Environmental Report

J. FRONT RETAILING

TCFD/TNFD Report 2025

Create and Bring to Life "New Happiness."

J. FRONT RETAILING

Contents

JFR Group Sustainability Management 02

2024-2026 Medium-term Business Plan 03
Environmental Policy 04
Progress of Environmental Initiatives 05
TCFD/TNFD Integrated Disclosure 06

Information Disclosure Based on TCFD/TNFD Recommendations 07

Governance 07
Risk Management 09
Strategy (TCFD) 10
Metrics & Targets (TCFD) 14
Strategy (TNFD) 16
Metrics & Targets (TNFD) 19

Environmental Initiatives 20

Realizing a Decarbonized Society 20
Realizing a Circular Economy 22
Biodiversity Conservation 27

External Assessment 30
Third-Party Assurance 31
Sustainability Data 33
Sustainability Bond Reporting 35

Corporate Information Disclosure

The Group discloses a variety of information on its corporate activities to respond to the interests of shareholders, investors, and a wide range of stakeholders in local communities including customers.

Reports

Integrated Report
https://www.j-front-retailing.com/english/ir/library/annual.html

Corporate Governance Report
https://www.j-front-retailing.com/english/company/governance/governance01.html

Annual Securities Report
https://www.j-front-retailing.com/english/ir/library/statement.html

Shareholder Information (Japanese Only)
https://www.j-front-retailing.com/ir/library/report.html

WEB

Corporate Information
https://www.j-front-retailing.com/english/company/company.html

IR Information
https://www.j-front-retailing.com/english/ir/index.html

Sustainability
https://www.j-front-retailing.com/english/sustainability/sustainability.html

Corporate Governance
https://www.j-front-retailing.com/english/company/governance.html

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Guidelines Referenced

- Task Force on Climate-related Financial Disclosures (TCFD) Final Recommendations
- Task Force on Nature-related Financial Disclosures (TNFD) Final Recommendations
- SASB Standards

Timeframe

This report contains the latest information available at the time of publication to the furthest extent possible. Data primarily covers FY2024 (March 1, 2024 through February 28, 2025).

Scope

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

*JFR Group refers to J. Front Retailing Co., Ltd. and its consolidates subsidiaries. *J. Front Retailing refers to the unconsolidated holding company. *Each operating company refers to each consolidated subsidiary company.

Cautionary Statement Regarding Forward-Looking Statements

Forward-looking statements in this report represent our assumptions based on information currently available to us and inherently involve potential risks, uncertainties, and other factors. Therefore, actual results may differ from the forward-looking statements due to changes in various factors.

Date of Issue

July 2025

Third-Party Assurance

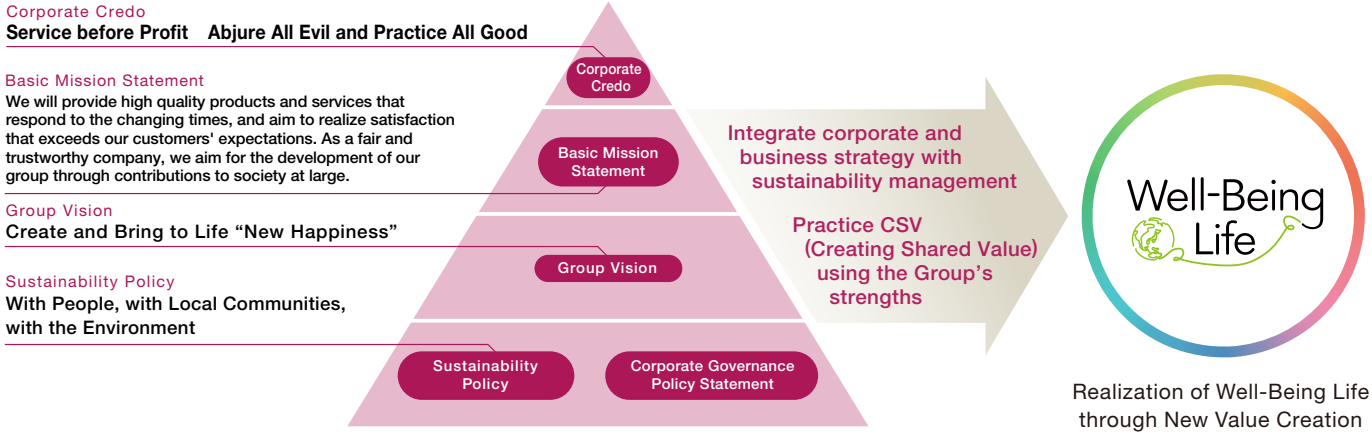
Environmental and social data in this report have received independent third-party assurance from LRQA Limited to ensure reliability.

JFR Group Sustainability Management

Daimaru Matsuzakaya Department Stores, the main operating company of our Group, has encountered many crises over its 300 to 400-year history. Each time, we returned to our Corporate Credo "Service before Profit" and "Abjure All Evil and Practice All Good," conducting our business activities honestly while quickly responding to changes in our customers and society. This forms the foundation of our Group's current management. Companies cannot develop without coexisting with society. Today, it is essential for management to take a long-term perspective and create a vision of what the company should be for the future, a company that will have a prominent presence in society. It is evident that we cannot conduct business activities while turning a blind eye to the growing seriousness of global environmental issues such as global warming, marine pollution, and the loss of biodiversity, as well as human rights issues in the supply chain. We believe we can obtain a framework to realize sustainable management for future growth by integrating and promoting the concept of sustainability into our corporate and business strategies to resolve these issues.

Based on this belief, J. Front Retailing aims to realize a sustainable society and create new forms of happiness in daily life. We will promote sustainability management through CSV (Creating Shared Value) that balances the resolution of environmental and social issues with corporate growth, thereby contributing to the "Well-Being Life" of our stakeholders.

Overview of Sustainability Management



Identification of Materiality

In clarifying the relationship between environmental and social issues and the Group's business activities, we have identified materiality issues that contribute to the "sustainable growth of the company and society" and the realization of a "sustainable society." Since 2018, we have reviewed them each time we formulate a medium-term business plan.

In formulating the current medium-term business plan, which began in FY2024, we identified five themes based on a review of the JFR Group's key risks and changes in the business environment.

Through our efforts to address materiality, we aim to transform ourselves into a "Value Co-creation Retailer Group" that continues to deliver three types of co-created value centered on the retail business: "Co-creation of Excitement," "Co-prosperity with Communities," and "Co-existence with the environment."

Materiality	Commitment
Adding excitement to life	Amidst diversifying values, JFR will provide places and spaces for new encounters with goods and things that stir people's hearts, and we will propose well-being and future lifestyles that are fulfilling and exciting for every consumer.
Enhancing community vitality	We will strengthen ties with regions, including our seven priority areas, and work with local communities, governments, NPOs, and others to enhance local vitality and create sustainable urban development. In addition, by discovering and communicating the appeal of local areas, we will offer new and exciting experiences for people who gather there.
Creating a society that co-exists with the environment	To achieve the 2050 net zero target, we will work toward both decarbonizing the entire supply chain and promoting a circular economy. At the same time, we will provide opportunities for everyone to contribute to the creation of a sustainable society, not only through our independent efforts, but also by working with our value co-creation partners.
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 the realization of a sustainable society.
Empowering diverse human resources to shine	We will realize the sustainable growth of our human resources and the company by creating an environment and structure, including DEI and work-life integration, that enable each employee to play an active role and maximize their motivation, ambition, and abilities.

2024-2026 Medium-term Business Plan (Sustainability)

Materiality	Metrics		Results	Target	
			FY2024	2026	2030
Adding excitement to life	Number of Group member customers		Growth rate 15.7% (vs. FY2023)	25% growth rate (vs. 2023)	*1
	Customer survey (excitement/impression level)		Baseline survey conducted 2030 targets set	–	75%*2
Enhancing community vitality	Customer traffic		5.4% increase (vs. FY2023)	10% increase (vs. 2023)	*1
	Customer survey (Contribution to the community)		Baseline survey conducted 2030 targets set	–	80%*2
Creating a society that co-exists with the environment	Reduction of GHG Scope 1 and 2		65.4% decrease (vs. 2017)	70% decrease (vs. 2017)	73% reduction (vs. FY2017)
	Scope 3		23.2% decrease (vs. 2017)	–	40% reduction (vs. FY2017)
	Percent of energy used in business activities from renewable electricity		67.2%	72%	75%
	Food recycling rate		88.3%	80%	85%
	Percentage of newly developed properties with environmental certification		None	–	100%
	Customer survey (Customer commitment to the environment)		Baseline survey conducted 2030 targets set	–	55%*2
Increasing the number of value co-creation partners	Number of stakeholder co-creations		351	over 400	over 500
	Human rights assessment results		Dialogue based on 2023 results Web seminar held	35% (B rating or higher)	45% (B rating or higher)
Empowering diverse human resources to shine	Employee engagement	Employee satisfaction	68.9%	70%	Set based on achievement status in FY2026
		Work recommendation level	59.9%	60%	
	Ratio of women in management positions		26.2%	31%	40%
	Gender wage gap	All employees	66.5%	Narrowing of differences*3	Set based on achievement status in FY2026
		Regular employees	75.0%		
		Non-regular employees	75.5%		
	Paternity leave usage rate		132.5%	95%	

*1. We will identify metrics and targets closely linked to our business strategy to achieve materiality in our medium-term business plan.
*2. The medium-term targets for 2030 were established based on a basic survey conducted in June 2024. We will conduct another survey in 2025 to verify the appropriateness of these targets.
*3. The gender pay gap for FY2023 is as follows: 65.3% for all workers, 74.4% for regular employees, and 72.7% for non-regular employees.

Environmental Policy

JFR established its "Eco Vision" in 2018 as a policy to promote efforts aimed at solving environmental issues and co-existing with the environment. In May 2024, we revised this policy to strengthen company-wide initiatives addressing nature-related issues, adding biodiversity as a new key focus area.

Eco Vision

J. FRONT RETAILING Group, together with its customers, local communities, suppliers, business partners, employees, and other stakeholders, is committed to solving environmental issues and coexisting with nature through its business activities. Our aim is to pass on a better global environment to future generations. To that end, we will foster a culture in which everyone can contribute to the creation of a society that lives in harmony with the environment.

〈Major Initiatives〉

We will focus on the following areas to realize a better global environment.

❶Realization of a decarbonized society

We will promote decarbonization throughout our entire supply chain by continuously reducing energy consumption and greenhouse gas emissions in our business activities and procuring environmentally friendly products and services.

❷Realization of a circular economy

We will work together with our stakeholders on waste reduction, recycling, and otherwise improving resource efficiency in our business activities. In addition, we will promote a circular economy through resource recycling initiatives that maximize the value of resources and products.

❸Conservation of biodiversity

We will work together with our customers, suppliers, and business partners to conserve and regenerate a rich and diverse natural environment and promote biodiversity-conscious business activities for the sustainable use of natural capital.

〈Promotion Framework〉

We have established a Sustainability Committee to set group-wide environmental goals, formulate action plans, check progress, and make continuous improvements to enhance the effectiveness of our initiatives.

〈Communication with Stakeholders〉

- We will continue to implement environmental education, including training and awareness-raising programs, so that each employee can gain a deeper understanding of environmental issues, comply with legal requirements and internal standards, and solve problems as if they were their own.
- We will work to deepen mutual environmental awareness through timely and appropriate information disclosure and proactive communication with stakeholders.

