Aiming for Net Zero by 2050

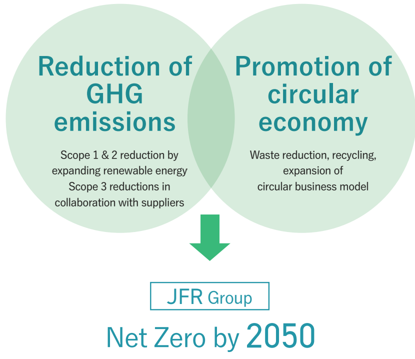
In recent years, climate change has progressed to an extremely serious level, endangering not only future generations but all people, including all of us alive today. We recognize that climate change will have a significant impact on the sustainability and future growth of our business.

For the Company, addressing climate change is a key issue in our sustainability management. We are taking measures to achieve net-zero*1 greenhouse gas emissions across our entire value chain by 2050, while identifying and addressing associated risks and opportunities.

Direction of Initiatives Toward Net Zero

To achieve net zero by 2050, our Group will focus on two main initiatives: "Reduction of GHG emissions" and "Promotion of a circular economy."

Specifically, we will reduce Scope 1 and 2 GHG emissions (hereinafter referred to as "Scope 1 and 2 emissions") through rigorous energy conservation and expanded use of renewable energy in our stores, and the reduction of Scope 3 GHG emissions (hereinafter referred to as "Scope 3 emissions") through collaboration with our suppliers and customers, while also promoting resource recycling through initiatives such as strengthening the 3Rs*2 and expanding circular business models.



Early Achievement of 2030 Targets and Establishment of New Goals

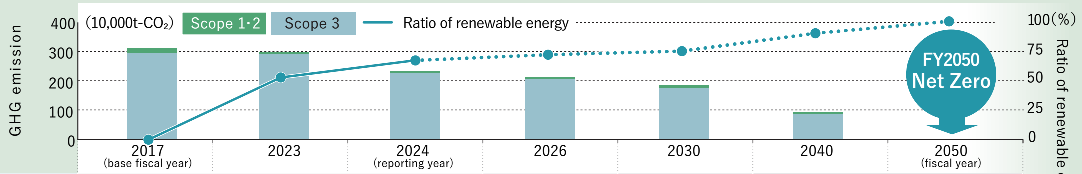
We believe that setting ambitious medium and long-term reduction targets and developing a roadmap to achieve them is necessary to promote climate change countermeasures across the Group. Based on this approach, we obtained certification through the Science Based Targets (SBT) initiative*3 in 2019 for our Scope 1, 2, and 3 greenhouse gas emission reduction targets. In 2021, we raised our 2030 Scope 1 and 2 emissions reduction target from the previous 40% to 60% (compared with FY2017 levels), and re-obtained SBT certification as aligned with the "1.5°C target." Furthermore, in February 2023, we obtained SBT certification for our overall "net zero target" for Scope 1, 2, and 3 emissions by 2050.

Target year	Targets with SBT certification	
2050	•Scope 1, 2, and 3 GHG emissions reach net zero	
2030	•60% reduction of Scope 1 and 2 GHG emissions (vs. FY2017) → •40% reduction of Scope 3 GHG emissions (vs. FY2017)	New higher target 73% reduction

Furthermore, by the end of February 2025, we had already achieved our 2030 target of a 60% reduction in Scope 1 and 2 emissions ahead of schedule, reaching a 65.4% reduction. As a result, we have raised our 2030 reduction target to 73% and will continue to advance our initiatives going forward.

*1. Achieving net zero means thoroughly reducing greenhouse gas emissions and offsetting the remaining emissions by deducting removals such as forest absorption or CCS (carbon capture and storage).
*2. 3Rs stand for Reduce, Reuse, and Recycle.
*3. The Science Based Targets initiative was established jointly in 2014 by CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to enable companies to set ambitious emission reduction targets in line with the latest climate science.

JFR Group's FY2050 Net Zero Transition Plan



Phase	Results (FY2017-2024)			Short term (until FY2026)	Medium term (until FY2030)	Long term (until FY2050)	
	2017	2023	2024	2026	2030	2040	2050
Scope 1 and 2 (vs. FY2017)	194,154 t-CO_2	57.4% reduction	65.4% reduction	70% reduction	73% reduction	80% reduction	Net zero
Scope 3 (vs. FY2017)	2,927,320 t-CO_2	1.0% reduction	23.2% reduction	—	40% reduction	—	Net zero
Ratio of renewable energy	0%	52.9%	67.2%	72%	75%	90%	100%

Key initiatives
- ① Continuation and strengthening of energy-saving measures to reduce Scope 1, 2, and 3 emissions
- ② Expansion of renewable energy transition to reduce Scope 2 emissions
- 100% renewable energy use for all stores (2040)
- 100% renewable energy use for all facilities, including of ces (2050)
- ③ Collaboration with business partners and promotion of the circular economy to reduce Scope 3 emissions
- Utilization of next-generation fuels (hydrogen, ammonia, etc.)
- Forestry activities and utilization of offsets

Investment performance
FY2024 Investment of 62 billion yen

Financing
May 2021 – May 2026 Sustainability bond: 150 billion yen
May 2025 – May 2030 Sustainability Bond: 200 billion yen

Participation in initiatives
- 2019: SBT Certification (below2°C)
- 2020: Joined RE100
- 2021: Obtained SBT certi cation (1.5°C)
- 2022: Obtained SBT Net Zero certification
- 2023: Joined the TNFD Forum
- 2024: Registered as a TNFD Adopter

As of May 2025. This plan is subject to revision based on future business strategies.

Major Environmental Initiatives

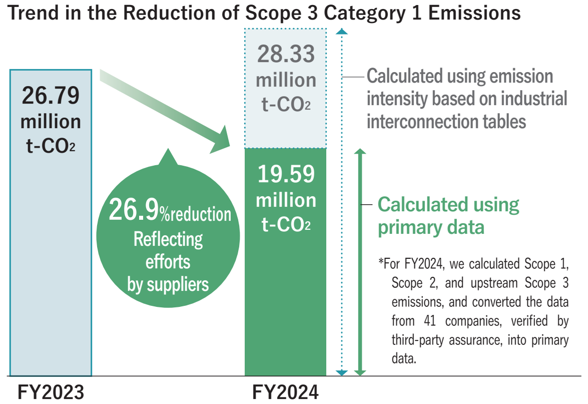
Supply Chain Engagement for Scope 3 Reductions

More than 87% of our Scope 3 emissions fall under Category 1 (Purchased Goods and Services), making it challenging to reduce them through our efforts alone. Therefore, collaborative reduction measures across the entire value chain are necessary.

