, and 3) for the Company’s lasting growth from a medium- to long-term perspective, 4) continue to challenge themselves. Prior to our medium-term plans in FY2001 and earlier, our ordinary profit remained at the ¥2 billion level. However, it nearly doubled in the three years after we created our first medium-term plan in FY2002. Thereafter, ordinary profit continued to increase steadily. In the five years in which the 6th Medium-Term Plan was implemented through last year, ordinary profit averaged ¥20 billion. Achieving ten times the profit levels from when we first began our medium-term plans is a significant result.

► Changes in the External Environment as We Approach FY2030

In a time with an uncertain future amid abnormal weather and global pandemics, we are also experiencing changing population trends, increasing cost burdens, an intensifying competitive environment, the development and acceleration of digitalization, etc. Sustainability initiatives will be called for more than ever. In the 7th Medium-Term Plan, we both recognize these issues and establish definite means of responding. By limiting risks and capturing opportunities, we aim to realize what we want to be in FY2030.

Recognition of External Environment

► P.12

The 7th Medium-Term Plan

Review of the 6th Medium-Term Plan

We achieved our quantitative target of ¥20 billion in consolidated ordinary profit for three straight years from FY2020. Although we faced challenging conditions in FY2022 with soaring electricity costs, ordinary profit levels increased compared to before the 5th Medium-Term Plan. As a result of Company-wide efforts to boost our gross profit ratio, it greatly exceeded planned levels and in turn boosted our ordinary profit.

On the qualitative side, in addition to creating awareness of our basic strategy and clarifying our positioning, we shared the philosophies of our “True to LIFE” Declaration and “The store is the star!” internally, which allowed all our employees to approach their work with shared values.

► Overview of the 6th Medium-Term Plan

Basic Philosophy

The Company started the 6th Medium-Term Plan in FY2018, with its final year set in FY2021. Under the plan, we pursued our originality as a Company that can attract customers, and promoted the realization of the “True to LIFE” concept through investment in employees, investment in stores, investment in products, an online supermarket strategy, card business strategy, etc. The impact of COVID-19 forced us to postpone some of our policies and initiatives, and because of this, we decided to extend the plan by one year. The efforts of our entire organization focused on achieving this goal in FY2022, which we designated as the “year of completion” for the 6th Medium-Term Plan.

Overview of Policies

In terms of investment in employees, by strengthening our personnel, advancing work-style reforms, and improving employee treatment, we worked to build an environment in which diverse personnel can thrive. Furthermore, by expanding authorities and responsibilities, we created job satisfaction by allowing each employee to work based on their own intentions.

In terms of investment in stores, we opened new stores including the flagship Central Square Yebisu Garden Place Store and stores featuring the natural supermarket BIO-RAL. We also actively renovated existing stores based on customers’ needs.

In terms of investment in products, we strengthened product development for four private brands, focusing on materials and production methods and working to differentiate ourselves from competitors by offering delicious, original products.

We offer two online supermarket formats, our own online supermarket as well as our online supermarket service through Amazon.

In our card business strategy, to increase customer satisfaction levels, we worked to provide cards with the best value and usability for our customers.

Consolidated Results

	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales (billion yen)	678.2	693.1	736.3	745.1	738.5
Gross profit ratio (%)	28.8	29.5	30.6	31.0	31.3
Ordinary profit (billion yen)	12.8	14.6	28.2	23.7	20.0
Profit (billion yen)	7.4	7.8	17.8	15.2	13.3
Investments (billion yen)	34.0	19.9	29.3	22.8	24.2
Number of stores at the end of the period	270	275	280	285	296

Achievements and Issues

Achievements

- Hit the ¥20 billion consolidated ordinary profit target set in the 6th Medium-Term Plan for three straight years from FY2020
- Gross profit ratio greatly exceeded the planned levels
- Progress in creating a workplace environment where diverse personnel can thrive and realizing a rewarding company to work for

Issues

- Inefficient use of expenses due to prioritizing expenses for safe and secure business activities in response to the COVID-19 pandemic
- Unable to fully incorporate the effects of our investments in productivity improvements into our financial results due to focusing most of our time on dealing with the COVID-19 pandemic
- The card business strategy, one of the ways we differentiate from competitors, did not perform as expected, resulting in a lower card utilization rate than planned

The 7th Medium-Term Plan

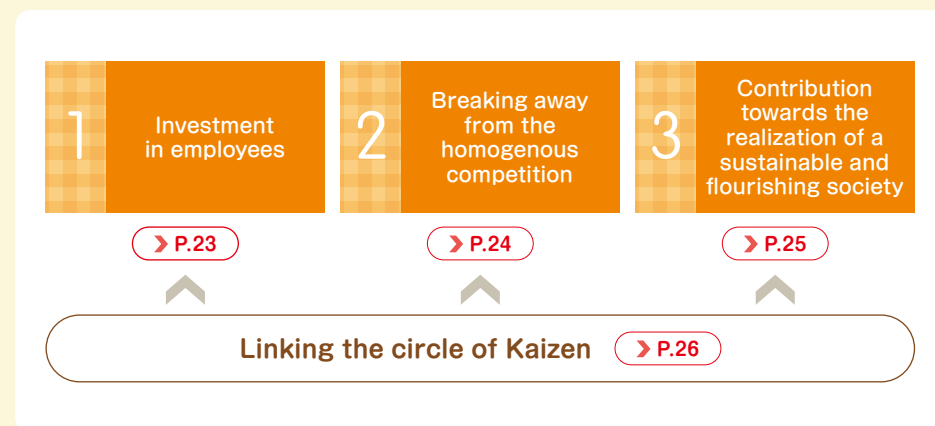
Basic Policy of the 7th Medium-Term Plan

In the 7th Medium-Term Plan, our goal is to become a company that everyone says, “It’s my supermarket,” as a community-based supermarket. According to this goal, we have set financial and non-financial targets in line with our materiality. To realize these goals, in the 7th Medium-Term Plan, we have established three main themes and Kaizen activities as key policies.

► Key Policies

Three Main Themes and the Circle of Kaizen

The three main themes in the 7th Medium-Term Plan are “Investment in employees,” “Breaking away from the homogenous competition,” and “Contribution towards the realization of a sustainable and flourishing society.” To achieve these themes, we are focused on the keyword of “linking.*” Through links between customers and stores, stores and local communities, and headquarters and stores, we believe that the three challenges interact and produce effects. Furthermore, we are advancing Company-wide Kaizen activities to promote the streamlining of operations and expense use at each of our locations to support these main themes. Through these Kaizen activities, we aim to realize improved productivity and cost optimization and to generate funds for further growth.



► Long-Term Targets

Quantitative Targets (FY2030)

We set both financial and non-financial quantitative targets for FY2030. To achieve these quantitative targets, the Group will come together to advance our key policies.

Financial targets		Economic value	Social value	Environmental value
Net sales	¥1 trillion	🌸		
Ordinary profit	¥35 billion	🌸		
Profit	¥22 billion	🌸		
Number of stores	400	🌸	🌸	
Non-financial targets		Economic value	Social value	Environmental value
Employee satisfaction	4.0 (out of a maximum of 5.0)		🌸	
Ratio of female managers	20% (ratio within management)		🌸	
Percentage of male employees taking childcare leave	100%		🌸	
CO ₂ emissions (Scope 1 and 2)	50% reduction vs. FY2013			🌸
Final food waste per net sales	50% reduction vs. FY2017			🌸

* “Linking” refers to the links between stores and customers, stores and local communities, and headquarters and stores. As a result, we create links with customers and local communities. This keyword was chosen to symbolize linking with all our stakeholders to realize our vision of “All LIFE stores will become and remain the stores most trusted by customers in their local communities. Trusted means believed in and relied on. Our goal is to be Japan’s best supermarket that remains trusted by customers, society and employees.”

Three Main Themes



Investment in employees

The driving force behind corporate growth is employees. From early on, we have considered and treated our employees as an important resource. In the 7th Medium-Term Plan, we will promote “investment in employees” to develop and secure human resources that connect to medium- to long-term increases in our corporate value by continuing to derive the maximum value from our employees. When looking ahead to 2030, it is almost certain that the worker shortage will be increasingly severe amid the decline and aging of the Japanese population, and that we must work to be “the Company chosen by employees.”

Specific measures

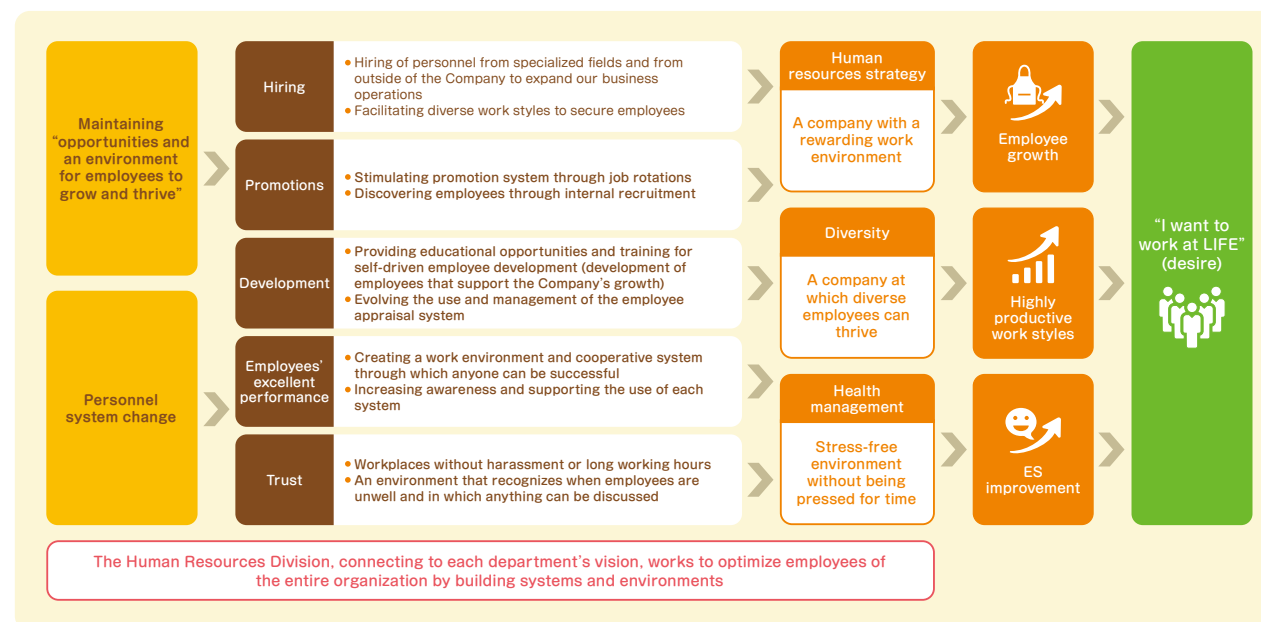
In terms of investment in employees, we will implement various initiatives with the aim to become a company where all employees can demonstrate their abilities, provides great job satisfaction to its employees, and where diverse people succeed in a stress-free environment without being pressed for time. To lift employee job satisfaction, we will improve the working conditions for full-time and part-time employees, and promote store-led management by expanding authority at the individual store level. We will also improve our personnel framework that supports these initiatives, expand training, and update personnel systems.

From the diversity viewpoint, we are actively engaged in putting to use the diverse skills and expertise of individual talent. Initiatives include promoting women to management roles, support at work for employees with disabilities, technical training support for foreign technical intern trainees, and the hiring of experienced mid-career employees.

To support the expansion of our business scale as we move toward FY2030, each department must have even more specialized knowledge and skills. Given this, from a medium- to long-term standpoint, we are proactively working to secure and develop specialized human resources.

► Logic Tree to Increase Employee Engagement

We will strengthen engagement by creating a system and an environment that enable the success of diverse employees and provide educational opportunities to achieve employee growth, highly productive work styles, and improved employee satisfaction (ES).



Three Main Themes



2

Breaking away from the homogenous competition

When looking ahead to 2030, we expect the Japanese food retail market to contract due to Japan's declining and aging population. However, Japan has more than 300 supermarket companies, as well as convenience stores, drug stores, and e-commerce, creating increasingly intense competition that spans multiple industries. Given this environment, simply having the same products as neighboring stores and competing by selling them more cheaply is not the type of management that will lead to sustainable growth. Instead, we are focused on breaking away from the homogenous competition and delivering even greater added value to our customers.

Specific measures

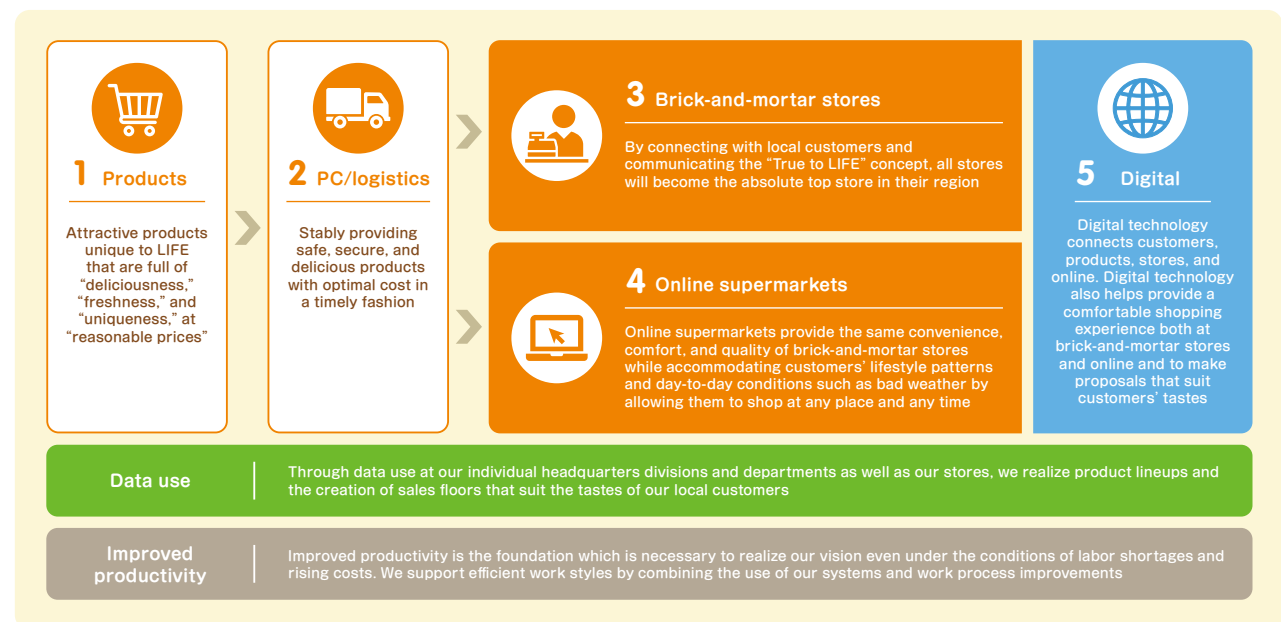
We are working to create an environment in which we stably provide products that can only be purchased at LIFE through our own distribution network and through which customers can purchase either at brick-and-mortar stores or online based on the purchasing method that is most convenient for them. Furthermore, by using acquired sales data and digital technologies such as mobile apps, we provide product and sales information to our customers that matches their individual tastes.

We are also working to strengthen even further the product development of our four private brands—"LIFE PREMIUM," "BIO-RAL," "Smile Life," and "star select"—and to offer even more attractive products only available at LIFE through carefully chosen ingredients and manufacturing methods in order to differentiate ourselves from the competition. Furthermore, by enhancing our product lineup in accordance with the special characteristics of the regions in which we operate, we aim to be the store most strongly supported by local customers in each region.

In this way, through our attentive customer service and expansion of products and services unique to LIFE, we will break away from the homogenous competition and realize sustainable growth.

► New Initiatives to Strengthen Customer Relationships

All our employees are strongly committed to breaking away from the homogenous competition, and in addition to our aggressive investment in products, logistics, and stores, we are expanding online supermarkets and using digital technology to strengthen our customer relationships even further.



Three Main Themes



3

Contribution towards the realization of a sustainable and flourishing society

We believe that we must be successful in our Corporate Philosophy of “contribute towards the realization of a sustainable and flourishing society” to grow and develop. We must be aware that sustainability of the global environment and society are what allows our business activities in the first place. To realize our Corporate Philosophy, we have established five materialities and approach our work with the sense of responsibility of a company listed on the Prime Market of the Tokyo Stock Exchange.

Specific measures

We support the lives of people in our communities through our supermarket business. However, through our operations, we generate food waste as well as residues in our food product processing. We also use refrigeration and freezing facilities to maintain the quality of our food products which emit CO₂ through their use of electricity. In addition to reducing these wastes, we are focusing on activities in local communities such as reducing plastic waste.

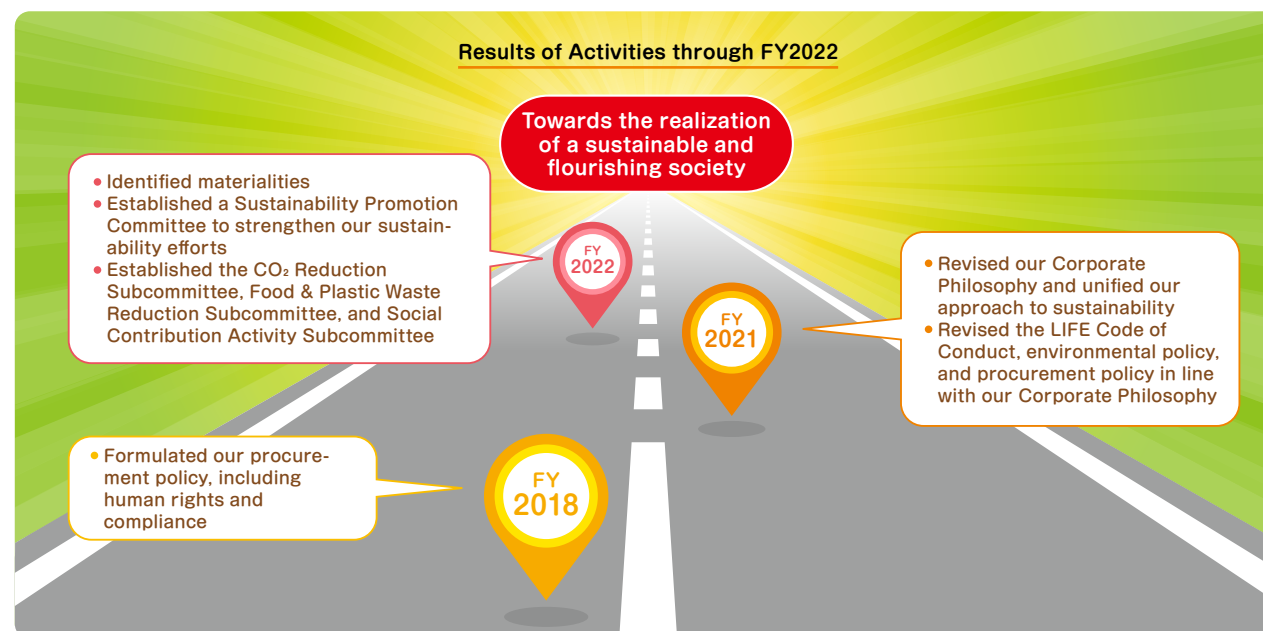
To reduce food waste, CO₂ emissions, and plastic waste, we have established a project team under the direction of the Sustainability Promotion Committee to expand and evaluate effective initiatives such as emission restrictions and recycling.

Furthermore, in terms of activities in local communities, we are continuing and expanding the type of food education activities that only supermarkets can provide, as well as food donations to children's cafeterias and foodbanks.

► Strengthening Sustainability Efforts

To realize a sustainable and flourishing society, we are steadily advancing various sustainability efforts. In FY2022, we formed a Sustainability Promotion Committee as well as various subcommittees.

► P.42



The Circle of Kaizen

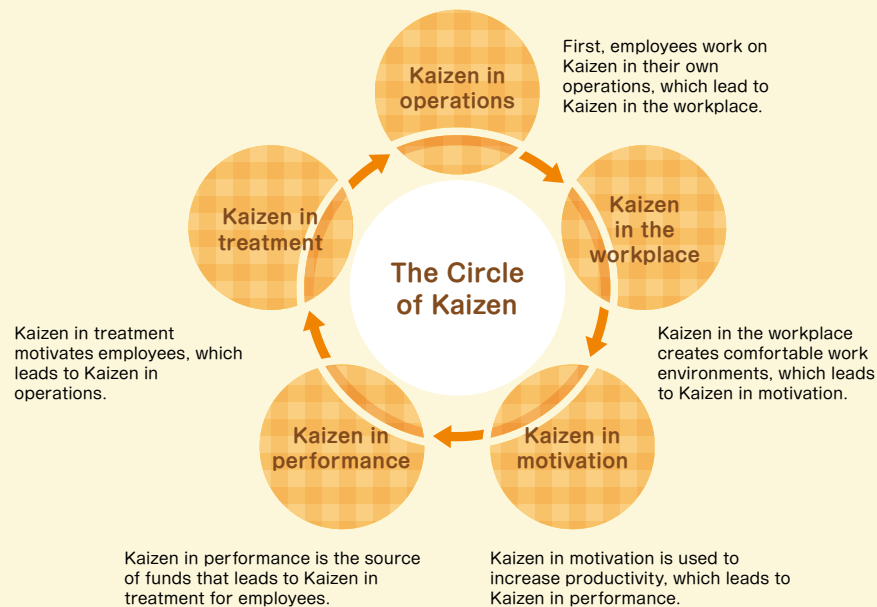
Linking the Circle of Kaizen

To undertake initiatives and investments to achieve the vision for FY2030, securing funding is essential. Amid various soaring costs including food resources and energy costs, through our “Kaizen” activities across the entire Company to streamline our operations and eliminate waste, we aim to become a more robust Company. As a result of each employee participating in our initiatives, we will boost both motivation and operating results, and improve employee treatment through a positive cycle that we call the “Circle of Kaizen.”



