Aiming to Achieve Net Zero by Fiscal 2050

Reduction of Scope 3 Emissions in Collaboration with Suppliers 

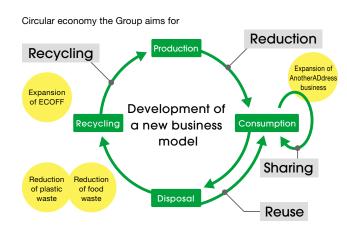
Circular Economy the Group Aims for

# Circular Economy the Group Aims for

With various global environmental problems, including resource shortage, global warming, and waste disposal worsening due to linear economy based on mass production and mass consumption and disposal, circular economy is becoming increasingly important. The Group identified the "promotion of circular economy" as materiality in fiscal 2021 to simultaneously reduce environmental risks and capture new business opportunities.

## **Promotion of Circular Economy in the Group's Strong Areas**

The Group has implemented 3Rs that reduce environmental risks, such as recycling of waste, and has gained support from stakeholders. Going forward, we will strengthen initiatives in our strong areas (store operation, handling of clothing, cosmetics, and food, etc.) based on conventional 3Rs and evolve and expand them to new 3Rs that will not only reduce environmental risks but also lead us to capturing business opportunities.







## **Recycling of Gift Catalogs**

Daimaru Matsuzakaya Department Stores sends summer and year-end gift catalogs to customers and has considered recycling disused catalogs to protect the environment and return them to customers' lives.

And the Daimaru Tokyo and Matsuzakaya Ueno stores collected approximately 2,400 catalogs distributed in the year-end gift season of 2021 and recycled them into about 8,000 rolls of "Daimaru Matsuzakaya original toilet paper."

Recycled toilet paper rolls were given to customers in the summer gift season of 2022 in stores, which appealed to many customers. In 2021, we did it just as a pilot trial, and for the future, we are planning to collect catalogs in more stores.



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## **Reduction of Environmental**

## Load through Resources Recycling

Environment

## **ECOFF** in Which the Weight of Collected Items and the Number of Participants Are Both Increasing —

Daimaru Matsuzakaya Department Stores is engaged in "Think GREEN" activities to propose sustainable products and lifestyles.

One of these activities is the "ECOFF" program, in which Daimaru Matsuzakaya Department Stores collects disused articles including clothing, shoes, and bags from customers at its stores and recycles them into new materials and products for reuse.

The weight of the items collected in fiscal 2021 was 264.2 tons (A total of 1,101 tons of articles were collected since fiscal 2016), and the number of participants reached a record high. In conjunction with the ECOFF, we are also holding events that focus on environmentally friendly products. Through the activities of ECOFF, we have received a great deal of support from many customers for our environmental initiatives, and have been able to reduce the environmental load.

Weight of disused articles collected through ECOFF



The Group will promote resources recycling initiatives that leverage its strengths from the three perspectives of (1) reducing waste generation, (2) utilizing waste as resources, and (3) disposing of waste appropriately to reduce the environmental load toward the realization of circular economy.

#### To Reduce Plastic Waste

Daimaru Matsuzakaya Department Stores is working to reduce the amount of plastic used and recycle it to reduce the environmental load throughout its lifecycle.

In 2021, we held the first "Cosme de ECOFF" campaign to collect and recycle plastic containers for cosmetics, and collected 1.6 tons of plastic containers.

In addition, the Daimaru Tokyo and Matsuzakaya Ueno stores have been participating in the "POOL PROJECT TOKYO\*" since December 2021 to collect and recycle plastic covers that accompany clothing deliveries.

This is an initiative to collect plastic covers generated from participating commercial facilities in Tokyo and recycle them into highly advanced materials. The recycled plastic is sold to manufacturers as "POOL Resin," PCR material that is traceable from its source through all processes, including transport, volume reduction, and processing.

New productization and commercialization are being

considered for the future, and the Group will actively promote resources recycling by participating in such initiatives.



\* Project conducted by Recotech Inc. to collect and recycle plastic generated from commercial facilities throughout Tokyo

In compliance with the Plastic Resource Circulation Act, which went into effect in



April 2022, we will collaborate with our suppliers to promote our activities concerning the products made of specific plastic to reduce emissions of single-use plastic, while gaining understanding from our customers.