At our core operating company, Daimaru Matsuzakaya Department Stores, we have engaged in dialogue with suppliers based on their circumstances, including initiatives such as "calculating emissions," "setting reduction targets," and "requesting the provision of primary data related to emissions (Scope 1, 2, and upstream Scope 3)." In FY2024, we incorporated data from 41 companies as primary data for our calculations, resulting in a 26.9% reduction in Category 1 emissions compared with FY2023.

To further enhance the efficiency and pace of these efforts, we switched to a new environmental data calculation system in March 2025. By leveraging this system and strengthening collaboration with our business partners, we will further advance our initiatives for Scope 3 emission reductions.

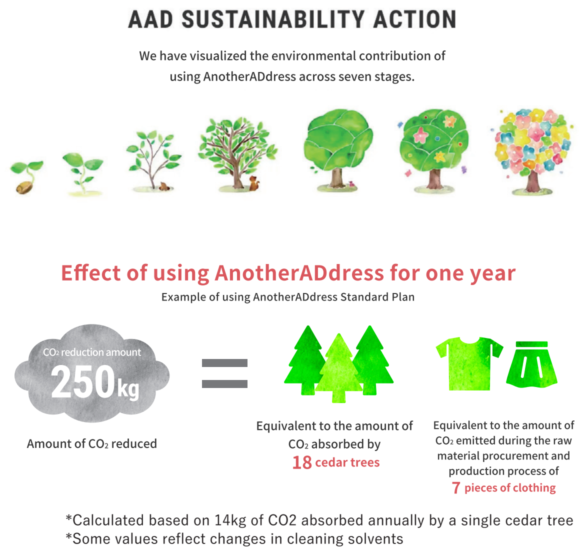
Trend in the Reduction of Scope 3 Category 1 Emissions



Visualizing environmental contributions through carbon footprints

Daimaru Matsuzakaya Department Store's fashion subscription service, "AnotherADdress," has collaborated with BiSUS Co., Ltd. to quantify GHG emissions associated with renting a single clothing item once. Through the use of AnotherADdress, customers can naturally accumulate action points while enjoying fashion. These points allow customers to understand their individual contributions to reducing greenhouse gas emissions at different stages via the initiative called "AAD Sustainability Action."

Special website
▶ https://www.anotheraddress.jp/
(In Japanese only)



Other initiatives and investment results for FY2024

	FY2024 initiatives		Investment amount
① Energy conservation	Expansion of switching to LED for in-store lighting	•Number of LED units installed: Approx. 13,200 units (Cumulative total: 202,900 units, 82.5% of total)	121 million yen
	Electrifying the corporate fleet	•Number of EVs purchased: 7 units (Cumulative total: 184 units, 49.6% of fleet)	106 million yen
	Introduction of energy-saving, highly efficient equipment	•Renovation of elevators and escalators	2,174 million yen
② Expansion of renewable energy	Expanding the shift of stores and offices to renewable energy	•Amount of renewable energy purchased: 197,734 MWh	3,819 million yen
③-1 Promotion of circular economy	Expansion of circular business such as sharing and up-cycling	•Clothing circulation project "roop" selected for the Ministry of the Environment's FY2024 Deco-Katsu Program •Launch of "MEGRUS" reuse business (March 2025)	
③-2 Waste reduction	Reducing the amount of waste disposal and improvement of recycling rate	•Food recycling rate: 88.3% for FY2024 •Recycling of waste cooking oil into domestically produced SAF: Implemented in 9 stores (as of the end of FY2024) (approx. 74.4% of the total waste oil generated by Daimaru Matsuzakaya Department Stores)	
③-3 Scope 3 reduction	Conducting dialogues and seminars with suppliers to obtain GHG emission data	•Number of visits to suppliers: 121 •Agreement on primary data collection: cumulative total 72 companies •Start of calculations using FY2024 primary data	

Information Disclosure Based on TCFD/TNFD Recommendations

In May 2019, the Company endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Furthermore, in November 2023, we endorsed the principles of the Taskforce on Nature-related Financial Disclosures (TNFD), joined the TNFD Forum, and registered as a TNFD Adopter in October 2024. Based on the frameworks for both recommendations, the Company discloses information in line with the four categories of "governance, risk management, strategy, and metrics and targets." Additionally, we will continue to work toward comprehensive solutions, recognizing that climate change and biodiversity loss are inseparable issues.

Governance TCFD TNFD

We promote sustainability management across the entire Group by reflecting in our business strategy our response to significant environment-related issues (including climate and nature-related risks and opportunities) that are highly relevant to our business, as well as initiatives that contribute to resolving these issues. These issues are deliberated and approved by the Group Management Meeting, the highest decision-making body for business execution. Furthermore, the Sustainability Committee, which meets at least twice a year, shares the policies on environmental issues deliberated and approved by the Group Management Meeting, formulates action plans to address issues within the Group, and monitors the progress.

The President and Representative Executive Officer chairs the Group Management Meeting as well as the Risk Management Committee and the Sustainability Committee, which are both advisory panels under his direct control. The President thus bears final responsibility for management decisions related to environmental issues, including environmental issues.

The Board of Directors (meets monthly) receives reports on the activities of the Sustainability Committee and matters deliberated and approved by the Group Management Meeting, then supervises target setting, policies, and action plans.

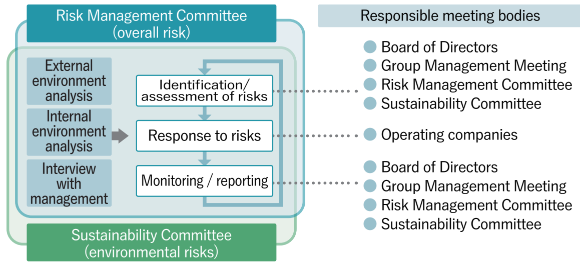
In selecting candidates for the Board of Directors, the Company uses a skills matrix to clarify the expertise and experience expected of directors. One skill category is "Environment." By appointing directors who can appropriately supervise specific action plans, conduct regular reviews, and monitor the progress of initiatives for continual improvement of environmental plans, including the setting of medium- to long-term targets, we are enhancing the effectiveness of our efforts to address environmental issues.