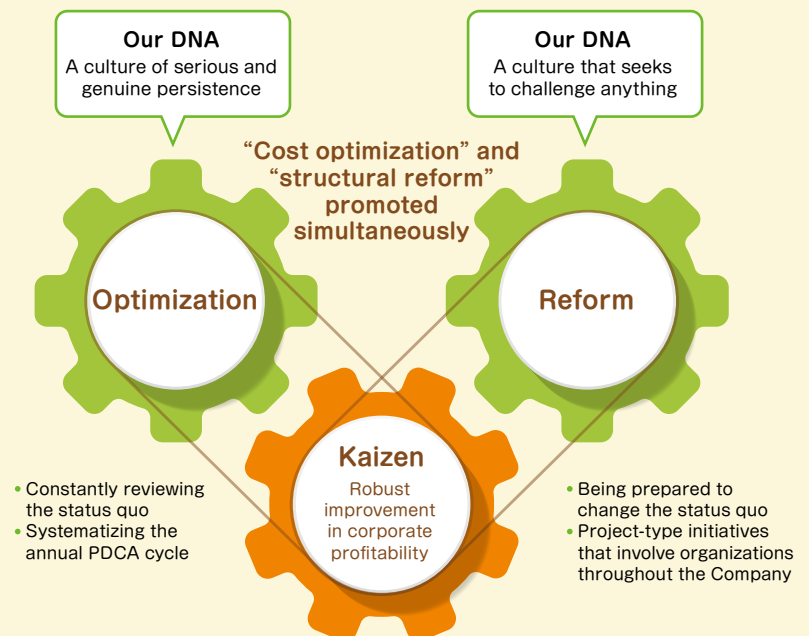
► Circle of Kaizen

By never being satisfied with the status quo and recognizing problems, and improving (“Kaizen”) operations and work, we will improve both our work efficiency and our workplace environments. As a result, employee motivation will increase, leading to improvement in performance and employee treatment. We call this process “linking the circle of Kaizen activities.” Through these activities, we aim to improve productivity and optimize costs.



► Two Gears that Drive the Circle of Kaizen

We solidify Kaizen as our corporate culture through the two wheels of the “optimization” of our PDCA cycle led by individual departments and divisions and “reform” in which the Company comes together to work to resolve individual issues.



Special
Feature

1

Community-Based Management Led by the Store (The Store is the Star!)



To realize the “True to LIFE” concept that allows each store to suit the needs of the customers in its region, and so that each employee can approach their work with an energetic sense of job satisfaction, all measures we implement are based on the idea that “The store is the star!” Moreover, through these activities, we aim to create a corporate culture based on proactive teamwork that is resilient to change.

► Basic Philosophy

For employees to think and act independently to realize job satisfaction and meet the needs of the community

Our previous management system was a centralized system characteristic of chain stores. Because all stores followed the directions of headquarters and implemented the same measures, the sales floors were identical in every store, which did not allow them to suit the different needs of customers in different regions. Given the multitude of instructions and directions from headquarters, it was difficult for stores to make their own proposals. As a result, prioritizing direction-following in operations led to decreased job satisfaction.

Given these issues, in the 6th Medium-Term Plan launched in 2018, we based all measures on the idea that “The store is the star!” Through this concept, we promoted the creation of organizations, systems, etc., that allow stores to think and act from the standpoint of the customers in their region. In the 7th Medium-Term Plan, we aim to build a flexible and resilient organization that allows each of our employees to think and act independently more than ever before. In doing so, our goal is to be “Japan’s best supermarket that remains trusted by customers, society and employees” by balancing job satisfaction for our employees with a detailed response to the needs of our customers in each region.

Case studies of initiatives

As examples of our initiatives in which we value both self-driven actions of store employees and our response to local needs, from the next page (P.28-31) we introduce case studies of initiatives from the three focal points of “employees,” “customers,” and “local communities.” Lastly (P.32), we introduce the “Smile Workshop” program as one of our long-term activities and a shared opportunity that connects with both progress in our policies and the next fiscal year.



Store Operations that Value Diversity

To realize our vision of every store becoming the top store in its region, we work to create stores that align with the characteristics of their region by connecting with both our customers and headquarters. Furthermore, by sharing the independent initiatives of our employees with all our stores, and through presentations, reward systems, etc., we promote both job satisfaction and growth. The Chain Store Division works to improve customer satisfaction (CS) and employee satisfaction (ES) by considering and implementing measures that respect broad diversity.



Kiyotaka Okazaki

Senior Executive Officer
COO of Osaka Region
Chain Store Division



Noriaki Unno

Executive Officer
COO of Tokyo Region
Chain Store Division

Special Feature 1 Community-Based Management Led by the Store

Employees Valuing Independence

As part of our efforts to create an environment in which each store employee can think and act independently, we are building a framework through which various successful case studies can be shared. The goal of sharing successful case studies is of course horizontal development of these cases throughout the Company, but we are also focused on connecting them to the job satisfaction and growth of the employees presenting the case studies at each store. Here, we introduce two of these initiatives, “The Thoroughly-focusing-on...Plan” for creating sales spaces, and “True to LIFE Actions” for initiatives other than sales spaces.

▶ Sharing Successful Case Studies for Sales Spaces: “The Thoroughly-focusing-on...Plan” (Tokyo Region)

Through “The Thoroughly-focusing-on...Plan,” we share and develop the schemes for positive case studies implemented independently at individual stores with other stores in the Tokyo region. The name derives from creating “thoroughly-focused” sales spaces on a specific product or theme to communicate the message of “delicious,” “exciting,” and “happy” to our customers. Each store uses its innovative ideas to create sales spaces to match our monthly promotional leaflets. Individual stores vote on successful case studies, which are then shared with all stores through in-house media.

Frequency of event	Monthly
Concept	Creating sales spaces that match the theme of our promotional flyers
Sharing method	Individual stores vote on successful case studies, which are then shared with all stores through in-house media



Example of an initiative at our Masuo Store selected as a successful case study



July 6, 2022 edition of the “The Thoroughly-focusing-on...” Flyer

▶ Sharing Initiatives Other than Sales Spaces: “True to LIFE Actions” (Osaka Region)

“True to LIFE Actions” are short- to medium-term activities in which not only employees, but also our part-time employees, think and act individually on initiatives other than sales spaces, including work process improvements and local contribution activities. Initiatives at store sections are entered using a posting system, and successful case studies are chosen every three months at headquarters. These are then shared with every store through in-house media, and headquarters presents awards to the selected case studies.

Frequency of event	Once every three months
Concept	Initiatives other than sales spaces
Sharing method	Store Department General Manager Awards and Chain Store Division COO Awards are presented to the particularly excellent initiatives

Case Study

Chain Store Division COO Awards Presentation Initiative

[Winning store] Minamitsumori Store

[Summary of initiative]

The Minamitsumori Store worked together to build an online supermarket support system when the online supermarket staff could not keep up with the sharp increase in online demand during the COVID-19 pandemic



Store management explained the status of the online supermarket business to each section and requested them to join a cooperative system



Kazue Ejiri (currently: General Manager, Store Manager, Osaka Region Store Department 8)

Amid strong growth in online supermarket sales, we succeeded in maintaining smooth operations by proactively supporting staff members of each department.



Section staff not engaged in product picking also learned to use dedicated terminals to support operations

Customers

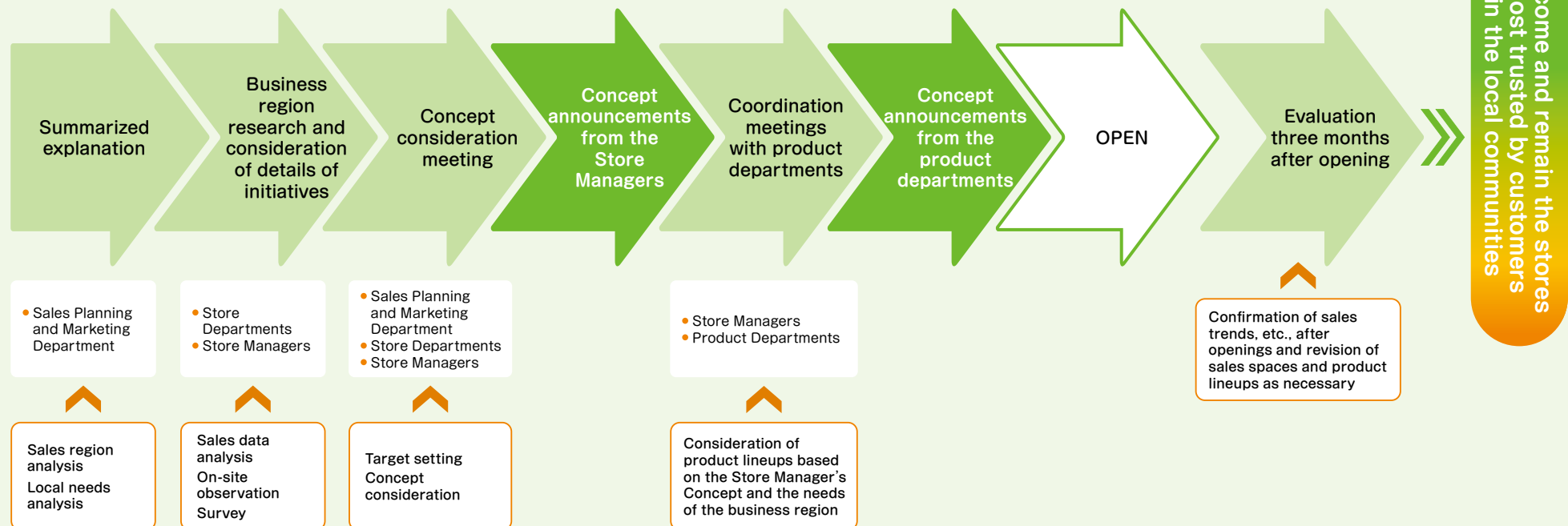
Product Lineups Unique to Stores

Because customer needs differ by region, having the same product lineup in each store will not win us the support of our customers. In recent years, there have been dramatic social changes, and customers' needs are also diversifying. Rather than only following instructions from headquarters, the store employees on the front lines who are most sensitive to these changes must independently consider solutions and promptly implement them. To become and remain the stores most trusted by customers in our local communities, we have clarified the division of roles to allow individual stores to make proposals independently and headquarters departments to provide support.

► Each Store Determines Product Lineups to Realize Local Needs

To realize our customers' needs in terms of our product lineups, we analyze sales data, survey residents in our business regions, interview customers, etc., to understand buying patterns and product desires by individual store. Based on this analysis, our individual stores and product departments at headquarters hold discussions and determine product lineups that align with our business regions. Store managers and the relevant departments at headquarters also discuss issues outside of product lineups to create stores based on customers' needs. For new stores, we spend sufficient time in considering sales floor layouts and product lineups from the ground up, based on prior business region research and data from similar stores.

Schedule for Considering Product Lineup When Opening New Stores



Special Feature 1 Community-Based Management Led by the Store

Case Study Shijo Omiya Store



Store Overview

Address	73-1 Mibukayogoshochō, Nakagyo Ward, Kyoto
Opening Date	September 28, 2022
Hours of Operation	9:30-24:00
Sales Floor Area	1,328m ²
Parking Lot Capacity	18 vehicles (rooftop)

Community/
Business Region Characteristics

- 4-minute walk from the Omiya station of the Hankyu Railway Kyoto Line
- Compared to the average of Kyoto Prefecture, the population composition by age includes more people in their 20s-40s, and there are 19.3% more single-person households
- Many young people living alone as well as many households with children

Message from the Store Manager

We have always aimed to be a store trusted and supported by the customers in the Shijo Omiya area. Prior to opening, we worked with the headquarter departments and focused on understanding local needs and reflecting them in our product lineup. All our employees will continue to work together hand in hand with our customers to be a store that offers a fun, convenient, and satisfying shopping experience.



Masaaki Ikeda
Store Manager
Shijo Omiya Store

Product Lineup Concept

Because the area has many young, single-person households and households with children, we bolstered our product lineup with “timesaving, convenient products” that allow our customers to enjoy delicious meals even during their busy days full of work, housework, and child-raising. We are also responding to our customers’ needs by providing special products limited to the Kyoto region based on the local food culture and setting up BIO-RAL corners, our brand for customers interested in health and natural products, etc.

Timesaving,
convenient products



Our grilled fish product lineup, including the “Fishmonger’s Delicatessen Items,” is extremely popular

Health conscious
products



“BIO-RAL” corners, our private label products, which are healthy for people and kind to the environment

Kyoto’s local food
ingredients



In addition to Kyoto’s traditional vegetables, our product lineup includes many local pickled products, seasonings, Japanese sakes, etc.

Health conscious
products



BIO-RAL bento boxes with carefully selected ingredients and additives (salt and rice malt grilled salmon belly with organic brown rice and seaweed).

Special Feature 1 Community-Based Management Led by the Store

Local
Communities

Coexisting with the Region

Supermarkets play an important role as part of the infrastructure that supports the availability of food in the region. At our stores, we consider ways that we can contribute as a member of the local community and create plans independently. With headquarters supporting the independent proposals of stores and sharing successful case studies with all stores, we work to create a culture in which employees can think and act independently. Here, we introduce events independently planned and carried out by our stores aimed at coexistence with the local community.

FY2022 Activities

1 Creating environmental awareness together with local volunteers

At our Central Square Nishioji Hanayacho Store in the city of Kyoto, we worked with volunteers from Miyako Ecology Center, a local environmental facility, to create environmental awareness among our customers. As a shopping game, we browsed the store with our customers, shared knowledge about our organic products, and provided explanations on our product packaging. Lastly, we had our customers fill out a questionnaire on the environment and gave them gifts for their participation. The event was a positive opportunity for many of our customers, especially children, to think about the environment.



A fun environmental event for parents and children

2 Providing learning opportunities on food loss and ethical consumption marks

At our BIO-RAL Utsubo Store in the city of Osaka, with the cooperation of the Sustainable Food Chain Association, we provided an opportunity for elementary school students to learn about food loss and ethical consumption marks in our “Ethical Foods Master Course for Children.” After the course, the children searched for products with the ethical consumption mark throughout the store. It was an extremely fun and lively learning event that resembled a treasure hunt. Lastly, the children gave presentations on what kind of marks were on different products and were given certificates of completion and ethical goods.



The Store Manager became the teacher to present to the children

3 An event to make our customers smile that our employees also enjoyed

As a Halloween event held at the end of October 2022 at our Doshida Store in Tokyo, store employees dressed in Halloween costumes gave out candy to children elementary-school age and younger. During this fun event, two costumed ghosts wandered through the store with baskets of candy, putting a smile on the faces of both our employees and customers. These kinds of events help build bonds among store employees including part-time employees. Events like this are opportunities for customers to get to know both our store and employees even better.



Commemorative photo with the employees and homemade ghost costumes

Special Feature 1 Community-Based Management Led by the Store

Information
Sharing

Smile Workshop

The Smile Workshop program, which had been held in both the Tokyo region and Osaka region, was suspended during the COVID-19 pandemic, and restarted in October 2022 in the Osaka region. In addition to sharing successful case studies that embody “True to LIFE” concept realities, the Smile Workshop is positioned as an opportunity to encourage part-time employees to succeed. We also held an awards ceremony for the “Heartwarming Awards,” presented to those demonstrating consideration for others. While the number of participants was limited as a measure to prevent infections, the event was an excellent opportunity for the presenters to share their passion.

Summary

Presenters	10 teams selected
Date	Friday, October 14, 2022
Venue	Mielparque Osaka Hall
Participants	Around 500 (half the normal number for infection prevention)



Internal announcement pamphlet

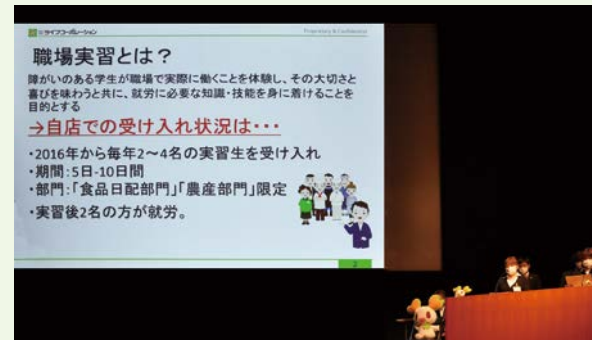


FY2022 Activities

1 Promoting Employee Success and Sharing Successful Case Studies Teaming Up to Change LIFE!

In FY2022, we held the 8th Smile Workshop, and the first one held in three years. The event featured presentations on diverse topics including enhancing productivity, improving customer service, and tackling environmental issues. Teams of two representatives each gave presentations on their topics. There is tremendous value for the participating teams in sharing their successful case studies at the Smile Workshop, and even those who were not selected to present gained valuable experience by participating as audience members. Listening to the presentations was a good opportunity for all our employees, including part-time employees, to increase their problem awareness and to think, make proposals, and act independently.

Each of our employees will continue to work to resolve various issues through their work based on the standard of our “True to LIFE” Declaration.



Team presentations

2 Recognizing Care for Others “Heartwarming Awards” Hall of Fame Induction Awards Ceremony

The “Heartwarming Awards” is an award system recognizing those demonstrating “acts full of kindness” toward customers, employees, etc. Four times a year, headquarters selects employees from those recommended by Store Managers to receive the Heartwarming Awards. Award certificates and badges are presented each time the awards are given, and those receiving awards five times are inducted into the Heartwarming Awards hall of fame. In FY2022, we inducted five winners into the hall of fame.

First award
(bronze badge)Second award
(silver badge)Third award
(gold badge)

Awards ceremony for five hall of fame inductees



Central Square Yebisu Garden Place Store



In April 2022, Central Square Yebisu Garden Place opened as one of our flagship stores. Following our Oshiage Ekimae Store, the Central Square Yebisu Garden Place store opened as our second store in our “CENTRAL SQUARE” flagship store format in the very popular Ebisu area in which a modern streetscape and rich nature harmoniously coexist. We challenged ourselves to open a new style of supermarket by consolidating all our existing knowledge and seamlessly connecting a brick-and-mortar store with an online supermarket and organic selections.



Store Overview

Address	4-20-7 Ebisu, Shibuya-ku, Tokyo YEBISU GARDEN PLACE Center Plaza B2
Opening Date	April 15, 2022
Business Hours	9:30-22:30
Sales Floor Area	1,765m ²
Parking Lot Capacity	463 vehicles (general on-site parking)

Background Behind Opening

Central Square Yebisu Garden Place opened on the former site of the “Mitsukoshi Ebisu Store,” which closed for business in February 2021. The store was opened using the “CENTRAL SQUARE” format as the concept matched the characteristics of the business region. The area was already a dominant area for the Company, with seven existing stores in a 4.5km radius. The goal was to create a new food supermarket supported by our Ebisu customers by using the purchasing data accumulated from customers in the area.

Concept

Transforming daily shopping from convenience to fun. A new type of supermarket in which everything is linked

As a first-of-its-kind initiative for the Company, we challenged ourselves to create exciting sales floors at Central Square Yebisu Garden Place. In addition to daily shopping, where standard stores have our “premium, special, and regular” product lineups, we also offer a high-quality and rare “celebratory” product range for particular occasions, providing products and services that will satisfy any customer.

Vision

Through links originating at Central Square Yebisu Garden Place, we will continue to support people’s healthy and flourishing lives

At Central Square Yebisu Garden Place, we are realizing a new style of supermarket with comfortable, easy-to-shop sales floors rooted in the local community where customers can find both unique tastes and a happy, fun experience.

Message from the Store Manager

At Central Square Yebisu Garden Place, we want the store “linking” with our customers and society. We are increasing opportunities for conversations with customers through face-to-face sales and by introducing concierge services. In addition to taking pride in supporting the lives of local residents, we are also thankful for the support that they provide us. Through each of our employees making every effort to resolve the problems faced by our customers, we aim to earn local trust and become an indispensable store to the Ebisu area.



