



Materiality KPIs and Progress: Environment

 Realization of decarbonized society	2030 Commitment	Leading a decarbonized society and creating a global environment for future generations In order to pass on the irreplaceable global environment to future generations, we will contribute to the realization of a decarbonized society by working together as one to expand procurement of renewable energy and thoroughly implement energy-saving measures, etc.			
	Background and View	In response to the global trend of “decarbonization,” which aims to end dependence on fossil fuels, the Group positions the “realization of decarbonized society” through the use of renewable energy and by other measures as its top priority issue.			
	Indicator	FY2021 results	FY 2022 Results	FY 2023 KPI	FY 2030 KPI
	● Scope 1 and 2 GHG emissions	● 36.7% reduction (vs. FY2017) (Scope 1 and 2 emissions 122,812t-CO ₂)	● 43.5% reduction (vs. FY2017) (Scope 1 and 2 emissions 109,785t-CO ₂) ● Establishment of net zero transition plan ● Obtained SBT net zero certification ● Expansion of EV charging stations (Angle Park)	● 40% reduction (vs. FY2017)	● 60% reduction (vs. FY2017) ◎ FY2050 net zero
	● Ratio of renewable energy to electricity used in business activities	● 20.3% Up 10.0% (vs. FY2020) (Renewable energy-sourced electricity 62,156 MWh)	● 33.6% Up 13.3% vs. FY2021 (Renewable energy-sourced electricity 102,676MWh)	● 40%	● 60%
 Management of the entire supply chain	● Energy creation	—	—	● Introduction of onsite generation of renewable energy in collaboration with new power companies	● Expansion of onsite generation of renewable energy in collaboration with new power companies
	2030 Commitment	Realizing decarbonization throughout the supply chain created along with suppliers We will engage in procurement, etc. of environmentally friendly products and services with our suppliers, while also working to shift to renewable energy and energy saving, so that we can contribute to the realization of a decarbonized society throughout the supply chain.			
	Background and View	To realize a decarbonized society, companies are required to identify and manage GHG emissions not only from their own business activities but also from activities in their supply chains, which is becoming more and more important. The Group aims to reduce Scope 3 GHG emissions in collaboration with suppliers.			
	Indicator	FY 2021 Results	FY 2022 Results	FY 2023 KPI	FY 2030 KPI
	● Scope 3 GHG emissions	● 17.3% reduction (vs. FY2017) (Scope 3 emissions 2,420,492t-CO ₂)	● 5.7% reduction (vs. FY2017) (Scope 3 emissions 2,761,669 t-CO ₂) ● Explanatory meeting for suppliers (Held in April, attended by 253 companies, Daimaru Matsuzakaya Department Stores)	● 10% reduction (vs. FY2017)	● Aim for 40% reduction (vs. FY2017) ◎ FY2050 net zero



Promotion of circular economy

2030 Commitment

Realizing a sustainable global environment for the future and corporate growth through the promotion of circular economy

We will cooperate with our suppliers and customers to create innovative business models for generating new environmental value and capture competitive advantages in a circular economy

Background and View

As we face globally challenging environmental issues caused by the conventional linear economy based on mass production and mass disposal, the Group in 2021 positioned as one of its new materialities the "promotion of circular economy" that maximizes the value of resources and products.

Indicator	FY2021 results	FY2022 results	FY2023 KPI	FY2030 KPI
●Waste disposal volume (including food waste)	●30.0% reduction (vs. FY2019)	<ul style="list-style-type: none"> ●26.7% reduction (vs. FY2019) ●Demonstration experiment of food loss reduction by AI demand forecasting (Daimaru Tokyo) ●Received award for excellence in commercial waste management from the Environment Bureau of Osaka City (JFR Information Center) 	●15% reduction (vs. FY2019)	●50% reduction (vs. FY2019)
●Total weight of items collected via ECOFF for recycling	●1,101 tons in total (265t in FY2021)	●Cumulative total 1,468t (367t in FY2022)	●Cumulative total 1,500t	●Cumulative total 3,000t
●Recycling and reuse	●Initiated collection and recycling of gift catalogs	<ul style="list-style-type: none"> ●Participation in "Fry to Fly Project" for the domestic production of SAF from waste cooking oil ●Sustainable project with Osaka University of Arts using scrap wood (J. Front Design & Construction) ●Collection of contact lens cases (JFR Service) 	●Realization of recycling and remanufacturing of used products in collaboration with suppliers and customers	●Expand recycling and remanufacturing of used products through collaboration with suppliers and customers.
●Businesses including sharing, subscription, and upcycling	●Launch of fashion subscription business AnotherAddress	●Expansion of AnotherAddress business by introducing a men's line (Daimaru Matsuzakaya Department Stores in FY2023)	●Entry into businesses including sharing and upcycling in collaboration with suppliers	●Expansion of share in upcycling, sharing, and other businesses through collaboration with suppliers

Challenges Toward a Decarbonized Society



The JFR Group aims to achieve net zero greenhouse gas emissions*¹ throughout its entire value chain by 2050 through the two materialities of “Realization of decarbonized society” and the “Promotion of circular economy” as we work on both the reduction of GHG emissions and recycling resources.