Risk Management TCFD TNFD

The Group positions risk to be the starting point of our strategy and defines it as "uncertainty that affects the achievement of corporate management goals and has both positive and negative aspects." We believe that when appropriately addressed, risk will lead to sustainable growth. Recognizing that risk management is critically important to corporate management, we have established a Risk Management Committee (meets three times a year) to manage all risks, including environmental risks, in an integrated company-wide manner.

The Company discusses environmental risks and opportunities in greater detail within the Sustainability Committee and shares the outcomes with each operating company. They then incorporate environmental initiatives into their action plans, which are deliberated in meetings chaired by the respective company presidents to monitor progress.

JFR Group management process for risks and opportunities



Strategy TCFD

The Company considers it important to examine climate-related risks and opportunities at the appropriate milestone occasions because of the potential impact on our business activities over the long term. Accordingly, the Company has positioned the implementation period of the Medium-term Business Plan up to FY2026 as the short term; the period up to FY2030, which is the short-term target year set by SBTi, as the medium term; and the period to FY2050, which is the SBTi net zero target year, as the long term.

The Company conducts scenario analysis on an annual basis to understand the risks and opportunities that climate change poses to our Group, assess their impact, and examine the resilience of our strategies under the assumed conditions of FY2030. This also enables us to consider whether additional measures are necessary to strengthen our response.

For the analysis, we referenced multiple existing scenarios announced by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and then considered the two scenarios shown in the table below.

Explanation of the scenarios used in the analysis for FY2025

Existing scenarios referenced		Assumed global scenario	Target business
Estimated temperature rise: Below 1.5°C/2°C			Retail, Developer
Transition	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2024)	Climate-related policies and regulations are being strengthened, with the world aiming to achieve the Paris Agreement's goal of "keeping the global average temperature rise well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C." •Introduction of a carbon tax •Promotion and expansion of renewable energy •Increased interest in environmentally friendly products	
Physical	"Representative Concentration Pathways (RCP8.5)" (IPCC、2014)		
Estimated temperature rise: Below 4°C			
Transition	"Stated Policy Scenario (STEPS)" (IEA、2024)	No new climate-related policies or regulations are introduced, and greenhouse gas emissions continue at the current pace, leading to climate change (average temperature rise to 2.6°C to 4.8°C). •Increase in severe nature disasters •Rise in sea levels •Loss of biodiversity	
Physical	"Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)		

The Company assessed the significance of the identified climate-related risks and opportunities based on two criteria: "importance to the Group (degree of impact × urgency)" and "importance to stakeholders." For items evaluated to be of particular high importance, we assessed the financial impact of two scenarios, a 1.5° C/less than 2 ° C scenario and a 4° C scenario, from both quantitative and qualitative perspectives for FY2030, and developed countermeasures for each scenario. For risks and opportunities where it was difficult to obtain the information necessary for quantitative assessment, we conducted a qualitative evaluation and expressed the results in three levels using directional arrows to indicate the magnitude of impact.

Climate change risks and opportunities of particular importance to the JFR Group and their financial impact

↑ : Impact on JFR Group's business and finances expected to be very large
↗ : Impact on JFR Group's business and finances expected to be somewhat large
→ : Impact on JFR Group's business and finances expected to be negligible

Types of climate-related risks and opportunities		Time of emergence: Short-term	Medium-term	Long-term	Climate-related risks and opportunities of particular importance to the JFR Group	Financial impact in 2030: Below 1.5° C/2° C scenario	4°C scenario	Measures
Risks	Transition risks	●	●		•Increase in costs associated with introduction of carbon tax, etc.	Approx. ¥1,100 million*1	Approx. ¥1,000 million*1	•Reduction of GHG emissions through aggressive energy conservation in stores and expansion of renewable energy switching to achieve the 2050 net zero target
		●	●	●	•Increase in costs associated with the development of properties with high environmental performance and the installation of equipment	↑	↑	•Financing through Green Bonds, etc. •Introduction of cost-effective equipment
		●	●	●	•Increase in investment for introduction of high-efficiency, energy-saving equipment	↗	↗	•Use of internal carbon pricing •Review of cost-effective facilities and planned investment
		●	●		•Increase in renewable energy procurement costs due to increased demand for electricity derived from renewable energy	Approx. ¥800 million*2	Approx. ¥400 million*2	•Use of internal carbon pricing •Reduction of procurement risks and mid- to long-term costs through diversification of renewable energy procurement methods •Improvement of energy self-sufficiency through installation of renewable energy equipment in the company's facilities, etc.
	Physical risks	●	●		•Decrease in revenue due to store closures caused by natural disasters	Approx. ¥5,200 million*3	Approx. ¥10,300 million*3	•Increased resilience of stores and business sites through BCP preparation •Improvement of disaster prevention performance of stores
Opportunities	Energy sources	●	●	●	•Decrease in energy procurement costs due to introduction of high-efficiency, energy-saving equipment	Approx. ¥500 million※4		•Timely upgrades to high-efficiency, energy-saving equipment
	Products and services	●	●		•Expansion of revenue through decarbonization of the entire value chain and acquisition of business opportunities by providing environmentally friendly products and services in collaboration with business partners, including new value co-creation partners	↑	↗	•Expansion of environmentally friendly products and services handled •Recycling of waste cooking oil as domestically produced SAF •Hosting supplier briefings •Calculating GHG emissions, setting reduction targets, requesting primary data on emissions, and other collaborative efforts with suppliers toward decarbonization
	Market	●	●	●	•Expansion of new growth opportunities through new entry into the circular business •Expansion of profits through acquisition of new customers by proposing sustainable lifestyles	↑	↗	•Expansion of circular businesses such as sharing, upcycling, and reuse, including the fashion subscription service "AnotherADdress" •Launch of "MEGRÜS" reuse business
		●	●	●	•Expansion of profits due to increased opportunities to acquire new tenants through conversion to stores with high environmental value	Approx. ¥1,100 million※5	—	•Acquisition of environmental certification for newly developed properties (ZEB, CASBEE, etc.) •Promotion of energy conservation in stores toward realization of RE100