Masaaki Matsuhara
Store Manager
Central Square
Yebisu Garden Place Store

Special Feature 2 Central Square Yebisu Garden Place Store

Feature
01

Realizing Exciting Sales Floors

Responding to customers' needs by offering a broad product lineup based on the characteristics of the business region



Around 50 types of bento boxes, 1.5 times more than standard stores



Large, 1.8-meter-wide live tank in the fresh fish section



"Celebratory" products for particular occasions (products rotated as necessary)

Feature
03

A Focus on Health and Ingredients

Offering a lineup of products made from carefully selected ingredients that are delicious and healthy



Large-scale BIO-RAL corner set up > P.16

Feature
04

Integrating Brick-and-Mortar Stores and Online Shopping

We are enhancing our relationship of trust with our customers by providing a diverse range of shopping options

We have two online services, the "LIFE Online Supermarket" and our online supermarket service through Amazon. Customers can purchase our trusted and high-quality products both in person and online. We also stock close to 3,000 daily necessities and lifestyle goods—more than can be displayed in our sales floors—that can be purchased either with an in-store tablet or through our online supermarket services.

Feature
02

Co-Creation With the Local Community

Offering a lineup of products that are local to the Ebisu area where our store is located



Limited-time products



SHIBUYA CHEESE STAND

TOPICS

Won first place in the "STORE OF THE YEAR 2023" awards that decides the year's No. 1 supermarket

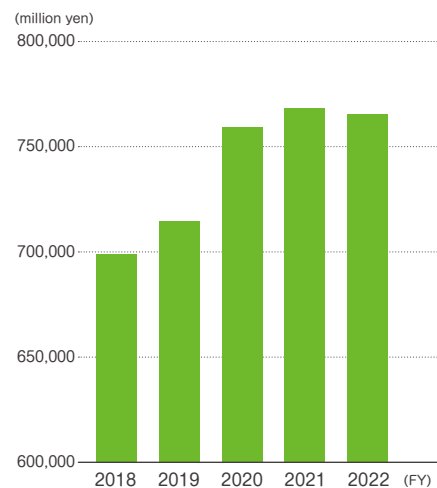
The Central Square Yebisu Garden Place store won first place in the retail industry journal Diamond Chain Store's "STORE OF THE YEAR 2023" awards, in which votes are cast to decide the ranking of stores that opened during the selection period and impacted the industry.

(Selection period: January 1-December 31, 2022)



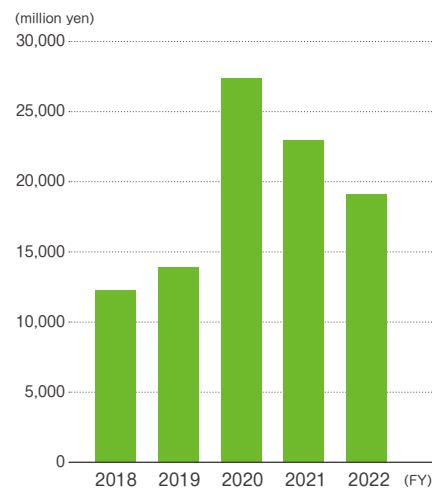
At a Glance—Financial Highlights

Operating revenue

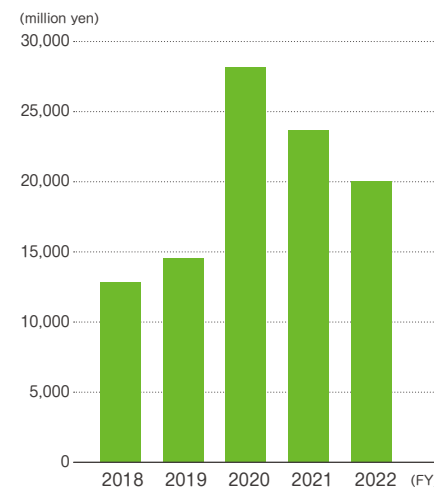


* Accounting Standard for Revenue Recognition applied from FY2022 (figures prior to FY2022 are before application).

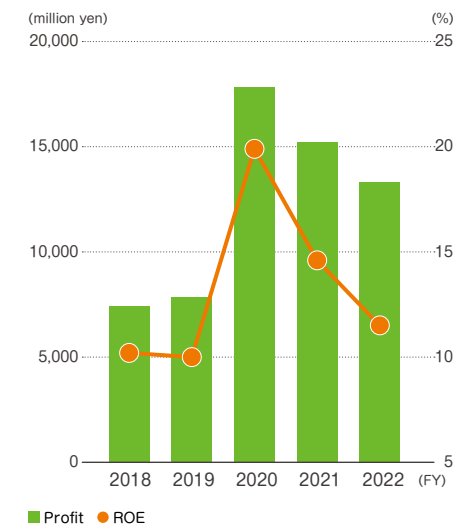
Operating profit



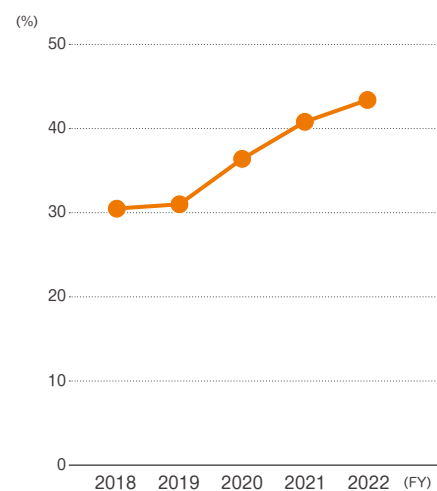
Ordinary profit



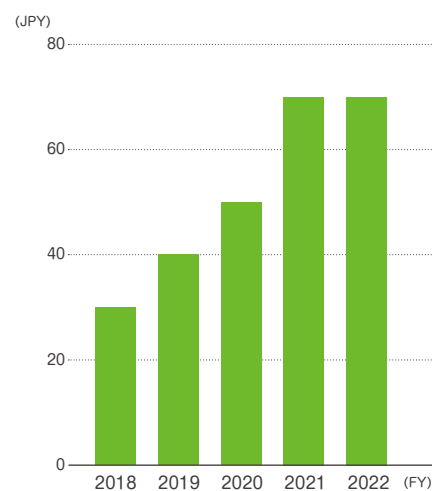
Profit/ROE



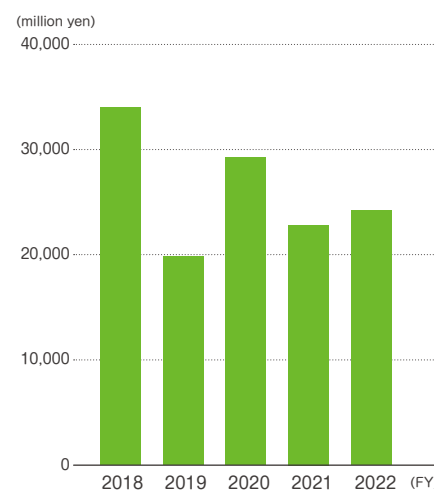
Equity ratio



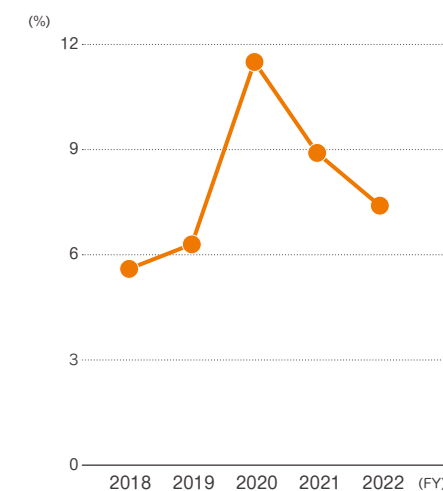
Dividend per share



Capital expenditures

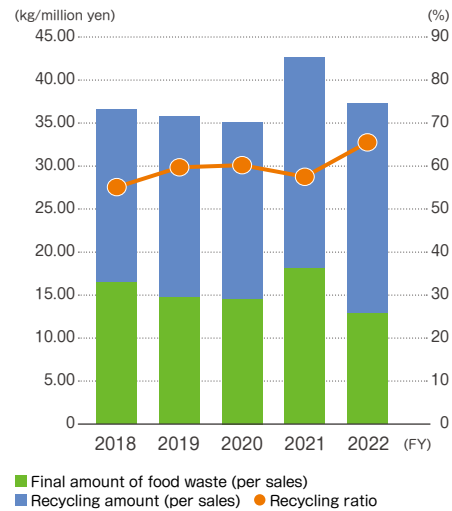


ROIC

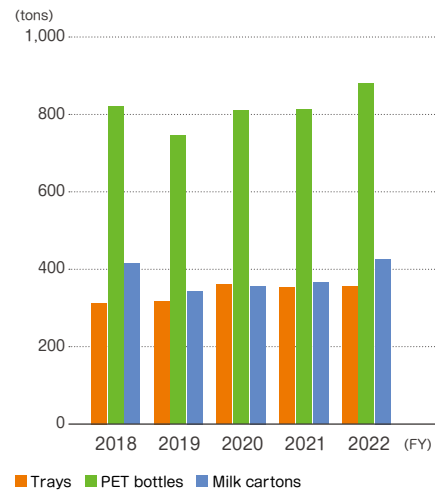


At a Glance—Non-Financial Highlights

Final amount of food waste (per sales)/Recycling ratio

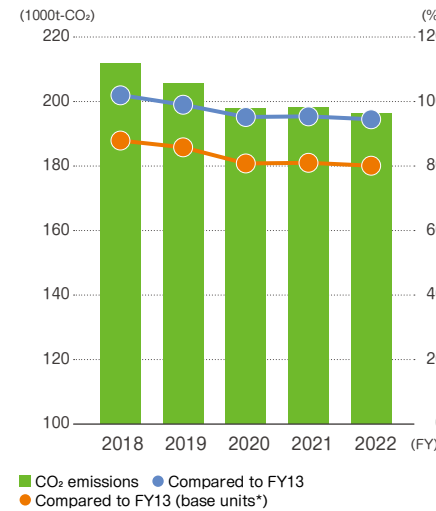


Store recycling and collection



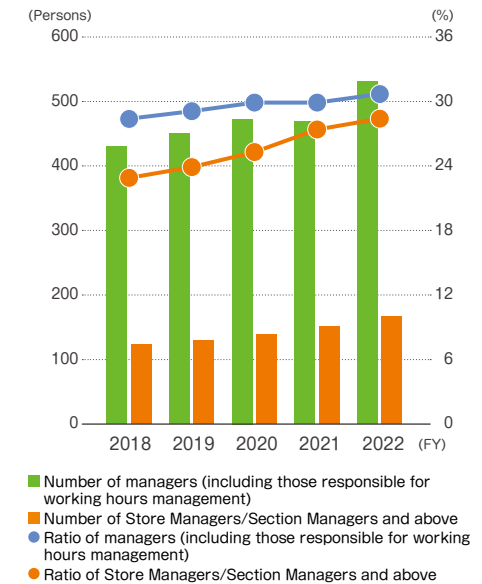
* Having revised the weighing method for PET bottles in FY2022, the figures for FY2021 and earlier have been adjusted according to the new method.

CO₂ emissions (Scope 1+2)



* Base units: operating hours x total floor space

Number and ratio of mid-career manager hires

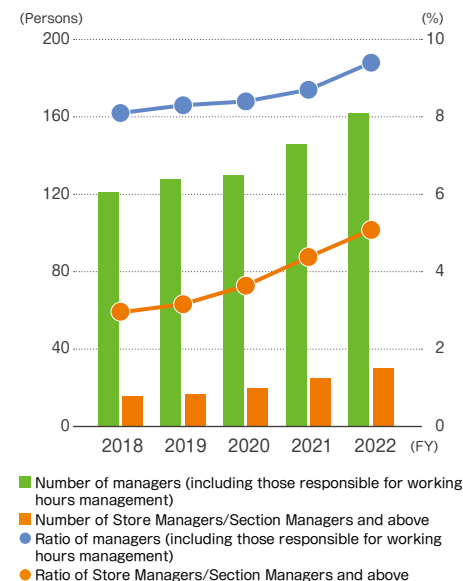


5 A DAY Association-Japan: Food education training results

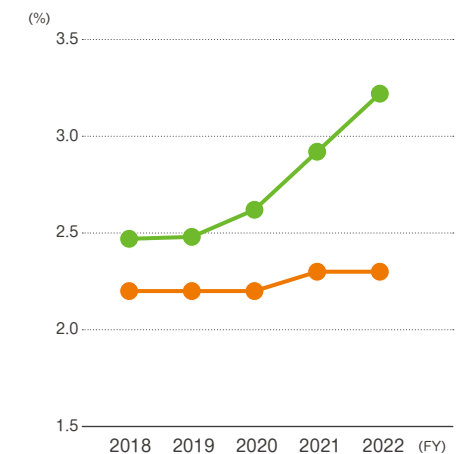
Company	FY2021		FY2022	
	Classes	Participants	Classes	Participants
LIFE CORPORATION	737	24,466	818	25,346
A	390	10,070	441	13,596
B	23	619	51	1,455
C	41	1,163	43	1,151
D	2	29	13	438
E	10	333	11	272
F	6	110	9	335
G	7	161	9	262
H	0	0	3	170
I	1	20	3	54

* 5 A DAY Association-Japan is an NPO that conducts social contribution activities which contribute to health and good eating habits
 * The number of classes is not the number of schools, but the number of food education classes held (excluding the number of in-store events)

Number and ratio of female managers



Ratio of employees with disabilities



Financial Capital Strategy

**Nobuyuki Kawai**

Director & Managing Executive Officer
Deputy Group CEO of Corporate Functions HQ and COO of Corporate Finance and Accounting Division

Building a strong financial foundation and supporting our challenge to achieve medium- to long-term growth

Review of the 6th Medium-Term Plan

Regarding our 6th Medium-Term Plan, which marked its final year in FY2022, the business environment surrounding the Company faced changes, including rising stay-at-home demand and demand to eat at home amid the unprecedented conditions created by the COVID-19 pandemic. To respond to these changes, we flexibly revised our investment plan and maintained around the same high level of total investment as our initial plan.

In a period of five years, we have opened 45 new stores mainly in the urban centers of the Tokyo region and Osaka region, and we are also challenging ourselves to pursue new business formats, such as BIO-RAL stores to respond to rising

health consciousness. Furthermore, to respond flexibly to changes in customer needs and diversification, we made the largest renovation investments ever to remodel existing stores (¥20 billion in the period under review). Since FY2020, net sales for existing stores has reached even higher levels than in FY2019 prior to the COVID-19 pandemic. In terms of infrastructure investment, in the Osaka region, we focused on strengthening and reorganizing our logistics and food process centers, making steady progress in shoring up our logistics and production system with the goal of having a network of 400 stores in the Tokyo region and the Osaka region.

In the area of systems investment, we have introduced semi-self-checkout registers in almost all our stores to improve store operation efficiency. Moreover, securing human resources is expected to

grow even more difficult in the future. Therefore, to maintain high store operating capacity even with limited human resources, we are moving forward with investment in digitalization such as electronic shelf labels and AI-automated ordering.

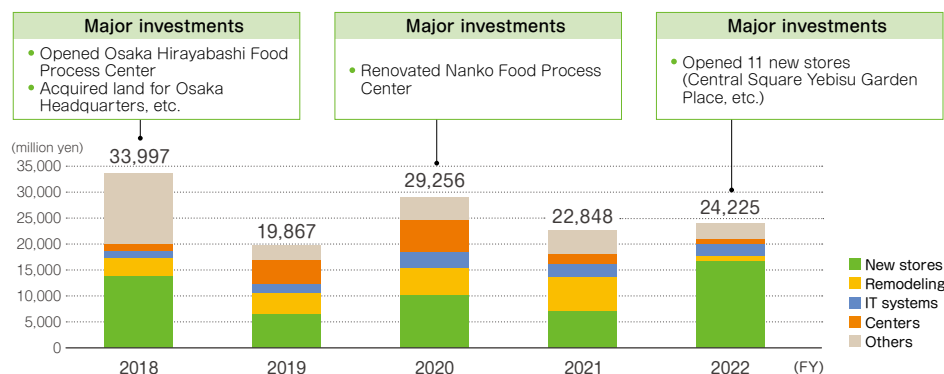
The results of the investment in our 6th Medium-Term Plan have connected to strengthening our financial foundation. Compared to prior to the start of the plan at the end of FY2017, our equity has increased from ¥70 billion to ¥120 billion, while our equity ratio has risen dramatically from 30.4% to 43.4%.

Financial Capital Strategy under the 7th Medium-Term Plan

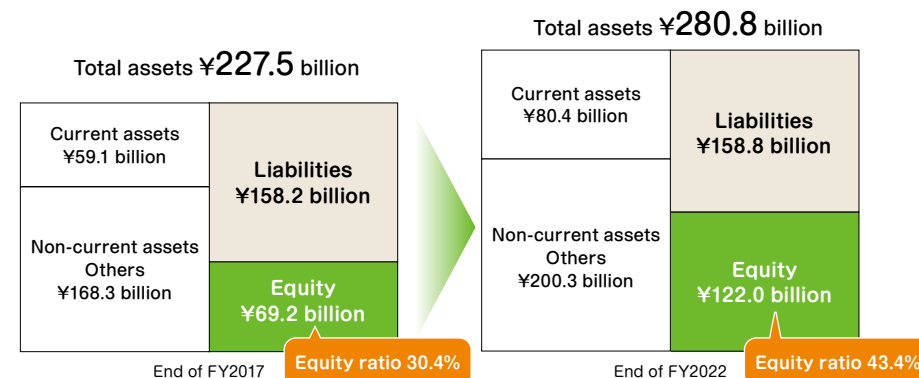
Our 7th Medium-Term Plan began in FY2023. We have shared our goals as well

6th Medium-Term Plan Highlights

Investment Results



Balance Sheet



Financial Capital Strategy

as our new initiatives and challenges in the four years of the plan through FY2026 with all our employees. However, in a slight change from our plans thus far, this time we have set medium- to long-term goals for what kind of company we want to be in FY2030. Our goals for FY2030 include 400 stores, net sales of ¥1 trillion, ordinary profit of ¥35 billion, and net profit of ¥22 billion. However, we will only be able to achieve these goals if we expertly balance scale (sales) expansion with quality (profit) improvements.

In the 7th Medium-Term Plan, we have not yet disclosed the goals for our quantitative targets four years ahead in FY2026. However, we plan on holding numerous internal discussions and working together at a management level on what kind of numbers we will produce and what our future vision is for our capital structure and balance sheet in the coming eight years as we head toward FY2030.

A key mission of the Corporate Finance and Accounting Division is to secure and provide the necessary investment capital to further strengthen the 400-store network and logistics and food process centers, to

grow our online business, accelerate digitalization, and other measures. To provide support for the various challenges faced by each department to achieve medium- to long-term growth, the Corporate Finance and Accounting Division will appropriately fulfill its financing function while striking a balance with future free cash flow.

It is difficult to predict trends in the financial markets accurately, as they include complex risk factors. However, regarding procuring interest-bearing debt, we are not limiting ourselves to traditional indirect financing, and are instead proactively examining ways to diversify our procurement of financing including accessing the capital markets ourselves.

ROIC-Business Management Focused on the Cost of Capital

Amid concern over spikes in a wide range of costs, for the individual projects planned in the 7th Medium-Term Plan, we make decisions to carry out investments based on a careful evaluation of investment recovery plans and

profitability. We use the rate of ROIC (Return on Invested Capital) as a Company-wide management indicator and evaluate whether appropriate returns are being secured on invested capital. Although there are different approaches to calculating the cost of capital, we currently recognize a maximum capital cost (WACC) of 5%. We monitor both capital profitability and profit levels to determine whether we are realizing ROIC of 6% or higher that exceeds our cost of capital.

Shareholder Return Policy

Toward becoming what we want to be in FY2030, we believe that it is possible to provide further shareholder returns without compromising our financial foundation. To do so, we have gone one step beyond our previous basic policy of “continued stable dividends” and established a new shareholder return basic policy of “While maintaining a basic policy of paying dividends, targeting a dividend payout ratio of 30%, the Company will also remain mindful of continuing to pay stable dividends with a

dividend equity ratio (DOE) of 3% as a guide.”

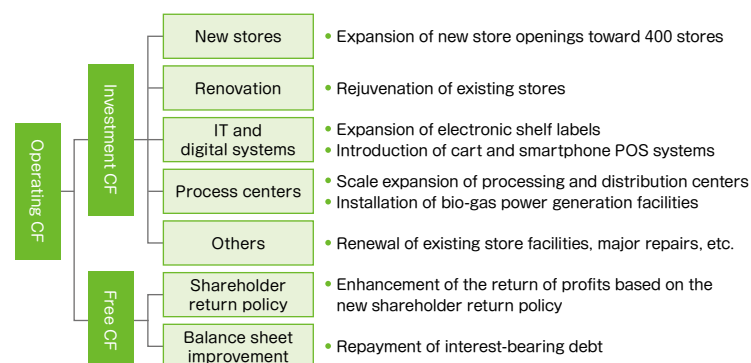
Going forward, we will place greater emphasis on the return of profit to our shareholders in conjunction with the medium- to long-term growth of the Company.