October 30, 2018
Revised May 13, 2024

Progress of Environmental Initiatives

Laying the Foundation for Sustainable Management

Pursuing the Integration of Sustainability and Strategy

Integrating sustainability with Business Strategy

	Initiative support	Initiatives	External Assessment
2018	• Endorsed UN Global Compact • Endorsed the Climate Change Initiative • Formulated Sustainability Policy • Formulated Eco Vision • Identified materiality • Established ESG Promotion Dept	• Started ESG briefings • Transitioning store lighting to LED (continued from before 2018) • Started Kyushu Tanketai (Hakata Daimaru)	• CDP (D−) • S&P/JPX Carbon Efficient Index
2019	• Endorsed TCFD recommendations • Obtained SBT certification (<2°C) • Established JFR Principles of Action • Established JFR Principles of Action for Suppliers • Established Sustainability Committee	• Held briefing sessions for suppliers • Sent out JFR Principles of Action for Suppliers • Started sustainability training for management level employees • Commenced publication of Sustainability Report • Positive Impact Finance concluded • Began obtaining third-party assurance • ESG model stores: Daimaru Shinsaibashi and Shibuya PARCO open • Commenced switchover to renewable energy for stores • Commenced switchover to EVs for company vehicles • Switched over to environmentally friendly packaging materials	• CDP (A−) • S&P/JPX Carbon Efficient Index
2020	• Joined RE100	• Commenced TCFD disclosure in annual securities report • ESG model store: Shinsaibashi PARCO opens • Commenced Think GREEN (Daimaru Matsuzakaya)	• CDP (A) • S&P/JPX Carbon Efficient Index
2021	• Revised materiality • Obtained SBT certification (1.5°C) • Changed name of ESG Promotion Division to Sustainability Promotion Division • Incorporated non-financial indicators into executive compensation	• Began supplier assessments • Began employee sustainability awareness survey • Issued Sustainability Bond • Launched fashion scription business "AnotherADdress"	• CDP (A) • S&P/JPX Carbon Efficient Index
2022	• Obtained SBT Net Zero certification	• Held briefing for suppliers • Implemented customer survey • Formulated net zero transition plan • Launch of Precious Plastic Kyushu (Hakata Daimaru) • Demonstration experiment on reducing food loss through AI demand forecasting	• CDP (A) • S&P/JPX Carbon Efficient Index • FTSE Blossom Japan Sector Relative Index
2023	• Joined TNFD Forum	• Implemented supplier assessment • Agreed to participate in "Fry to Fly Project" for the domestic production of SAF from waste cooking oil • Launched a men's line for "AnotherADdress," establishment of upcycling brand	• CDP (A) • S&P/JPX Carbon Efficient Index • FTSE Blossom Japan Sector Relative Index • DJSI Asia /Pacific • FTSE Blossom Japan Index • FTSE4Good Index Series • MSCI Japan ESG Select Leaders Index
2024	• Revised materiality • Revised Eco Vision • Registered as a TNFD Adapter	• Publication of TNFD Report • Visualizing environmental contribution using the carbon footprint of AnotherADdress	• CDP (A) • S&P/JPX Carbon Efficient Index • FTSE Blossom Japan Sector Relative Index • DJSI Asia /Pacific • FTSE Blossom Japan Index • FTSE4Good Index Series • MSCI Japan ESG Select Leaders Index

TCFD/TNFD Integrated Disclosure

Toward Net Zero and Nature Positive

Our daily lives and business activities are supported by the blessings of ecosystems, also known as ecosystem services, such as food, water, and climate stability, which are provided by the interconnection of diverse living organisms. However, climate change has progressed to a serious level due to global warming and the degradation of the natural environment. This endangers not only future generations but all people, including us, and the diversity of animals and plants (biodiversity) is being lost at an unprecedented rate.

We recognize that climate change and biodiversity loss are inseparable issues that will have a significant impact on our business over the medium to long term. Based on this understanding, we will comprehensively promote initiatives aimed at achieving net-zero*1 greenhouse gas emissions across our entire value chain by 2050 and becoming nature positive.*2

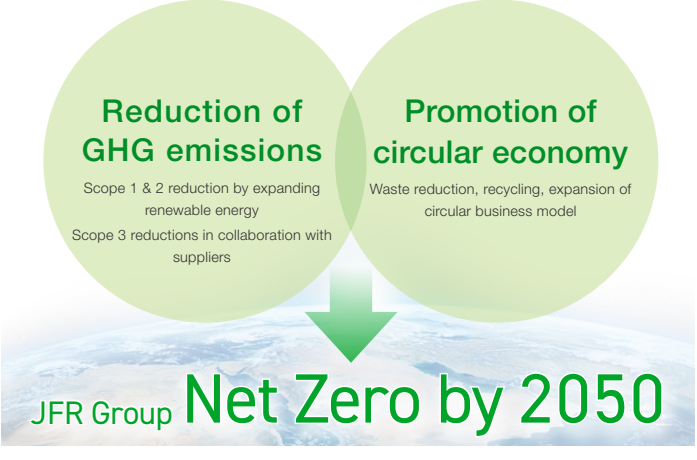
Our company has identified "Creating a society that co-exists with the environment" as one of its material issues (key management issues). In our core retail business, which includes department stores and shopping centers, we will leverage our relationships with various stakeholders, including business partners, customers, and local communities, to promote the procurement of environmentally friendly products, propose lifestyles that emphasize harmony with nature, and develop stores with high environmental performance.

*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. Nature positive (nature restoration) is a concept that aims to halt and reverse the loss of nature, with the goal of achieving full recovery. It is reflected in the Kunming-Montreal Biodiversity Framework adopted in 2022, which sets targets for 2030 and 2050.

Direction of Initiatives Toward Net Zero

Our Group is committed to achieving net zero in 2050 by focusing on a "Reduction of GHG emissions" and "Promotion of circular economy." Specifically, we will implement energy conservation measures in our stores, expand the use of renewable energy, and reduce Scope 3 GHG emissions (hereinafter referred to as "Scope 3 emissions") through collaboration with our suppliers and customers. Additionally, we will promote resource recycling through measures such as strengthening the 3Rs*3 (Reduce, Reuse, Recycle) and expanding circular business models.



Targets

The Company recognizes 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, we obtained certification through the Science Based Targets (SBT) initiative*4 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%

As of 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%.

*3. 3Rs stand for Reduce, Reuse, and Recycle.

*4. 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.

Target year	Targets with SBT certification	New higher target
FY2050	●Scope 1,2, and 3 GHG emissions reach net zero	
FY2030	●60% reduction of Scope 1 and 2 GHG emissions (vs. FY2017) →	73% reduction
	●40% reduction of Scope 3 GHG emissions (vs. FY2017)	

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 in October 2024, registered as a TNFD Adopter. Based on the frameworks for both recommendations, we disclose 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.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Forum Member

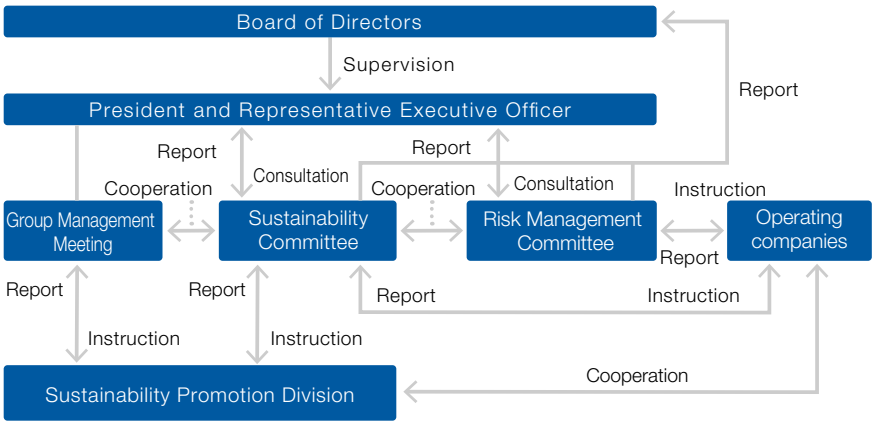
Governance TCFD TNFD

a Process by which the Board of Directors receives reports on environment-related issues, frequency with which these issues are placed on the agenda, and monitoring of progress

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 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 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.

JFR Group's sustainability management system



Board of Directors Skill Matrix

In selecting candidates for the Board of Directors, the Company uses a skills matrix to clarify the expertise and experience expected of directors. One of these skill categories is "Environment." By appointing directors capable of providing appropriate supervision of specific action plans and regular reviews, and monitoring the status 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.

WEB ➡ Skill Matrix

b Management's responsibility for environment-related issues, process for receiving reports, and monitoring methods

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 climate-related issues. Matters deliberated and approved by the Group Management Meeting and the Sustainability Committee are reported to the Board of Directors for final approval.

Executive remuneration system incorporating non-financial measures

Since FY2021, we have set "reduction of Scope 1 and 2 emissions" as one of the non-financial indicators for determining performance linked compensation in officer remuneration. These are linked to the KPIs in the Medium-term Business Plan to clarify the responsibility of executive officers to achieve the targets for climate-related issues, and function as an incentive to realize and promote sustainability management.

WEB Executive Remuneration System

Decision-making bodies and implementation entities in the environmental management system

	Decision-making bodies and implementation entities	Role
Decision-making bodies	Board of Directors	Supervises the setting of targets and the progress of environment-related initiatives deliberated and approved through business execution. Meets monthly.
	Group Management Meeting	Deliberates and approves policies and measures related to company-wide management as the highest decision-making body for business execution. Deliberates and approves company-wide management policies and other matters related to comprehensive risks and opportunities, including environment-related issues, as discussed by the Risk Management Committee and Sustainability Committee. Approved matters are reported to the Board of Directors. Meets weekly.
	Risk Management Committee	Deliberates on the identification, evaluation, and response to comprehensive risks and opportunities, and monitors the risk responses of operating companies. Environmental risks and opportunities are also integrated into the company-wide risk management framework and managed together with other risks. Deliberations by the Committee are reported to the Board of Directors. Meets three times a year.
	Sustainability Committee	Discusses specific measures to address more detailed sustainability issues, including environment-related issues deliberated and approved by the Group Management Meeting. Monitors the progress of each operating company based on the Group's long-term plan and KGI/KPI. In addition, engages in dialogue with experts in environmental issues. The contents of the discussions are reported to the Board of Directors. Meets at least twice a year.
Implementation entities	President and Representative Executive Officer	Chairs the Group Management Meeting, and also the Risk Management Committee and the Sustainability Committee. Bears the ultimate responsible for making management decisions on environment-related issues, including identifying, assessing, and responding to climate and nature-related risks and opportunities, and promoting group-wide initiatives to resolve environment-related issues.
	Operating Companies	Each operating company plans and implements specific measures to address environmental issues based on the items approved by the Group Management Meeting and the deliberations of the Risk Management Committee and Sustainability Committee, and reports on the progress to the JFR Group's Risk Management Committee and Sustainability Committee.
	Sustainability Promotion Division	Formulates and proposes Group policies and other measures for promoting sustainability management. The division collects environment-related information on risks and opportunities, formulates the direction of medium and long-term initiatives, and reports to the Group Management Meeting and the Sustainability Committee.

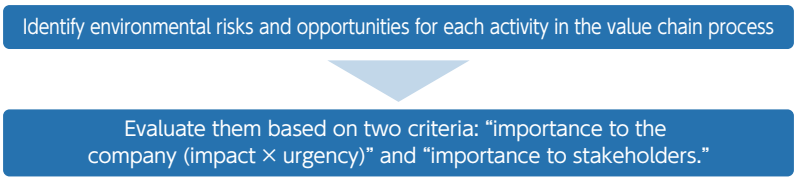
Main environment-related agenda items of the Sustainability Committee

FY2023	April	●FY2023 Sustainability Action Plan ●Group-wide KPI progress report for FY2022
	September	●Lecture by an external instructor on "Overview and importance of biodiversity" ●Conducted 2nd supplier assessment ●Group-wide KPI progress report for 1H FY2023
FY2024	April	●Lecture by an external instructor on "The Relationship Between Long-Term Corporate Value Enhancement and Non-Financial Activities" ●Group-wide KPI progress report for FY2023 ●FY2024-2026 Medium-Term Sustainability Plan
	September	●Employee engagement with materiality ●Group-wide KPI progress report for 1H FY2024
FY2025	April	●Lecture by an external instructor on the "Introduction of Renewable Energy for the 2050 Net Zero Transition Plan" ●Group-wide KPI progress report for FY2024

Risk Management TCFD TNFD

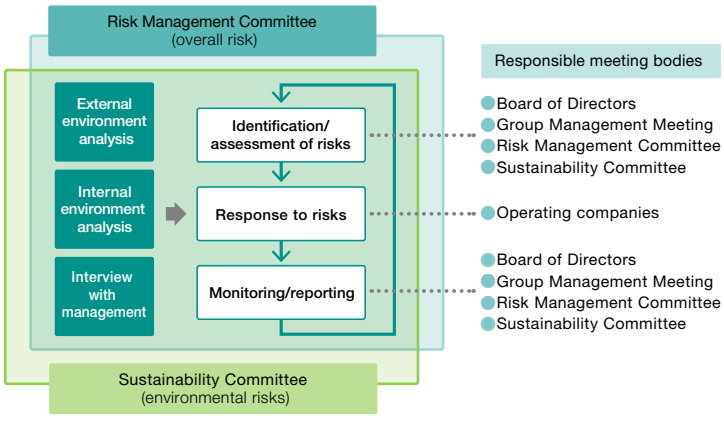
a Details of the process for identifying and assessing environmental risks and opportunities

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.This understanding also applies to environmental risks and opportunities, which we identify and evaluate from both the positive and negative perspectives.



b Details of the process for managing significant environmental risk and opportunities

The Company discusses environmental risks and opportunities in greater detail within the Sustainability Committee and shares the outcomes with each operating company, which incorporates climate change initiatives into their action plans. These plans are then reviewed in meetings led by the presidents of each operating company. Progress is monitored by the Group Management Meeting, the Risk Management Committee, and the Sustainability Committee, and is finally reported to the Board of Directors.