(**Calculation basis for the quantitative financial impact projected for FY2030**)
*1. Calculated by multiplying JFR Group's projected Scope 1 and 2 GHG emissions in FY2030 by the carbon price per t- CO_2.
*2. Calculated by multiplying the JFR Group's electricity consumption in FY2030 by the price per kWh of electricity derived from renewable energy compared to the regular electricity rate.
*3. Calculated by multiplying the amount of lost sales due to store closures caused by past natural disasters by the projected frequency of future flooding.
*4. Calculated by multiplying energy procurement costs by the projected amount of energy savings by the JFR Group in FY2030.
*5. Calculated by multiplying the JFR Group's projected real estate revenues in FY2030 by the projected rate of change in new contract conclusion fees for buildings with environmental certification.

Summary of Resilience

Based on the assumed scenarios, we have analyzed the impact of climate change and examined our countermeasures, confirming that the measures the Group has already implemented and planned are effective and flexible enough to reduce risks and contribute to the realization of opportunities under any of the scenarios. We will continue to work to enhance the resilience of our management.

We will systematically and steadily implement measures to mitigate financial risks associated with increased costs due to the introduction of carbon taxes and other policies, as well as the impact of natural disasters on revenues. Additionally, we will leverage our Group's unique strengths in sharing, upcycling, and reuse businesses to promote circular economy initiatives that contribute to the growth of our group and the realization of a decarbonized society. By addressing risks and opportunities, we aim to enhance the resilience of our management.

Metrics & Targets TCFD

The Company has established two key metrics for managing climate-related risks and opportunities: Scope 1, 2 and 3 GHG emissions, and the ratio of renewable energy to total electricity used in business activities.

＊Please see Page 71 for the targets.

JFR Group's Scope 1, 2, and 3 GHG emission results
(Unit: t --CO_2)

		FY2017 Actual*1	FY2023 Actual*1	FY2024 Actual*1	FY2024 Compared with FY2017 (base year)
Scope 1 emissions		16,052	14,021	14,430	-10.1 %
Scope 2 emissions	(market-based)	178,102	68,736	52,695	-70.4 %
	(location-based)	184,047	142,935	136,692	-25.7 %
Scope 1 and 2 emissions total*2		194,154	82,757	67,125	-65.4 %
Scope 3 emissions		2,927,320	2,898,436	2,247,051	-23.2 %
Scope 1, 2 and 3 emissions total*2		3,121,474	2,981,193	2,314,176	-25.9 %
Renewable energy ratio (%)		–	52.9	67.2	–

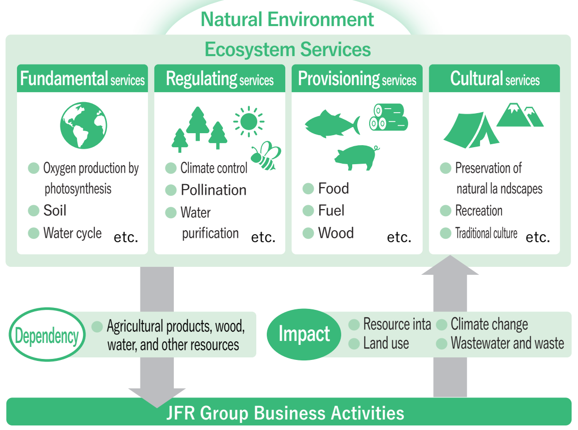
*1. Obtained third-party assurance from LRQA Limited.
*2. Scope 2 emissions used in the total are calculated with market-based data.

Strategy TNFD

As a retailer with its main business in department stores and shopping centers, the JFR Group is in contact with a wide range of stakeholders, including suppliers, customers, and local communities. We will leverage these connections to promote nature-positive initiatives through our business, such as procuring environmentally friendly products, proposing lifestyles that are conscious of coexistence with nature, and developing highly environmentally efficient retail spaces.

The Group's business is dependent on the many blessings of nature (ecosystem services), including agricultural products, livestock, marine products, wood, and water in addition to soil, forests, and seasonal weather. That said, our business activities also impact the natural environment in various ways, such as GHG emissions, waste emissions, and wastewater. We recognize the importance of understanding and responding to the relationship between our business activities and the natural environment—specifically their dependencies and impacts on each other.

Relationship between business activities and ecosystem services



Evaluating Nature-related Issues based on the LEAP* Approach

The LEAP Approach is an TNFD recommended, integrated process for assessing nature-related issues, including contact points with nature, evaluating dependencies and impacts, and assessing risks and opportunities.

In FY2023, the Group's main operating company, Daimaru Matsuzakaya, used the LEAP approach to identify and assess nature-related issues (dependencies/impacts, risks/opportunities) at its 15 department stores throughout Japan.

※*1. LEAP: stands for Locate, Evaluate, Assess, Prepare

① Outward appearance of dependencies and impacts

We created a heat map based on "ENCORE" (a TNFD recommended tool for identifying nature-related dependencies and impacts) to understand the dependence and impact of the department store business on nature across the entire value chain, as well as the degree of such dependence and impact. We then confirmed the degree of dependence and impact on natural capital in direct operations (store operations and store development) and upstream in the value chain (procurement).

