Environmental Report

J. FRONT RETAILING

TCFD/TNFD Report 2026

Create and Bring to Life "New Happiness."

J. FRONT RETAILING

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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 FY2025 (March 1, 2025 through February 28, 2026).

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 2026

Third-Party Assurance

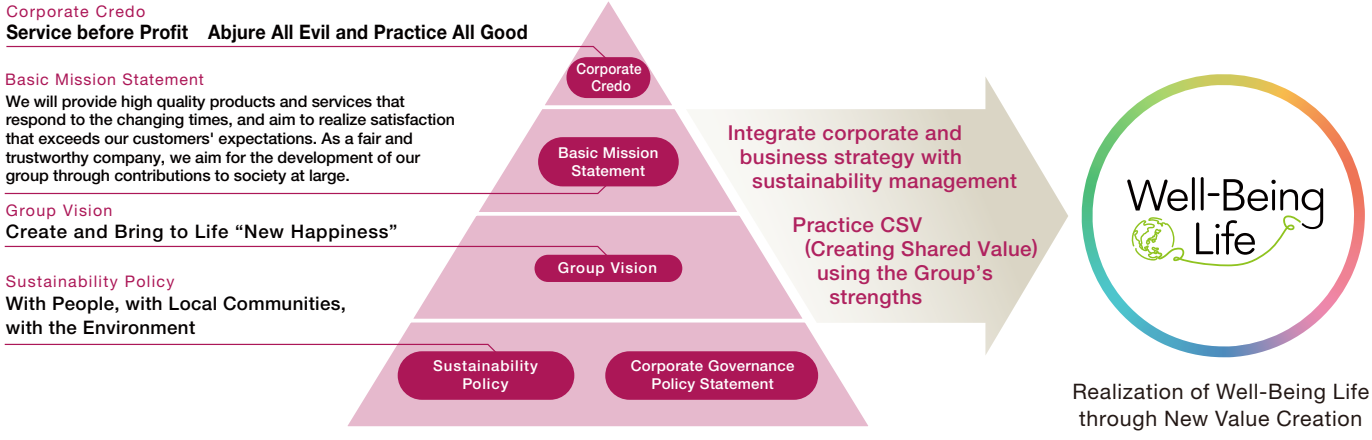
Environmental and social data in this report have received independent third-party assurance from LRQA Limited to ensure reliability

JFR Group's Sustainability Management Goals

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 have returned to our Corporate Credo "Service before Profit" and "Abjure All Evil and Practice All Good," conducting business activities honestly while responding quickly to the changing needs of our customers and society. This has led to 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 envision of what the company should be, a company with enduring social relevance. 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, ocean pollution, and 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 will promote sustainability management and contribute to the "Well-Being Life" of our stakeholders by practicing CSV (Creating Shared Value) that balances the resolution of environmental and social issues with corporate growth, towards the aim of realizing a sustainable society and new happiness in people's lives.

Overview of sustainability management



Identification of Materiality

In clarifying the relationship between environmental and social issues and the Group's business activities, the materiality (important issues) we have identified are "sustainable growth of the company and society" and the realization of a "sustainable society." Since 2018, we review these at the time of formulating each medium-term business plan.

During the formulation of the current medium-term business plan, which began in FY2024, we reviewed our materiality based on the JFR Group's key risks and changes in the business environment. This review was dedicated to integrating our approach to materiality into our business strategies and promoting it as a way of not only addressing these challenges but also driving corporate growth. As a result, we identified five themes.

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 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	FY2025	FY2026	FY2030
Adding excitement to life	Number of Group member customers (vs. FY2023)		15.7% increase	32.5% increase	25% increase	*1
	Customer survey (Excitement/emotional engagement)		Baseline survey	70.5%	–	75%
Enhancing community vitality	Customer traffic (vs. FY2023)		5.4% increase	8.8% increase	10% increase	*1
	Customer survey (Contribution to the community)		Baseline survey	92.9%	–	80%
Creating a society that co-exists with the environment	Reduction of GHG	Scope 1 & 2 (vs. FY2017)	-65.4%	-69.5%	-70%	-73%
		Scope 3 (vs. FY2017)	-23.2%	-23.8%	–	-40%
	Percent of energy used in business activities from renewable electricity		67.2%	75.2%	72%	75%
	Food recycling rate		88.3%	92.9%	80%	85%
	Percentage of newly developed properties with environmental certification		No matching properties	No matching properties	–	100%
	Customer survey (Customer commitment to the environment)		Baseline survey	63.8%	–	55%
Increasing the number of value co-creation partners	Number of stakeholder co-creations		351	371	over 400	over 500
	Human rights assessment results		Dialogue based on FY2023 Results (112 companies) Web seminar held (63 companies participated)	Business partner information briefing (233companies/ 336 participants)	35% (B rating or higher)	45% (B rating or higher)
Empowering diverse human resources to shine	Employee engagement	Employee satisfaction	68.9%	68.3%*2	70%	Set based on achievement status in FY2026
		Work recommendation level	59.9%	62.0%	60%	
	Ratio of women in management positions		26.2%	27.7%	31%	40%
	Gender wage gap	All employees	66.5%	65.1%	Narrowing of difference*3	Set based on achievement status in FY2026
		Regular employees	75.0%	74.0%		
		Non-regular employees	75.5%	69.2%		
	Paternity leave usage rate		132.5%	95.5%	95%	