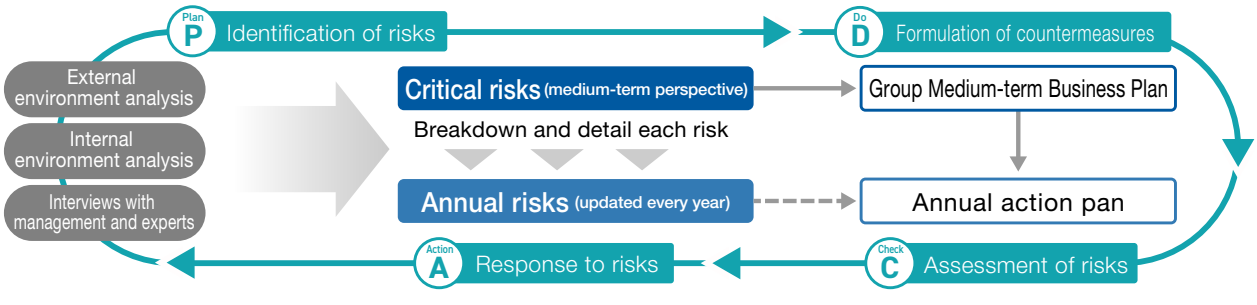
c Status of integration into the company-wide risk management framework

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 committee deliberates on important matters such as identification and evaluation of risks and the determination of which risks will be reflected in strategy. Because we position risk as the starting point of strategy, we strive to link risk management to the enhancement of corporate value by aligning our strategy with risk.

Risks that are extremely important to the Group's management over the medium term are positioned as "critical risks" and serve as the starting point for our Medium-term Business Plan. Significant risks are further broken down into "annual risks," allowing us to clarify the risks to be addressed each year and prioritize countermeasures. One of our key risks is the "growing importance of environmental issues," and we review environmental risks and opportunities on an annual basis.

The deliberations of the Risk Management Committee are reported to the Group Management Meeting and shared with the Sustainability Committee. Additionally, the contents of discussions in these bodies, as well as matters approved by the Group Management Meeting, are reported to the Board of Directors (meets monthly). Under this supervisory structure, we reflect risk-related matters in the Group's strategy and implement appropriate measures.

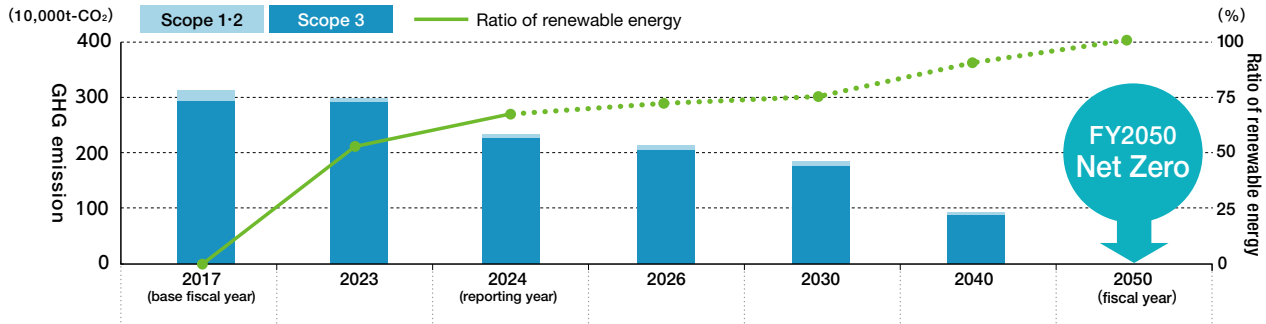
Group-wide Risk Management Process (PDCA)



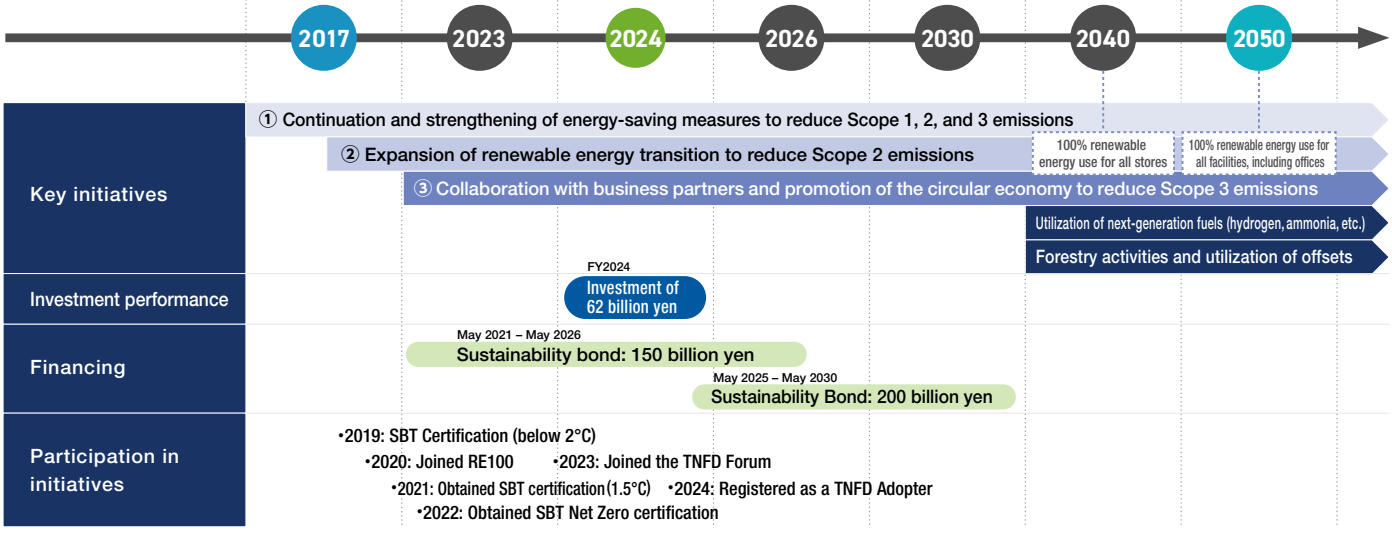
Strategy TCFD

JFR Group's FY2050 Net Zero Transition Plan

Recognizing the need to take a medium- to long-term approach in order to achieve net zero by 2050, we have formulated a transition plan toward that goal. Based on the results of our analysis of climate-related risks and opportunities, as well as their financial impacts, we will implement appropriate countermeasures to address risks and actively respond to changing customer needs that represent new opportunities. In this way, we will promote specific initiatives from short-, medium-, and long-term perspectives, aiming to capture new growth opportunities. Furthermore, by integrating investment and funding plans with fiscal year initiatives in the transition plan, we will clarify the connections between these elements and enhance the plan's effectiveness.



Phase	Results (FY2017-2024)			Short term (until FY2026)	Medium term (until FY2030)	Long term (until FY2050)	
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%



*As of May 2025; this plan is subject to revision based on future business strategies.

	FY2024 initiatives		Investment amount
❶ 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
❷ 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
❸-1 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 reuse business (March 2025)	
❸-2 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	
❸-3 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	

a Details of short-, medium-, and long-term risks and opportunities

The Company considers it important to examine climate-related risks and opportunities at the appropriate milestone occasions because of the potential impact on its 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.

In response to climate-related risks and opportunities, the Company has formulated the group strategy through a backcasting approach from fiscal 2050, the target year for realizing net zero.

Definition of the periods for considering climate-related risks and opportunities in the JFR Group

Periods for considering climate-related risks and opportunities		JFR Group's definition
Short term	Until FY2026	Execution period of the Medium-term Business Plan
Medium term	Until FY2030	Period until the SBT short-term target year
Long term	Until FY2050	Period until the SBT net zero target year

b Nature and extent of impact of risks/opportunities on business, strategy, and financial plans

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.

Implementation status of scenario analysis

Year of implementation	Summary	Scenarios referenced	Business
2020	●Commencement of TCFD disclosure in annual securities report	1.5℃ to under 2℃ scenario, 3℃ scenario	Retail
2021	●Review of scenarios	Under 2℃ scenario, 4℃ scenario	Retail
2022	●Formulation of net zero transition plan ●Consideration of timeframe for risk realization ●Expansion of items for quantifying financial impact	1.5℃ to under 2℃ scenario, 4℃ scenario	Retail
2023	●Expansion of target businesses (addition of developer business) ●Expansion of items for quantifying financial impact ●Expansion of countermeasures	1.5℃ to under 2℃ scenario, 4℃ scenario	Retail Developer
2024	●Revision of estimated financial impact in 2030 ●Clarification of internal carbon pricing (ICP) setting	1.5℃ to under 2℃ scenario, 4℃ scenario	Retail Developer

In the scenario 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

Estimated temperature rise	Existing scenarios referenced		Assumed global scenario	Target business
Less than 1.5°C/2°C	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	Retail business Developer business
	Physical	"Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)		
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 of 2.6℃ to 4.8°C). ●Increase in severe natural disasters ●Rise in sea levels ●Loss of biodiversity	
	Physical	"Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)		

Based on these scenarios, we identified climate-related risks and opportunities in accordance with the TCFD recommendations, targeting our core businesses, retail and developer operations, and examining each activity within their value chain processes. Building on this, we identified transition risks (such as policy and regulatory changes, technological shifts, market trends, and reputational impacts), physical risks (both acute and chronic), and opportunities arising fro appropriate responses to climate change (including resource efficiency, energy sources, products and services, market shifts, and resilience).

c Risk/opportunities and financial impact based on relevant scenarios ad strategies/resilience against them

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 impacts in FY2030

↑ 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 measures in stores and expansion of renewable energy switching to achieve the 2050 net zero target
Risks	Transition risks	●	●	●	• 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
Risks	Transition risks	●	●	●	• Increase in investment for introduction of high-efficiency, energy-saving equipment	↗	↗	●Use of internal carbon pricing ●Review of cost-effective facilities and planned investment •Introduction of high-efficiency energy-saving equipment in FY2024: 2,174 million yen
Risks	Transition risks	●	●		• 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. •Procurement of renewable energy in FY2024: 3,819 million yen
Risks	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 •BCP preparations in FY2024: 28 million yen
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
Opportunities	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 •Introduction at 9 stores (as of the end of FY2024, accounting for 74.4% of total Daimaru Matsuzakaya Department Stores emissions) ●Hold supplier briefings ●Calculating GHG emissions, setting reduction targets, requesting primary data on emissions, and other collaborative efforts with suppliers toward decarbonization •Reached agreement on the provision of primary data: total of 72 companies (as of the end of FY2024)
Opportunities	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 •Establishment of the joint venture, JFR & KOMEHYO PARTNERS Co., Ltd. in March 2025, with KOMEHYO Co., Ltd.
Opportunities	Market	●	●	●	• 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

〈Basis for calculation of quantitative financial impacts in 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.

Major parameters

Parameters	Source
Carbon tax price 2030(1.5°C : 140$ / t-CO_2、4°C : 133$ / t-CO_2) 2050(1.5°C : 250$ / t-CO_2、4°C : 142$ / t-CO_2)	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2024)
	"Stated Policy Scenario (STEPS)" (IEA, 2024)
High electricity prices from renewable energy	"Japan's Energy 2023" (Ministry of Economy, Trade and Industry / Agency for Natural Resources and Energy, 2024)
Frequency of future flood occurrence	"Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

Impact Assessment of Carbon Pricing

By working to reduce GHG emissions in line with the SBT "1.5°C target" and "net zero target," we will minimize the medium- to long-term risk of increased costs associated with the anticipated introduction of carbon pricing measures such as a carbon tax.