Dependency Heatmap

Business	Value chain	Sector	Provisioning services: Textiles and other materials	Provisioning services: Surface water	Provisioning services: Groundwater	Regulating services: Pollination mediation	Soil quality	Water quantity regulation	Water quality	Mass flow mitigation	Climate regulation	Controlling spread of disease	Flood and storm control	Landform stabilization and erosion control	Control spread of pests
Department store operations	Direct operations	Store operations												L	
		Store development		H	M								VL	L	
	Upstream (procurement)	Apparel	M	VH	VH			M	L				M	L	
		Household goods		M	M			M	L		VL		M	VL	
		Agricultural products	M	H	VH	H	H	H	H	H	H	H	VH	VH	H
		Livestock products	VH	VH	VH	VL	H	M	M	L	M	M	M	L	L
		Marine products	VH	M	VL		VL	H	H	M	H	M	H	H	M
		Paper products	M	VH	VH			M			VL				
		Store development		H	M								VL	L	

Impact Heatmap

Business	Value chain	Sector	Land/freshwater/ocean-use change: Use of terrestrial ecosystem	Use of freshwater ecosystem	Use of marine ecosystem	Pollution/depollution: Air pollution	Soil pollution	Water pollution	Waste	Resource usage: Water usage	Climate change: GHG emissions
Department store operations	Direct operations	Store operations				M	H	H	M	H	
		Store development	VH			M	M	M	H		H
	Upstream (procurement)	Apparel	H			H	M	M	M	VH	
		Household goods				M	H	H	H	H	H
		Agricultural products	VH	VH			H	H		VH	
		Livestock products	VH				M	M		VH	H
		Marine products		VH	H		H	H			
		Paper products				M	H	H		VH	
		Store development	VH			M	M	M	H		H

VH Very High　H High　M Medium　L Low　VL Very Low

② Identification of stores to access for risks and opportunities

We used several tools, including the Risk Filter Suite (a WWF tool for analyzing risk in ecosystems and water) and Aqueduct (a WRI water risk analysis tool), to assess the state of ecosystems surrounding our stores. Additionally, we conducted a materiality evaluation using our own standards such as ownership of land and buildings, and scale of sales. As a result, we identified the Daimaru Shinsaibashi store as of particularly importance for biodiversity preservation.

③ Sorting out factors behind dependencies and impacts on nature

We sorted out factors related to the business activities of the Daimaru Shinsaibashi store, focusing on store development, clothing and food products, and packaging materials, which involve major dependencies and impacts on ecosystem services in the value chain.

④ Assessment of risks and opportunities, preparation of countermeasures

Based on the review of dependencies and impacts on ecosystem services at the Daimaru Shinsaibashi store sorted out in steps ① to ③, we identified and assessed nature-related risks and opportunities that impact our business activities and considered actions to address them.

We also qualitatively assessed impacts on business activities based on two criteria—importance to the Company and importance to stakeholders—and rated the impact on a three-point scale (major, moderate, minor).

Item			Description of risk/opportunity	Impact	Description of activities
Risk	Physical	Acute	•Decrease in profits due to store closures caused by increasingly frequent extreme weather events and natural disasters	Major	•Increased resilience of stores and business sites through BCP preparation •Improvement of disaster prevention performance of stores
		Chronic	•Increase in energy costs associated with global warming	Moderate	•Timely replacement of existing equipment with highefficiency energy-saving equipment
			•Instability of profits due to decrease in the number of agricultural and marine products offered caused by crop failures, poor quality, and lower yields •Decrease in store traffic and changes in sales items due to global warming and changes in rainfall patterns	Moderate	•Discussion and strategy development for procurement risks of important food ingredients
	Transition	Policy and regulation	•Increase in costs due to stronger regulations on GHG emissions	Moderate	•Reduction of GHG emissions through aggressive energy conservation measures in stores and expansion of renewable energy switching
		Market	•Difficulty in store development (including exteriors, interiors, additions, and reconstruction) and an increase in constructionrelated costs due to shortages of construction material	Minor	•Expanded use of wood from forest thinning in Japan
			•Decrease in profits due to inability to meet rising consumer demand for sustainable products	Major	•Expanded handling of certified products and other environmentally friendly products •Transition to FSC-certified and other environmentally friendly packaging materials •Promotion of smart wrapping and simplified packaging
		Reputation	•Loss of reputation due to insufficient procurement of products manufactured using sustainable methods	Moderate	•Expanded handling of certified products •Smart delivery (reduce the number of deliveries)
			•Reputation damage due to an increase in waste or improper disposal of waste	Moderate	•Introduction of AI demand forecasting service to reduce food waste •Compost community activities by employees to reduce food waste •Proper response to the Plastic Resource Circulation Act
Opportunity	Resource efficiency		•Decrease in costs associated with more efficient water use	Minor	•Use of rainwater, gray water •Use of water-saving equipment
	Products and services		•Increase in property value of buildings due to real estate development based on sustainable material procurement and reduced energy consumption	Major	•Promotion of procurement rules and acquisition of certifications (e.g. CASBEE, ZEB), and broad promotion of accomplishments
			•Increase in profits associated with increase in handling of certified products/products manufactured using sustainable methods	Major	•Expanded handling of certified products •Raising awareness and educating customers about certified products
	Market		•Sustaining/maintaining store operations through mitigation of violent storms, typhoons, etc.	Major	•Environmental improvement to enjoy ecosystem services (e.g. creating rules after ascertaining location, vegetation, climatology)
			•Increase in customer traffic due to real estate development and store operation (land use) focused on biodiversity and landscape	Moderate	•Rooftop greening, rooftop urban beekeeping
			•Growth of profits through acquisition of new customers by promoting a sustainable lifestyle that emphasizes resource circulation	Moderate	•Expansion of circular businesses such as sharing and upcycling, including the fashion subscription service "AnotherADdress" •Launch of "MEGRUS" reuse business
	Capital flow and financing		•Increase in financing ability due to higher environmental value of buildings	Major	•Acquisition of environmental certifications for newly developed properties •Financing through Green Bonds, etc.
	Reputation		•Improvement in reputation by providing rooftop gardens and other rest areas	Moderate	•Rooftop greening, rooftop urban beekeeping
			•Improvement in reputation by promoting a circular business model	Moderate	•Establishment of partnerships with other companies to recycle waste plastic and food waste (e.g. POOL Project, Made-in-Japan SAF Project)
	Ecosystem preservation, restoration, and regeneration		•Decrease in compliance costs by improving traceability of products (especially risk commodities)	Minor	•Strengthening engagement with suppliers, for example through assessments
	Sustainable use of natural resources		•Improvement of store brand value associated with decrease in paper product usage and increase in alternative material usage	Minor	•Switchover to FSC-certified and other environmentally friendly packaging materials •Going paperless

Metrics & Targets TNFD

The Company recognizes that climate change and the loss of biodiversity are inseparable issues. To achieve comprehensive solutions to both, we have established metrics and targets to efficiently circulate resources and advance our initiatives accordingly.