*1. To realize our materiality, we will consider metrics and targets that can be more closely linked to our business strategy.
*2. Beginning in FY2025, following the introduction of a new employee survey, employee satisfaction is measured with the question item "Satisfaction (Sense of Achievement Derived from Work)."
*3: The gender pay gap for FY2023 was as follows : All employees 65.3%, Full-time employees 74.4%, Non-regular employees 72.7%

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

TCFD/TNFD Integrated Disclosure

JFR Approach to Achieving Net Zero and Nature Positive Strategies

Our daily lives and all forms of business activities are supported by the benefits derived from ecosystems in which a range of living organisms interact, providing food, water, climate stability and other services (ecosystem services). However, due to the impact of climate change driven by global warming and the degradation of the natural environment, biodiversity—the diversity of animals and plants is being lost at an unprecedented rate. This endangers not only future generations but all people including all of us alive today.

Recognizing that climate change and biodiversity loss are inextricably linked issues that will have a significant impact on our business over the medium to long term, the Company has established “Creating a Society that Coexists with the Environment” as our materiality (key management issue).

In our core retail business, including department stores and shopping centers, we will leverage our relationships with a wide range of stakeholders, including business partners, customers, and local communities, to comprehensively advance initiatives aimed at achieving net zero GHG emissions*1 across our entire value chain by 2050 and realizing a nature-positive*2 society. This will be accomplished by procuring eco-friendly products, promoting lifestyles that emphasize harmony with nature, and developing stores with high environmental performance.

Furthermore, when assessing dependencies and impacts, as well as risks and opportunities, we will also consider the trade-offs between climate change and biodiversity, comprehensively evaluate climate and nature-related scenarios and response measures and disclose climate and nature-related information in an integrated manner.

*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 (CO_2capture and storage), etc.

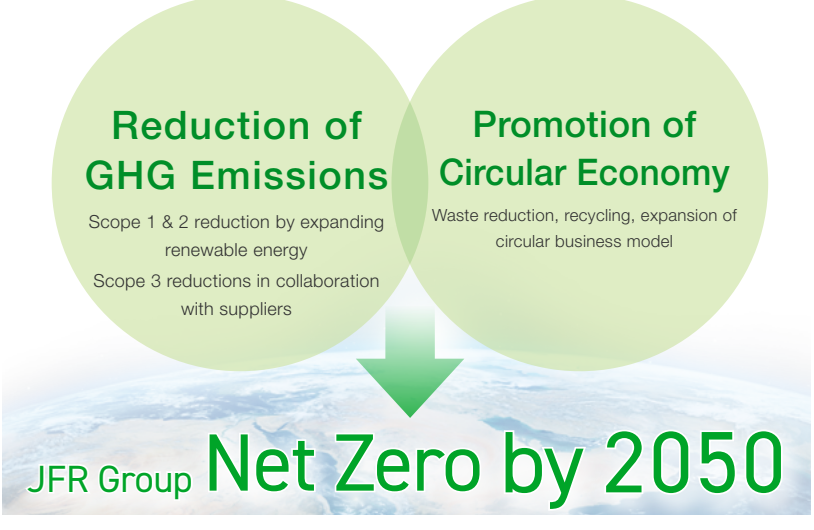
*2. Nature positive (nature restoration) is a concept that aims to halt and reverse the loss of nature, with the goal of achieving full recovery. It is reflected in the Kunming-Montreal Biodiversity Framework adopted in 2022, which sets targets for 2030 and 2050.

Direction of Initiatives

To achieve net zero by 2050, our Group will focus on two main initiatives: “Reduction of GHG Emissions” and “Promotion of a Circular Economy.”

Specifically, we will reduce Scope 1 and 2 GHG emissions (hereinafter referred to as “Scope 1 and 2 emissions”) through energy conservation at our stores and the expanded transition to renewable energy (hereinafter “renewable energy”), among other measures. In addition, we will collaborate with our suppliers and customers to reduce Scope 3 GHG emissions (hereinafter referred to as “Scope 3 emissions”). At the same time, we will promote resource circulation by strengthening the 3Rs*3 and expanding circular business models.

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



Establishment of Targets

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

Based on the results of our analysis of climate-related risks and opportunities, as well as changes in the external environment, the Company, under the supervision of the Board of Directors, regularly reviews the appropriateness of its GHG emission reduction targets through the formulation and revision of its medium-term business plans and revises the target levels and target years as necessary.

Furthermore, as we achieved our 2030 target of a "60% reduction" in Scope 1 and 2 emissions ahead of schedule by the end of February 2025, we have raised the target and set a new 2030 goal of "73% reduction." To ensure the steady achievement of this target, the Company will continue to promote initiatives aimed at further reducing Scope 1 and 2 emissions. (Projected to reach a 69.5% reduction by the end of February 2026)

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

*. 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.