	FY	1.5°C scenario	4°C scenario
If GHG emissions are reduced as planned	2030	1,100 million yen	1,000 million yen
	2050	0 yen	0 yen
If GHG emissions are not reduced	2030	1,700 million yen	1,700 million yen
	2050	3,100 million yen	1,800 million yen

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 promoting initiatives that address both the risks and opportunities of climate-related issues, we will enhance the resilience of our management.

Metrics & Targets TCFD

a Metrics used to manage climate-related risks and opportunities

The Company has established two 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.

Also, to clarify the responsibility of executive officers regarding the issue of climate change, Scope 1 and 2 GHG emission reduction targets were set as one of the non-financial indicators for determining performance linked compensation in officer remuneration.

WEB ➡ Officer Remuneration System

b GHG emissions (Scope 1, 2, and 3)

The Company has been calculating its total emissions since fiscal 2017. Our Scope 1 and 2 emissions in FY2024 were 67,125 t-CO_2 (65.4% reduction vs. FY2017) and Scope 3 emissions were 2,247,051 t-CO_2 (23.2% reduction vs. FY2017). In addition, the ratio of renewable energy was 67.2%.

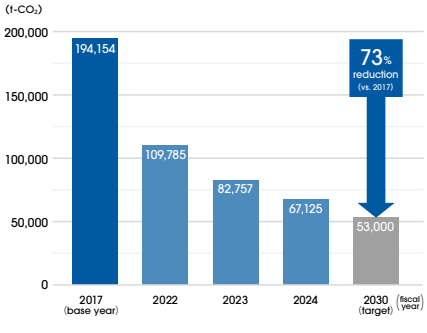
Third-party assurance has been obtained for Scope 1, 2, and 3 emissions and renewable electricity consumption.

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

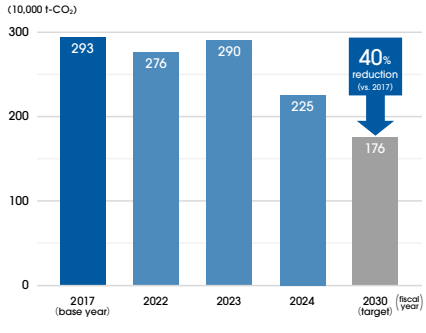
		FY2017	FY2023	FY2024	
		Actual*1	Actual*1	Actual	Compared with FY2017 (base year)
Scope 1 emissions		16,052	14,021	14,430	-10.1 %
Scope 2 emissions	(market-based)	178,102	68,736	52,695	-70.4 %
	(location-based)	184,047	142,935	136,692	-25.7 %
Scope 1 and 2 emissions total*2		194,154	82,757	67,125	-65.4 %
Scope 3 emissions*3		2,927,320	2,898,436	2,247,051	-23.2 %
Scope 1, 2 & 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.
*3. Basic Guidelines on Calculating for Greenhouse Gas Emissions Throughout the Supply Chain, Version 2.7 (March 2025, Ministry of the Environment, Ministry of Economy, Trade and Industry)," and "Emissions Unit Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain, Version 3.5 (March 2025)," and IDEAv3.3 (for calculating greenhouse gas emissions in the supply chain)

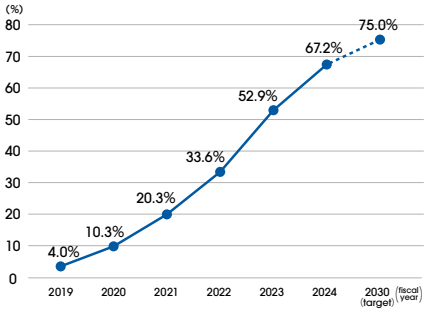
Scope 1 and 2 emissions



Scope 3 emissions



Ratio of renewable energy



c Targets and results used to manage climate-related risks and opportunities

Since fiscal 2018 the Company has set long-term GHG emission reduction targets in support of the global 1.5℃ target. We obtained certification for our Scope 1, 2, and 3 emission reduction targets by SBTi in FY2019. In FY2021, we raised our target for reducing 2030 Scope 1 and 2 emissions from the previous 40% to 60% compared with FY2017(base year), and renewed our SBT certification under the 1.5℃ target. Moreover, in February 2023, we also obtained certification for our 2050 Net Zero Target for Scope 1, 2, and 3 GHG emissions.

To achieve these long-term targets, the Group started procuring renewable energy-sourced electricity for its own facilities in FY2019. In October 2020, we joined the RE100* initiative and aim to achieve a 100% renewable energy share for electricity used in business activities by FY2050.

*RE100 is a global initiative that aims for businesses to use 100% renewable electricity in their operations by 2050.

Early achievement of 2030 targets and establishment of new goals

As of the end of February 2025, we had already achieved our 2026 and 2030 targets (60% reduction in Scope 1 and 2 emissions, a 60% renewable energy ratio). Accordingly, we have set more ambitious targets for 2030.
Additionally, to ensure steady progress toward net zero emissions by 2050, we have established a new medium-term target for 2040.

Targets used by the JFR Group to manage climate-related risks and opportunities

Metrics	Target year	Details of targets
GHG emissions	2050	Net zero emissions of Scope 1, 2, and 3 GHG emissions*1
	2030	73% reduction of Scope 1 and 2 GHG emissions (vs. FY2017) *2 40% reduction of Scope 3 GHG emissions (vs. FY2017)*3
Ratio of renewable energy in electric power used in business activities	2050	100%*4
	2040	90%
	2030	75%

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

Use of internal carbon pricing (ICP)

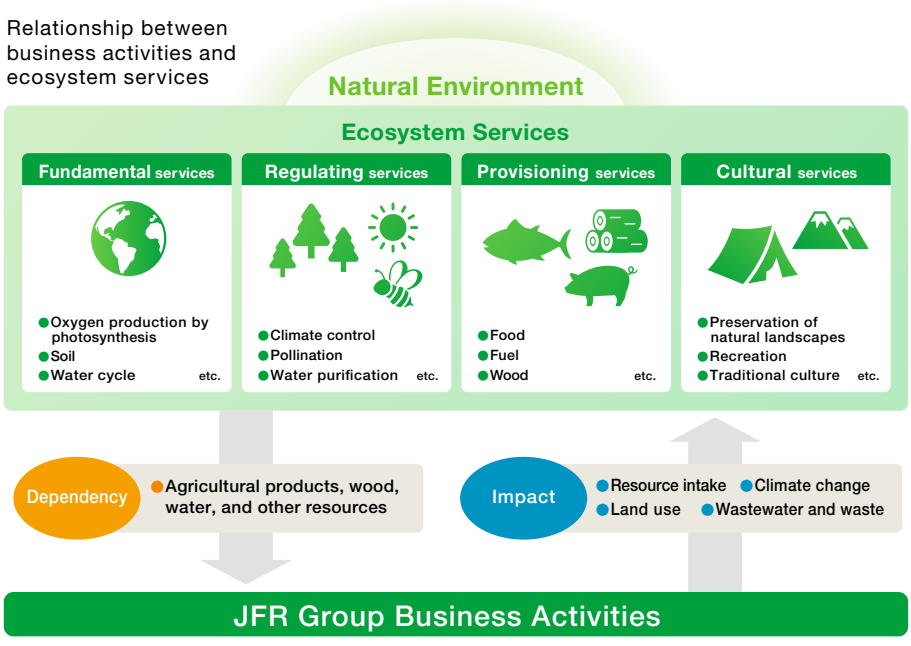
In February 2024, we established Internal Carbon Pricing (ICP) for visualizing CO2 emissions as a cost by converting them into monetary values. The goal is to foster awareness inside the Company of the need for decarbonization and promote decision-making aligned with decarbonization investments. (Internal carbon price: 10,000 yen/t-CO2).
In FY2024, we utilized ICP to compare and evaluate renewable energy procurement costs when reviewing the 2026 and 2030 renewable energy targets. Looking ahead, we will also consider incorporating ICP into real estate investment criteria, with the aim of creating business opportunities and promoting decarbonization management across the entire Group.

Strategy TNFD

1 Dependencies and impacts on nature

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



2 Evaluating nature-related issues based on the LEAP*1 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 risk and opportunities.

In FY2023, the Group's main operating company, Daimaru Matsuzakaya Department Stores Co, Ltd., 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

①Outward appearance of dependencies and impacts Locate

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			Regulating services									
			Textiles and other materials	Surface water	Groundwater	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			Pollution/depollution				Resource usage	Climate change
			Use of terrestrial ecosystem	Use of freshwater ecosystem	Use of marine ecosystem	Air pollution	Soil pollution	Water pollution	Waste	Water usage	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 assess for risks and opportunities Locate

We used several tools, including the Risk Filter Suite (a WWF2 tool for analyzing risk in ecosystems and water) and Aqueduct (a WRI3 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.

*2. WWF (World Wide Fund for Nature): An environmental conservation organization active in more than 100 countries, that works to restore the vanishing richness of biodiversity and to prevent global warming.
*3. WRI (World Resources Institute): An independent organization that conducts policy research and provides technical assistance on global environmental and development issues

Daimaru Shinsaibashi

③ Sorting out factors behind dependencies and impacts on nature Evaluate

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.

		Value chain upstream: Store development: Raw material production/extraction/procurement	Value chain upstream: Store development: Manufacture of goods / Transportation of goods	In-house: Store operations	Value chain downstream: Use and disposal of goods
Store development	Dependencies	●Procurement of raw materials for construction ●Water usage ●Fuel usage ●Electricity usage	●Fuel usage	●Fuel usage ●Electricity usage ●Water usage	
	Impacts	●Land conversion and development ●Mineral resource extraction ●Energy usage ●GHG emissions ●Air pollution ●Waste emissions	●Air pollution ●Energy usage ●GHG emissions ●Waste emissions	●Air pollution ●Water pollution ●GHG emissions ●Waste emissions	●Fuel usage ●GGHG emissions ●Waste emissions
Clothing and food	Dependencies	●Use of soil, forests, and pastures for procurement of raw materials such as cotton and lumber and for livestock feed ●Use of marine areas and extraction of natural fisheries resources ●Pollination by insects ●Water usage ●Fuel usage ●Electricity usage	●Fuel usage	●Fuel usage ●Electricity usage ●Water usage ●Paper usage	●Water usage ●Fuel usage ●Electricity usage
	Impacts	●Soil pollution, deforestation, reduction of pastureland, land degradation, desertification due to such factors as excessive wood consumption and use of pesticides ●Depletion of water resources, destruction of marine ecosystems (e.g. overfishing of juvenile fish) ●Wastewater and water pollution in food processing processes ●Energy usage ●GHG emissions ●Air pollution ●Waste emissions	●Air pollution ●Energy usage ●GHG emissions ●Waste emissions	●Air pollution ●Water pollution ●GHG emissions ●Waste emissions	●Microplastic runoff during laundering, water pollution ●Waste emissions
Packaging materials	Dependencies	●Procurement of raw materials for paper packaging ●Water usage ●Fuel usage ●Electricity usage	●Fuel usage	●Fuel usage ●Electricity usage	
	Impacts	●Deforestation due to excessive logging ●Energy usage ●GHG emissions ●Air pollution ●Waste emissions	●Air pollution ●Energy usage ●GHG emissions ●Waste emissions	●Waste emissions	●Fuel usage ●GHG emissions during recycling ●Waste emissions

④Assessment of risks and opportunities, preparation of countermeasures Assess Prepare

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 high-efficiency 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 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 construction-related 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		・Store operations are sustained/maintained 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" ●Establishment of the joint venture, JFR & KOMEHYO PARTNERS Co., Ltd. in March 2025, with KOMEHYO Co., Ltd. (launch of 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 a comprehensive solutions to both, we have established metrics and targets to efficiently circulate resources and advance our initiatives accordingly.

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

Metrics	Target year	Description
GHG emissions	2050	Scope 1, 2, 3 net zero GHG emissions*1
	2030	73% reduction of Scope 1, 2 GHG emissions (vs. FY2017)*2 40% reduction of Scope 3 GHG emissions (vs. FY2017)*3
Ratio of renewable energy used in business activities	2050	100%*4
	2040	90%
	2030	75%
Food recycling rate	2030	85%
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

Survey on the Handling of Certified Label Products

Daimaru Matsuzakaya Department Stores conducted a survey in November 2024 targeting 90 business partners that handle textile products, cosmetics, and food items. The survey focused on their handling of certified label products that take into consideration biodiversity and human rights.