Going forward, we will review the priorities of our initiatives and expand their scope. At the same time, we will engage in active communication, such as conducting biodiversity assessments targeting key suppliers, to enhance the effectiveness of our efforts toward a nature-positive approach. We will also strive to expand the range of the environmentally friendly products we handle so that our customers can contribute to the environment by purchasing our products and services.

Metrics and targets used by the JFR Group to manage nature-related risks and opportunities

Metrics	Target year	Target
GHG emissions	2050	Scope 1, 2, 3 Net zero GHG emissions[*1]
	2030	73% reduction of Scope 1, 2 GHG emissions (vs. FY2017)[※2] Aim for 40% reduction of Scope 3 GHG emissions (vs. FY2017)[※3]
Ratio of renewable energy used	2050	100%[※4]
	2040	90%[※4]
	2030	75%[※4]
Food recycling rate	2030	85%[※4]
Development of environmentally friendly products	2030	Expand transaction volume of environmentally friendly products, including certified products
Percentage of newly developed properties with environmental certification	2030	100%

*1. Obtained SBT certification in FY2022 for net zero targets
*2. Obtained SBT certification in FY2021 for the "1.5°C target" (60% reduction vs. FY2017 before the target was revised)
*3. Obtained SBT certification in FY2021 for "1.5°C target"
*4. Joined RE100 in 2020

*Details are disclosed in the TCFD/TNFD Report. ▶ https://www.j-front-retailing.com/english/ir/library/sustainability.html

Human Rights

In recent years, there has been growing concern over human rights issues such as forced labor and discrimination occurring within global supply chains. Companies are expected to conduct business activities that respect human rights. In line with the 'UN Guiding Principles on Business and Human Rights,' our company places respect for human rights as the foundation of all our business activities. We are committed to continuously engaging in human rights due diligence and aim to realize business practices that respect human rights in collaboration with our suppliers.

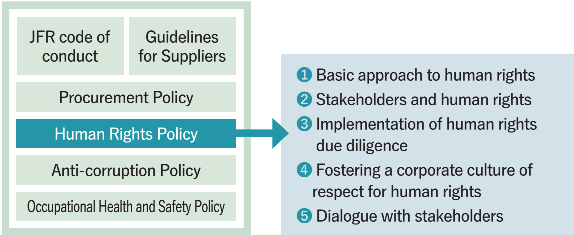
Governance

Human Rights Policy

In 2019, the Company established the "JFR Principles of Action" and the "JFR Principles of Action for Suppliers" as compliance guidelines to fulfill our social responsibilities together with our employees and suppliers. We have defined our "Human Rights Policy" within these guidelines. The policy is based on international human rights frameworks* and outlines our commitment to respecting human rights in our business activities, with the aim of building a responsible supply chain.

*"International Bill of Human Rights," "Guiding Principles on Business and Human Rights," "The ILO Declaration on Fundamental Principles and Rights at Work," "The Ten Principles of the UN Global Compact"

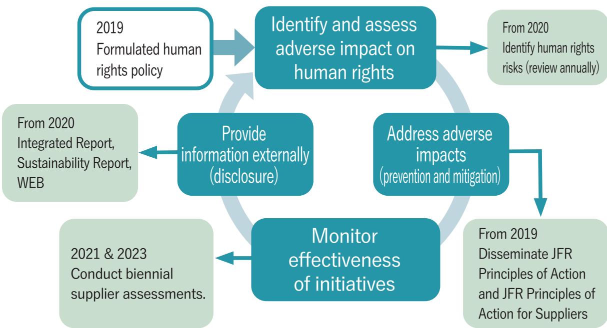
JFR Principles of Action / JFR Principles of Action for Suppliers



Human Rights Due Diligence

We conduct ongoing human rights due diligence based on our Human Rights Policy. Since 2020, we have been identifying and assessing adverse human rights impacts within our supply chain and taking measures to prevent or mitigate those impacts. Additionally, since 2021, we have been conducting assessments of our business partners and engaging in dialogue with them as necessary.

Overview of Human Rights Due Diligence



Risk Management

Identification and Assessment of Risk

Regarding human rights risks (potential adverse impacts on human rights) faced by stakeholders who may be negatively affected by our business activities, we have comprehensively identified key risks by first mapping the entire value chain of our operations and examining the specific nature of each business activity. These risks were then evaluated based on their severity (scale, scope, and difficulty of remediation) and likelihood of occurrence. We strive to ensure a more substantive identification and assessment of human rights risks by conducting repeated reviews with the participation of relevant departments within our operating companies as well as external experts, including legal professionals.

Organizing the entire business value chain and exhaustively identifying the human rights issues that can be anticipated for each business line

Evaluating the identified human rights issues in terms of severity (scale, scope, and difficulty of remediation) and likelihood of occurrence, and identifying human rights risks that are of high importance to the Group

Significant Human Rights Risks

Value chain	Upstream (Procurement)	JFR Group business activities	Downstream (Use of goods and services)
Stakeholder	Employees of supplier companies, store operators, cooperating companies of business partners	Employees of the JFR Group (including parttime workers in stores and temporary workers dispatched by suppliers)	Customers and local residents
Details	Manufacturing, wholesales, provision of services, construction	Commercial facilities, store operations (including remodeling, advertising, facility management, sales promotion, etc.), sales (including e-commerce), planning and construction	Use of goods and services
Significant human rights risks related to the Group's business	•Forced labor •Child labor •Foreign labor conditions •Long working hours •Low wages •Right to access remedies •Discrimination (gender, LGBTQ, etc.)	•Harassment •Long working hours •Discrimination (gender, LGBTQ, etc.)	•Violation of customer privacy (personal information and right of publicity) •Expressions of discrimination through advertisements •Health and safety

Strategy

In pursuit of our Group Vision of "Create and Bring to Life 'New Happiness,'" we are committed to sustainability management that addresses environmental and social issues through our business activities. By 2030, we aim to become a "Value Co-creation Retailer" that continues to provide three types of co-creation value (Co-creation of Excitement, Co-prosperity with Communities, Co-existence with the Environment) with a focus on our retail business.