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

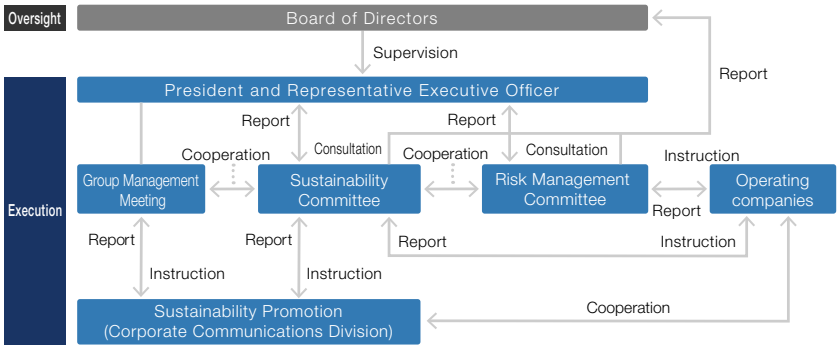
To promote sustainability management across the Group in an integrated manner, we incorporate responses to environmental issues that are highly relevant to our business, including climate and nature-related risks and opportunities (hereinafter collectively referred to as "environment-related issues"), as well as initiatives aimed at addressing these issues, into our business strategy. Such matters are deliberated and approved by the Group Management Meeting, which serves as the highest decision-making body for business execution.

In addition, the Sustainability Committee, which meets at least twice a year, has been established as an advisory body to the President and Representative Executive Officer. The Committee discusses strategies that contribute to the sustainable growth of our business, as well as matters requiring corporate action toward the realization of a sustainable society. It also monitors the progress of sustainability initiatives across the Group.

Based on these discussions, important matters such as specific sustainability policies and action plans are deliberated and approved by the Group Management Meeting. Matters approved by the Group Management Meeting are subsequently communicated to all Group operating companies through meetings attended by the presidents of the operating companies.

Meanwhile, the Board of Directors, which meets monthly, receives reports on matters deliberated and approved by the Group Management Meeting, as well as matters discussed by the Sustainability Committee. The Board oversees the setting of targets, response strategies, and implementation plans related to sustainability initiatives.

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 and risks. Matters deliberated and approved by the Group Management Meeting and the Sustainability Committee are ultimately reported to the Board of Directors.

Non-financial metrics incorporated into the officer remuneration system

Since FY2021, "reduction of Scope 1 and 2 emissions" have been set as non-financial metrics for determining performance-linked remuneration under the officer remuneration system. These are linked to the KPIs in the Medium-term Business Plan to clarify the responsibility of executive officers for achieving the targets for climate-related issues and to function as an incentive for realizing and promoting sustainability management.

WEB ➡ Executive Remuneration System

JFR Group: Governance Structures, Responsible Entities, and Roles in Sustainability Management

	Meeting bodies and duties	Role	Meeting frequency
Meeting body	Board of Directors	Supervises the setting of sustainability goals and the progress of environmental and human rights issues deliberated and approved by the executive management team.	Monthly
Meeting body	Group Management Meeting	Deliberates and approves company-wide management policies and measures as the highest decision-making body for business execution. Deliberates and approves company-wide management policies and other matters related to comprehensive sustainability-related risks and opportunities, including environmental and human rights issues discussed by the Risk Management Committee and Sustainability Committee. Matters approved are reported to the Board of Directors.	Weekly
Meeting body	Risk Management Committee	Deliberates on the comprehensive identification, evaluation, and response measures to risks and opportunities, and monitors the risk responses of operating companies. Sustainability-related risks and opportunities, including environmental and human rights issues, will be integrated into the company-wide risk management framework and managed by this committee alongside other risks. The outcomes of the committee's deliberations are reported to the Board of Directors.	At least twice a year
Meeting body	Sustainability Committee	Discusses strategies that contribute to the Group's sustainable growth, as well as matters requiring corporate action, including responses to sustainability-related risks such as environmental and human rights issues. Also monitors the progress of initiatives across the Group. Additionally, engages in dialogue with external experts who possess specialized knowledge of sustainability-related matters. The outcomes of committee's deliberations are reported to the Board of Directors	At least twice a year
Executing entity	President and Representative Executive Officer	Chairs the Group Management Meeting, and also the Risk Management Committee and the Sustainability Committee. Assumes the ultimate responsibility for business execution for identifying, evaluating, and addressing sustainability-related risks and opportunities, including environmental and human rights issues, and promoting Group-wide initiatives to resolve environment-related issues.	
Executing entity	Operating Companies	Each operating company plans and implements specific measures related to sustainability, including environmental and human rights issues, based on the items approved by the Group Management Meeting and deliberations of the Risk Management Committee and Sustainability Committee, and reports on their progress to the JFR Group's Risk Management Committee and Sustainability Committee.	
Executing entity	Sustainability Promotion (Corporate Communications Division)	Formulates and proposes Group policies and other measures to promote sustainability management. The division collects information on sustainability-related risks and opportunities, including those related to environmental and human rights issues, formulates the direction of medium- and long-term initiatives, and reports to the Group Management Meeting and the Sustainability Committee.	

Main agenda items of the Sustainability Committee

FY2024 (2 times)	●Employee engagement with materiality ●Group-wide KPI progress report ●Lecture by an external instructor on "The Relationship Between Long-Term Corporate Value Enhancement and Non-Financial Activities"
FY2025 (4 times)	●Future approaches to renewable energy procurement ●Updates on environmental and human rights risks ●Group-wide KPI progress report ●Lecture by an external instructor on "Introducing Renewable Energy for the Net-Zero Transition"

Risk Management TCFD TNFD

a Details of the process for identifying and assessing climate and nature related risks and opportunities

The Group positions risk management as the starting point of its strategy and defines risk in general as "uncertainty that affects the achievement of corporate management objectives and has both positive and negative aspects." The Group believes that, when appropriately addressed by a company, such risks can contribute to sustainable growth.

Based on this same understanding, the Group identifies and assesses environmental related risks and opportunities from both positive and negative perspectives.