Towards Net Zero in 2050

Recently, climate change has progressed to a much more serious level, endangering not only future generations but all people, including the present generation. The Group has positioned climate change as an important issue in sustainability management and is taking countermeasures to address the risks and opportunities associated with climate change, based on the recognition that these risks and opportunities will have a significant impact on our business strategies.

Targets

The Company recognizes that setting ambitious medium- and long-term reduction targets and developing a roadmap to achieve them is a prerequisite for promoting climate change action throughout the Group. Based on this, we obtained certification through the Science Based Targets (SBT) initiative*² in 2019 for our Scope 1, 2, and 3 greenhouse gas emissions reduction targets. In 2021, we reacquired SBT certification with a "1.5°C target," raising our 2030 Scope 1 and 2 GHG emissions reduction target from 40% to 60%

Target year	Targets with SBT certification
FY2050	● Scope 1, 2, and 3 GHG emissions reach Net Zero
FY2030	● 60% reduction of Scope 1 & 2 GHG emissions (vs. FY2017)
	● Target 40% reduction of Scope 3 GHG emissions (vs. FY2017)

(compared to base year 2017).

In February 2023, we obtained "Net Zero Target" certification for Scope 1, 2, and 3 GHG emissions by 2050.

Direction of Efforts Toward Net Zero Emissions

To achieve net-zero emissions by 2050, the Group will focus on “Reduction of GHG emissions” and “Resource recycling.

Specifically, we will work to reduce Scope 1 and 2 GHG emissions through extensive energy conservation and

increased use of renewable energy in our stores. Scope 3 GHG emissions will be reduced through collaboration with our suppliers and customers, while strengthening 3Rs*³ and expanding circular business.

*1. A thorough reduction of GHG emissions, with the remaining emissions being reduced to practically zero after subtracting the amount removed through forest absorption, CCS (CO₂ capture and storage), etc.

*2. The CDP was jointly established 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.

*3. Reduce, reuse, and recycle are collectively called the three R's.



Expanding use of renewable power for sustainable stores

The Group, whose main operating companies are the retailers Daimaru Matsuzakaya Department Store and PARCO, generates more than 90% of its Scope 1 and 2 emissions from those stores, and approximately 80% of these emissions are associated with the use of electricity. Therefore, we recognize the need to save energy, improve energy efficiency, and switch to renewable energy sources for the electricity used in our stores.

Stores in the Kansai and Kanto regions are gradually switching to renewable energy. This began with Daimaru Shinsaibashi, which opened in 2019 and operates on 100% renewable energy. As a result, the ratio of renewable energy

in FY2022 was 33.6%, and Scope 1 and 2 emissions were 43.5% lower than in FY2017, the base year.

In April 2023, we switched over to large-scale stores in the Chubu region, including Matsuzakaya Nagoya (excl. the North Bldg.) and Nagoya PARCO, in an effort to further improve the re-energy rate.

We believe that stores operated with renewable electricity will improve the environmental value of the buildings and win the support of our suppliers and customers who are highly conscious of environmental issues. Therefore, we will continue our efforts to switch to renewable power going forward.

Contributing to the spread of renewable energy

Solar panels have been installed on the rooftops of Shibuya PARCO and Kyoto Zero Gate to generate their own electricity. In the future, we will work to introduce additional* renewable power procurement and improve energy resilience by diversifying our procurement sources.



Solar panels installed on the roof of Shibuya PARCO

*Contribute to the spread and expansion of new renewable power sources and be effective in reducing CO2 emissions