Strengthening IR Activities

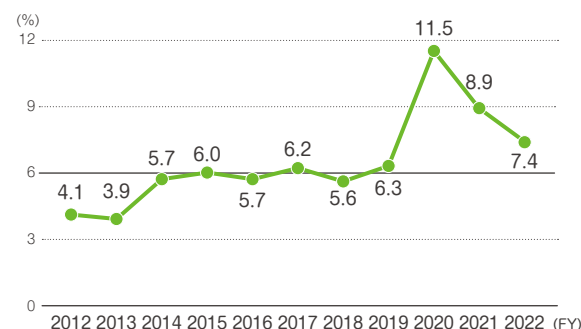
Through financial results briefings, small meetings, one-on-one meetings with institutional investors and analysts, etc., we engage in meaningful dialogue with our shareholders and investors, while also working to make our various materials available in English in the interest of improving information disclosure to global investors.

To ensure that the various policies and results of our 7th Medium-Term Plan are properly shared with our shareholders and investors, in our IR activities, we are working to create new opportunities for dialogue and to disclose information even more proactively than in the past.

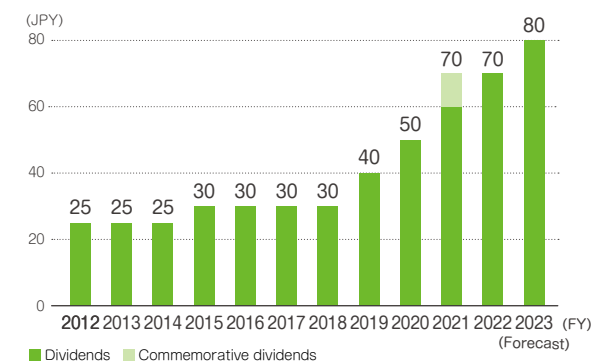
7th Medium-Term Plan Cash Allocation



ROIC



Dividend per share



CHAPTER 04 OUR FOUNDATION

As a Company trusted by all of its stakeholders, our sustainability initiatives are guided by our Corporate Philosophy to “contribute towards the realization of a sustainable and flourishing society.” We have established five materialities to promote our sustainability initiatives, and we are strengthening our activities to realize these initiatives. In this chapter, we explain our approach, systems, and main initiatives related to the environment, society, and governance that act as the foundation that supports our corporate activities.

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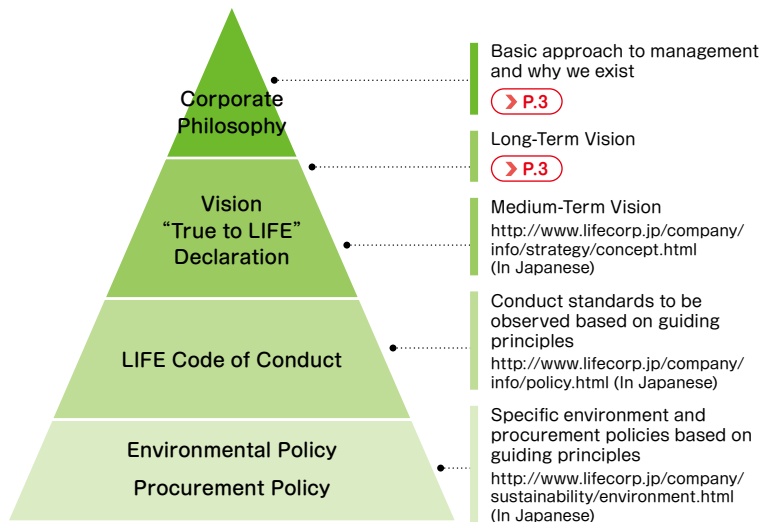
Sustainability Management

How We Approach Sustainability

In 2021, we updated our Corporate Philosophy and established a new one: “Through ‘reliable management with noble aspirations,’ contribute towards the realization of a sustainable and flourishing society.” As a community-based supermarket, to realize a sustainable and flourishing society, we believe that it is essential both for people in the community to lead fun, safe, and healthy lives, and for the global environment and society that act as the foundation for those lifestyles to remain sound. To meet these goals, we maintain stable, continuous store operations and provide safe, secure, and high-quality products and services. Additionally, we take a serious approach to global environmental and social issues as well as governance, striving to be a Company that is trusted by all of its stakeholders.

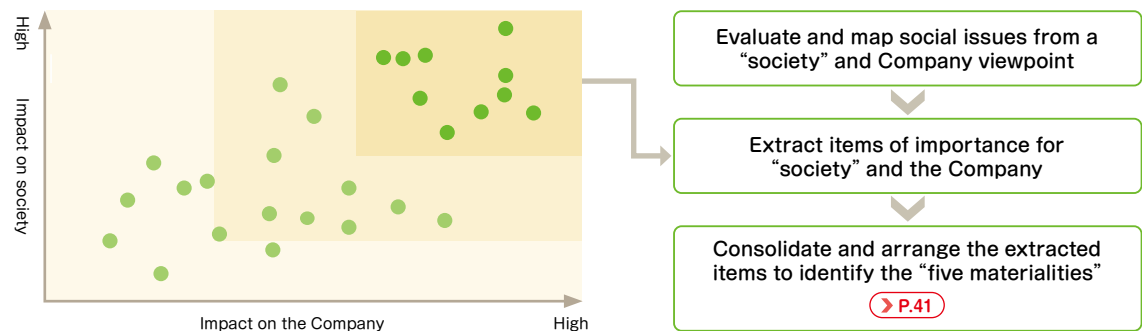
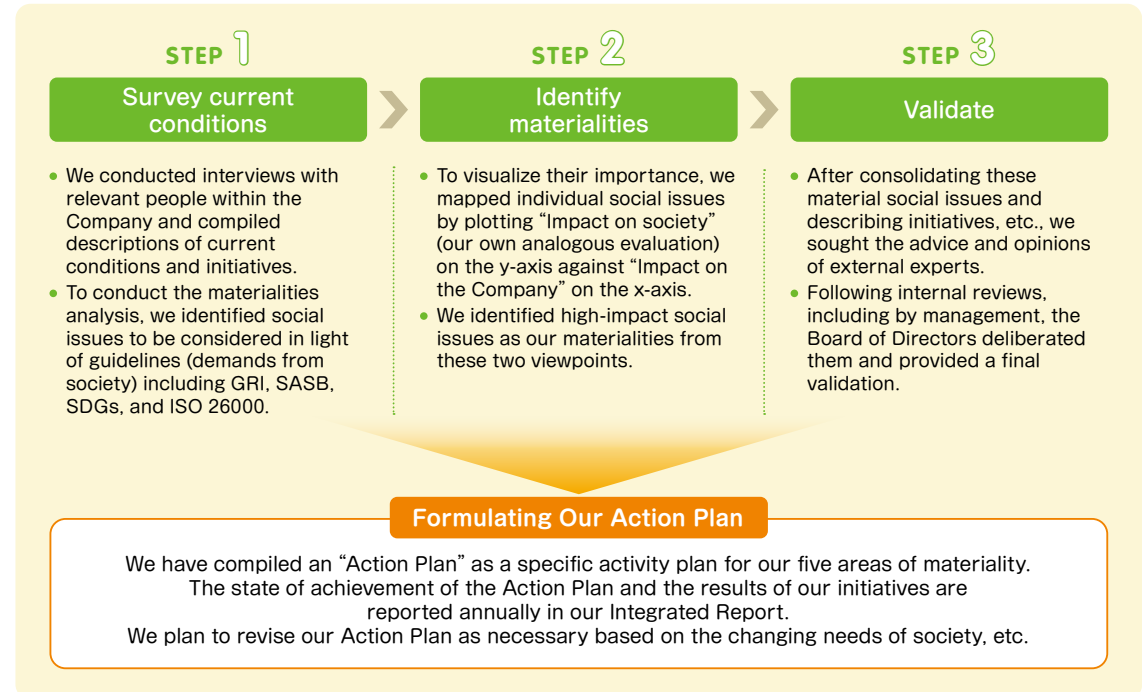
Illustration of Our Philosophy

We make it clear why we exist, our vision, decision-making standards, etc., to ensure that all our employees strive toward the same direction and for that direction to be shared with as many of our stakeholders as possible.








Process for Identifying Materialities

We have identified five materialities according to the process shown below. In the domains related to the identified materialities, we are engaged in activities to increase sustainability and raise corporate value.



Our Materiality and Action Plan

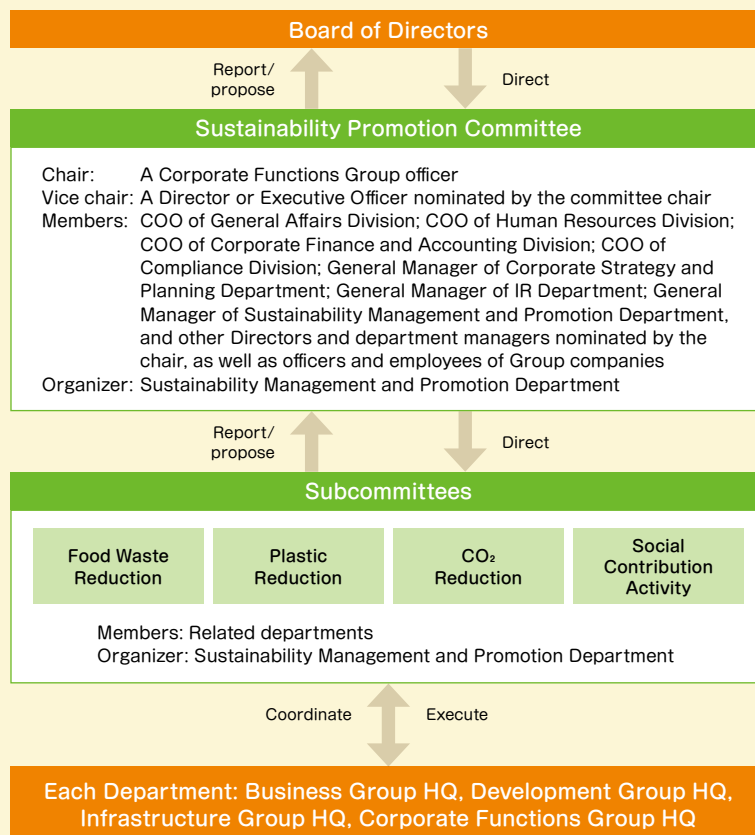
Materiality	Initiative theme	Action plan	FY2022 results
E Reducing the burden on the environment 	(1) Reduce food waste	<ul style="list-style-type: none"> Reduce, reuse, recycle Final amount of food waste: -50% by 2030 (compared to FY2017) 	<ul style="list-style-type: none"> Amount of food recycled: 18,051t (amount per sales: 24.4kg/million yen) Food recycling ratio: 65.5% Final amount of food waste per sales: -28.0% (compared to FY2017)
	(2) Reduce plastic waste	<ul style="list-style-type: none"> Restrict emissions from stores and centers, strengthen resource collection and recycling, and change containers, trays, and packaging 	<ul style="list-style-type: none"> Number of plastic cutlery reduced: approx. 17 million (switched to environment-friendly materials) Number of stores that started to collect clear trays: 18 Introduction of 100% recycled PET bottles in private brand products
	(3) Reduce CO ₂ emissions	<ul style="list-style-type: none"> Promote energy conservation, conduct energy creation initiatives, use renewable energy CO₂ emissions (Scope 1 & 2): -50% by 2030 (compared to FY2013) 	<ul style="list-style-type: none"> Electricity usage in existing stores: 98.1% (compared to FY2021) CO₂ emissions (Scope 1 & 2): 196,235t, 94.5% (compared to FY2013)
S Providing safe, high value-added products and services 	(1) Ensure safety and security	<ul style="list-style-type: none"> Establish a supply chain quality assurance inspection system Introduce a food safety management system at food process centers 	<ul style="list-style-type: none"> Sakai Food Process Center acquired ISO 22000 certification Nanko Food Process Center (agricultural produce and meat products) acquired ISO 22000 certification Expanded use of eBASE, a raw ingredient and product information management database
	(2) Promote responsible procurement	<ul style="list-style-type: none"> Procurement that takes into account human rights and the labor environment; procurement that complies with laws, regulations, and social norms; procurement that takes into account safety verification and health 	<ul style="list-style-type: none"> Implemented sustainable food product procurement, stable supply, and consumption expansion initiatives such as "Fish Day" and the "Smile Project for Milk"
	(3) BIO-RAL business	<ul style="list-style-type: none"> Enhance product development and store openings, introduce across existing stores, build operations, and strengthen education BIO-RAL business: Quickly reach 20 stores and net sales of ¥10 billion 	<ul style="list-style-type: none"> Awarded the 31st "Food Safety, Security and Environment Contribution Award" from THE JAPAN FOOD JOURNAL Private brand net sales: ¥5,192 million (Up 179.1% compared to FY2021)
S Contributing to local communities as infrastructure for everyday life 	(1) Run stores stably	<ul style="list-style-type: none"> Use hazard maps to ascertain risk levels at each of our business sites Formulate, update, practice, and implement business continuity plans (BCPs) 	<ul style="list-style-type: none"> Announced "Declaration of Initiatives to establish Sustainable Food Logistics" together with three other supermarkets in the Tokyo region: Yaoko, Maruetsu, and Summit; launched "Tokyo region Supermarket Logistics Study group."
	(2) Diversify shopping options	<ul style="list-style-type: none"> Delivery services, online supermarket services through our own website and Amazon, and enhanced "last mile" delivery through LIFE HOME DELIVERY Online supermarket business: ¥100 billion in net sales by FY2030 	<ul style="list-style-type: none"> Expanded stores that offer LIFE Online Supermarket: +33 stores (10 in the Tokyo region and 23 in the Osaka region) Expanded service area for our online supermarket service through Amazon: three cities in Tokyo, one city in Kanagawa Prefecture, one city in Chiba Prefecture, 11 cities in Saitama Prefecture, one city and one district in Osaka Prefecture, and two cities in Hyogo Prefecture
	(3) Contribute to local communities	<ul style="list-style-type: none"> Continue and expand food education activities, and children's cafeteria and foodbank contributions 	<ul style="list-style-type: none"> Held food education activities at 353 schools (participants: 25,949) Expanded donations to children's cafeterias in Sakai City (Nishi Ward, Osaka) Supported Ukrainian evacuees in the cities of Kyoto and Osaka Cooperated with the ORANGESANTA PROJECT® in Adachi Ward, Tokyo.
S Creating a motivating workplace environment where diverse personnel can thrive 	(1) Diversity	<ul style="list-style-type: none"> Promoting active participation of women, mid-career hires, and non-Japanese talent as well as promoting employment of people with disabilities 	<ul style="list-style-type: none"> Female managers: 162 (9.4% of total managers) Employees with disabilities: 658 (employment rate of 3.22%) Number of mid-career manager hires: 531 (30.7% of total managers) Foreign technical interns: 440
	(2) Health management	<ul style="list-style-type: none"> Promote initiatives focused on health and safety management and health maintenance and enhancement 	<ul style="list-style-type: none"> Conducted regular health examinations and stress checks Implemented "specific health guidance" Established various consulting services and helplines
	(3) Human resource strategy	<ul style="list-style-type: none"> Develop talent systematically and strategically through a cycle of recruitment, placement, training, and evaluation 	<ul style="list-style-type: none"> Personnel changes and placements made based on personnel data Employee career development through human resource strategy meetings Use of internal recruitment system
G Development of an organization with high value and ethics 	(1) Corporate governance	<ul style="list-style-type: none"> Strengthen the corporate governance structure and meetings, establish the Nomination & Remuneration Advisory Committee, strengthen IR activities 	<ul style="list-style-type: none"> Number of Board meetings: 17 (to improve effectiveness, off-site meetings, etc., for officers used to reenergize discussions) Number of Nomination & Remuneration Advisory Committee meetings: nine; financial results briefings: two; small meetings: nine; individual interviews: over 200 in total
	(2) Compliance	<ul style="list-style-type: none"> Exercise thorough compliance, steadily implement the LIFE Code of Conduct, carry out employee training, set up an appropriate internal reporting system 	<ul style="list-style-type: none"> Conducted compliance training through conferences and other meetings, in addition to regular training Revised internal reporting regulations and reestablished the internal reporting desk

Our Materiality and Action Plan

Our Sustainability Promotion Framework

To respond to materialities related to society and the environment, we have established four subcommittees based on individual materiality themes. Reports and recommendations are given to the Sustainability Promotion Committee on the measures and plans prepared at each subcommittee as well as the state of progress of initiatives, and the individual initiatives are promoted from a Company-wide perspective following the final decision by the Board of Directors.

Sustainability Promotion Committee Framework



Sustainability Promotion Committee Meetings

Meeting	Date Held	Agendas
1st	March 1, 2022	Our climate-related risk and response according to the TCFD's recommendations as well as our agreement with the recommendations and information disclosure
~	(Held weekly)	
7th	April 12, 2022	
8th	May 27, 2022	Future committee proceedings, direction of social contribution activities, status of progress at subcommittees
9th	June 23, 2022	Status of consideration at the Food Waste Reduction Subcommittee and the Plastic Reduction Subcommittee
10th	July 22, 2022	Plan to achieve CO ₂ reduction targets
11th	September 20, 2022	Final confirmation of the Board Meeting Proposal materials "Response to Materialities in the Environmental and Social Fields"
12th	January 27, 2023	Evaluation of the FY2023 Schedule

Status of Subcommittee Activities

Food Waste Reduction	We expanded the number of stores implementing food product recycling, visualized waste volume by increasing the installation of measuring devices, promoted initiatives at model stores, and created awareness about "taking the product from the front"*, etc.
Plastic Reduction	We worked to understand the state of use of plastic containers and trays by department and organized reduction methods. Furthermore, to promote plastic recycling, we expanded the collection of clear plastic trays at our stores.
CO ₂ Reduction	To secure the necessary quantities of renewable energy to achieve our 2030 CO ₂ reduction goals, we have examined medium- to long-term reduction plans with power companies.
Social Contribution Activity	We have established the direction for our social contribution activities, focusing on activities for the children who will be responsible for our future, including providing learning programs such as food education for local children and donating food products to children's cafeterias.

* "Taking the product from the front" is a purchasing behavior that helps reduce food waste by encouraging shoppers to take products from the front of the shelf, which have an earlier expiration date, if they eat shortly after shopping.

Reducing the Burden on the Environment

Basic Philosophy



With the rapid global destruction of the environment, frequent abnormal weather events, exhaustion of natural resources, etc., one of our greatest challenges is reducing the burden on the environment. We aim to realize a circular and decarbonized society by reducing CO₂ emissions, cutting food waste, and reducing plastic waste—actions for which our own business activity has a large impact upon the environment—as we endeavor to lower the environmental burden arising from our business activity.

Reduce Food Waste

Policy

To make the most use of limited resources, we promote a reduce, reuse, recycle policy in all the processes involved in the design and procurement of ingredients of our private brand products, manufacturing at our food process centers, and manufacturing, sales, and disposal at our stores.

FY2022 Initiatives and Results

- Expanding the number of stores implementing food product recycling and visualizing waste volume by department by introducing measuring devices

We have expanded our food product recycling that recycles the food residues generated by our stores and food process centers into fertilizers and animal feeds to 18 new locations. In addition to food product recycling at a total of 130 locations, through the recycling of food waste including fish scraps and used food oil at almost all our stores, we have worked to recycle a total of around 18,000 tons of food waste. Moreover, we are installing measuring devices for food waste at our stores to gauge waste quantities by department for use in root cause analysis and policy evaluation.



- Decision to participate in the “Methanation Hydrogen Supply Chain Building and Testing Business” at the Expo 2025 in Osaka

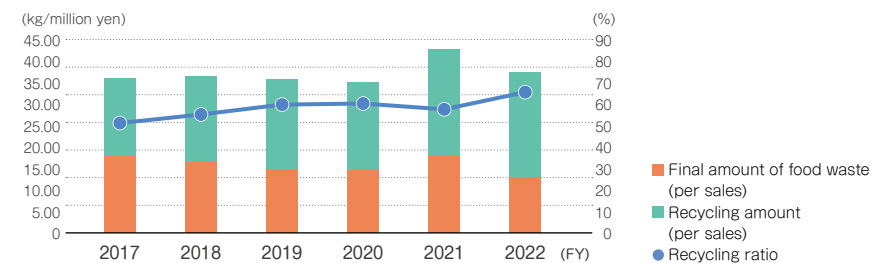
We are cooperating in the “building and testing business for a hydrogen supply chain created through hydrogen derived from renewable energy and methanation using waste-derived bio-gas in urban areas,” run jointly by the City of Osaka and the Osaka Waste Management Authority, by providing raw garbage generated by our stores (biomass resources). In the testing business, we are providing the raw garbage generated from our stores within Osaka (one ton per day) to the trash incineration plant in Konohana Ward, Osaka (Maishima Plant) in an effort to reduce food waste.