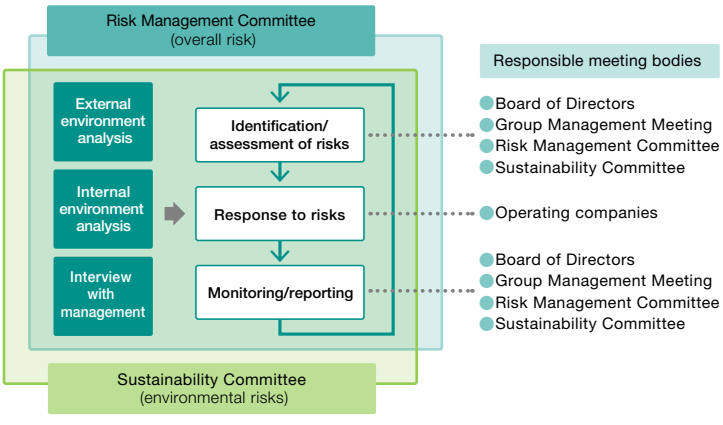
Identify environmental risks and opportunities for each activity in the value chain process

Evaluate them based on two criteria: "importance to the company (impact × urgency)" and "importance to stakeholders."

b Details of the process for managing climate- and nature-related risks and opportunities

The Company conducts more detailed studies of environmental risks and opportunities within the Sustainability Committee and shares the outcomes with each operating company. Each operating company incorporates environmental initiatives into its action plan and monitors their progress through discussions at meetings chaired by the president of each operating company. These matters are further monitored by the Group Management Meeting, the Risk Management Committee, and the Sustainability Committee, and are ultimately reported to the Board of Directors. There have been no changes to the management processes since the previous fiscal year.

JFR Group management process for risks and opportunities



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

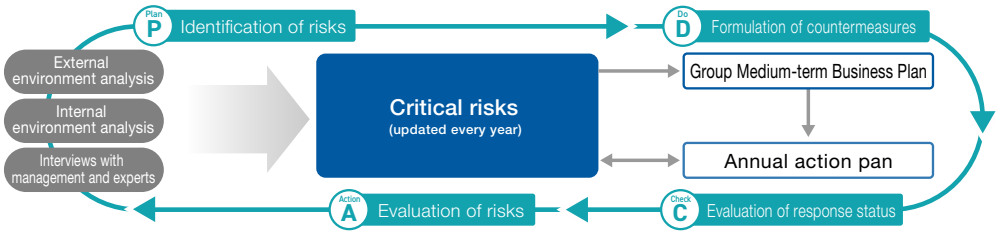
Recognizing that risk management is critically important to corporate management, we have established a Risk Management Committee (meets at least twice a year) to manage all risks, including environmental risks, in an integrated company-wide manner. The committee deliberates on important matters such 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. We also review environmental risks and opportunities annually, confirming whether any changes have been made to our processes. As part of the FY2025 review, the previously identified material risks of "Growing importance of environmental issues" and "Growing importance of human rights" were integrated into a single risk category, "Increasing complexity of sustainability issues." This revision reflects the recognition that challenges related to nature, climate, and human rights are becoming increasingly interconnected and require an integrated approach.

The deliberations of the Risk Management Committee are 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)

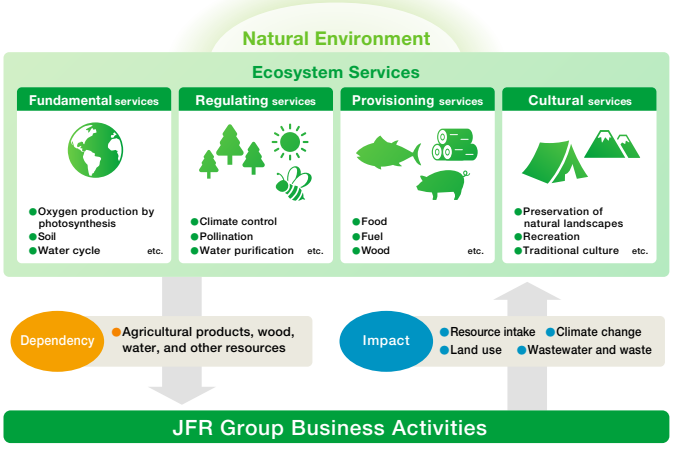


Strategy TCFD TNFD

a Dependencies and impacts on nature

The Group's business is dependent on a wide range of nature's benefits (ecosystem services), including agricultural products, livestock, marine products, timber, 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 assessing the relationship between our business activities and the natural environment from the dual perspectives of "dependencies" and "impacts," as illustrated in the figure below, and to respond promptly to material issues that are identified.

Relationship between business activities and ecosystem services



b Evaluating nature-related issues based on the LEAP* approach

The LEAP approach is a TNFD recommended, integrated process for identifying and assessing nature-related issues, including contact points with nature, dependencies and impacts, and nature-related risk and opportunities.

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

*. LEAP stands for the four phases of Locate, Evaluate, Assess, Prepare

①Outward appearance of dependencies and impacts Locate

We created a heatmap based on "ENCORE" (a TNFD recommended tool for identifying nature-related dependencies and impacts) to understand the overall dependence and impact across the entire value chain of the department store business on nature and their magnitude. 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).

The heatmap analysis revealed high levels of dependency on water resources (provisioning services) in the upstream value chains of apparel and agricultural, livestock, and marine products, as well as on flood control and land stabilization (regulating services). In addition, areas with high impact were identified as water resource usage and usage of terrestrial and freshwater ecosystems.