As a result, approx. 38% of the responding suppliers handled products with certification labels. However, many suppliers indicated that even if the products themselves do not have certification labels, they use certified raw materials, take environment and human rights considerations into account during the production processes, or have established their own certification standards.

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, in order 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.

Environmental Initiatives

Realizing a Decarbonized Society

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 regard addressing climate change as a key issue in our sustainability management. Recognizing that the risks and opportunities associated with climate change will have a significant impact on the Group's business strategies, the Company is taking measures to achieve net zero greenhouse gas emissions across our entire value chain by 2050.

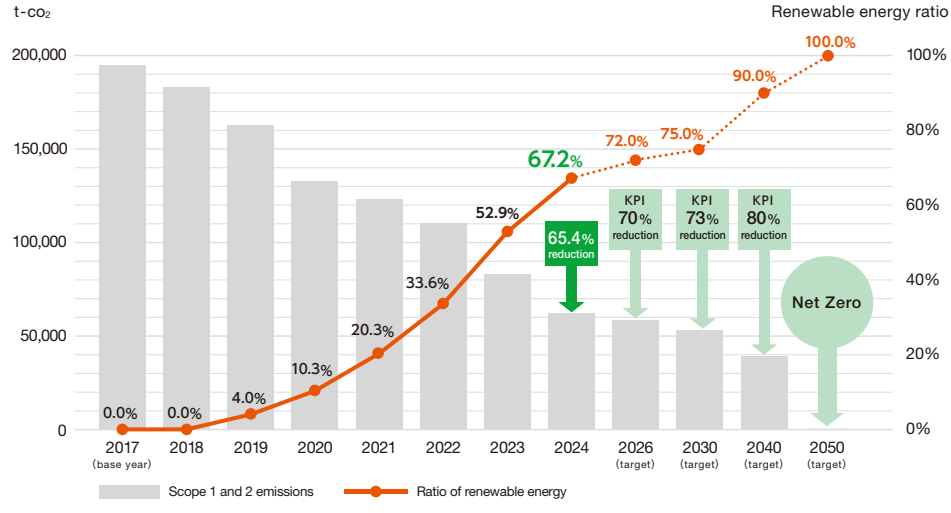
Expanding Use of Renewable Power for Sustainable Stores

In our Group, whose business centers on retail such as department stores and shopping centers, over 90% of Scope 1 and 2 emissions come from our stores, and approx. 80% of those emissions are attributable to electricity use. Therefore, we recognize the need to both improve energy efficiency and promote energy saving, as well as transition to renewable energy for the electricity used in stores.

Starting with the opening of the Daimaru Shinsaibashi store in 2019, which operates entirely on renewable energy, we have been gradually switching our stores in the Kansai, Kanto, ad Chubu regions to renewable energy. In April 2024, we implemented the transition to renewable energy at the Daimaru Umeda store. As a result, in FY2024, our renewable energy ratio reached 67.2%, and our Scope 1 and 2 emissions were reduced by 65.4% compared to the base year of FY2017. Furthermore, as of the end of February 2025, we had already achieved our Scope 1 and 2 emissions reduction targets of 60% and renewable energy ratio target of 60%, which had been set for 2026 and 2030, well ahead of schedule. Accordingly, we have now set more ambitious targets for 2030.

We believe that operating stores with renewable electricity enhances the environmental value of our buildings and contributes to gaining support from environmentally conscious suppliers and customers. We will continue to promote the transition to renewable electricity going forward.

Change in ratio of renewable energy usage



Major stores switching to renewable energy (as of 02/28/2025)

Daimaru & Matsuzakaya
Shinsaibashi/Umeda/Kyoto/Kobe/Suma/Nagoya (excl. North Building)/Ueno/Shizuoka/Takatsuki (9 out of 15 stores)
PARCO
Sapporo/Sendai (excl. main store)/Ikkebukuro/Ueno/Kichiijoji/Chofu/Shizuoka/Nagoya/Shinsaibashi/Hiroshima/Fukuoka/Hibarigaoka/Matsumoto (13 out of 16 stores)

Contributing to the Spread of Renewable Energy

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

*Contribute to the spread and expansion of new renewable power sources and the effectiveness in reducing CO_2 emissions.

Solar panels installed on the roof of Shibuya PARCO

Expansion of Electric Vehicle (EV) Charging Stations

Angel Park, a Group company that operates parking facilities, has installed a total of 10 EV charging stations that customers can use free of charge. Since April 2023, Angel has switched to 100% renewable energy for electricity throughout the building, which will not only improve convenience for customers using electric vehicles but also contribute to the decarbonization of society.

EV charging station in the parking lot of Angel Park

Supplier Engagement Toward Scope 3 Reductions

More than 87% of our Scope 3 emissions fall under Category 1 (purchased goods and services), making it difficult to achieve reductions through our own efforts alone. Therefore, reductions must be pursued through collaboration across the entire value chain.

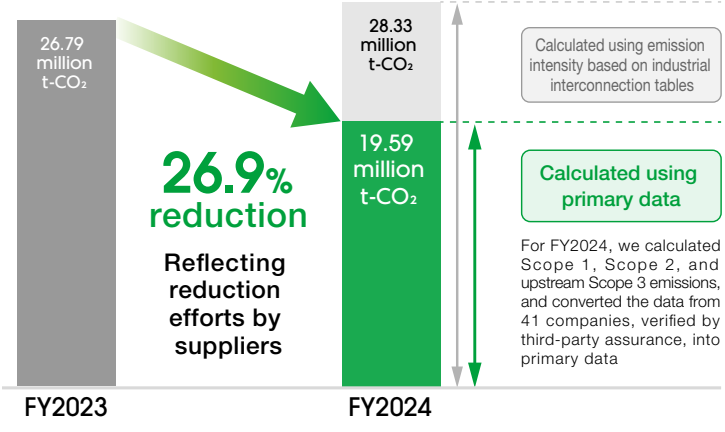
To date, our core operating company, Daimaru Matsuzakaya Department Stores, has engaged in dialogue with business partners based on their specific circumstances, covering areas such as calculating emissions, setting reduction targets, and requesting primary data related to emissions (Scope 1, 2, and upstream Scope 3). As of FY2024, we have held discussions with a total of 121 companies, and reached agreement on the provision of primary data with 72 companies.

In FY2024, we incorporated data from 41 companies that calculated their Scope 1, 2, and 3 emissions and obtained third-party assurance as primary data into our Group's calculations. As a result of reflecting our suppliers' reduction efforts, our Category 1 emissions decreased by 26.9% compared to FY2023.

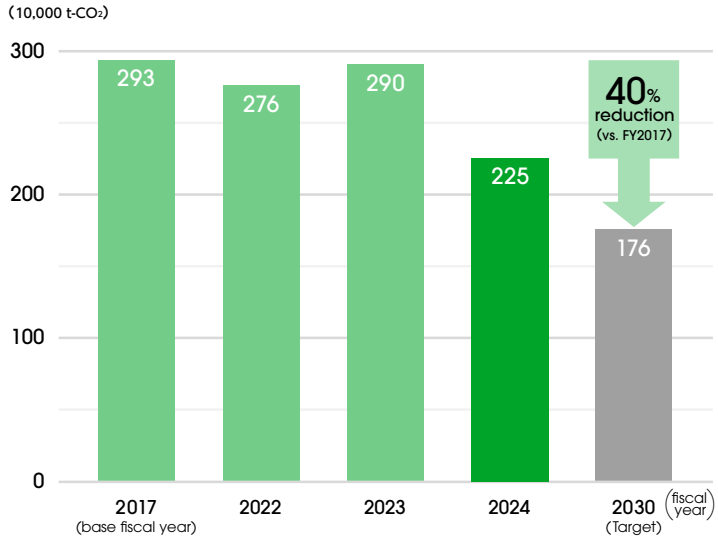
Furthermore, Daimaru Matsuzakaya Department Stores actively participated in the formulation of the "Guidelines on the Use of Primary Data for Scope 3 Category 1 Supply Chain Emissions in the Department Store Industry" and the "Scope 3 Calculation Format," both initiatives spearheaded by the Japan Department Stores Association. Through these initiatives, we contributed to driving decarbonization efforts across the department store industry's entire value chain.

To enhance the efficiency and pace of these efforts, we transitioned to a new environmental data calculation system in March 2025. By utilizing this system and further strengthening collaboration with our suppliers, we will continue to advance our initiatives to reduce Scope 3 emissions.

Scope 3 Category 1 Reduction



Scope 3 Emissions



Previous initiatives toward the value chain (Daimaru Matsuzakaya Department Stores)

Dissemination of policy	●Supplier briefings 2019: 530 companies 2022: 252 companies
Understanding of current status	●Implementation of surveys on CO_2 emissions
Calculation and reduction requests	●Direct dialogue and individual company visits Total number of companies engaged in dialogue by FY2024: 121 Agreements to obtain primary data: 72 companies

FY2024 Scope 3 Emissions by Category (unit: t-CO_2, %)

	Category	Emissions	Percentage of emissions (%)
1	Purchased goods and services	1,958,949	87.18
2	Capital goods	58,639	2.61
3	Energy excluding Scope 1 and 2	30,976	1.38
4	Upstream transportation and distribution	3,756	0.17
5	Waste from operations	12,838	0.57
6	Business travel	4,099	0.18
7	Employee commuting	1,825	0.08
8	Upstream leased assets	—	0.00
9	Downstream transportation and distribution	6,336	0.28
10	Processing of products	—	0.00
11	Use of sold products	14,841	0.66
12	End-of-life treatment of sold products	140,487	6.25
13	Downstream leased assets	14,305	0.64
14	Franchising	—	0.00
15	Investments	—	0.00
	Total Scope 3	2,247,051	100.00

*Category 8 is excluded from the calculation because it is calculated under Scope 1 and 2

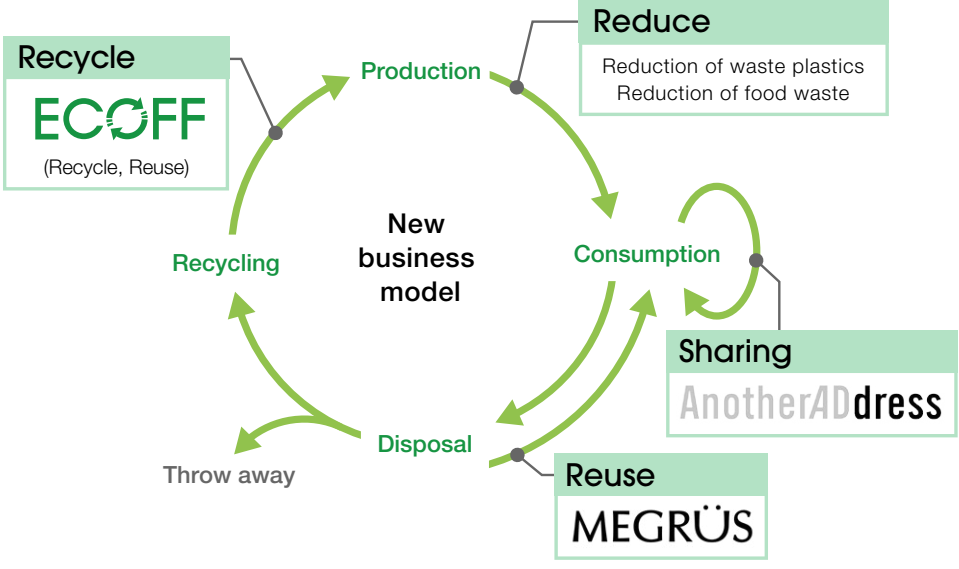
*Categories 10, 14, and 15 are excluded from the calculation because they are not applicable to the JFR Group's business processes

Environmental Initiatives

Realizing a Circular Economy

The linear economy, which is based on mass production, mass consumption, and waste disposal, has led to various global environmental issues such as resource shortages, global warming, and waste management. Against this backdrop, the importance of the circular economy is increasing, as it aims to reduce waste and achieve resource circulation. The Group will accelerate its resource recycling efforts in cooperation with customers and business partners, aiming to both reduce risks related to environmental issues and acquire new business opportunities.