- Developing upcycled products

We are developing upcycled products using remnants, etc., generated during our product manufacturing process that were previously discarded. By creating new food products instead of letting food material be thrown away, we are working to reduce food waste. Examples of this initiative include dried fruit made from the cores of pineapples processed at our food process centers and smoked chicken liver made from liver left over after preparing chicken for salads.



Final amount of food waste (per sales) and recycling ratio



FY2023 Action Plan (Reduce Food Waste)

Our action plan for food waste reduction includes revising our expiration dates and discount sales methods, creating awareness among customers about “taking from the front,” working to limit the creation of waste, developing upcycled products, and recycling the food waste that we do produce into fertilizers and animal feeds. We are also working to reduce food waste through various methods such as donating products that cannot be sold because of damaged packaging, etc., to children’s cafeterias.

Reducing the Burden on the Environment

Reduce Plastic Waste

Policy

As the environmental impact of businesses starting with marine pollution from waste plastic becomes an issue, we recognize that businesses using large amounts of plastic have a significant social responsibility. As such, we are working to reduce the volume of the plastic packaging used in our business. Additionally, we are collecting plastic containers and trays at our stores and encouraging shoppers to use their own bags, etc., as we work to realize a circular society together with our customers.



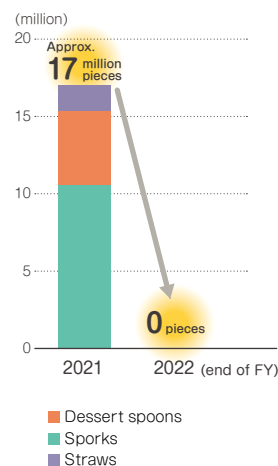
FY2022 Initiatives and Results

● Changing cutlery from plastic to environment-friendly materials

We have been gradually switching from plastic to paper and wood straws and spoons provided at our stores since April 2022. This reduced the number of plastic straws and spoons used in our stores by around 17 million pieces (around 30 tons) per year.



Trends in plastic cutlery distribution



● Clear tray recycling

At 18 of our stores, we began collecting the clear trays used to package fresh fish and other products. The collected clear trays are recycled into new trays, etc., for reuse in the products sold at our stores.

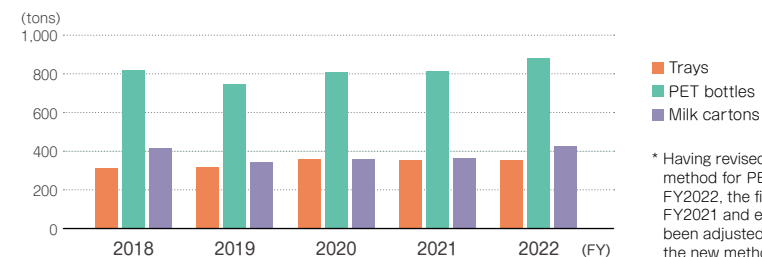


● “Bottle to bottle” initiative

In February 2023, we launched our “bottle to bottle” initiative that aims to change over to bottles made from 100% recycled PET resin in the PET bottles used for our private-brand products (500ml).



Trends in recycling of resources



FY2023 Action Plan (Reduce Plastic Waste)

We will continue to promote the lightening of packaging, the use of recycled trays, and our “bottle to bottle” initiative. Furthermore, regarding resource recycling for collections in our stores, we are working to reduce plastic waste further by expanding collection locations for clear trays.

Reducing the Burden on the Environment

Reduce CO₂ Emissions

Policy

Ninety-three percent of the CO₂ generated by us comes from power use. First, we will prioritize placing the utmost attention into self-reliant efforts toward energy conservation and energy creation. For the remaining energy required, by procuring renewable energy, we will work to reduce our Company-wide CO₂ emissions volume.

FY2022 Initiatives and Results

● Energy conservation initiatives

As energy conservation initiatives at our stores, we are conserving electricity in various ways including reviewing the temperature settings in our refrigeration cases and adjusting our lighting settings. Results are appearing with each passing month, and in February 2023, we reduced our power use at existing stores significantly to 91.7% the use of the same month in the previous year.

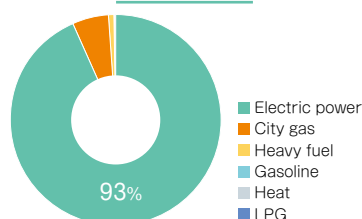
● Energy creation initiative using bio-gas power generation

A newly established bio-gas power generation facility, one of the largest in Japan's retail industry, has been installed at our Tempozan Food Process Center. The facility began operations in March 2022 and produces bio-gas using food residue, which is used as fuel to generate power.

This initiative won the "Award for Decarbonization" in the "Sustainability Award 2022" held by the "Sustainable Consortium 2030 - for Agriculture, Forestry, Fisheries and Food," a cooperative project run by the Ministry of Agriculture, Forestry and Fisheries, the Consumer Affairs Industry, and the Ministry of the Environment.

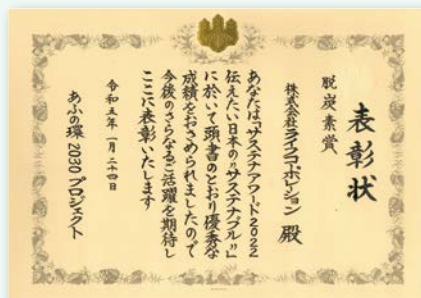
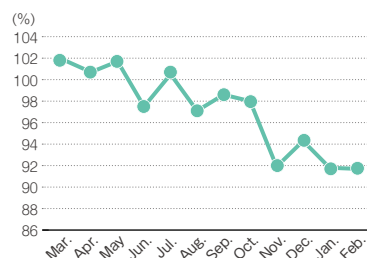
CO₂ emissions by energy source

(FY2022 results)



Electricity usage in existing stores

in FY2022 (compared to FY2021)



● Energy creation initiative using solar power generation

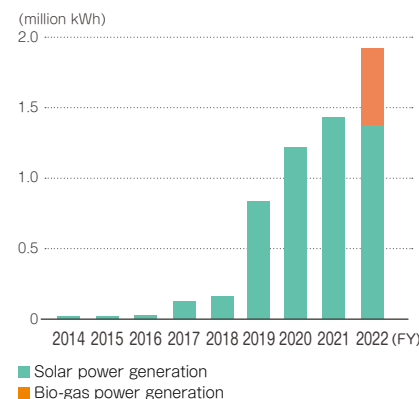
We are making progress in using the roofs of our stores to install solar power generation facilities. In FY2022, we newly installed a facility at our Mizoguchi Store, bringing the total number of locations with solar power generation to 20. These locations produce 1.4 million kWh, which combined with bio-gas power generation produced 1.9 million kWh of power in FY2022. This is around the annual power use of 450 households.



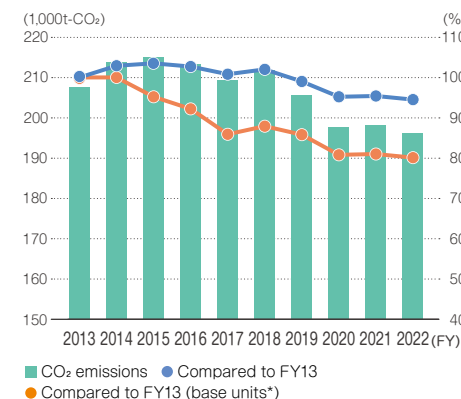
* 4,285kWh per household

From the Ministry of the Environment's "Survey on the Actual Conditions of Carbon Dioxide Emissions from Residential Sector in FY2020"

Energy creation



CO₂ emissions (Scope 1+2)




*Base units: operating hours x total floor space

FY2030 Action Plan (Reduce CO₂ Emissions)

In addition to working to conserve energy at our stores and food process centers, we are expanding the installation of solar power generation facilities as a means of energy creation. We have also formulated a medium- to long-term renewable energy procurement plan aimed at achieving our 2030 reduction targets for CO₂ emissions (Scope 1 and 2) and are evaluating specific implementation plans for various policies starting with off-site corporate PPA.

Reducing the Burden on the Environment

Response to TCFD

 Please see our website for details

<http://www.lifecorp.jp/company/sustainability/environment/tcfd.html> (In Japanese)

We recognize the social and environmental issues attributable to climate change as urgent issues. We comply with the approach of the Task Force on Climate-related Financial Disclosures (TCFD), while collecting and analyzing the necessary data.

● Governance

The Board of Directors and the Sustainability Promotion Committee monitor climate-related risks and opportunities. For details on the structure of the Committee, see p.42.

● Strategy

We have examined “physical risks” such as abnormal weather brought about by climate change and “transition risks” such as the introduction of policy regulations and changes in market requirements. While keeping an eye on 2030, we have conducted a scenario analysis and estimated the financial impact.

● Risk

Among the risks extracted by the Sustainability Promotion Committee, we identify climate-related risks that are important to the Company and assesses their importance on the two axes of “likelihood of occurrence” and “financial impact.”

Scenario-Specific Assumptions

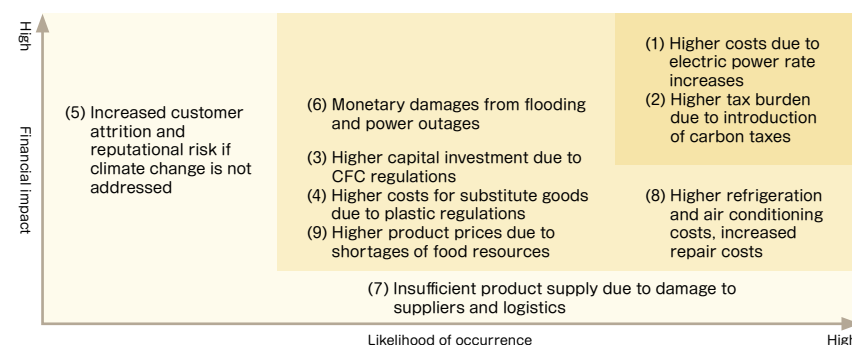
Scenario	Assumptions
Less than 2°C	Regulations and policies toward decarbonization are strengthened, and progress is made on measures to combat climate change. There is an escalation of costs such as those created by various regulations and policies and business investment related to measures to fight climate change. Customers have increased desire for decarbonized and low-carbon approaches to products and services. Action on climate change is strongly desired, and if not addressed, customer attrition gains momentum, reputational risk increases, etc., leading to greater transition risks. Meanwhile, the greater severity and increase of natural disasters, etc., caused by climate change will be kept in check to a certain extent, so physical risks are assumed to be relatively low.
4°C	Measures to fight climate change are inadequate, abnormal weather increases, sea-levels rise and natural disasters become more severe, etc., leading to increased physical risks. There is greater impact on operation and management of stores and food process centers, which in turn could have an impact on finances. Due to the effects stated above, demand for BCP-compliant products and services will increase, and the cost of purchasing and introducing them will also increase. On the other hand, policies and regulations to reduce greenhouse gases (GHGs) do not make much headway, and we estimate that the transition risks are low.

● Indicators and targets

Regarding the medium-term target of lowering Scope 1 & 2 CO₂ emissions by 50% by 2030 (compared to FY2013), we have set targets from FY2022.

Risk Map Envisioned for 2030

We have prepared a risk map that assesses “likelihood of occurrence” and “financial impact” on its two axes. Given the nature of the supermarket business, we believe that risks are quite prevalent based on our scenario-specific assumptions. By enhancing and prioritizing responses to risks while steadily seizing opportunities, we believe we can lessen the impact on operations as much as possible.

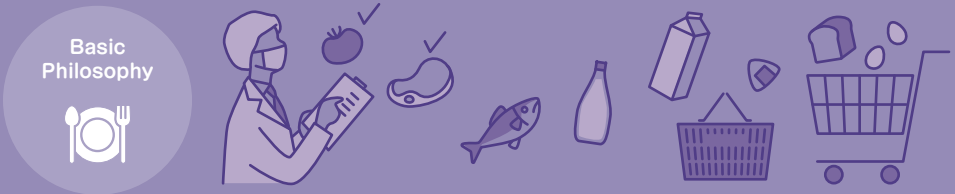


Financial Impact Regarding Risks Envisioned in 2030

Scenario	Assumptions	Financial impact
Carbon tax	Cost increases associated with a carbon tax (annual)	¥2,393-2,792 million
Electricity rates from renewable energy	Higher procurement costs for electricity derived from renewable energy (annual)	¥170-680 million
Damage from flooding, power outages, etc.	Decline in gross profit from temporary store closures (per store per day)	¥2-4 million
	Decline in gross profit from service interruptions at centers (all centers per day)	¥80-120 million

Carbon tax price in developed countries: \$140t-CO₂ (less than 2°C scenario); 1\$=120-140 yen
 • Our CO₂ emissions: approx. 142,452t-CO₂/year (50% reduction compared to FY2013)
 • Electricity rates from renewable energy: prices ¥1-4/kWh higher (compared to electricity rates other than renewable energy)
 • Our electricity usage from renewable energy: 170,000MWh/year (renewable energy ratio of 30%)
 • Impact of damage from flooding, power outages, etc., is estimated based on total gross profit from stores and centers (assumed to be ±20%)

Providing Safe, High Value-Added Products and Services

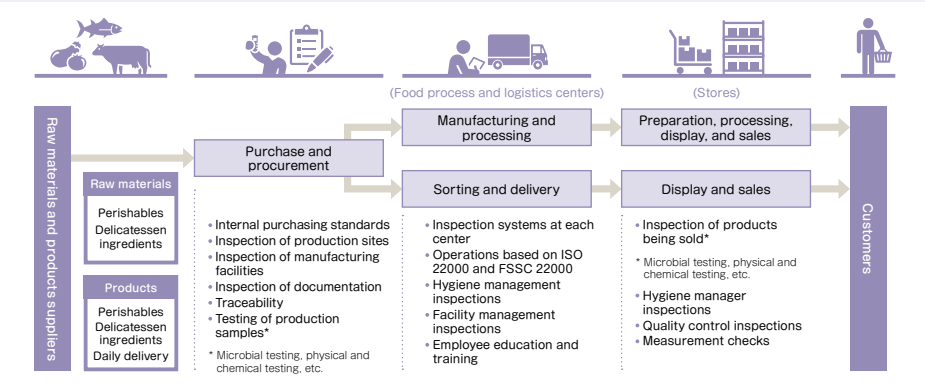


The supply of safe, secure, and high-quality products and services is fundamental to the food supermarket business and one of our highest priorities. To provide customers with safe and secure products, in our stores, we implement highly effective hygiene management and check freshness and expiration dates, using our hygiene management manual, which is based on the Hazard Analysis and Critical Control Point (HAACP) system. We are making an effort to eliminate the risk of food poisoning by strengthening our in-store hygiene management systems to ensure that all products manufactured comply with our in-house standards. In addition, we encourage not only Quality Assurance Department staff, but also buyers, food process center staff, and other related staff to become qualified as food labeling inspectors. All our employees have a strong awareness of quality management in order to provide customers with safe and secure products.

Ensure Safety and Security

Policy

Our efforts to supply safe and secure products to consumers are supported by a robust quality assurance system in the supply chain that links raw materials and products from suppliers to consumers. We make fresh and safe products by carrying out extensive quality control and hygiene management activities, and have established product inspection areas to maintain reliable quality.



FY2022 Initiatives and Results

At our Sakai Food Process Center (meat products), we newly obtained certification under ISO 22000, the international standard for food safety management systems. Together with ISO 22000 certification for Nanko Process Center, which processed at first marine products expanded the scope of its processing into agricultural and meat products, and ISO 22000 certification for the Kurihashi and Kazo food process centers as well as FSSC 22000 certification for the Funabashi and Tempozan food process centers, we maintain the highest possible level of quality management. Furthermore, by expanding the scope of use of eBASE, our database for raw materials and product information management with quality labeling creation capabilities, beyond our stores and into our food process centers, we further increased the accuracy of our data management.

Nanko Food Process Center (ISO 22000)



Sakai Food Process Center (ISO 22000)



FY2023 Action Plan (Ensure Safety and Security)

To provide safe and secure products, our Quality Assurance Department is strengthening safety confirmations during product development as well as in-store hygiene management at stores. At our food process centers, we are using successful case studies and measures for preventing the recurrence of incidents horizontally, and gathering knowledge on MAP packaging (a packaging method using gas to preserve freshness) and the frozen foods business to strengthen food safety management.

Additionally, while developing and securing the human resources that can handle diverse tasks, we are working to streamline operations by creating databases from new inspection data, etc.

Providing Safe, High Value-Added Products and Services

Promote Responsible Procurement

Policy

As our procurement policy, we work toward “fair, transparent, and appropriate transactions” that consider “quality, safety, and health,” “environmental preservation,” and “human rights and the labor environment.” Our expert buyers and the Quality Assurance Department verify that the products meet our standards. In addition, all private brand products are checked for ingredients, food additive data, raw material certificates of origin, etc. We also carry out inspections of manufacturing sites.



Internal audit at one of our food process centers

FY2022 Initiatives and Results (1)

Japan's Fisheries Agency launched “Fish Day” as a campaign to encourage both seafood consumption and sustainability. Marine resources are renewable resources that recover as part of the food chain if managed properly, and eating fish also leads to ensuring sustainable production-and-consumption patterns. During “Fish Day,” we increase our seafood offerings at each of our stores and recommend ways of cooking and eating seafood that meet our customers' desires.



FY2022 Initiatives and Results (2)

The Ministry of Agriculture, Forestry and Fisheries launched its “Smile Project for Milk” with the goal of contributing to the expanded consumption of milk and dairy products, stable supply, and the healthy eating habits of Japanese citizens. We pledged our support for this project, providing our “Smile LIFE Ajiwai Milk 1000ml” at an affordable price from November to December 2022 at stores in the Tokyo region.



FY2023 Action Plan (Promote Responsible Procurement)

The Products Departments will continue to engage in procurement that complies with laws, regulations, and social norms. They will also pursue evaluations and initiatives in cooperation with its business partners to ensure procurement that takes into account safety verification and health, as well as human rights and the labor environment.

BIO-RAL Business

FY2022 Initiatives and Results

BIO-RAL won the “31st Food Safety, Security and Environment Contribution Award” awarded by the JAPAN FOOD JOURNAL. The BIO-RAL concept includes four components: Organic, Local, Healthy, and Sustainability. By designing, preparing, and selling products that use as little pesticides, chemical fertilizers, food additives, etc., as possible, we aim to support the healthy living of people and realize an environment-friendly and sustainable world. Six stores currently operate using the BIO-RAL format, with BIO-RAL corners also available within LIFE stores.

➤ P.16 Promotion of BIO-RAL Business



FY2023 Action Plan (BIO-RAL Business)

In December 2020, private brand “BIO-RAL” products were born. The brand now has more than 250 products to its name. Furthermore, by aggressively expanding the BIO-RAL business, we will increase the trust of our customers. As a result, we will diversify ourselves from competitors and break away from the homogenous competition. We believe that one of the most fundamental parts of living a healthy and secure life is the food that we eat every day. We will continue to develop the BIO-RAL business with the goals of being kind to our planet and helping everyone to live healthy lives.

Contributing to Local Communities as Infrastructure for Everyday Life

Basic Philosophy



We see supermarkets as “infrastructure that supports food and lifestyle for local communities.” We are working to run stores stably and diversify shopping options that allow customers to have our products delivered without needing to physically visit our stores so that we can continue to provide local customers with daily necessities, especially safe and secure food products. Through our food supermarket business, we will also continue to engage actively in social contribution initiatives that help people to enjoy good health and fulfilling lives in their local communities.

Run Stores Stably

Policy

As a social infrastructure that supports people, we continue to work on our BCP measures while pursuing further logistics streamlining to continue realizing stable product supply into the future.

FY2022 Initiatives and Results

Four Tokyo region supermarkets, SUMMIT INC., The Maruetsu, Inc., Yaoko Co., Ltd. and LIFE Corp., have pledged to promote four initiatives to lead to logistics streamlining throughout the entire value chain to build and maintain sustainable food logistics for the future. They also established a “Tokyo region Supermarket Logistics Study group” to research further logistics streamlining with the cooperation of each company to fulfill our duty as an important part of the local social infrastructure.



FY2023 Action Plan (Run Stores Stably)

We will establish a sustainable, stable food supply system by pursuing research into logistics streamlining with the other member companies through the Tokyo region Supermarket Logistics Study group and by promoting proactive streamlining policies.

Diversify Shopping Options

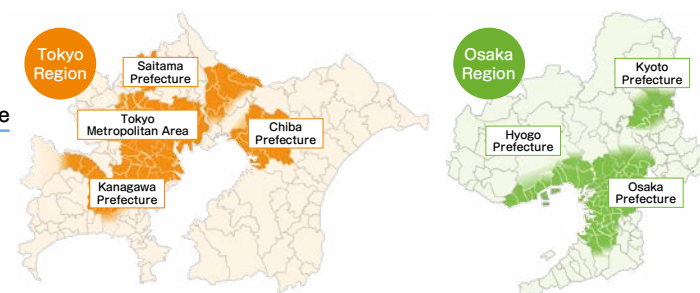
Policy

We are responding to growth in the number of dual-income households and demographic aging by diversifying our shopping options so that customers can have our products delivered without needing to physically visit our stores.

