Toward Realization of Circular Society



Background

As we face the globally challenging issue of environmental problems caused by the conventional "linear economy" based on mass production and mass disposal, the Group has positioned as one of its new materiality issues the "promotion of circular economy" that maximizes the value of resources and products.

Goals (commitments)

We will create innovative business models for the purpose of generating new environmental value, and acquire a competitive advantage in a circular economy, working together with suppliers and customers.

Targets/KPIs for FY2023

- Amount of waste (incl. food) down 14% (from FY2019)
- Amount of goods collected via ECOFF recycling 1,500 tons
- Recycling of used products & their reproduction in partnership with suppliers and customers
- Entry into new businesses such as sharing economy and upcycling in collaboration with suppliers

Major actions in FY2020

- Reduction in & recycling of store food waste, initiatives to reduce food loss
- Reduction in packaging materials by charging for plastic bags
- Collection, reuse, recycling of clothing through ECOFF blitz
- Fashion subscription service launched
- Floor gathering shops for clothing repair, shoe cleaning, specialist secondhand dealers (Shibuya PARCO)

Build circular economy business models toward a sustainable future

A circular economy is an economic system in which we use natural resources and products efficiently and cyclically, minimize the generation of waste, and commercialize such practices. The concept of a circular economy emerged in Europe in 2015. It has spread globally as an economic system, replacing conventional "linear economy" that is based on mass production and mass disposal.

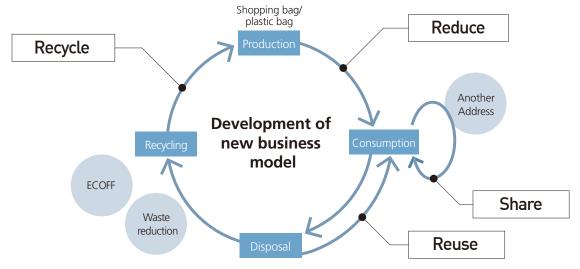
To date, the Group has been engaged in activities associated with the 3 Rs* that constitute part of the circular economy. Daimaru Matsuzakaya Department Stores is undertaking an "ECOFF" campaign in which we collect clothing, bags, shoes, etc. disused by customers at storefronts, recycling and reusing them to reduce environmental burden. In the campaign, we give customers "shopping support tickets"

in proportion to the number of goods collected. We have had many customers participate in this cyclical shopping and recycling drive, which allows them to shop at a discount.

On the other hand, the Group believes it important to acquire new business opportunities at the same time as reducing the environmental burden, in order to further evolve the 3 Rs initiative and eventually realize a circular economy. Daimaru Matsuzakaya Department Stores launched a fashion subscription service dubbed "AnotherADdress" in March 2021. "AnotherADdress" is a service seeking to evolve into a highly sustainable business model in social and environmental terms by giving priority to the essential value and sustainability initiatives of fashion.

The Group will strive to establish business models, taking advantage of its strengths and take on the challenge of developing new businesses with a view to realizing a circular society.

Schematic overview of the Group's initiatives for circular economy



^{*}The 3 Rs stand for Reduce, Reuse and Recycle.