Single-use plastic product usage reduction target (Daimaru Matsuzakaya Department Stores)

FY2021 usage results (intensity*)	FY2022 reduction target (vs. FY2021)
0.0936	-20%

\*Unit setting: Single-use plastic in the shops of suppliers with whom Daimaru Matsuzakaya Department Stores collaborates

Total product usage (kg) / Sales in the shops of suppliers with whom Daimaru Matsuzakaya Department Stores collaborates (millions of yen)

#### To Reduce Food Waste

Food loss in Japan is said to exceed five million tons annually and about half of this is business food loss generated in the distribution process, such as out-of-spec products and unsold items.

In an effort to reduce food waste, Daimaru Matsuzakaya Department Stores and Parco are working with their suppliers to conduct online sales of products nearing their expiration dates, limited-time sales of out-of-spec products, and food sharing events to reduce food loss. In addition, even if food products are ultimately discharged as food waste, we are working to improve our food recycling rate by outsourcing to external processors to convert food waste into compost, feedstuffs, etc.

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# Gaining a Competitive Advantage by Promoting a Circular Economy

The Group will work with suppliers and customers to create a new circular business model based on the concepts of "sharing" and "upcycling" in order to realize a circular economy. Through these efforts, we will create new environmental value and gain a competitive advantage in a circular economy.

## **Fashion Subscription Business Another ADdress**

Environment

We are aware of the need for initiatives to address environmental issues such as the mass consumption and disposal of clothing and other products in the fashion industry, including the retail business, to reduce the environmental load as much as possible.

Daimaru Matsuzakaya Department Stores launched a fashion subscription business "AnotherADdress" in March 2021. The service allows customers to rent three pieces of clothing each month for ¥11,880 (including tax) per month. This is the first subscription-type fashion rental service for department stores.

From October 2022, a light plan of ¥5,500 (including tax) per dress per month was launched to expand the service. Daimaru Matsuzakaya



Department Stores is the main operator of the service, delivering clothes to customers in partnership with various businesses including logistics, delivery, cleaning, and recycling.

#### Strengthening of Sustainable Initiatives

As of the end of February 2022, we had more than 6,700 registered customers, far exceeding our initial projection of 1,000 members. The total number of rentals has reached 20,000, and we have received a great deal of support from our customers. In addition, on the first anniversary of its opening, we have more than doubled the number of brands we handle, and have introduced and improved new services requested by our customers, such as a "secure guarantee service," "introduction of a size comparison tool," and "change of the return system."

We are also collaborating with Tokyo University of the Arts and Mitsubishi Chemical Corporation to realize our business concept "FASHION NEW LIFE." We take on new sustainable challenges, such as a program that allows the participants to support tree-planting activities of "Geidai Hedge," an environmental improvement program implemented by Tokyo University of the Arts, while enjoying fashion with AnotherADdress, under the theme of "Wear the forest, nurture the forest," and "efforts to extend the life of clothes" with Wacoal.

Based on the strong belief that clothes are not disposable and with the concept of "Circulate all things," we will promote activities to create a circular society in cooperation with our suppliers who aim to realize a sustainable society.

# Voice

TABATA Ryuya, AnotherADdress, DX Promotion Division, Management Strategy Headquarters, Daimaru Matsuzakaya Department Stores

After launching this business, we have received comments from customers such as "I received compliments from my friends on the clothes I borrowed from AnotherADdress." and "I have come to like to dress up." What we want to share with our customers is "FASHION NEW LIFE," or the joy of being fashionable.

At AnotherADdress, we also inform how to wash and handle

clothes. We are trying to help our customers enjoy sustainable lifestyles naturally by providing information on what to do to wear not only rented clothes but also customers' own clothes longer.

In the early days of our business, we had a hard time gaining the understanding of brands, but now we communicate to them that we are reforming our distribution process and working on a circular model. We have gained more and more support and

understanding for the fact that we are working responsibly to ensure that our customers can enjoy the clothes we started to handle for as long as possible.

AnotherADdress has just begun. We hope that as many people as possible will try it out for themselves to encounter clothes they have never worn before and to discover the joy of dressing up.