FY2022 Initiatives and Results

The number of stores able to receive online supermarket orders placed from customers' homes rose from 33 stores to a total of 99 stores in FY2022. Additionally, the service areas for Amazon-based online supermarket services expanded to include Tama, Hachioji, and Machida in Tokyo; Isogo Ward in Yokohama; Kusakabe and Koshigaya in Saitama Prefecture; Ichikawa and Funabashi in Chiba Prefecture; Mishima District in Osaka; and Kita Ward and Sakyo Ward in Kyoto. Moreover, to increase the convenience of our brick-and-mortar stores, we are implementing our “same-day home delivery service” for goods purchased at our stores.

In-House Online Supermarket Delivery Areas



FY2023 Action Plan (Diversify Shopping Options)

To achieve our target of ¥100 billion in net sales by FY2030, we are working to expand further the service areas of our online supermarket business and to improve our service level.

Contributing to Local Communities as Infrastructure for Everyday Life

Contribute to Local Communities

Policy

We contribute to local communities through our food supermarket business, conducting various activities for communities in the areas where our stores are located and stakeholders, such as “food education activities,” donating products to “children’s cafeterias,” and participating in local environmental events.

FY2022 Initiatives and Results (1)

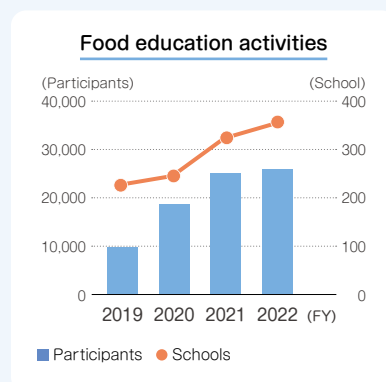
● Food education activities (store events)

Focused on regional elementary school students and kindergarteners, we hold food education activities in stores, schools, online, etc. In FY2022, we held food education activities at 353 schools that were attended by 25,949 people. At our store events, children participate together with their guardians. The contents of the food education included food groups of three colors (categorizing foods into “red, green, and yellow” based on the functions of the nutrients contained in each food), talks about food loss, as well as contents that can only be offered at the stores themselves such as shopping games on actual sales floors and tours of the backyard. Collaborations with manufacturers are also leading to an expansion in the contents of our courses. We will continue to inform as many local residents as possible about the importance of food.

FY2022 Initiatives and Results (2)

● Children’s cafeterias

We donate products at our stores for which the sell-by date has elapsed, but the use-by date has not, and products with damaged packaging as food products to children’s cafeterias. By providing food for free or at a reduced price to children who are underfed, the children’s cafeterias are becoming places for children to



gather and places for local community exchange. We plan to continue to implement the children’s cafeteria program and further expand the regions it supports to contribute to realizing a sustainable society.

FY2022 Initiatives and Results (3)

● Support for Ukraine

We are donating to the Ukrainian people who have fled as refugees to Kyoto and Osaka as part of our continued social contribution activities. The success of our contributions has been recognized with the City of Osaka presenting us with a letter of thanks for supporting Ukrainian evacuees in Osaka. We have donated everyday goods such as futons and other household essentials to help the refugees live safe and secure lives.



FY2022 Initiatives and Results (4)

● ORANGESANTA PROJECT®

We participated in the “ORANGESANTA PROJECT®,” one of the activities of the NPO “minatsunagi” (connecting everyone). This is an initiative to create happy Christmas memories for parents and children without the economic resources to do so. As part of the project, six of our stores in Adachi Ward, Tokyo gave Christmas dinners as presents to the children of 100 households in Adachi Ward.



FY2023 Action Plan (Contribute to Local Communities)

As a “community-based food supermarket,” we will continue to hold food education courses for elementary school students and kindergartners and to actively support children’s cafeterias.

We are also planning various other events including joint events with our manufacturers and reopening store tours. We will work to build connections among customers and stores and to become a store and company that is trusted by members of the community.

Creating a Motivating Workplace Environment Where Diverse Personnel Can Thrive

Basic Philosophy



We have over 50,000 full-time and part-time employees working at over 300 stores and centers across the Tokyo and Osaka regions. We believe that the diversity of individual employees and their ability to take the initiative in their work are essential to the achievement of sustainable growth. In Japan, where the workforce continues to shrink, labor shortages have become a chronic problem, particularly in the retail sector. We are responding to this situation by making efforts to create a motivating workplace environment to secure both the quality and quantity of personnel that we need to maintain our business activities.

We want to be a “company that helps improve every employee’s chances of achieving job satisfaction, at which diverse people succeed in a stress-free environment without being pressed for time.” This vision is reflected in our promotion of “diversity,” “health management,” and “human resource strategy.”

Diversity

Policy

We aim to be “a company that makes the most of its diverse personnel” by creating a working environment that ensures diversity including gender, nationality, age, etc. in which each employee can exercise their individual abilities and knowledge. As an organization to promote initiatives toward these goals, we have established the Diversity Promotion Office.



FY2022 Initiatives and Results

● Promoting active participation of women

To promote the active participation of women, we are expanding the range of departments and duties to which women are assigned and promoting staff who are working reduced hours due to childcare obligations to management positions. Led by the Office for Diversity Promotion, we are distributing guidebooks to improve understanding of the systems related to nursing care, childcare, etc., offering support measures for employees returning to work after childcare leave, including individual interviews and gatherings for staff who are working reduced hours due to childcare obligations, and the provision of training in preparation for a return to work. As of the end of FY2022, we had 162 female managers (9.4% of the total), and our FY2023 target is 180 (10% of the total).

● Promoting employment of people with disabilities

To promote the creation of a corporate culture in which people can support each other and play active roles regardless of disability, we actively conduct regular visits to various support schools, manage job experience programs at our workplaces, etc. As of the end of FY2022, 658 employees with disabilities (3.22% of the total workforce) were working with us.

● Promoting opportunities for mid-career hires

We employ a diverse array of people, regardless of age or gender, with specialist skills in our stores’ sales sections, product development at food process centers, store building design, certified public accountants, tax accountants, etc. As of the end of FY2022, mid-career hires made up 30.7% (531 employees) of our managerial positions.

● Promoting foreign employees

We employ foreign technical intern trainees from Thailand, Vietnam, Myanmar, and other countries at our food process centers and in some of our stores. As of the end of February 2022, 440 foreign technical intern trainees were working with us.

Number of Female Managers

Number of female managers
(including those responsible for the management of working hours)

End of FY2022	Target for FY2023
162 (9.4% of the total)	180 (10.0% of the total)

Number of female Store Managers, Section Managers, and above

End of FY2022

30
(5.1% of the total)

Number of female managers working reduced hours

End of FY2022

14

FY2023 Action Plan (Diversity)

- 1) Increasing the number of store management positions to create a system in which management staff can continue working even while providing childcare and nursing care
- 2) Further expanding the assignment of female employees to sales departments
- 3) Aggressively promoting excellent young employees to managerial positions and creating posts in which senior staff can utilize their experience

Creating a Motivating Workplace Environment Where Diverse Personnel Can Thrive

Health Management

Policy

We consider the health of our employees to be a vital management resource. We promote initiatives focused on health and safety management to maintain and enhance employees' health.

FY2022 Initiatives and Results

- Prevention of physical and mental health issues through regular health examinations and stress checks
- Provision of "specific health guidance" in collaboration with the LIFE Health Insurance Society
- Establishment of an "occupational physician consulting service" to address physical and mental health concerns, and a "mental and physical health helpline" in collaboration with the LIFE Health Insurance Society
- Establishment of a harassment helpline
- Development of a teleworking environment that allows people to work at any time and from any location

FY2023 Action Plan (Health Management)

- 1) Providing opportunities for health education to employees
- 2) Identifying mental health problems early and using public health nurses to resolve them
- 3) Revising the number of days of fixed annual leave from 115 days to 116 days
- 4) Evaluating health management that includes employees' families



Providing information on mental health



Awareness poster at the health consultation desk

Human Resource Strategy

Policy

We will secure the talent necessary for our growth by continuing to hire new graduates, while also actively recruiting mid-career personnel, people with disabilities, and non-Japanese workers whose experience, skills, and qualifications enable them to make an immediate impact.

To encourage diverse talent to play active roles regardless of personal qualities such as age, gender, or nationality, we have introduced a talent management system to ensure placements that allow employees to exercise their individual capabilities and to develop talent that facilitates the company's growth.

FY2022 Initiatives and Results

- Develop talent systematically and strategically through a cycle of recruitment, placement, training, and evaluation
- Transfers and placements based on personnel data, employee career development through human resource strategy meetings
- Operation of personnel evaluation cycle that leads to personal growth
- Use of internal recruitment system

FY2023 Action Plan (Human Resource Strategy)

- 1) Energize human resources through changes to the personnel systems, develop specialized personnel, update the system so that the right people can be placed in the right jobs regardless of age or years of experience, and connect to increased employee satisfaction
- 2) Provide educational opportunities that allow employees to learn anywhere at any time and promote reskilling through participation in external training, etc.



Dedicated website to apply for distance education





Corporate Officers (as of May 25, 2023)

Back
row

Haruhiko Yahagi

Outside
Director

Takashi Katayama

Outside
Director

Koji Shiono

Outside
Corporate Auditor

Kaoru Sueyoshi

Full-Time
Corporate Auditor

Mitsuo Maki

Outside
Corporate Auditor

Koichi Narita

Outside
Director

Front
row

Nobuyuki Kawai

Director & Managing
Executive Officer

Tomehisa Morishita

Director & Senior Managing
Executive Officer

Naoko Miyatake

Outside
Corporate Auditor

Takaharu Iwasaki

Representative Director
and President

Hiroko Kono





Outside
Director

Takashi Sumino














Director & Managing
Executive Officer

Corporate Officers

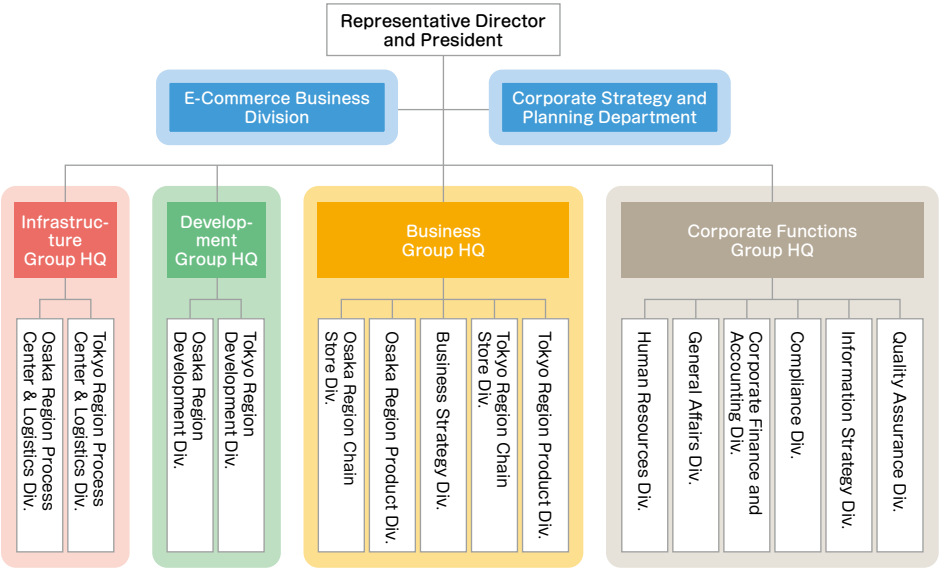
Directors and Corporate Auditors (as of May 25, 2023)

Group HQ	Name	Position(s) in the Company	Comments	Period
	Takaharu Iwasaki	Representative Director and President Group CEO of Business Group Headquarters and Development Group Headquarters	Experience at a general trading company/Insight about the distribution industry and the Company's overall management through serving as the President of the Company for 17 years since 2006	24 years
	Tomehisa Morishita	Director & Senior Managing Executive Officer Group CEO of Corporate Functions Group Headquarters, and COO of Information Strategy Division	Successfully served as head in various divisions including sales, systems, and corporate strategy and planning in the Company/Insight about the Company's overall management, administration, and business operation	9 years
	Takashi Sumino	Director & Managing Executive Officer Group CEO of Infrastructure Group Headquarters	Successfully served as head of sales division of the Company/Abundant operational knowledge, mainly in the sales division, as well as insight on the distribution industry and the Company's overall management	11 years
	Nobuyuki Kawai	Director & Managing Executive Officer Deputy Group CEO of Corporate Functions Group Headquarters, and COO of Corporate Finance and Accounting Division	Experience at the finance and accounting divisions in a general trading company/significant knowledge in finance and accounting and abundant knowledge in compliance	4 years
	Koichi Narita	Outside Director	Accomplishments as a corporate manager at an IT company, etc./High level of knowledge of business operations in IT solutions	5 years
	Haruhiko Yahagi	Outside Director	Long-term operational experience as a consultant in the environmental field for the retail industry/High level of knowledge in the retail industry and digital marketing	2 years
	Hiroko Kono	Outside Director	Operational experience with institutional investors/Performance and insight concerning school operations and human resource development through coaching	2 years
	Takashi Katayama	Outside Director	Performance as a corporate manager at a company that develops, manufactures, and sells system-related equipment/Knowledge related to logistics environment systems and overseas logistics	1 year
	Kaoru Sueyoshi	Full-Time Corporate Auditor	Experience in the finance and accounting departments of the Company/High level of knowledge in finance and accounting and well-versed in the Company's overall management	4 years
	Mitsuo Maki	Outside Corporate Auditor	Abundant experience as an attorney at law/Specialized legal knowledge	22 years
	Naoko Miyatake	Outside Corporate Auditor	Strong insight in human resource development, customer service, and quality control at a credit card company/Performance as a manager of a subsidiary of the same credit card company	4 years
	Koji Shiono	Outside Corporate Auditor	Abundant experience as a certified public tax accountant and operational experience at Japan's National Tax Agency/Expertise and high level of knowledge related to finance and accounting	0 years

Executive Officers (as of May 25, 2023)

Group HQ	Name	Position(s) in the Company
	Shinichiro Arai	Managing Executive Officer COO of Tokyo Region Product Division, and COO of Osaka Region Product Division
	Yoshiki Nakagawa	Senior Executive Officer COO of Osaka Region Development Division
	Kiyotaka Okazaki	Senior Executive Officer COO of Osaka Region Chain Store Division
	Hitoshi Umeki	Senior Executive Officer COO of Tokyo Region Development Division
	Noriaki Unno	Executive Officer COO of Tokyo Region Chain Store Division
	Yoshinori Ito	Executive Officer COO of Tokyo Region Process Center & Logistics Division
	Masanori Fukuoka	Executive Officer COO of Osaka Region Process Center & Logistics Division
	Masaki Hayashi	Executive Officer COO of General Affairs Division
	Yasuhiro Ishioka	Executive Officer COO of Compliance Division
	Kunihiko Nagasawa	Executive Officer COO of Human Resources Division
	Takashi Kato	Executive Officer COO of Business Strategy Division, General Manager of IT Strategy Department, and General Manager of Card Business Department
	Motonobu Matsunaga	Executive Officer Deputy COO of Osaka Region Product Division, and General Manager of Osaka Region Marine Products Department
	Masahisa Sekiguchi	Executive Officer Deputy COO of Tokyo Region Product Division, and General Manager of Tokyo Region Grocery Department
	Kazuo Kaneko	Executive Officer Deputy COO of Corporate Finance and Accounting Division, and General Manager of IR Department
	Makoto Yasuda	Executive Officer COO of E-Commerce Business Division
	Jun Adachi	Executive Officer General Manager of Corporate Strategy and Planning Department

Organizational Chart (as of May 26, 2023)



Messages from Outside Directors



I have strong expectations for the 7th Medium-Term Plan, which launched at the start of the new fiscal year.

In formulating the 7th Medium-Term Plan, discussions at off-site meetings by members of the Board of Directors acted as a broad outline, and the real discussions took place among the General Manager class who are candidates to become the next generation of corporate management. I believe that difficult-to-predict, rapid changes in the business environment will continue, which is why the Company laid out its vision for what we want to be in FY2030 first of all. The people who will act as the leaders during that period were at the center of the formulation of the plan as “OUR PLAN.” I believe that this sense of ownership will act as a strong driving force in the future.

I also believe that having the General Manager class that works diligently every day with a sense of frontline responsibility discuss the plan from a Company-wide perspective going beyond their

individual organization and envisioning FY2030 was significant in terms of developing top management.

To do away with preconceived notions, the Company held discussions on questions such as “What is the meaning of formulating a Medium-Term Plan in the age of VUCA where projections are not effective?” and “Why are we aiming for economic growth?” In terms of LIFE’s uniqueness, the Company held detailed discussions on questions such as “What are we doing differently from our competitors?” and “What are the essential elements of LIFE?” As a result of these discussions, each member was able to renew their understanding and share the importance of the Corporate Philosophy, Vision, the “LIFE Pledge,” and the “True to LIFE” Declaration.

The supermarket business is an exercise in teamwork. With “linking” as the keyword, I would like to see the Company grow both into a strong team and a team that even more stakeholders wish to support.



The speed of the evolution and spread of technology accelerated during the COVID-19 pandemic, and I expect no changes in this trend in the future. With a wide range of digital technologies now able to be used quickly and easily, corporate activities are becoming streamlined and more sophisticated, and many new growth opportunities are now available including offering services that previously were not possible. Additionally, as a supermarket with a community-based business, LIFE is required now more than ever to care for the global environment by reducing greenhouse gas emissions, plastic waste, and food waste, and to contribute to local communities as part of everyday infrastructure.

To respond to these kinds of demands from society, it is essential that the Company continues to be aware of and work to understand changes in the world. We should encourage viewpoints that are not limited to the Company’s internal perspective and are instead open to

the world by sharing this knowledge within the Company through various means of communication and meeting bodies, and through exchange with those outside of the Company. It is important for the stakeholders that the Company then considers those changes in light of the Corporate Philosophy and Vision, corporate culture, and beyond.

In the 7th Medium-Term Plan, LIFE will become a company that everyone says, “It’s my supermarket,” as a community-based supermarket, is one of the goals. This is a goal that is being pursued not only by LIFE in Japan, but also by some of the leading supermarkets throughout the world.

I would like the Company to see changes in the world as opportunities and use them to contribute to further strengthening the “True to LIFE” concept.

Messages from Outside Directors



Aiming to create corporate value through independent personnel and superior teamwork

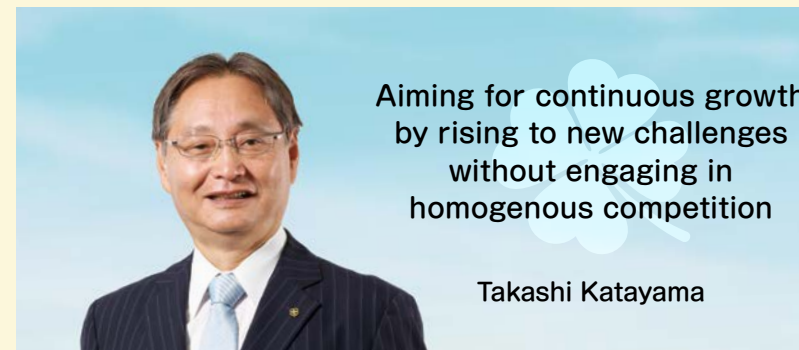
Hiroko Kono

In formulating the 7th Medium-Term Plan, the Company laid out its vision for what we want to be in FY2030 around the major themes of “investment in employees,” “breaking away from the homogenous competition,” and “contribute towards the realization of a sustainable and flourishing society.” Because the plan incorporates the broad direction provided by the Board of Directors as well as the collective intention of the frontline leaders, we can truly say that this is a Medium-Term Plan that is personal to Company employees.

One of the most important management resources in creating lasting value for the Company is its personnel, and personnel is listed as the first major theme in the Medium-Term Plan. Moreover, by valuing teamwork and direct communication while still ensuring highly controlled precise operations, the Company has built an open and productive organizational culture with an open atmosphere. I believe that this is one of LIFE’s strengths that is difficult to quantify.

As an outside Director, I would like to challenge myself to spread this organizational culture to every corner of LIFE and increase both the engagement and sense of leadership among all employees so that they feel in name and in substance that “I am playing the leading role.” Promoting the active participation of women is naturally part of this initiative, but the Company must also pursue diversity beyond that, and I would like use this mindset to contribute to the creation of a management personnel development program and other initiatives. Another issue is that the Company is not sharing enough information about “The corporate value created by the Company” either internally or externally.

The Company also formulated a new shareholder return policy. Going forward, while further clarifying the financial strategy that underpins LIFE’s management strategy, I would like to use my own knowledge to increase opportunities for dialogue with its investors.