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 WWF*1 tool for analyzing risk in ecosystems and water) and Aqueduct (a WRI*2 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.

*1. 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.
*2. WRI (World Resources Institute): An independent organization that conducts policy research and provides technical assistance on global environmental and development issues

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		In-house	Value chain downstream
		Store development		Store operations	Use and disposal of goods
		Raw material production/extraction/procurement	Manufacture of goods	Transportation 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 ●GHG 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

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

Please refer to page 12, “Risks/opportunities, and financial impacts based on relevant scenarios and strategies/resilience against them.”

c Details of Short-, Medium-, and Long-Term Risks and Opportunities

The Company considers it important to examine environmental risks and opportunities at the appropriate milestones, as they may have long-term impacts on its business activities. Accordingly, the Company defines the period up to fiscal year 2026, which corresponds to the implementation period of its medium-term business plan, as the short term; the period up to fiscal year 2030, the target year for the near-term goals under the Science Based Targets (SBT), as the medium term; and the period up to fiscal year 2050, the target year for achieving net zero under the SBT framework, as the long term.

In response to environmental risks and opportunities, the Group formulates and implements strategies based on a back-casting approach, looking ahead to the achievement of net zero by 2050.

d Nature and extent of impact of risks/opportunities on business, strategy, and financial planning

The Company recognizes that its core retail and developer businesses are particularly vulnerable to the impacts of ecosystem degradation and climate change, especially in the procurement and quality of products and raw materials, store operations, and energy procurement costs, which are essential for business activities. Accordingly, the Company conducts annual scenario analyses to identify the risks and opportunities posed by ecosystem degradation and climate change and their impacts on the Group, to verify and enhance the resilience of its strategies based on a FY2030 outlook scenario, and to examine the need for additional measures.

Implementation status of scenario analysis

Year of implementation	Summary	Scenarios referenced	Business
2020	●Commencement of TCFD disclosure in annual securities report	1.5°C to under 2°C scenario, 3°C scenario	Retail
2021	●Review of scenarios	Under 2°C scenario, 4°C scenario	Retail
2022	●Formulation of net zero transition plan ●Consideration of timeframe for risk realization ●Expansion of items for quantifying financial impact	1.5°C to under 2°C scenario, 4°C scenario	Retail
2023	●Expansion of target businesses (addition of developer business) ●Expansion of items for quantifying financial impact ●Expansion of countermeasures	1.5°C to under 2°C scenario, 4°C scenario	Retail Developer
2024	●Revision of estimated financial impact in 2030 ●Clarification of internal carbon pricing (ICP) setting	1.5°C to under 2°C scenario, 4°C scenario	Retail Developer
2025	●TCFD/TNFD Integrated Disclosure ●Disclosure of investments, financing plans, and progress on current-year initiatives in the transition plan	1.5°C to under 2°C scenario, 4°C scenario	Retail Developer

In our analysis, we referenced multiple existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), then envisioned two possible futures as shown in the table below. For each scenario, we examine the risks and opportunities for our business.

Estimated temperature rise	Scenario (Assumed world)
Less than 1.5°C/2°C*1	**Highly ambitious scenario aiming to limit the increase in global average temperature to below 1.5°C compared to pre-industrial levels** (A world in which environmental policies and regulations are strengthened, markets align with these measures, and the pace of climate change and ecosystem degradation slows) ● Introduction of carbon pricing ● Expansion and spread of renewable energy ● Increased interest in eco-friendly products ● Development of stores and urban areas with high environmental value
4°C*2	**Scenario prioritizing economic growth, based on a continuation of current policies** (A world in which no new environmental policies or regulations are introduced, markets do not align with sustainability goals, and climate change and ecosystem degradation continue to worsen) ● Intensification of natural disasters (sharp decline in customer traffic, business suspensions) ● Shift toward a "two-season" climate (loss of seasonal distinctiveness, erosion of traditional culture) ● Loss of production regions ● Disruptions to procurement and logistics routes

(Existing scenarios referenced)
*1 Transition: "Net Zero Emissions by 2050 Scenario (NZE)" (IEA, 2025) Physical: "Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)
*2 Transition: "Stated Policies Scenario (STEPS)" (IEA, 2025) Physical: "Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

Based on these two scenarios, the Group, which is mainly engaged in retail operations such as department stores and shopping centers, has identified environmental risks and opportunities for each activity in its value chain process, in accordance with TCFD and TNFD recommendations. Accordingly, we identified transition risks (policy regulations, technology, market, and reputation) and physical risks (acute and chronic) arising from climate change. We also identified opportunities arising from appropriate responses to environmental issues, including those related to resource efficiency, energy sources, products and services, markets, and resilience.

e Risks, opportunities, and financial impacts based on relevant scenarios and strategies and resilience against them

The Company identified environmental risks and opportunities and assessed their importance based on two criteria, the "importance to the Company (impact x urgency)" and the "importance to stakeholders." For items that were assessed as having particularly high materiality, the Company has conducted both quantitative and qualitative analyses of the financial impacts in FY2030 under two scenarios—the below 1.5°C/2°C scenario and the 4°C scenario—and formulated measures for each scenario.

When the data necessary for a quantitative evaluation of the financial impact is difficult to obtain, we conduct qualitative assessments, and the results are presented in a three-level scale indicted by the slope of arrows.