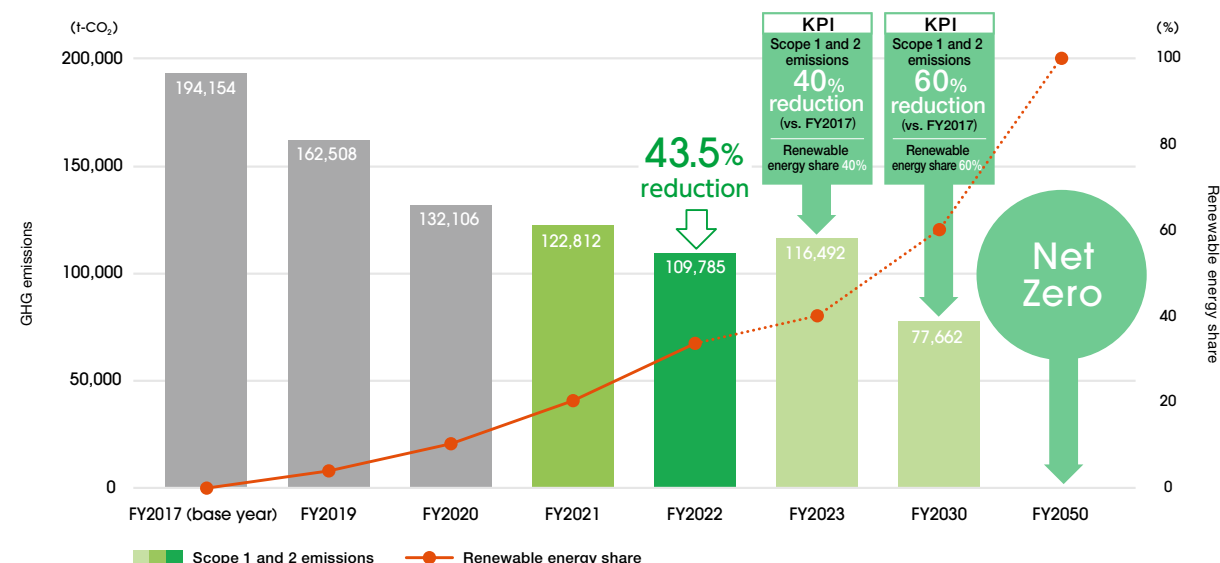
Expansion of electric vehicle (EV) charging stations

Angel Park, a Group company involved in the operation of parking facilities, has installed EV charging stations that customers can use free of charge. More stations were added in FY2022, bringing the total to 10. From April 2023, Angel Park will switch to 100% renewable energy for electricity throughout the building, which will not only improve convenience for customers using electric vehicles, but will also contribute to the decarbonization of society.



EV charging station in Angel Park parking lot

Scope 1 and 2 emissions and renewable energy ratio



Moving Towards a Circular Economy



The importance of the circular economy is growing as resource shortages, global warming, waste disposal, and other problems become more serious due to the linear economy, which is based on mass production, mass consumption, and mass disposal.

A fashion subscription business friendly to the environment —

AnotherADdress, a fashion subscription business started in March 2021, aims to shift to a business model with high sustainability for society and the environment by emphasizing the intrinsic value of fashion and sustainable initiatives based on the belief that clothes are not disposable.

In March 2023, we added men's fashion items to the lineup based on requests from many of our customers. By responding to the wide-ranging needs of not only male customers, but also those who enjoy genderless fashion, we will offer the joys of fashion “more freely” to “more people” in the future. In conjunction with business expansion, we have also introduced reusable garment bags, Japan's first recycling-based delivery system. This will eliminate the use of corrugated cardboard for customer deliveries and reduce the use of plastic by 30% (compared to our company). AnotherADdress will continue to pursue an environmentally friendly business model.



Traditional shipping method



Reusable garment bags

ECOFF—Working together with customers —

Daimaru Matsuzakaya Department Store is engaged in “Think GREEN” activities to propose sustainable products and lifestyles. Launched in FY2016, “ECOFF” is a sustainable initiative to collect unwanted clothing, shoes, bags, and other items from customers at department stores and recycle and reuse them into new materials and products.

The initiative has continued to grow every year thanks to the increasing environmental awareness of customers and their active participation. A record 367 tons was collected in FY2022 (cumulative total of 1,468 tons collected since FY2016), and a record number of people participated. We further expanded our efforts, such as the campaign in spring 2023, which was jointly held by Daimaru Fukuoka Tenjin and Fukuoka PARCO.

As part of our ECOFF donation initiative, we donated ¥2 million in FY2022 to four organizations working to solve environmental issues.



Recycling plastics —

Daimaru Tokyo and Matsuzakaya Ueno have been participating in “POOL PROJECT TOKYO*” since December 2021 to collect and recycle plastic covers incidental to clothing deliveries.



In this initiative, Recotech Inc. collects plastic covers generated by participating commercial facilities in Tokyo and conducts advanced material recycling. The recycled plastic is sold to manufacturers as PCR material* “POOL resin.” The PCR material is traceable from its origin to all processes including transportation, volume reduction, and processing.

Going forward, new productization and commercialization will be considered, and the Group will actively promote resource recycling by participating in such efforts.

*Post-consumer recycled materials, which are recycled materials collected after consumers have used the product.