Aiming for continuous growth by rising to new challenges without engaging in homogenous competition

Takashi Katayama

Entering the current fiscal year, there have been many significant events that will impact the future of Japan. The Nikkei Stock Average recorded a new high for the first time in 33 years since Japan’s economic bubble. An increase in wages, which have been flat for almost 30 years, and a corresponding increase in the Japanese economy are also expected. Additionally, we are now seeing the real application of generative AI. Considering these factors, the coming ten years are predicted to be a large turning point in Japan not experienced in the past 30 years in which the makeup of the country will change significantly. In addition to the sound macroeconomic development of Japan, there are rising expectations of being able to create a better social structure for the country.

In terms of wages, which require improvement compared to other countries, either increased productivity or improved labor share are necessary. Especially productivity, in other words added value, has only

increased slightly over these 30 years, and the lack of wage hikes is one large reason that Japan is falling behind other countries.

In the 7th Medium-Term Plan, which starts this fiscal year, the Company has established the goals of responding to the changes that will occur in the coming ten years, continuing to grow, and contributing to improved lifestyles. LIFE provides the food and clothing that are essential to life, and as expressed in the phrase “Feed the Nation” used by British retailers during the COVID-19 pandemic, we consider food retailers such as LIFE to be public institutions.

Continuing to rise to new challenges while not taking part in homogenous competition and not fearing failure is the key to increasing productivity. This is extremely important in continuing the growth necessary to realize improved lifestyles.

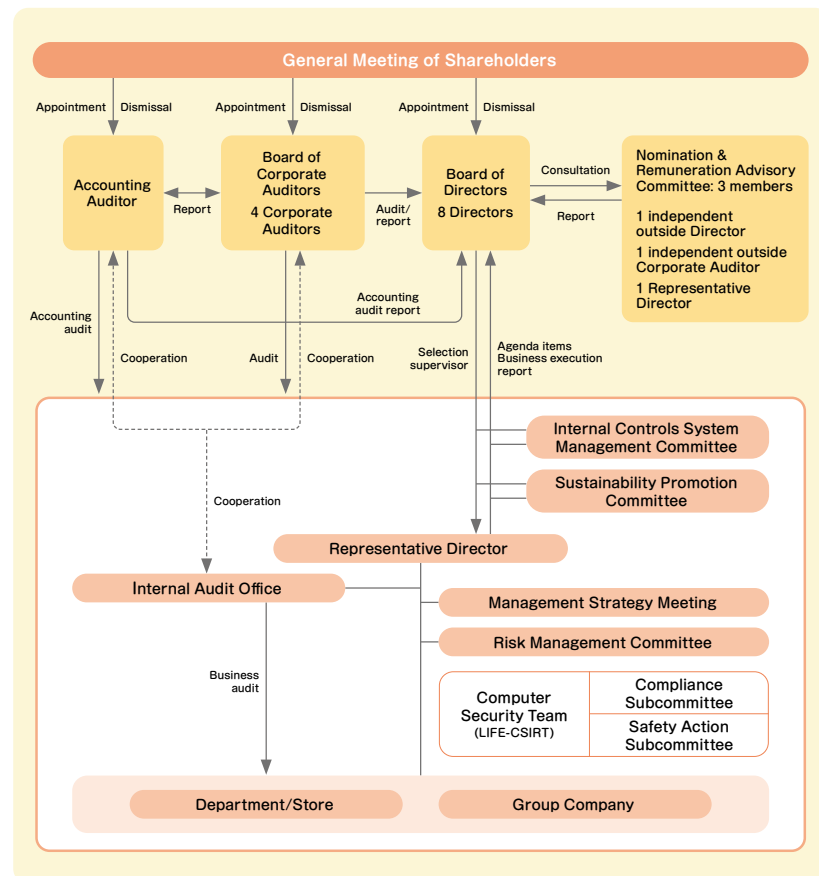
Corporate Governance

Basic Philosophy



Under the Corporate Philosophy, “through reliable management with noble aspirations, contribute towards the realization of a sustainable and flourishing society,” the LIFE Group ensures compliance and achieves sustainable company growth to enhance the Group’s contribution to society as a supermarket group trusted by all stakeholders. Because of this, the Group continuously strive to fulfill corporate governance to realize transparent, fair, swift, and bold decision-making.

Corporate Governance Structure (as of May 25, 2023)



Organizational Structure	Company with a Board of Corporate Auditors	Director term of office	One year
Directors	Eight (including four independent outside Directors)	Adoption of executive officer system	Yes
Chairman of the Board	Representative Director	Voluntary Advisory Committee of the Board of Directors	Nomination & Remuneration Advisory Committee
Corporate Auditors	Four (including three independent outside Corporate Auditors)	Accounting auditor	KPMG AZSA LLC

	Number of meetings	Total members	Internal officers	Outside officers	Chairman
Board of Directors (FY2022)	17	13	6	7	Representative Director
(Overview)	The number of Directors and Corporate Auditors who attend Board meetings is set at a level that will allow substantive discussions, taking into consideration various factors including the creation of an effective management structure as well as expertise and diversity.				
(Main agenda items)	<ul style="list-style-type: none"> • Management strategy (approval of 7th Medium-Term Plan, shareholder return policy, decision on key sales strategies/target values, etc.) • Sustainability (sustainability-related measures, response to TCFD recommendations and materiality, etc.) • Corporate governance (evaluation of the effectiveness of the Board of Directors and internal control systems, etc.), nomination/remuneration, and financial results/finances • Sales policies (new store openings, key sales policies, execution of subsidiary operations, etc.), and revision/abolition of key regulations 				

- **Nomination & Remuneration Advisory Committee:** This committee is comprised of three officers selected by a resolution of the Board of Directors, with a majority of members being independent outside Directors. To ensure the transparency and objectivity of discussions, the chairperson of this committee must be an independent outside Director. The committee held nine meetings in FY2022. Topics discussed at these meetings included the possibility of further improvements to the officer remuneration system, the appointment and dismissal of Directors, the appropriateness of remuneration levels, and the selection of Executive Officers. Results of deliberations were reported to the Board of Directors.
- **Internal Controls System Management Committee:** The role of this committee is to ensure appropriate governance by considering whether internal control systems are being administered properly, reporting the results of these deliberations to the Board of Directors, and proposing solutions to any issues.
- **Risk Management Committee:** This committee examines risks relating to the business activities of the Group, reports the results of its deliberations to the Board of Directors, and proposes courses of action. The committee manages the Computer Security Incident Response Team “LIFE-CSIRT,” a permanent unit created to help prevent incidents impacting the Group’s computer security, and to minimize the harm caused by any such incidents. The committee has also established the Compliance Subcommittee for developing a framework to promote compliance and monitor the status of compliance, and the Safety Action Subcommittee for developing a framework to improve quality centered on safety and security, and monitor the status of initiatives.

Corporate Governance

Response to Japan's
Corporate Governance Code

We are aiming to achieve sustainable growth and increase our corporate value over the medium to long term. These aims will be achieved by appropriately implementing each principle of the Corporate Governance Code, which was formulated by the Tokyo Stock Exchange (TSE) and summarizes the main principles that contribute to the realization of effective corporate governance.

In 2019, we established a Nomination & Remuneration Advisory Committee and introduced a performance-linked share remuneration plan for Directors. In 2021, having introduced support for evaluations of the Company through a third-party organization who evaluates the effectiveness of the Board of Directors, we have been making further headway in our response to the Code. For example, we have established a Sustainability Promotion Committee to address sustainability issues and disclosing the skills matrix of our Directors in 2022.

Furthermore, as of the General Meeting of Shareholders held in May 2023, the ratio of independent outside Directors was 50%.

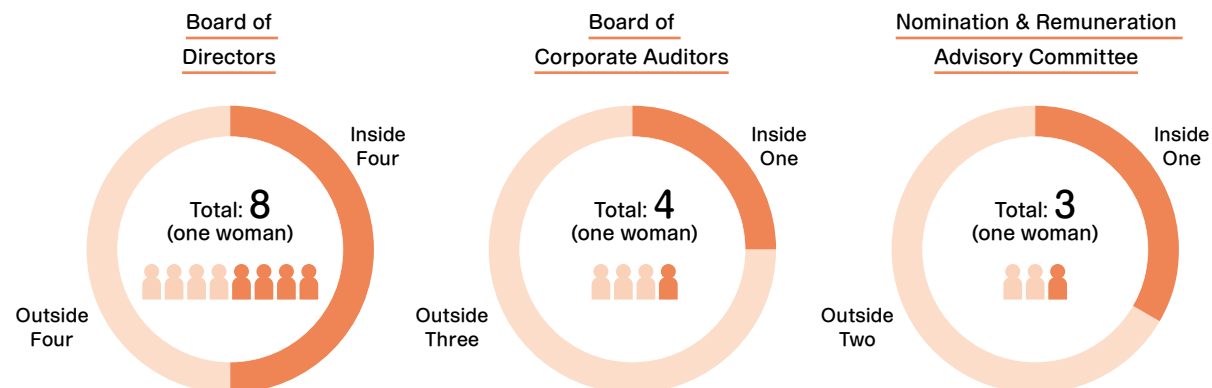
We appointed four outside Directors, who act independently from the executive team and bring outside insights to the activities of the Board of Directors, while the independent outside Directors oversee management from an objective viewpoint.

In the years to come, we will continue to promote the strengthening of governance required of a company listed on the Prime Market of the TSE.

Other information concerning these efforts is disclosed in our Corporate Governance Report.

 Please see our website for details

http://www.lifecorp.jp/company/info/corporate_governance/index.html (In Japanese)

Composition of the Board of Directors, Board of Corporate Auditors, and
Nomination & Remuneration Advisory Committee (as of May 25, 2023)

Directors' Skills Matrix

Name	Position(s) in the Company	Independent outside	Overall management	Sustainability and ESG	HR and labor	Finance and accounting	Legal and compliance	IT	Digital marketing	International experience	Sales	Logistics	Store development
Takaharu Iwasaki	Representative Director and President Member of the Nomination & Remuneration Advisory Committee		●	●						●	●		●
Tomehisa Morishita	Director & Senior Managing Executive Officer			●	●	●	●	●			●		
Takashi Sumino	Director & Managing Executive Officer										●	●	
Nobuyuki Kawai	Director & Managing Executive Officer			●	●	●	●			●			
Koichi Narita	Director Chairperson of the Nomination & Remuneration Advisory Committee	●	●	●	●		●	●		●	●	●	
Haruhiko Yahagi	Director	●		●				●	●	●			
Hiroko Kono	Director	●			●	●				●			
Takashi Katayama	Director	●	●					●		●			

Corporate Governance

Nomination Policy

The Nomination & Remuneration Advisory Committee, which receives consultation from the Board of Directors, deliberates on the officer candidates, and the Board of Directors determines the candidates based on the Committee’s report.

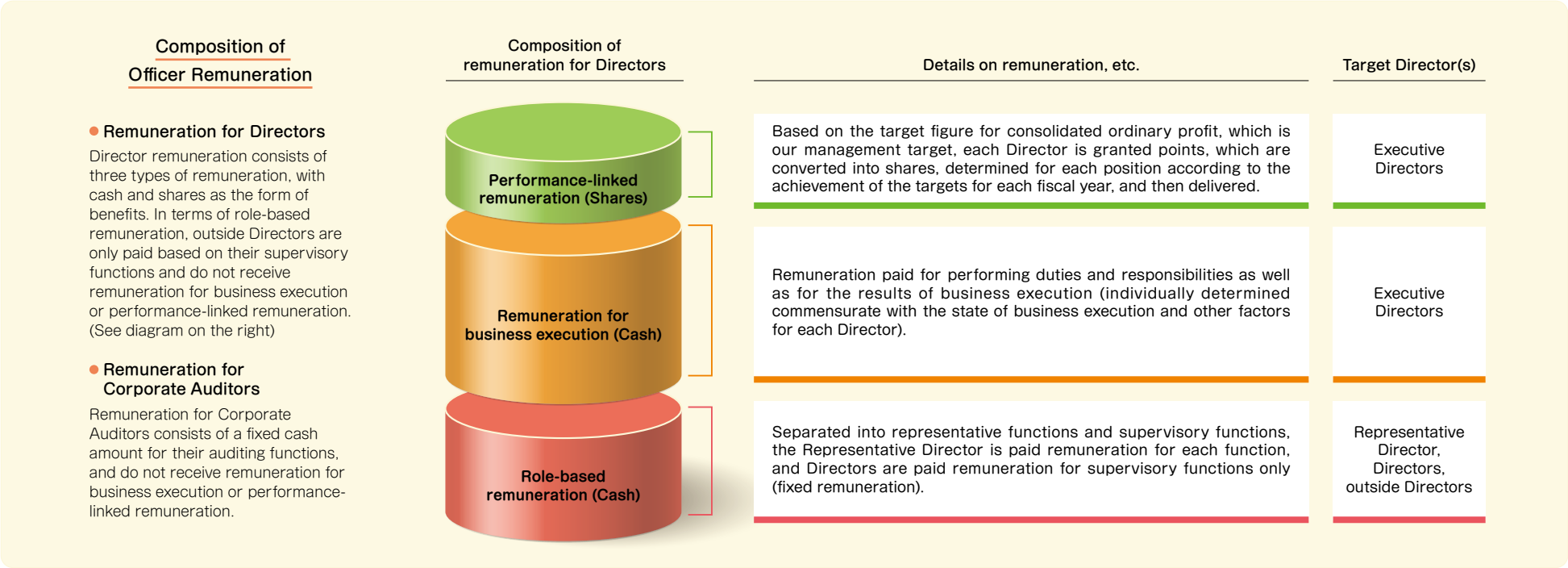
The requirements for officers are that they deeply share the Corporate Philosophy, possess excellent character and strong virtue, have rich knowledge and a wealth of experience, as well as the ability to perform fair and accurate business operations and management. We also require them to possess adaptability to address changes in the external environment, as well as objective decision-making ability, insight, and foresight.

In particular, outside Directors are required to possess a wealth of experience and expertise in specialized areas such as corporate management, industrial knowledge, finance/ accounting, crisis management, legal affairs, education, HR, and marketing, as well as provide objective management supervision and judgment, and advice and support for the sustainable growth of the Company.

Remuneration Policy

To increase the transparency and objectivity of Director remuneration, the Nomination & Remuneration Advisory Committee verifies the appropriateness of remuneration levels, remuneration components, performance-linked indicators, and performance-linked remuneration. The Committee consists of three members: A Representative Director, an independent outside Director, and an independent outside Corporate Auditor.

The basic policy for Directors' remuneration is to appropriately reflect the Company's performance and individual contribution in remuneration for each of the components described below, considering industry levels and the levels of similar sized companies with reference to survey results from external organizations. In addition, we have adopted performance-linked remuneration for the purpose of increasing the Directors’ motivation to contribute to improving medium- to long-term performance and increasing corporate value. Remuneration for outside Directors is comprised solely of role-based remuneration in light of their role and independence.



Corporate Governance

Evaluation of Board of Directors' Effectiveness

Basic Philosophy

Our basic philosophy is to implement the principle of our Corporate Governance Code, "the Board of Directors shall work to improve its capabilities by analyzing and evaluating its own overall effectiveness." As part of this philosophy, to continuously improve the effectiveness of the Board of Directors, we have been conducting effectiveness evaluations of all officers, including Corporate Auditors, once a year since FY2016. Since FY2021, to make the identification of issues smoother compared to using only our own resources, we have been conducting effectiveness evaluations that incorporate external perspectives and analysis by introducing support for evaluations of the Company from an external third-party organization. By having the Board of Directors analyze and evaluate its own effectiveness, identify issues for improvement, and formulate improvement plans, we are working to improve its effectiveness.

Evaluation Process

As part of our evaluation process, we implement a 40-question survey of all our officers including our Corporate Auditors on the effectiveness of the Board of Directors, incorporating the know-how of a third-party organization. To ensure that we obtain the frank opinions of our officers and objective analysis, responses are provided directly to the third party without going through the internal departments in charge, which also ensures anonymity. In FY2022, a report on the objective tabulation and analysis results from the questionnaire created by a third party was given to the Board of Directors for their review and discussion. Furthermore, at the Board of Directors' meeting held in March 2023, the Board of Directors engaged in analysis, issue recognition, and evaluation of the questionnaire results and deemed that its effectiveness is being ensured.

Evaluation Items

- Composition of Board of Directors
- Operation of Board of Directors
- Board of Directors' discussions
- Monitoring function of Board of Directors
- Inside Director performance
- Outside Director performance
- Support system for Directors and Corporate Auditors
- Officer training
- Dialogue with shareholders (investors)
- Individual efforts of Directors and Corporate Auditors

FY2022 Evaluation Results

[Issues and Initiatives in FY2021]

Issues

- Priority issues identified were those related to improvement of the themes, content, and quality of discussions at the Board of Directors' meetings.
- We confirmed the need for greater awareness of changes in the external environment, profitability, and capital efficiency, as well as for deeper discussions on initiatives and disclosure methods for increased sustainability.



Initiatives

- We held continuous deliberations and opinion exchanges on invigorating the Board of Directors, and each officer held discussions based on those contents.
- We held frank opinion exchanges through prior briefings to outside Directors and off-site meetings with officers.



[FY2022 Evaluation Results and Future Responses]

Evaluation Results

- Compared to FY2021, we made progress in our initiatives addressing previous issues. There was particularly significant improvement in our sustainability initiatives, with increased discussions on initiatives to reduce our environmental burden and CO₂ emissions.

(Issues from our evaluation results)

- More discussions to create greater awareness of capital efficiency.
- Setting non-financial targets to realize sustainable growth together with society.
- Continuous oversight and monitoring of the allocation of management resources starting with human capital and the implementation of our management strategy.
- Deepening discussions that incorporate the opinions of shareholders (investors) through IR.



Future Responses

- Working to further improve the quality of discussions to realize increased corporate value and the sustainable growth of the Company.
- Conducting discussions with an even greater awareness of the position of stakeholders starting with shareholders (investors).

Compliance

Organizational Framework Related to Compliance

Basic Philosophy

We have identified “development of an organization with high values and ethics” as one of our materialities. Specifically, we are working to realize this materiality through thorough compliance, the steady implementation of the LIFE Code of Conduct, employee training, and the creation of an appropriate internal reporting framework.

Organizational Framework

The Compliance Division is responsible for formulating and promoting policies, regulations, and measures related to compliance to ensure the entire LIFE Group, including affiliated companies, maintain sound business practices. We investigate compliance or potential breaches and formulate Group-wide measures to prevent recurrence of such breaches and conduct Group-wide education and training on compliance.

Additionally, under the Risk Management Committee, which examines risks related to our Group business operations, we have established the Compliance Subcommittee. The Compliance Subcommittee is responsible for developing a framework for promoting compliance based on our Corporate Philosophy, LIFE Code of Conduct, and the various regulations of Group companies, monitoring the progress of compliance promotion and making improvements to it.

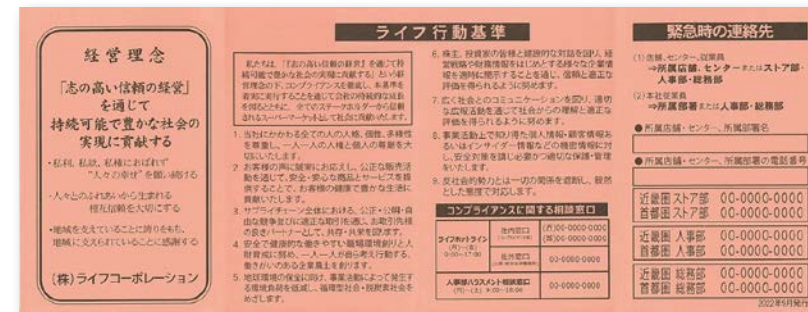
LIFE Code of Conduct

The LIFE Group has established its code of conduct as an embodiment of its Corporate Philosophy, in which it declares our intent to contribute to society by ensuring all employees share the same commitment to thorough compliance. (Please see P.40 for details)



Creating Awareness Among Employees

So that employees can always act with an awareness of our Corporate Philosophy and the LIFE Code of Conduct, we distribute a card with these printed to every employee so that they can review them as needed. We also work to make employees aware of our Compliance Framework and internal reporting system through our company newsletter and posters within the Company. Additionally, we provide various compliance trainings and work to create awareness of compliance among all our employees.



Internal Reporting System

Our internal reporting system consists of the LIFE Hotline and a point of contact within the HR department for harassment complaints. The LIFE Hotline has an internal point of contact (Compliance Department) and an external one (law firm) that deals with legal violations and violations of internal Company rules and regulations. The harassment desk within the HR department is established to enable reporting of harassment and issues related to the workplace environment. We are striving to enhance the effectiveness of the system by ensuring whistleblowers are not disadvantaged and by establishing an environment whereby employees can easily report issues and seek advice.



Compliance

Compliance Training

To raise employee awareness of compliance, we conduct compliance training through conferences and other meetings, in addition to regular training when new employees join the Company or when employees are promoted to store management positions, etc.

We have also rolled out systems to allow all employees to undertake training at any time by creating educational videos. Through these training opportunities, we are working to nurture a corporate culture with an emphasis on compliance.