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

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

↑ Impact on JFR Group's business and finances expected to be very large

↗ Impact on JFR Group's business and finances expected to be somewhat large

→ Impact on JFR Group's business and finances expected to be negligible

Type		Category	Time Horizon: Short-term	Time Horizon: Medium-term	Time Horizon: Long-term	Theme	Description	Financial impact: Below 1.5°C / 2°C scenario	Financial impact: 4°C scenario	Current measures	Future measures	Target business: Retail	Target business: Developer
Transition risk	Policy & Regulations	Climate		●	●	Carbon pricing	• Increased costs associated with introduction of carbon taxes and emissions trading schemes	↗	↗	● Reduction of GHG emissions through proactive energy conservation measures at stores and expansion of the shift to renewable energy ● Medium- to long-term cost reductions through the introduction of high environmental performance equipment ● Financing through Green Bonds	● Implementation of ZEB (zero energy building) standards in newly constructed properties	○	○
Transition risk	Technology	Climate	●	●		Energy savings	• Increased investment for introduction of high-efficiency equipment	↗	→	● Consideration of cost-efficient and strategic investments	● Use of internal carbon pricing ● Installation of smart meters ● Optimization of HVAC control using AI	○	
Transition risk	Market	Climate	●	●	●	Renewable energy	• Higher procurement costs due to increased demand for electricity derived from renewable energy	↗	→	● Use of internal carbon pricing ● Reduction of procurement risks and reductions of medium- to long-term costs through an appropriate mix of renewable energy procurement methods	● Implementation of corporate PPAs (including on-site and off-site arrangements) ● Renewable energy procurement in compliance with the revised GHG Protocol and RE100	○	○
Transition risk	Market	Nature	●	●	●	Building materials	• Difficulties in store development due to shortages of building materials such as lumber, rising construction-related costs, and the risk of losing business from business partners if eco-friendly building materials are not procured	→	→	● Acquisition of FSC®-CoC certification	● Expanded use of domestically-sourced thinning wood ● Procurement of wood that complies with regulations		○
Transition risk	Reputation	Climate & Nature		●	●	Trade-offs	• Reputational damage resulting from the inability to balance the procurement of low-carbon energy with consideration for local ecosystems	→	→	● Certification as a Nature-Friendly Site ● Implementation of supplier survey regarding biodiversity initiatives	● Ecosystem impact assessments at sites where corporate PPA generation facilities are installed	○	○
Transition risk	Reputation	Nature	●	●		Waste	• Reputational damage due to increased waste generation or improper waste management	→	→	● Selection of appropriate waste management contractors, management guidance and training for store staff ● Plastic recycling ● Reduction of food waste through employee-led community composting initiatives	● Use of AI-based demand forecasting services to reduce food waste	○	○
Transition risk	Reputation	Climate	●	●		Logistics	• Increased transportation costs due to delays in adopting new technologies for resource-efficient and effective logistics and packaging	→	→	● Reduction in delivery frequency, promoting modal shift, and implementing joint delivery ● Elimination of cardboard usage by adopting reusable garment bags and boxes (AnotherADdress)	● Implementation of an inventory optimization system	○	
Physical risks	Acute	Climate & Nature	●	●		Natural disasters	• Decline in revenue due to store closures caused by extreme weather and increasingly severe natural disasters • Loss of sales opportunities for products and services due to disruptions in procurement and logistics channels • Increased costs for restoring damaged buildings	↑	↑	● Increased resilience of stores and business sites through BCP preparation ● Improvement of disaster prevention performance at stores.	● Diversification of suppliers and transportation routes	○	○
Physical risks	Chronic	Climate & Nature	●	●	●	Temperature and precipitation patterns	• Decrease in revenue resulting from rising energy costs due to higher temperatures, adverse health impacts on people, and a reduction in the range of agricultural and marine products available • Decline in revenue and disruptions to procurement and logistics channels due to a shift toward a two-season climate and changes in rainfall patterns • Decline in sales due to construction delays caused by an increase in extremely hot days	↗	↗	● Review of product demand composition and sales promotion plans ● Regular review of BCPs and implementation of BCP training	● Discussion and strategy development on procurement risks for climate- and nature-critical food ingredients ● Sales of alternative food products ● Use of commercial facilities as designated cooling spots ● Implementation of heatstroke countermeasures through the introduction of temperature control equipment at construction sites and enhancement of air-conditioning and temperature control systems	○	○