To achieve this vision, we believe that fulfilling our social responsibilities across the supply chain, including respect for human rights, in collaboration with various stakeholders (such as suppliers, employees, and local communities) is essential for realizing a sustainable society and the sustainable growth of our company. Therefore, we have identified "Increasing the number of value co-creation partners" as an important issue. As for respect for human rights, we will continue to engage in human rights due diligence and work toward enhancing its effectiveness.

Materiality	Commitment
Increasing the number of value co-creation partners	We will share our thoughts and ideas on sustainability with others and establish a partner foundation for the values of "Co-creation of Excitement," "Co-prosperity with Communities," and "Co-existence with the Environment" along with fulfilling our social responsibilities, such as human rights due diligence, toward realization of a sustainable society.

Efforts to Prevent and Mitigate Human Rights Risks

● Promotion of the JFR Principles of Action for Suppliers

In 2019, we established the JFR Principles of Action for Suppliers, which includes our human rights policy. Through briefings and assessments, we are working to ensure that our business partners, including our suppliers, understand and comply with this code.

Status of penetration

2023	78.1%
2021	60.9%

*Percentage of companies reporting in the assessment that they understand and comply with the principles of conduct.

***JFR Principles of Action for Suppliers**

▶ https://www.j-front-retailing.com/english/sustainability/supply-chain/supply-chain02.html

● Employee Training on Human Rights

In 2020, the Company adopted a Declaration on the Elimination of Harassment, viewing it as one of the human rights risks. The company is committed to eliminating and preventing harassment. We conduct an annual harassment survey of all employees, including part-time and temporary workers, and implement human rights training for managers based on the results. Additionally, to deepen each employee's knowledge of respect for human rights respect and make it a personal issue in their lives, we have been implementing e-learning programs for all group employees since 2023.

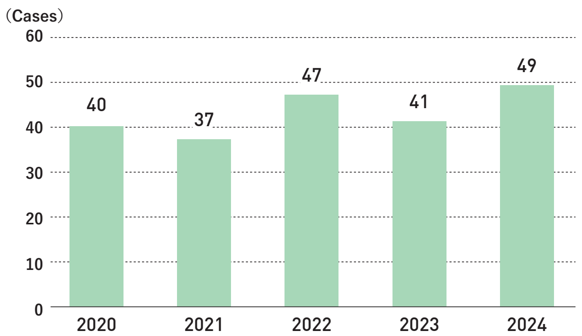
*E-learning participation rate in FY2024: 83.6%

● Harassment Consultation Desk and Internal Reporting system

• Harassment Consultation Desk

Each group company has established a Harassment Prevention Committee and a Harassment Consultation Desk to respond quickly to any issues that arise and prevent their recurrence.

Number of Consultations



• Whistleblowing System (JFR Group Compliance Hotline)

The Company's Whistleblowing System enables all directors, officers, employees, and all individuas working for the JFR Group (including part-time employees and temporary staff from suppliers) to directly notify the Compliance Committee of compliance-related issues, including human rights violations and corrupt practices within the company, and request corrective action. In addition to internal reporting, we have also established an external reporting system (with the assistance of our legal advisors). In accordance with the Whistleblower Protection Act, the Group's internal regulations stipulate protecting the confidentiality of whistleblowers and prohibit any prejudicial treatment of whistleblowers.

*Number of reported cases in 2024: 66

Implementation of Human Rights Assessment

Since 2021, the Company has been conducting supplier assessments to confirm the status of our business partners in areas where initiatives are required throughout the supply chain (in principle, assessments are conducted every other year). The second assessment was conducted in 2023, with a focus on respect for human rights.

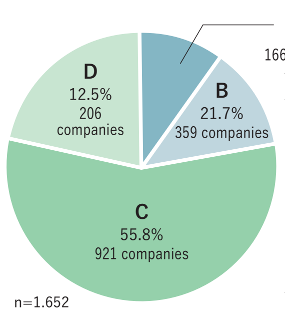
〔Summary〕

Implementing company	10 operating companies including Daimaru Matsuzakaya Department Stores, PARCO, J. Front City Development
Target	Primary suppliers (1st tier) 3,281 *Narrowed down from multiple perspectives such as human rights risk, sales size, etc.
Period	10/2023 to 12/2023
Questions	Comprised of Five topics*, mainly related to human rights. Total of 27 questions. *Human rights policy, Human rights DD initiatives, Identification of human rights issues in business operations, Initiatives to address human rights issues, Challenges in promoting initiatives, and Implementation status of JFR Principles of Action

〔Assessment Results〕

Responses were received from 1,652 companies, for a response rate of 50.4% (+9.8 points from the previous survey). Of the total, 31.7% of the companies were rated A or B, 55.8% (the largest share) were rated C, and 12.5% (206 companies) were rated D, making them a candidate for dialogue.

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

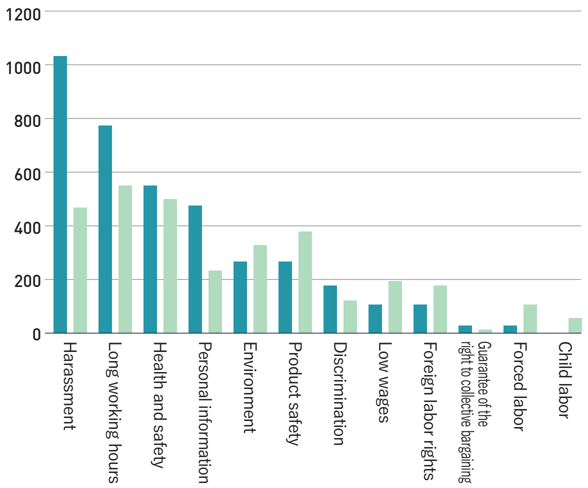


n=1.652

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

*Full score: 50 points

Identification of Human Rights Issues



Metrics & Targets

	2026	2030
Human rights assessment results (% of B ratings or higher)	35%	45%

*Actual results for FY2023: 31.7%

Main Initiatives for FY2024

● Implementation of Dialogues with Business Partners

Based on the assessment results for FY2023, we conducted dialogues (including direct dialogues and email exchanges) with a total of 112 companies across the Group to foster a shared understanding of the importance of business and human rights initiatives in our Group activities.

