

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

For the Establishment of JFR Environmental Management System

Target Setting by Each Operating Company

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

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

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

Creation of Environmental Data Calculation and Aggregation Rules

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

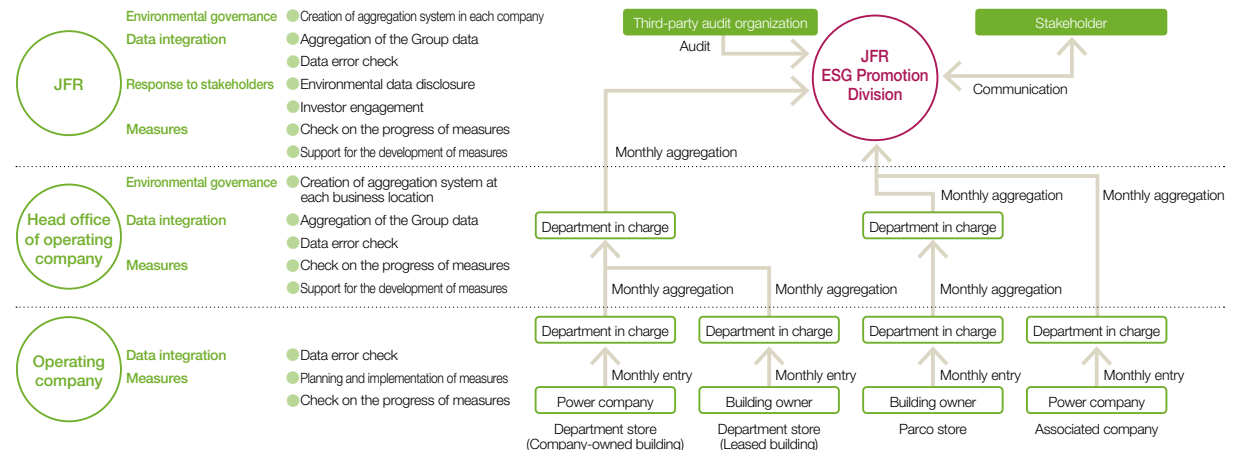
Firstly, in this process, we set the scope of the calculation and aggregation of the Group's Scope 1 and 2 GHG emissions. We clarified the Group's business locations, the period of time, and the types of emissions in

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

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

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

Organization chart for calculating and aggregating the Group environmental data



Acquisition of Third-Party Assurance

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

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

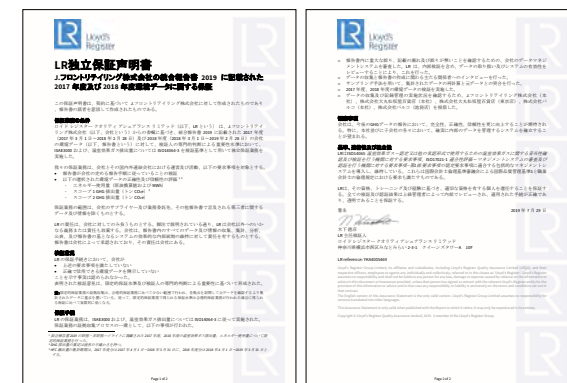
status of the Group's GHG emissions, on-site inspections of main stores of Daimaru Matsuzakaya Department Stores and Parco were conducted. The exhaustive calculation and aggregation of actual energy usage at more than 400 business locations across the Group and the accurate calculation and aggregation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

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

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



Independent assurance statement



Environmental performance data for FY2018 (Scope 1 and 2)

The Group GHG emissions and energy usage

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

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

The Group GHG emissions by operating company

Unit: t-CO₂, unless otherwise indicated

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

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