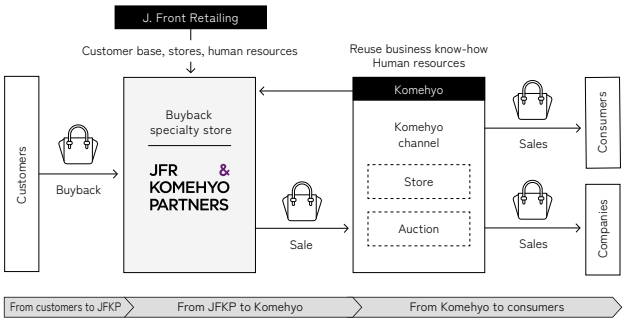
JFR Group's establishment of a recycling-oriented business model



Launch of Reuse Business (Buyback)

In March 2025, the Company established a joint venture, JFR & KOMEHYO PARTNERS Co., Ltd., with Komehyo Co., Ltd., to launch a reuse business. Starting in summer 2025, we plan to roll out buyback specialty stores named "MEGRÜS" at Daimaru, Matsuzakaya, and PARCO locations. By passing valuable items from person to person and encouraging their long-term use, we aim to contribute to the realization of a sustainable society.

MEGRÜS



JFR & Komehyo Partners business scheme

MEGRÜS at Matsuzakaya Nagoya

JFR & KOMEHYO PARTNERS Co., Ltd. is a joint venture founded with the vision of becoming a hub for the circular economy. Our goal is to connect different stages of life with the value of goods, ultimately contributing to a sustainable society filled with smiles.

This initiative arose from the increased awareness of end-of-life planning and the need to organize one's possessions, which was heightened by the COVID-19 pandemic. It is also recognized that department store customers have a demand for reuse.

At MEGRÜS, the items we circulate are not only resources but sources of "joy." We provide services that enable customers to experience joy and engage naturally in the circular economy, not merely through buying and selling items.

JFR & KOMEHYO PARTNERS Co., Ltd. President and CEO Noritaka Shimogaki

Environmentally Conscious Fashion Subscription Businesses

AnotherADdress, launched by Daimaru Matsuzakaya Department Stores in March 2021, is a fashion subscription business that emphasizes the essential value of fashion and sustainable initiatives, aiming to transition into a highly sustainable business model for society and the environment.

Launching the Upcycling Brand “reADdress”

In December 2023, we launched the upcycling brand "reADdress" driven by a desire to extend the life of clothing that has become difficult to rent due to stains, dirt, or damage, and enable people to enjoy them once again by giving them new value. Through collaboration with Kyoto Montsuki Co., Ltd., a company with over 100 years of history, we have created one-of-a-kind pieces through deep black dyeing and reconstruction (remaking) techniques such as patchwork.

reADdress

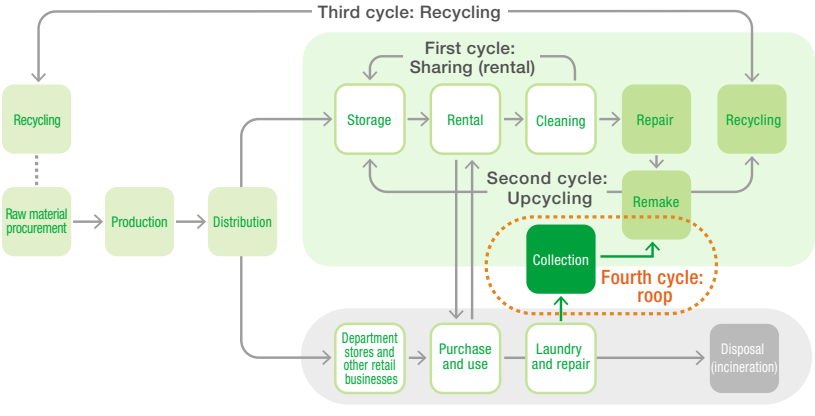
Circular Fashion: Promotion of the Upcycling Project "roop"

In 2024, AnotherADdress was selected by the Ministry of the Environment’s subsidy program for promoting environmentally conscious behaviors and for CO_2 emissions reduction measures (as part of the “Deco-Katsu*” promotion project).

*A national movement promoted by Japan’s Ministry of the Environment to create new, enriched lifestyles that contributes to decarbonization.)

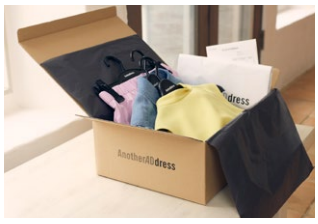
By newly introducing a clothing collection system in collaboration with service users and the department store business, we realized “roop,” a new consumer-participation-based fourth cycle. This project collects garments with personal significance and transforms them into upcycled items through the hands of professional designers and fashion school students. The resulting items are then made available for rental through AnotherADdress, creating a new model of “circular fashion.”

In February 2025, the final judging and awards ceremony for the fashion design contest “roop Award 2024-2025” was held at the Yoyogi National Gymnasium First Stadium. The event featured entries that embodied the themes of “reducing clothing waste,” “extending the life of garments,” and “preserving fashion skills and craftsmanship.” Workshops for visitors and live demonstrations by students offered attendees hands-on experiences with upcycling around the concept of “circulation” in clothing.



Reusable Garment Bags

Starting in March 2023, we introduced Japan's first circular delivery system with reusable garment bags. This has completely freed us of using cardboard boxes for deliveries, thus reducing plastic usage by 30% (compared to our previous levels).



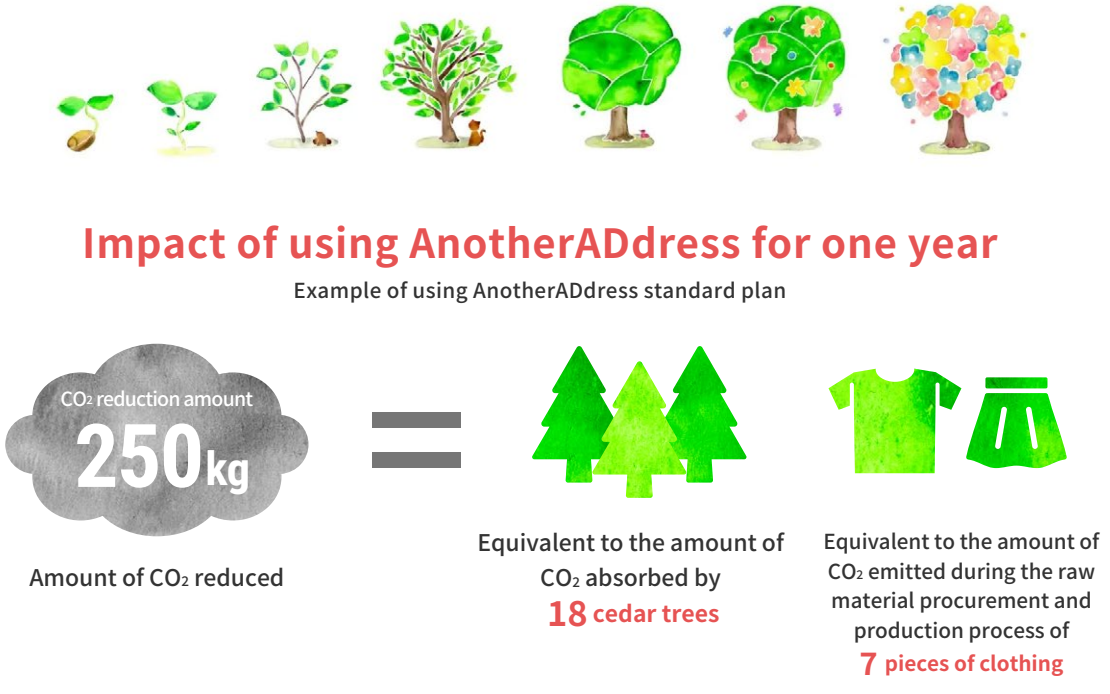
Conventional shipping method

Reusable garment bag

Visualizing Environmental Contributions Through Carbon Footprint

In March 2025, we collaborated with BiSUS Co., Ltd. to quantify the GHG emissions generated from renting a single piece of clothing once. By using AnotherADdress for one year, a customer can contribute to reducing 250 kg-CO_2 compared to purchasing 13 new garments annually.

This contribution is visualized across seven stages as the “Environmental Contribution of AnotherADdress.” By using this fashion subscription service, customers can enjoy fashion each month while accumulating action points. We have launched “AAD SUSTAINABILITY ACTION,” which allows customers to track their contribution to the reduction of GHG emissions at each stage.



*Calculated based on 14g of CO_2 absorbed annually by a single cedar tree
*Some values reflect changes in cleaning solvents

Special website https://www.anotheraddress.jp/sustainability

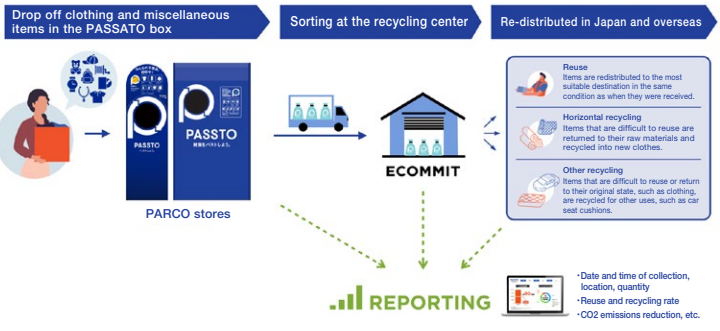
ECOFF—Working together with customers

Launched by Daimaru Matsuzakaya Department Stores 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. The volume of items collected in FY2024 was 323 tons (cumulative total: 2,168 tons since FY2016).

In the past, the clothing, shoes, and bags that we collected were reused overseas. But starting from the spring of 2024, we have increased the transparency of our supply chain by collaborating to deliver these directly to those in need through used clothing stores in Thailand and Cambodia.

PASSTO: Collecting unwanted clothing and fashion goods

In June 2024, PARCO and ECOMMIT Inc. introduced PASSTO to five PARCO stores (Kichijoji, Hibarigaoka, Chofu, Kinshicho, Fukuoka). PASSTO is an ECOMMIT service that collects, sorts, and redistributes unwanted items in one integrated process, with the aim of reducing local waste and contributing to resource recycling.

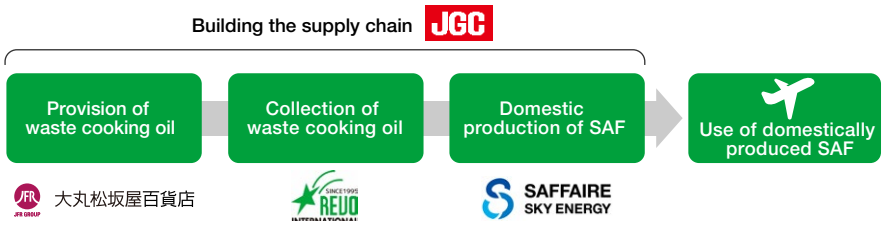


Resource Recycling of Waste Cooking Oil – Participation in the "Fry to Fly Project"

In September 2023, Daimaru Matsuzakaya Department Stores joined the "Fry to Fly Project," an initiative for recycling waste cooking oil which aims to achieve the first large-scale production of sustainable aviation fuel (SAF) in Japan.

As of the end of February 2025, we provide waste cooking oil from restaurants and carry-out shops at nine Daimaru Matsuzakaya stores. The amount of waste cooking oil generated by these stores is approximately 109.7 tons per year (FY2024 results), which accounts for about 74.4% of the total amount of waste cooking oil generated by all stores. We will continue to expand the number of participating stores while communicating the importance of resource recycling to our customers by holding events to raise awareness and promote the use of domestically produced SAF.

Waste cooking oil discharged from department store locations is collected by Revo International and delivered to SAFFAIRE SKY ENERGY. SAFFAIRE SKY ENERGY aims to commence production in the second half of fiscal 2024 to early fiscal 2025 at Japan's first domestically produced SAF large-scale production plant currently under construction in Sakai City, Osaka Prefecture, where it will manufacture SAF using waste cooking oil sourced from Revo International as a raw material. JGC Holdings will oversee the overall supply chain for the SAF manufacturing business using used cooking oil as raw material.



Food Waste Recycling

Daimaru Matsuzakaya Department Stores and PARCO are expanding the number of stores with 100% food recycling rates to further promote the recycling of food waste generated at their stores. The waste will be used in feed and fertilizer production and biomass conversion. In FY2024, 19 of 31 stores achieved a food recycling rate of 100%.

FY2024 results	Daimaru Matsuzakaya Department Stores	PARCO
Food recycling rate	83.2%	97.1%
Stores with 100% food recycling rate	7 out of 15 stores	12 out of 16 stores

Upcycling of Plastic Waste

In November 2022, Hakata Daimaru entered a comprehensive partnership agreement with Tsushima City, Nagasaki Prefecture, for promoting SDGs. As part of this agreement, we are advancing initiatives to address the problem of marine plastic waste in Tsushima City, which is caused by various factors such as the city's topography and ocean currents.