Participation in the Fry to Fly Project, which aims to produce Sustainable Aviation Fuel (SAF) from waste food in Japan

Fry to Fly Project

Daimaru Matsuzakaya Department Store is participating in the “Fry to Fly Project,” an initiative for recycling waste cooking oil into sustainable aviation fuel (SAF). The aim is to establish the first large-scale production of SAF in Japan. This project promotes the creation of an environment in which waste cooking oil from households and stores is collected as a resource through the mutual cooperation of participating companies, local governments, and organizations that agree with the goal of the project.

In September 2023, Daimaru Matsuzakaya Department Store signed a basic agreement with JGC Holdings Corporation, Rainbow International Corporation, and SAFFAIRE SKY ENERGY, LLC to cooperate in the supply of waste cooking oil for domestic SAF production, a first in the department store industry. Daimaru Shinsaibashi and Daimaru Ashiya, which account for 15% of the total emissions of all stores, have begun supplying waste cooking oil as raw material for SAF. We will work to expand the number of participating stores in the future.

In addition, through events and other means to raise awareness and promote the use of domestically produced SAF, we will continue communicating to customers the importance of resource recycling, which contributes to decarbonization.



Building the supply chain JGC



*Revo International will collect waste cooking oil from our stores and deliver it to SAFFAIRE SKY ENERGY for SAF manufacturing planned at Japan's first large-scale domestic SAF production plant under construction in Sakai City, Osaka Prefecture. Saffaire aims to start production in the second half of fiscal 2024 or early fiscal 2025.

Reducing waste plastic

Daimaru Matsuzakaya is working to reduce the amount of disposable plastic emissions in response to the Law for Promotion of Recycling of Plastic Resources, which came into force in April 2022. For products that use specified plastics*, we are promoting the reduction of the amount used while gaining the understanding of customers by implementing one of the following measures in cooperation with our suppliers: (1) charging for cutlery, (2) providing cutlery only to customers who need it, or (3) changing the materials used for cutlery.

*Plastic products provided free of charge to consumers in connection with the sale of goods or the provision of services.



Reduction of single-use plastic products in FY2022

Reduction target (vs. FY2021)	Actual		
	Amount used (per unit)*	Reduction rate	Achievement rate
-20%	0.1623	-48.7%	+243.7%

*Unit setting: Total amount of single-use plastic products used at the stores of cooperating suppliers (kg)/Net sales at cooperating supplier stores (million yen)

In November 2022, Daimaru Hakata signed a “Comprehensive Collaborative Agreement on SDGs Promotion” with Tsushima City in Nagasaki Prefecture. To raise awareness about the problem of marine plastic waste in Tsushima, which is caused by various factors such as topography and ocean currents, Daimaru Hakata used marine plastic litter that had washed ashore to make Christmas tree ornaments. The tree was displayed in the plaza in front of the store. At the foot of the tree, we set up a panel display showing the current state of Tsushima City's beaches, and emphasized the need for each person to change their behavior to reduce plastic waste.



Ornaments made from upcycled marine plastic waste



Panel exhibition showing the current state of marine litter in Tsushima City

Upcycling for decorations

Daimaru Matsuzakaya recognizes the challenge of disposing of event decorations that are replaced seasonally.

For the 2022 Christmas season, the Nep Art Christmas Tree displayed at the Matsuzakaya Nagoya store was created by further upcycling the Tachineputa festival floats from Goshogawara, Aomori Prefecture. Those floats are made from paper recycled from waste cotton. After the display was over, the paper was carefully peeled off and used as labels for ciders brewed with out-of-spec apples produced in Aomori.



Christmas Tree from recycled Neb Art

Sustainable commercial facilities

The 4th floor of Shibuya PARCO underwent a major renovation in November 2022. Vintage stores and interior/art supply stores have newly opened, expressing "sustainability" with three themes: "reuse/inherit," "reproduce/remake," and "handcrafts/importance of making by hand."

The renovations have made the commercial facility more sustainable by reducing waste associated with interior renovations when replacing tenants, and by incorporating a system that allows stores to open at minimum cost while minimizing investment in interior design as much as possible. This has made it easier for young start-up brands and creators to open new stores.



Experimental project store by "Chim ↑ Pom from Smappa! Group" on the 4th floor of Shibuya PARCO

Project to breathe life into scrap wood

J. Front Design & Construction, which designs and builds hotel and office interiors, generates scraps of wood and unusable film in the process of creating interior construction materials. To make use of these materials, the company teamed up with Osaka University of Arts in the "Bringing Scrap Wood to Life" Project.

The students, with their rich imagination and flexible design skills, created unique works of art while dealing with irregularly shaped scraps of wood. The winning entries were exhibited at Daimaru Shinsaibashi.

This project was a perfect fusion of our Group's commitment to sustainability and the students' passion for craftsmanship.



Grand Prize Winning Entry



Utility Award Winning Entry