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

↑ Impact on JFR Group's business and finances expected to be very large

↗ Impact on JFR Group's business and finances expected to be somewhat large

→ Impact on JFR Group's business and finances expected to be negligible

Type	Category	Time Horizon			Theme	Description	Financial impact		Current measures	Future measures	Target business	
		Short-term	Medium-term	Long-term			Below 1.5°C/2°C scenario	4°C scenario			Retail	Developer
Resource efficiency	Nature	●	●		Water	・Cost reductions through efficient water usage	→	→	●Use of water-saving equipment ●Use of rainwater and greywater	●Monitoring of water usage and establishment of reduction targets ●More efficient use of water resources	○	○
	Climate & Nature	●	●		Building materials	・Cost reductions through effective use of construction materials, such as thinned wood	→	→	●Horizontal recycling of gypsum boards ●Switchover of demolition site enclosures to reusable system panel construction methods ●Utilization of scrap wood	●Expanded use of domestically sourced thinned wood		○
Energy sources	Climate	●	●	●	Energy conservation	・Reduction of energy procurement costs through the transition to high-efficiency equipment	→	→	●Upgrading to high-efficiency equipment, including transition to refrigerants with low global warming potential	●Optimization of facility environments and energy performance through Building Energy Management Systems (BEMS)	○	
Products and services	Climate & Nature	●	●	●	Eco-friendly products (business partners)	・Revenue growth through business opportunities gained by providing eco-friendly products and services and promoting decarbonization across the entire value chain	↑	↑	●Requests to business partners to expand handling of eco-friendly products and services ●Recycling of waste cooking oil into SAF (Sustainable Aviation Fuel) ●Implementation of briefings for business partners on decarbonization initiatives (2022, 2025)	●Tracking and analyzing sales figures for eco friendly products through item level management	○	
Market	Climate & Nature	●	●	●	Eco-friendly products (customers)	・Revenue growth through increased assortment of eco-friendly products ・Revenue growth through acquisition of new customers by proposing sustainable lifestyles	↑	–	●Conducting customer awareness surveys on sustainability ●Upgrading to eco-friendly packaging materials such as FSC®-certified materials and introduction of charges ●Implementation of customer-participation recycling programs ●Recycling of catalogs for seasonal gift campaigns ●Use of upcycled materials in products and in-store decorations	●Enhancing value communication of eco-friendly products to customers and stimulating demand ●Strengthening maintenance and repair services	○	
	Climate & Nature	●	●	●	Circular business	・Expansion of new growth opportunities through entry into circular businesses	↗	–	●Expansion of circular businesses such as the fashion subscription service "AnotherADdress" ●Expansion of reuse business "MEGRÜS" store locations	●Expansion of environment-related CVC (Corporate Venture Capital) and joint ventures	○	
	Climate & Nature	●	●	●	Creating stores and communities with high environmental value	・Revenue growth through acquisition of new tenants by transforming stores into high environmental value facilities ・Increase in visitors through promotion of green infrastructure that considers biodiversity and landscape across entire areas	↗	–	●Acquisition of environmental certifications for new development projects (ZEB, CASBEE, etc.) ●Stabilization of funding through the use of green bonds ●Promotion of renewable energy use in stores ●Rooftop urban beekeeping and rooftop greening ●SHINSAIBASHI Green Project	●Real estate development and store operations that take into account biodiversity and the surrounding landscape in seven key cities ●Promotion of ZEB conversion and equipment upgrades in existing facilities ●Promotion of green procurement in interior construction	○	○
Resilience	Nature		●	●	Adaption	・Stable procurement through improved traceability of raw materials	↗	↗	●Supplier surveys on biodiversity to understand production conditions	●Prioritizing the procurement of certified products and considering alternative suppliers	○	○
	Climate & Nature		●	●	Energy	・Improved energy resilience through diversification of renewable energy procurement methods	↑	↑	●Development of a renewable energy procurement portfolio from medium- and long-term perspectives	●Introduction of corporate PPAs ●Minimization of procurement cost increases and stable long-term group-wide renewable energy procurement ●Decarbonization of gas through use of methanation technology	○	○

Estimated financial impact for 2030

Risk type	Theme	Description	1.5°C scenario	4°C scenario
Transition risk	Carbon pricing	Increased costs associated with introduction of carbon taxes and emissions trading schemes*1	¥1.2 billion (FY2050: ¥0)	¥0.7 billion (FY2050: ¥0)
Transition risk	Renewable energy	Higher procurement costs due to increased demand for electricity derived from renewable energy*2	¥0.8 billion	¥0.4 billion
Physical risk	Natural disasters	Lower profits due to store closures caused by intensified extreme weather events and natural disasters*3	¥5.2 billion	¥10.3 billion
Business opportunity	Energy efficiency	Reduction in energy procurement costs through the introduction of high efficiency equipment*4	¥0.4 billion	¥0.4 billion
Business opportunity	Environmentally high-value stores and urban development	Revenue growth through the acquisition of new tenants through transition to stores with high environmental value*5	¥1.1 billion	—

(Basis for calculation of quantitative financial impacts in FY2030)
*1 Estimated by multiplying the JFR Group's Scope 1 and Scope 2 emissions as of FY2030 by the carbon price per t CO_2.
*2 Estimated by multiplying the JFR Group's electricity consumption as of FY2030 by the price premium per kWh for renewable energy-derived electricity compared with standard electricity rates.
*3 Estimated by multiplying historical revenue losses due to store closures caused by natural disasters by the projected future frequency of flooding events.
*4 Estimated by multiplying the JFR Group's projected energy savings as of FY2030 by energy procurement costs.
*5 Estimated by multiplying the JFR Group's real estate revenue as of FY2030 by the projected rate of change in new contract conclusion fees for buildings with environmental certification.

Major parameters

Parameters	Source
Carbon tax 2030 (1.5°C:$157/t-$CO_2$*6, 4°C:$87/t-CO_2) 2050 (1.5°C:$250/t-$CO_2$, 4°C:$87/t-CO_2)	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2025)
	"Stated Policy Scenario (STEPS)" (IEA, 2025)
High electricity prices from renewable energy	"Japan's Energy 2024" (Ministry of Economy, Trade and Industry / Agency for Natural Resources and Energy, 2025)
Frequency of future flood occurrence	"Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

* 6 The 2030 figures are estimated based on the IEA's World Energy Outlook 2025 (WEO2025).