One of these initiatives involved creating a Christmas tree decorated with ornaments made by upcycling marine plastic waste that had washed ashore. In 2024, building on previously created spherical ornaments and flowerpots made from marine plastic waste, we added decorations featuring butterflies made from upcycled plastic bottle caps. These ornaments are created through the “Precious Plastic” initiative, which upcycles waste plastic and transforms it into valuable new items. Of these, the “flowerpot,” was produced through a collaborative project with eight domestic and three overseas organizations, initiated by Precious Plastic Kyushu, a group established by Hakata Daimaru Kyushu Tankentai. Going forward, we will continue expand this project by holding workshops in collaboration with local communities across Kyushu, starting with Tsushima City.

Flowerpot made from marine plastic waste

Reducing Waste Plastic

Daimaru Matsuzakaya is working to reduce its use of disposable plastics in response to the Law for Promotion of Recycling of Plastic Resources, which came into force in April 2022. For products made with specified plastics*, we are promoting the effort 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 customers in conjunction with the sale of goods or the provision of services.

Reduction in use of disposable plastic products in FY2024

Reduction target (vs. FY2021)	Results		
	Amount used (basic unit)*	Rate of reduction	Rate of achievement
-30%	0.098	-92.0%	230.1%

*Unit settings: Total amount of disposal plastic products used at cooperating suppliers’ stores (kg)/Net sales at cooperating suppliers’ stores (million yen)

Horizontal Recycling of Gypsum Board

In the interior renovation work at Daimaru Matsuzakaya Department Stores, starting with the renovation of Matsuzakaya Nagoya Store in FY2025, we have been implementing horizontal recycling of gypsum board by: ① using 100% recycled gypsum board, and ② sending waste gypsum board generated during demolition work to a factory capable of reprocessing it back into raw material for gypsum board.

Additionally, J. Front Design & Construction has been properly processing gypsum board removed from construction sites and sending a significant portion to resource recycling. Going a step further, we have focused on utilizing calcium sulfate, the main component of gypsum board, as a soil conditioner. Although this requires additional effort for on-site sorting, we are leveraging the material as a soil conditioner through a recycling company.

Gypsum board horizontal recycling flow

Environmental Initiatives

Biodiversity Conservation

Our lives and business activities are supported by food, water, climate stability and other ecosystem services, which are provided by the interactions among diverse living organisms. Due to the recent deterioration of the natural environment, however, the diversity of animals and plants (biodiversity) is being lost at an unprecedented rate. In recent years, companies have been asked to understand the impact of their business activities on nature, to stop the loss of biodiversity, and to contribute to its recovery.

Certification as a Nature-Friendly Site

The Ministry of the Environment has designated "Yamaga Waguri no Sato," a project jointly undertaken by Hakata Daimaru's Kyushu Tenkentai and a group of Japanese chestnut producers, as a "Nature Symbiosis Site" under its certification program for areas where biodiversity conservation is being promoted through private-sector initiatives. The designation was granted in March 2025. Yamaga Waguri no Sato is located in Yamaga City, Kumamoto Prefecture, and features chestnut orchards in mountainous valleys that retain their natural terrain. Unlike flatland chestnut orchards, these valley orchards support a rich variety of herbaceous plants and the organisms that inhabit them. During the chestnut flowering season from May to June, numerous insects, including Japanese honeybees, visit the orchards, contributing to pollination. Additionally, the site includes streams, where many wild birds, such as kingfishers, have been observed.

Going forward, we aim to expand the circle of biodiversity conservation through the development of new specialty products using Yamaga chestnuts and the creation of ecotourism initiatives.

Yamaga Waguri no Sato

Chestnuts

Courtesy visit to the mayor of Yamaga City

Rooftop Greening – Landscape-Conscious Store Development

Daimaru Shinsaibashi's 7th floor terrace (110m^2) in the main building is a "garden" filled with Japanese ash trees, olive trees, and other plants, where visitors can walk around. On the rooftop is also a 900m^2 "green space". In addition, a green wall with elaborate stripes of greenery has been adopted on Taihoji-dori, the street that runs between the main building and Shinsaibashi PARCO. The greening initiatives are part of our proactive efforts to reduce CO_2 emissions.

Rooftop Urban Beekeeping

In 2019, we launched the Shinsaibashi Honey Project. Beehives were installed on the roof top, which is approximately 900m^2 large and 60m above ground, for urban beekeeping. Approximately 200,000 bees fly out and collect nectar from flowers within a 3km radius. The bees' presence in the city contributes to maintaining the rich local ecosystem and to the revitalization of the pollination of crops and plants. Honey produced on the rooftop is sold as "Shinsaibashi Honey."

In addition, we hold events such as "honey extraction" in our store to provide opportunities for customers to think about the environment.

Hands-on honey-squeezing experience

Composting – Reduction of Food Waste –

As part of Hakata Daimaru's “Compost Project,” which began in 2022, we created a compost garden in front of the store (Passage Square) in October 2024. The compost garden features baby greens, celery, stick broccoli, carrots, and other vegetables. In April 2025, we also held Spring Harvest Festival, where participants enjoyed sandwiches made with vegetables harvested from the garden. The soil in the planters is made from composted food waste collected from the employee cafeteria at Hakata Daimaru, contributing to efforts to reduce food waste.

Use of Environmentally Friendly Packaging Materials

In September 2019, Daimaru Matsuzakaya Department Stores switched to environmentally friendly packaging materials. Paper shopping bags—including those for food—and paper used for sales promotions have been replaced with paper sourced from responsibility managed forests, contributing to forest conservation.

Hyakusho Shopping Bag redesigned in July 2025

Acquisition of FSC®-CoC Certification

J. FRONT Design & Construction specializes in manufacturing custom furniture and store fixtures to meet the needs of its customers, mainly hotels, commercial facilities, and offices.In October 2023, the company acquired FSC®-Chain of Custody (CoC) certification*, which serves as proof that it properly manages and processes products made of wood from forests certified under Forest Management (FM certification) standards or other low-risk wood. This certification applies to their Osaka factory and their sales department, which acts as the customer interface for their products.

*Chain of Custody (CoC) certification guarantees the processing and distribution process of products made from FSC®-certified wood until they reach the hands of consumers.

FSC
www.fsc.org
FSC® C194983

責任ある森林管理のマーク

FSC® Forest Management Certification

Forest

Audits and certifies socially beneficial, economically viable, and environmentally viable forest management.

FSC®CoC (Chain of Custody) Certification

Sawmills and wholesalers → Processors → Retailers

Manage and process wood produced from certified forests and responsibly sourced forest products

Customers

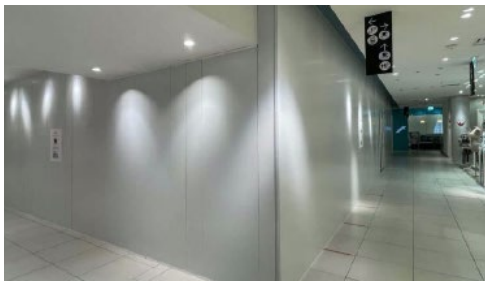
Purchase certified products affixed with the logo

Use of Domestic Lumber

Effective use of domestic lumber is very important in maintaining the multifunctional nature of forests. J. Front Design & Construction, which specializes in interior design for hotels and offices, has actively promoted the use of underutilized domestic timber in redevelopment projects for office buildings. With the support and understanding of clients, this timber has been proposed and adopted for use as interior finishing materials and large planters.

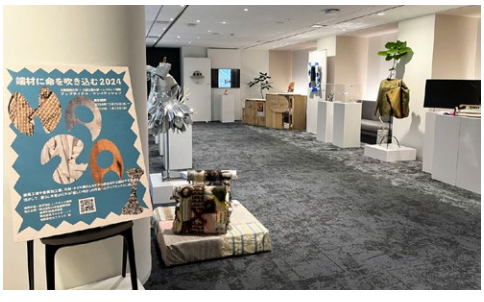
Adoption of Temporary System Panels for Demolition Work

In the past, temporary partitions used in department store renovation projects to section off construction areas were disposed of once the work was completed, with most of the materials put to good use as recyclable resources. In collaboration with Daimaru Matsuzakaya Department Stores, J. Front Design & Construction has taken this concept a step further by switching to a system panel construction method that does not generate waste.



Use of Scrap Wood

At J. Front Design & Construction, leftover material such as wood scraps and unusable film cutoffs have been generated during interior construction work and the production of film mirror and fixtures. To utilize these materials, we have partnered with Osaka University of Arts to hold the “Breathing New Life into Scrap Wood” project every year since 2022. Starting in 2023, the range of materials expanded, including stone and metal, thanks to sponsorship from supplier companies. From 2024, Osaka Institute of Technology also joined the initiative, making it a joint project in which students, applying their rich imagination and flexible design skills, created unique works by engaging with the irregular and intriguing qualities of scrap.



Joint exhibition at the Osaka office of J. Front Design & Construction

Water storage tank – Appropriate use of water

At the Daimru Shinsaibashi Store, a water storage tank measuring 3.7m high × 7m wide × 5m deep is installed on the basement floor to supply water to the toilets and water faucets in the building. The tank can hold the equivalent of water for 600 bathtubs, and the water can be supplied to local residents in the event of a disaster. On the B2 floor, we have installed a “kitchen wastewater purification system” in which wastewater is detoxified by microorganisms before being discharged into the sewage system, thereby contributing to preservation of marine and river environments.

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

MSCI NIHONKABU ESG Select Leaders Index※

MSCI ESG RATINGS AAA
CCC B BB BBB A AA AAA
2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

GPIF Adopted Index

Included on the A-list in the CDP Climate Change Questionnaire 2024 for fifth consecutive year

Climate CDP A List 2024

Selected as a Supply Chain Engagement Leader by CDP 2024

Supplier Engagement Leader CDP 2024

GPIF Adopted Index

Selected as a constituent of FTSE Blossom Japan Sector Relative Index for fourth consecutive year

FTSE Blossom Japan Sector Relative Index

GPIF Adopted Index

Selected as a constituent of FTSE Blossom Japan Index for third consecutive year

FTSE Blossom Japan Index

Selected as a constituent of the FTSE4Good Index Series for third consecutive year

FTSE4Good

GPIF Adopted Index

Selected as a constituent of S&P/JP CARBON EFFICIENT INDEX

S&P/JPX Carbon Efficient Index

Recognized as an Eco-First Company by the Ministry of the Environment

ECO FIRST

Selected as an Environmentally Sustainable Company at the 6th ESG Finance Awards Japan

2025 ESG FINANCE AWARDS JAPAN SUSTAINABLE

Selected as a constituent of the SNAM Sustainability Index

2025 Sompo Sustainability Index

Rated 4.5 stars in Nikkei SDGs Management Survey Index

NIKKEI SDGs Management Survey 2024 ★★★★½

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Sustainable Finance

Issued sustainability bonds

In May 2025, the Company issued a sustainability bond.* We have obtained an external evaluation (third-party assessment) from Japan Credit Rating Agency, Ltd. (JCR) for conformity with the Sustainability Bond Guidelines and other principles.

*Bonds that have both (1) an environmental improvement effect (environmental and green characteristics) and (2) make a contribution to solving social issues (social and societal characteristics)
(Second issuance since the first bond in May 2021)

Signed an agreement for Positive Impact Finance

The Company has signed a loan agreement with Sumitomo Mitsui Trust Bank, Limited for Positive Impact Finance in accordance with the Principles for Positive Impact Finance established by the United Nations Environmental Programme Finance Initiative. This was a first for the retail industry. To sign the agreement, the Company has received a third-party opinion from JCR concerning the evaluation procedures.

Third-Party Assurance

Independent assurance statement

LRQA Independent Assurance Statement

Relating to J. Front Retailing Co., Ltd.'s Environmental and Social Data for the Fiscal Year 2024

This Assurance Statement has been prepared for J. Front Retailing Co., Ltd. in accordance with our contract.

Terms of engagement

LRQA Limited ("LRQA") was commissioned by J. Front Retailing Co., Ltd. ("the Company") to provide independent assurance on its environmental and social data within its Integrated Report 2025, Environmental Report 2025 and so on ("the reports") for the fiscal year 2024 (1/3/2024-28/2/2025), against the assurance criteria below to a limited level of assurance and the materiality of the professional judgement of the verifier using ISAE3000(Revised) / ISO14064-3:2019 for greenhouse gas (GHG) emissions.