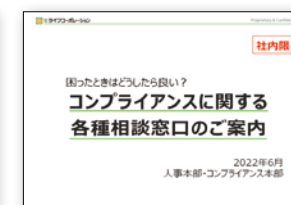
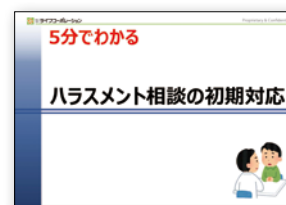
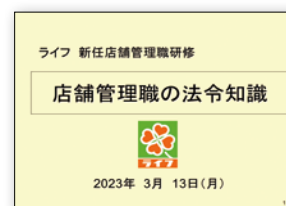
Main Compliance Training Sessions Held in FY2022

We hold regular compliance training for new managers and new employees, as well as compliance training for which we select highly important themes related to legal and regulatory revisions and changes in the business environment.

For our harassment training, we distributed training videos so that all our employees, including partners, would have access to training. Regarding the revisions to the operating standards for Japan's Subcontract Act, we took time to conduct training with all the buyers in our Product Division on the points to bear in mind when holding business discussions.

Name of training	Main contents	Trainees
New management training	Necessary legal and regulatory knowledge for managers	New managers
New employee compliance training	Introducing the operations of the Compliance Division and explaining compliance	New employees
Personal information training for stores	The handling of personal information at stores	Store employees
Harassment training	The initial response to harassment complaints, and information on power harassment	All employees
Compliance questionnaire	Compliance awareness questionnaire	Mid-career hires
Personal information training for specialized divisions	The handling of personal information at specialized departments	Specialized departments at headquarters
Price discount rule training	Explanation of the dual price display rules when discounting products	Store Support Department
Transactions with tax-exempt vendors using the invoice system	Points to bear in mind when reviewing transaction conditions with tax-exempt vendors	General Managers/ Section Managers of the product departments
Revisions to the operating standards for Japan's Subcontract Act (Antimonopoly Act)	Points to bear in mind accompanying stronger oversight of Japan's Subcontract Act (Antimonopoly Act)	General Managers/ Section Managers, Buyers of the product departments
Insider trading training	Knowledge on insider trading related to the allocation of restricted shares	Persons allocated restricted shares
Training for regular employees	Regulations accompanying revisions to Japan's Whistleblower Protection Act	Regular employees

*Examples of the training provided



Risk Management

Key Risks and Our Responses

The following are some of the risks that may affect the management, performance, and/or financial condition of the Group. Issues related to these risks are discussed at the Risk Management Committee, held twice every financial year, where the status of how we are responding to the proposed countermeasures is confirmed and reported to the Board of Directors.

Risk Factors	Specific Risks	Our Responses
Domestic market trends	<ul style="list-style-type: none"> Changes in the operating environment of food supermarkets in Japan, such as domestic economic trends, inflation, and competition 	<ul style="list-style-type: none"> Enhance our strengths and differentiate ourselves by pursuing the “True to LIFE” concept Pinpoint and understand changes in our operating environment by analyzing societal trends and customer sales data, and flexibly change our measures in response
Store expansion	<ul style="list-style-type: none"> Potential impact from a competitor opening a nearby store Rising construction costs, construction delays due to labor shortages, and higher rents 	<ul style="list-style-type: none"> Growth strategy by continuing to open stores in Tokyo and Osaka, Japan’s two major metropolitan areas Thorough research of competitor trends Store openings that enhance competitiveness, such as collaborative store openings in conjunction with other industries Proactive development in the online supermarket space to improve customer convenience Efforts to effectively introduce and use systems, comprehensively streamline store operations, and improve productivity to create a profit structure that can respond to increases in construction costs and rents
Food safety	<ul style="list-style-type: none"> Lost trust in products or additional costs incurred due to factors out of our control such as food poisoning, communicable diseases, or foreign bodies in food products 	<ul style="list-style-type: none"> Led by our Quality Assurance Department, we ensure that our product inspection system and store hygiene checks are thoroughly implemented Our Kurihashi, Nanko, and Kazo Food Process Centers have acquired ISO 22000 certification, and our Funabashi and Tempozan Food Process Centers have acquired FSSC 22000 certification (See P.47) Our store hygiene management complies with HACCP, and we have clarified product histories and strengthened food defense measures
Environment and climate change	<p>[Climate change risk]</p> <ul style="list-style-type: none"> Supply shortages due to poor harvests of agricultural produce, marine products, and meat products domestically or overseas, higher commodity prices, and rising energy consumption costs <p>[Environmental risk]</p> <ul style="list-style-type: none"> Increased store operating costs and energy procurement prices due to factors such as changes in environmental laws, tax systems and energy policies, as well as heightened societal demands <p>[Disaster risk]</p> <ul style="list-style-type: none"> Disasters causing more damage than expected to clients involved in the operation of stores, processing/logistics centers, information systems, online supermarkets, procurement, and logistics, etc. 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions by actively promoting transition to LED lighting and adoption of energy-saving and CFC-free fridges and freezers (See P.45) Work to reduce environmental impact and adopt low-cost energy sources in accordance with laws and regulations Make every effort to ensure stores remain open in the event of a disaster to fulfill our mission of providing infrastructure for everyday life while ensuring the safety and security of customers and employees as a highest priority Develop disaster response manuals, adopt in-house power generation facilities at processing and distribution centers, and establish a Company-wide system for supporting stores

Risk Management

Risk Factors	Specific Risks	Our Responses
Employment environment	<ul style="list-style-type: none"> Difficulty in securing necessary talent, rising labor costs 	<ul style="list-style-type: none"> Actively hire and train part-time workers, and intensify regular hiring of new graduates and mid-career hires Create a motivating workplace environment where employees want to work and diverse personnel can thrive (See P.51-52) Improve productivity by introducing and using systems to increase store operation efficiencies and enhance store work methods
Infectious diseases	<ul style="list-style-type: none"> Group sales activities significantly restricted due to an outbreak or epidemic Closure of stores and food process centers in the event of an outbreak among employees 	<ul style="list-style-type: none"> Development of response guidelines based on government policy, and thorough implementation of measures against infectious diseases by all employees
Information systems	<ul style="list-style-type: none"> Damage to facilities due to disasters or accidents, and system failures due to unauthorized intrusion of computer viruses or employee error 	<ul style="list-style-type: none"> Installation of critical equipment for core systems in areas less susceptible to damage Outsourcing of operational management to enable 24/7 monitoring
Compliance	<ul style="list-style-type: none"> Risk of incurring additional costs such as loss of public trust and/or compensation for damages in the event of a scandal or violation of laws or regulations 	<ul style="list-style-type: none"> Promotion of compliance management and implementation of education and training Establishment of points of contact for whistleblowing both internally and for clients to work toward early detection and prevention of misconduct, corruption, or illegal or dishonest practices (See P.61 for details on the internal reporting system)
Leaking of personal information	<ul style="list-style-type: none"> Leaking of personal information related to customers, clients, and employees held by the Company due to human error in management or unauthorized external access 	<ul style="list-style-type: none"> Development of a management system and establishment of personal information management rules and administrative procedures, based on the Act on the Protection of Personal Information Establishment of LIFE-CSIRT as an organization to strengthen information security Constantly check for system problems and establishment of a system that can respond rapidly in an emergency
Interest rates and financial market trends	<ul style="list-style-type: none"> As of February 28, 2023, we have interest-bearing liabilities of ¥74.1 billion, and depending on future trends in interest rates and financial markets, there are risks of increases in funding costs and difficulties in raising funds 	<ul style="list-style-type: none"> Ongoing work to manage interest-bearing liabilities Take measures such as borrowing at fixed interest rates to reduce the risk of interest rates increases
Impairment of fixed assets	<ul style="list-style-type: none"> Possibility of incurring impairment losses by holding a significant amount of fixed assets, and it is determined that investment cannot be expected to be recovered within a certain period of time due to changes in the economic environment or competitive conditions 	<ul style="list-style-type: none"> Regularly check store profit (loss) status to identify signs of impairment Implement targeted profit improvement measures for stores with declining profitability
Statutory, regulatory, and systemic changes	<p>[Tax reforms]</p> <ul style="list-style-type: none"> Negative impact on consumer spending expected if consumption tax rate is raised again Systemic changes like the abolition of reduced tax rate causing increased burden for having to switch systems <p>[Other legal regulations]</p> <ul style="list-style-type: none"> New costs incurred due to responding to food safety management updates, revisions to laws and regulations such as the Labor Standards Act, changes to health insurance premium rates, and changes in traditional business practices 	<ul style="list-style-type: none"> Appropriately respond to tax system changes and tax reduction measures that may apply to the Company Work to develop systems that are as simple and low-cost as possible in response to tax reforms Appropriately respond to revisions to various laws

Key Consolidated Financial and Non-Financial Data

(millions of yen)

	FY2012	FY2013	FY2014	FY2015*1	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022*2
Profit (loss)											
Operating revenue	519,941	534,923	584,984	629,986	652,974	677,746	698,693	714,684	759,146	768,335	765,426
Operating profit	7,402	7,634	10,872	12,831	12,664	12,094	12,285	13,879	27,388	22,932	19,148
Ordinary profit	7,308	7,702	11,010	12,982	12,834	12,550	12,831	14,558	28,156	23,695	20,015
Profit	2,968	3,798	5,213	7,923	8,110	6,555	7,401	7,834	17,824	15,208	13,327
Capital expenditures	20,316	21,603	27,231	27,032	19,083	20,568	33,997	19,867	29,256	22,848	24,225
Depreciation and amortization	7,942	8,276	8,833	10,316	11,373	12,055	12,639	12,715	13,110	14,061	14,966
Financial position											
Total assets	176,542	186,079	205,743	211,533	222,421	227,552	246,812	262,053	268,307	270,229	280,810
Net assets	52,864	55,380	52,453	57,843	63,276	69,271	75,340	81,360	97,560	110,299	122,002
Equity ratio (%)	29.9	29.8	25.5	27.3	28.4	30.4	30.5	31.0	36.4	40.8	43.4
Interest-bearing liabilities balance	64,348	68,071	52,539	79,975	78,536	78,208	90,204	59,148	42,760	69,108	74,170
Cash flows											
Cash flows from operating activities	11,301	16,908	51,355	(7,688)	17,565	16,952	18,235	54,898	41,747	(7,926)	23,899
Cash flows from investing activities	(15,354)	(16,121)	(18,861)	(22,891)	(14,343)	(18,045)	(27,799)	(16,067)	(20,587)	(20,303)	(23,839)
Cash flows from financing activities	558	637	(25,623)	25,932	(3,886)	(2,551)	9,375	(33,521)	(19,029)	22,695	(142)
Cash and cash equivalents at end of period	7,403	8,828	15,699	11,051	11,336	7,692	7,503	12,813	14,943	9,409	9,327

*1 Figures for FY2015 are non-consolidated figures as there were no consolidated companies in the Group.

*2 Accounting Standard for Revenue Recognition applied from FY2022 (figures prior to FY2022 are before application).

Key Consolidated Financial and Non-Financial Data

	FY2012	FY2013	FY2014	FY2015* ¹	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022* ²
Per share financial data											
Net profit per share (yen)	56.78	72.52	107.92	169.24	173.23	140.03	157.91	167.17	380.32	324.50	284.35
Net assets per share (yen)	1,008.64	1,060.89	1,120.35	1,235.47	1,351.55	1,477.96	1,607.47	1,735.94	2,081.61	2,353.44	2,599.79
Dividend per share (yen)	25.00	25.00	25.00	30.00	30.00	30.00	30.00	40.00	50.00	70.00	70.00
Management indicators											
Return on equity (ROE) (%)	5.8	7.0	9.7	14.5	13.6	9.9	10.2	10.0	19.9	14.6	11.5
Ratio of ordinary profit to total assets (ROA) (%)	4.2	4.2	5.6	6.2	5.9	5.6	5.4	5.7	10.6	8.8	7.3
Return on invested capital (ROIC)	4.1	3.9	5.7	6.0	5.7	6.2	5.6	6.3	11.5	8.9	7.4
Price earnings ratio (PER) (times)	22.4	20.2	16.4	14.3	19.1	20.1	15.7	14.1	8.3	9.4	9.7
Price book-value ratio (PBR) (times)	1.3	1.4	1.6	2.0	2.5	1.9	1.5	1.4	1.5	1.3	1.1
Other											
Total number of issued shares at the end of the period (thousand shares)	53,450	53,450	53,450	53,450	53,450	53,450	53,450	53,450	53,450	49,450	49,450
Total number of employees* ³	20,356	21,002	22,487	24,313	25,064	26,099	27,512	28,159	29,489	30,819	31,645
Number of new stores	11	14	9	11	9	7	10	8	8	8	11
Number of stores at the end of the period	231	239	245	256	264	266	270	275	280	285	296
Sales floor area at the end of the period (thousand m ²)	589	605	621	644	660	662	669	675	676	668	690

*1 Figures for FY2015 are non-consolidated figures as there were no consolidated companies in the Group.

*2 Accounting Standard for Revenue Recognition applied from FY2022 (figures prior to FY2022 are before application).

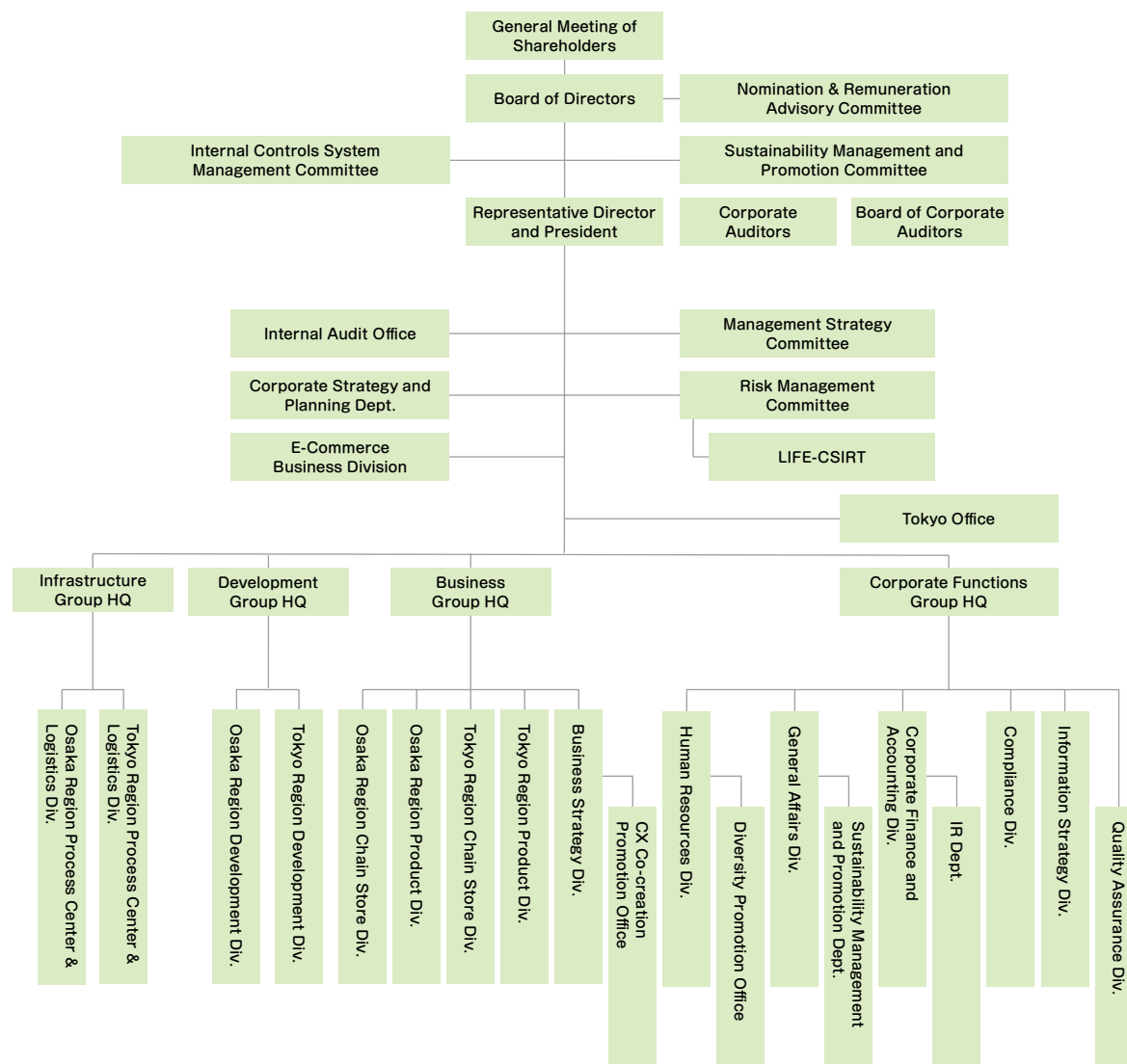
*3 Of the total number of employees, the average number of part-timers employed per year is calculated based on eight hours per day.

Corporate Information (as of February 28, 2023)

Company Overview

Company name	LIFE CORPORATION
Founded	1910 (first LIFE store opened in 1961)
Established	October 24, 1956
Head office and regional headquarters	[Head Office] 3-6-2 Nihonbashi Honcho, Chuo-ku, Tokyo <small>*Head office moved to 2-2-22 Nishimiyahara, Yodogawa-ku, Osaka, as of May 27, 2023.</small>
	[Osaka Headquarters] 2-2-22 Nishimiyahara, Yodogawa-ku, Osaka
	[Tokyo Headquarters] 1-2-16 Taito, Taito-ku, Tokyo
Capital	¥10,004 million
Fiscal year	From March 1 every year to end of February of the following year
Accounting auditor	KPMG AZSA LLC
Main business	Supermarket chain
Companies subject to consolidated financial statements	1
Number of stores	296
Number of employees	31,260 (consolidated)
Website	http://www.lifecorp.jp/ (Japanese)

Organizational Chart

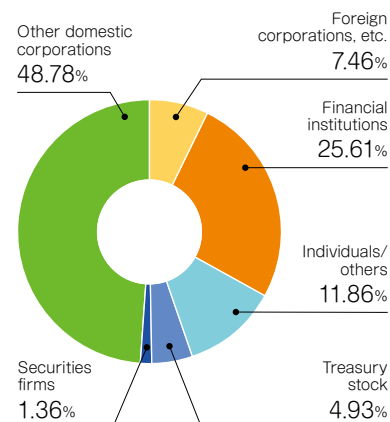


Stock Information (as of February 28, 2023)

Company Shares

Total number of authorized shares	120,000,000 shares
Total number of issued shares	49,450,800 shares (2,438,486 shares of treasury stock)
Number of shareholders	7,676
Number of shares per trading unit	100 shares
Stock exchange listing	Prime Market of the Tokyo Stock Exchange
Securities code	8194
Shareholder register agent	Sumitomo Mitsui Trust Bank 1-4-1 Marunouchi, Chiyoda-ku, Tokyo


Share Distribution by Shareholder Type



Major Shareholders

Name	Number of shares held	Shareholding ratio
Mitsubishi Corporation	10,562,500	22.5%
Seishin Kosan Corporation	5,382,000	11.4%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,238,500	6.9%
Life Sports Foundation	3,229,200	6.9%
Life Mutual Prosperity Association	2,322,212	4.9%
Sumitomo Mitsui Trust Bank, Limited	2,264,000	4.8%
The Norinchukin Bank	2,100,276	4.5%
Custody Bank of Japan, Ltd. (Trust Account)	1,104,200	2.3%
SUMITOMO LIFE INSURANCE COMPANY	737,000	1.6%
Nobutsugu Shimizu	701,400	1.5%

Note: The shareholding ratio is calculated after deducting treasury shares (2,438,486 shares). The treasury shares do not include 84,300 shares of the Company held by Custody Bank of Japan, Ltd. as trust assets for the "Trust for Delivering Shares to Directors."




About LALAPI

LALAPI is a Happy fairy, who is said to make everyone happy.


Name	LALAPI
Hometown	LIFE Island
Birthday	April 28 (Four-leaf Clover Day)
Character	<ul style="list-style-type: none"> Soft, cuddly and comforts everyone Always smiling and making everyone around happy
Favorite food	Mini croissants baked in the LIFE's bread corner "Komugi no Sato."

Our endearing and long-loved character LALAPI was created by the character designer Atsuko Nishida, who designed the famous Pokémon character Pikachu, to make LIFE a more attractive place to shop for many customers. We decided on LALAPI's design and name through an employee ballot.


To learn more about LALAPI, scan the QR codes below.*
LALAPI is waiting!



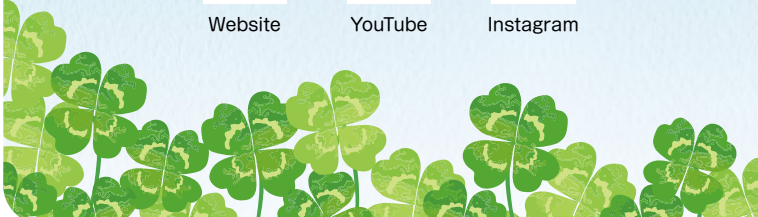
Website



YouTube



Instagram



*Written in Japanese



LIFE CORPORATION