● Implementation of Web Seminars for Suppliers

In the 2023 assessment, many comments said, "We do not understand the basic framework for business and human rights" and "We would like support in terms of information and knowledge on what to do specifically." In response, we conducted our first-ever web seminar in January 2025, led by external experts to promote understanding of the importance of respecting human rights and basic knowledge (63 companies participated)

● Implementation of third-party reviews

We underwent a review from external experts to gain an objective perspective on our approach to human rights due diligence, including the scope and questions covered in the 2023 assessment, as well as our responses following its implementation.

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▶ https://www.j-front-retailing.com/ir/library/pdf/sustainability/2024/J_FRONT_2024_E_35-50.pdf

● Basic Policy on Customer Harassments

Daimaru Matsuzakaya Department Stores established a Customer Harassment Response Policy in December 2024. Prior to this, training had been conducted at each store based on our internal Customer Harassment Response Guide (established in 2022). These efforts were aimed at building a system to protect employees, including part-time staff and dispatched workers from business partners, from customer harassment, as well as to raise awareness of specific response measures. This approach has now been formalized as an official policy.

***For more details, please click the link below.**

▶ https://www.daimaru-matsuzakaya.com/customer-harassment.html
(In Japanese only)

Sustainability Bond Reporting (9th unsecured bond)

In May 2021, the Company issued sustainability bonds of ¥15.0 billion to contribute to resolving both environmental and social issues through business activities.

Project category	Output	Outcome	Impact	Use and amount of funds
Realization of decarbonized society				
Green buildings	● Overview of eligible projects • Construction of main building of Daimaru Shinsaibashi (FY2019) • Construction of Shibuya PARCO (FY2019)	● Status of building certification/confirmation (timing/certification level) • Main building of Daimaru Shinsaibashi: Osaka City; Osaka City Building Environmental Planning System Earned A ranking (FY2019) • Shibuya PARCO: Tokyo Metropolitan Building Environmental Planning System Earned Grade 3 ranking (FY2021) ● Electricity reduction • Daimaru Shinsaibashi Main Building: 2,691MWh increase (vs. FY2014*) • Shibuya PARCO: 2,403MWh reduction (vs. FY2014*) ● Scope 1 and 2 GHG reductions • Daimaru Shinsaibashi Main Building: 7,611t-CO_2 reduction (vs. FY2014*) • Shibuya PARCO: 263t-CO_2 reduction (vs. FY2014*) *Estimated for 2014, the last full year before reconstruction (due to reconstruction, the building structure is not identical)	Leading a decarbonized society and creating a global environment for future generations	Total allocation: ¥6,000 million
Renewable energy	● Purchase of renewable energy-sourced electricity:197,734MWh	● Share of electricity derived from renewable energy sources in total electricity consumption: 67.2% (up 14.3 ppt YoY)		Total allocation: ¥3,040 million
Green procurement	● No. of leased EVs: 7 in FY2024(184 in total, 49.6%)	● Reduction in CO_2 emissions by electrifying corporate fleet: approx. 405t-CO_2 per year (Calculated by comparison with the emissions of gasoline vehicles in the same category.)		Total allocation: ¥261 million
Energy efficiency	● No. of LEDs installed for replacement: Approx. 13,200 in FY2024 (202,900 in total)	● Reduction in CO_2 emissions by switching to LED lighting: approx. 10,145t-CO_2 per year		Total allocation: ¥1,230 million
Coexistence with local communities				
Socioeconomic improvement and empowerment (community)	● No. of tenants operating near Daimaru Kobe in the Former Foreign Settlement in Kobe: 50 at end of FY2024	● Initiatives to revitalize communities • Continuing to hold regular events in the local Hyogo and Kobe areas, including the "Kobe Western Confectionery Festival," "Kobeichi," "Kobe Handmade Souvenirs Close-Up," and "Old Settlement Valentine's Day. • Held the "Kobe Motomachi Shopping Street 150th Anniversary" event. Collaborated with Kobe Motomachi Shopping Street to showcase the shopping street's brands and lucky bags. • Held the "Hyogo Prefectural Kobe Commercial High School Sales Training Event for Student-designed Products." Students used ingredients produced in Hyogo Prefecture and collaborated with local sweets shops near the high school to create original products, which they then sold as part of their practical training. ● Customer traffic to Daimaru Kobe store: 10,117,000 people in FY2024	Working together with local people to realize community development that creates a prosperous future, with stores as hubs where people gather	Total allocation: ¥4,440 million
Promotion of diversity and inclusion				
Socioeconomic improvement and empowerment (Women/people with a disability)	● No. of times JFR Women's School was held (8 times in FY2024)	● Status of female managerial appointments (consolidated) Share of women in management positions in FY2024: 26.2% ● No. of participants in JFR Women's School (annual): 212 in FY2024	Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly expresses his/her individuality	Total allocation: ¥29 million
<Status of asset allocation:> Amount of issue: ¥15,000 million; amount already allocated: ¥15,000 million; unallocated balance: ¥0				Total allocation: ¥15,000 million

External Assessment

Selected as a constituent of Dow Jones Sustainability Asia/Pacific Index for second consecutive year Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	GPIF Adopted Index Selected as a constituent of MSCI Select Leaders Index* 2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX	GPIF Adopted Index Selected as a constituent of MSCI Japan Empowering Women Index (WIN) 2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	GPIF Adopted Index Selected as a constituent of FTSE Blossom Japan Index FTSE Blossom Japan Index
GPIF Adopted Index Selected as a constituent of FTSE Blossom Japan Sector Relative Index FTSE Blossom Japan Sector Relative Index	Selected as a constituent of FTSE4Good Index Series FTSE4Good	GPIF Adopted Index Selected as a constituent of S&P/JPX Carbon Efficient Index S&P/JPX Carbon Efficient Index	GPIF Adopted Index Selected as a constituent of Morningstar Japan ex-REIT Gender Diversity Tilt Index MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2024
Selected as an A-list Company for fifth straight year in CDP Climate Change Survey 2024 Climate CDP A List 2024	Recognized as an ECO-First Company by the Ministry of the Environment ECO FIRST	Selected as an Environmentally Sustainable Company at the Sixth ESG Finance Awards Japan 2025 ESG FINANCE AWARDS JAPAN SUSTAINABLE	Received "Gold" rating in the PRIDE Index for fourth consecutive year work with Pride Gold 2024

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