Our assurance engagement covered the Company and its consolidated subsidiaries' operations and activities in Japan and overseas and specifically the following requirements:

- Verifying conformance with the Company's reporting methodologies
- Evaluating the accuracy and reliability of data for the selected indicators listed below: [1]

  Environmental indicators: [2] [3] [4]
  - Energy usage (MWh)
  - Renewable energy usage (MWh)
  - Scope 1 GHG emissions (tonnes CO_2e)[5]
  - Scope 2 GHG emissions [Market-based][6] [Location-based] (tonnes CO_2e)
  - Scope 3 GHG emissions (Category1, 2, 3[7], 4, 5, 6, 7, 9, 11, 12 ,13) (tonnes CO_2e)
  - Amount of water use (m^3) and amount of waste water (m^3)
  - Amount of waste generation (tonnes), recycled waste (tonnes) and finally disposed waste (tonnes) [8]
  - Amount of food waste generation (tonnes), recycled food waste (tonnes) and finally disposed food waste (tonnes)

  Social indicators: [9]
  - Share of women in management positions (%)
  - Employment rate of disabled people (%)[10]
  - Number of employees who took childcare leave (number of people)
  - Female return rate after childcare leave (%)
  - Paternity leave usage rate (%)
  - Number of occupational fatal accidents (number of people)
  - Lost-time injury frequency rate

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to the Company. LRQA disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

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[1] *LRQA undertook a limited assurance engagement of the environmental and social data marked with "✓" within its Integrated Report 2025, Environmental Report 2025 and so on.*
[2] *GHG quantification is subject to inherent uncertainty.*
[3] *Daimaru Matsuzakaya Department Stores Co., Ltd. and other organizations (excluding PARCO Co., Ltd. and J. FRONT CITY DEVELOPMENT Co., Ltd.) include tenant amounts. PARCO Co., Ltd.'s water and waste figures include tenant amounts, but other items do not include tenant amounts. J. FRONT CITY DEVELOPMENT Co., Ltd. includes tenant amounts for water used by tenants, but other items do not include tenant amounts.*
[4] *For overseas organizations, electricity and gasoline are included in the calculation.*
[5] *Fluorocarbons are counted for the administrative fiscal year of Japan (April 1 2024 to March 31 2025).*
[6] *The Scope 2 market standard is calculated based on the market standard for domestic sites in Japan and the location standard for overseas organizations.*
[7] *Scope 3 Category 3 activity data uses values collected as Scope 1 and 2 activity data.*
[8] *The waste includes food waste.*
[9] *Except for Share of women in management positions and Number of occupational fatal accidents, the data covers only domestic companies in Japan, and the definition of the target individuals for each item follows the Japanese laws and guidelines on which each item is based. Executives are not included in the number of employees.*
[10] *The value reported administratively (June 1, 2024) in accordance with the Japanese Act on Promotion of Employment of Persons with Disabilities.*

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the Company has not, in all material respects:

- Met the requirements of the criteria listed above
- Disclosed accurate and reliable environmental and social data

The opinion expressed is formed on the basis of a limited level of assurance[11] and at the materiality of the professional judgement of the verifier.

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with ISAE 3000 (Revised) and ISO 14064-3:2019. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the environmental and social data and records of for the fiscal year 2024; and
- Visiting Matsuzakaya Shinsaibashi Store of Daimaru Matsuzakaya Department Stores Co., Ltd., and Shinsaibashi PARCO of PARCO Co., Ltd., in Japan to confirm the data collection processes, record management practices, and to physically check their facilities.

Observations

In addition to efficient data collection and management, rational calculations and improved data accuracy are expected.

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This is the only work undertaken by LRQA for the Company and as such does not compromise our independence or impartiality.

Signed Dated: 15 June 2025

Yoshinori Shibata
LRQA Lead Verifier
On behalf of LRQA Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN
LRQA reference: YKA00000726

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[11] *The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.*

Environmental Data

Climate Change (GHG*1 and Energy)

			Boundary	Unit	2017 (base fiscal year)	2021	2022	2023	2024
Scope 1 greenhouse gas (GHG) ★		CO_2 emissions	Consolidated	t-CO_2	14,548	12,368	11,958	11,459	11,551
		HFC (alternative refrigerants) emissions	Consolidated	t-CO_2	1,504	1,636	1,756	2,562	2,879
		SF_6(sulfur hexafluoride) emissions	Consolidated	t-CO_2	0	0	0	0	0
		Scope 1 emissions	Consolidated	t-CO_2	16,052	14,004	13,714	14,021	14,430
Scope 2 greenhouse gas (GHG) ★		CO_2 emissions (market-based)	Consolidated	t-CO_2	178,102	108,808	96,071	68,736	52,695
		(location-based)	Consolidated	t-CO_2	184,047	149,690	146,810	142,935	136,692
Scope 1+2 greenhouse gas (GHG)※2 ★		Scope1 and 2 emissions	Consolidated	t-CO_2	194,154	122,812	109,785	82,757	67,125
		vs. SBT base year FY2017	Consolidated	%	-	-36.7	-43.5	-57.4	-65.4
Scope 3 greenhouse gas (GHG) ★	Category 1	Purchased goods and services	Consolidated	t-CO_2	2,701,018	2,186,380	2,596,485	2,678,726	1,958,949
	Category 2	Capital goods	Consolidated	t-CO_2	81,883	110,787	47,246	48,021	58,639
	Category 3	Energy excluding Scope 1 and 2	Consolidated	t-CO_2	17,966	24,319	23,566	19,399	30,976
	Category 4	Upstream transportation and distribution	Consolidated	t-CO_2	7,400	28,529	27,892	3,204	3,756
	Category 5	Waste from operations	Consolidated	t-CO_2	845	1,191	1,262	1,439	12,838
	Category 6	Business travel	Consolidated	t-CO_2	627	1,880	2,755	3,815	4,099
	Category 7	Employee commuting	Consolidated	t-CO_2	1,158	1,442	1,644	1,736	1,825
	Category 9	Downstream transportation and distribution	Consolidated	t-CO_2	21,086	16,330	15,862	38,196	6,336
	Category 11	Use of sold products	Consolidated	t-CO_2	-	1,864	1,209	59,221	14,841
	Category 12	End-of-life treatment of sold products	Consolidated	t-CO_2	68,423	9,974	12,499	15,564	140,487
	Category 13	Downstream leased assets	Consolidated	t-CO_2	26,914	37,796	31,249	29,115	14,305
		Scope 3 emissions	Consolidated	t-CO_2	2,927,320	2,420,492	2,761,669	2,898,436	2,247,051
		vs. SBT base year FY2017	Consolidated	%	-	-17.3	-5.7	-1.0	-23.2
Scope 1+2+3 greenhouse gas (GHG)*2 ★			Consolidated	t-CO_2	3,121,474	2,543,304	2,871,454	2,981,193	2,314,176
Scope 1 and 2 emissions		Per consolidated net sales	Consolidated	t-CO_2/ million yen	0.17	0.14	0.11	0.07	0.05
Scope 1,2 and 3 greenhouse gas emissions in original units		Per consolidated net sales	Consolidated	t-CO_2/ million yen	2.74	2.94	2.88	2.59	1.82
Energy ★		Electricity	Consolidated	MWh	333,514	305,752	305,287	297,828	294,269
		City gas	Consolidated	MWh	70,353	64,632	63, 516	61,488	66,599
		Light oil	Consolidated	MWh	0	105	101	28	5
		Heavy oil A	Consolidated	MWh	70	49	65	52	64
		Kerosene	Consolidated	MWh	-	-	-	0.1	0.1
		Gasoline	Consolidated	MWh	6,805	3,011	2,126	1,916	1,793
		Natural gas	Consolidated	MWh	13	0	0	0	0
		Steam, cold water, hot water	Consolidated	MWh	64,758	54,500	59,344	60,848	63,785
		Total	Consolidated	MWh	475,513	428,049	430,439	422,160	426,515
		Electricity	Consolidated	GJ	1,200,651	1,100,707	1,099,032	1,072,181	1,059,368
		City gas	Consolidated	GJ	252,302	232,659	228,648	221,170	239,756
		Light oil	Consolidated	GJ	0	379	365	100	18
		Heavy oil A	Consolidated	GJ	253	175	234	187	231
		Kerosene	Consolidated	GJ	-	-	-	0.4	0.2
		Gasoline	Consolidated	GJ	24,497	10,840	7,653	6,899	6,455
		Natural gas	Consolidated	GJ	45	0	0	0	0
		Steam, cold water, hot water	Consolidated	GJ	233,130	196,201	213,639	219,053	229,625
		Total	Consolidated	GJ	1,710,879	1,540,962	1,549,571	1,519,590	1,535,452
Renewable energy ★		Usage (purchased/generated)	Consolidated	MWh	0	62,156	102,676	157,454	197,746
		Ratio of renewable energy to electricity used Renewable energy ratio	Consolidated	%	0.0	20.3	33.6	52.9	67.2

Water

		Boundary	Unit	2020	2021	2022	2023	2024
Water ★	Tap water usage	Consolidated	㎥	1,407,531	1,719,788	1,796,295	1,880,316	1,904,299
	Groundwater usage	Consolidated	㎥	459,054	570,760	613,303	625,066	598,766
	Graywater usage	Consolidated	㎥	198,882	158,848	151,017	140,709	153,350
	Total usage	Consolidated	㎥	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415
	Emissions※3	Consolidated	㎥	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415

Resources and Waste

		Boundary	Unit	2020	2021	2022	2023	2024
Packaging and material usage*4	Paper	Daimaru Matsuzakaya	t	815	929	953	973	961
	Cardboard	Daimaru Matsuzakaya	t	147	99	147	147	79
	Plastic packaging	Daimaru Matsuzakaya	t	113	101	100	101	99
	Total	Daimaru Matsuzakaya	t	1,075	1,129	1,200	1,221	1,139
Waste*5 (including food waste) ★	Amount generated	Consolidated	t	21,694	26,637	29,855	29,814	48,201
	Amount recycled	Consolidated	t	12,479	12,845	15,421	16,176	18,759
	Final disposal amount	Consolidated	t	9,216	13,792	14,434	13,638	29,443
	Recycling rate	Consolidated	%	57.5	48.2	51.7	54.3	38.9
Food waste ★	Amount generated	Consolidated*6	t	2,886	4,394	4,753	4,943	4,587
	Amount recycled	Consolidated*6	t	1,857	3,027	3,598	3,934	4,051
	Final disposal amount	Consolidated*6	t	1,029	1,367	1,155	1,009	536
	Recycling rate	Consolidated*6	%	-	68.9	75.7	79.6	88.3
Specified hazardous waste*7	Emissions	Consolidated	t	0	6	0.2	0	0.01
NOx	Emissions	Consolidated	t	2.7	3.3	3.2	2.9	3.9
SOx	Emissions	Consolidated	t	0	0	0	0	0
VOC	Emissions	Consolidated	t	0	0	0	0	0

★ Third-party assurance obtained: Water and waste have been certified by LRQA Limited since FY2020, and energy, renewable energy, and food waste have been certified since FY2021.

*1. Organizational boundaries in the GHG Protocol: Financial control criteria
Scope 1 and 2 GHG emissions calculation scope: Carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N2O), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF_6 (sulfur hexafluoride), NF_3 (nitrogen trifluoride). However, in the business processes of the JFR Group, only CO_2 and HFCs are emitted.
*2. Scope 2 emissions used in total are calculated based on market standards.
*3. Water emissions are equal to the amount of water used.
*4. Weight of wrapping paper, shopping bags, paper bags, plastic food bags, etc.
*5. Waste: Refers to general waste, industrial waste, and food waste
*6. Daimaru Matsuzakaya Department Stores until FY2020
*7. ①Waste containing PCB, etc. ②PCB-contaminated materials ③PCB-treated materials ④Waste containing mercury, etc. ⑤Waste containing mercury-treated materials ⑥Designated sewage sludge ⑦Waste asbestos ⑧Ash, sludge, mine tailings, dust, waste acid, waste alkali, etc., exceeding the specified standards

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.

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 people 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 amount allocated: ¥15,000 million

Well-Being Life

Create and Bring to Life "New Happiness."

J. FRONT RETAILING