Summary of Resilience

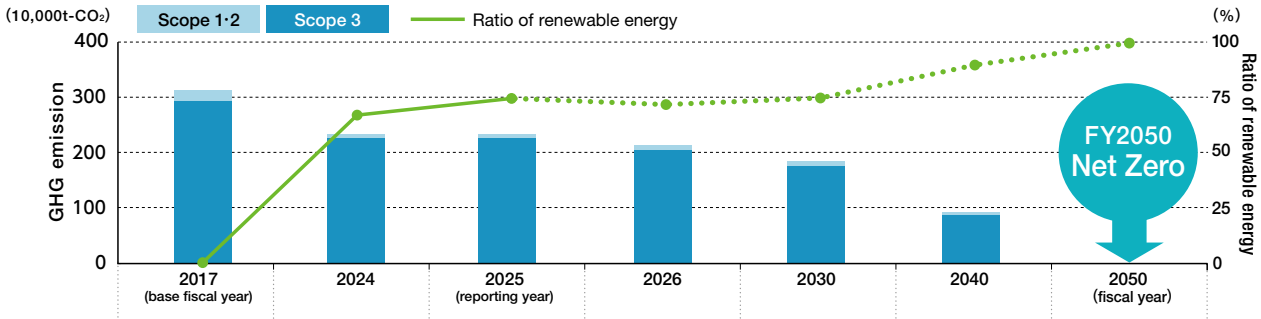
Based on the above scenarios, the Group analyzed the impact of climate change and ecosystem degradation and examined our countermeasures, confirming that the measures that we have already implemented and planned are effective and flexible enough to reduce risks and contribute to the realization of opportunities under all scenarios.

Regarding increased costs due to the introduction of carbon taxes and the impact of natural disasters on revenues, we will systematically and steadily implement measures to mitigate the associated financial risks, including expanding the adoption of renewable energy through the use of sustainability bonds and similar instruments. Additionally, we will leverage our 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.

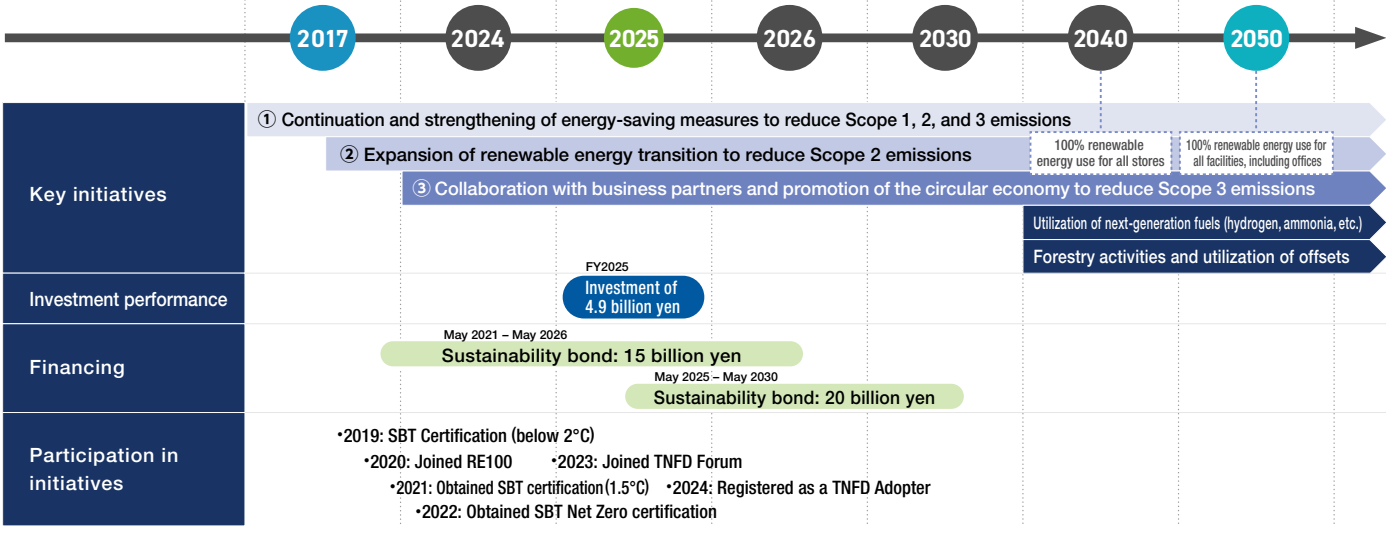
By promoting initiatives that address both the risks and opportunities associated with environmental issues, the Company will enhance management resilience.

JFR Group 2050 Net Zero and Nature Positive Transition Plan

Recognizing the need to take a medium- to long-term perspective in achieving net zero emissions and a nature positive outcome by 2050, the Company has formulated a transition plan extending through 2050. Based on the results of our analysis of environmental risks and opportunities, as well as their financial implications, we will implement specific initiatives from short-, medium-, and long-term perspectives. This includes taking appropriate measures to address risks and actively responding to changing customer needs to capture new growth opportunities. By clearly outlining our investment and funding plans, as well as the results of our initiatives and financial impacts for the current fiscal year within this transition plan, we will clarify the relationships between these elements and further enhance the plan's effectiveness. Furthermore, we implemented our environmental investments for fiscal year 2025 as planned.



Phase	Results (FY2017-2025)			Short term (until FY2026)	Medium term (until FY2030)	Long term (until FY2050)	
Scope 1 and 2 (vs. FY2017)	194,154 t-CO_2	65.4% reduction	69.5% reduction	70% reduction	73% reduction	80% reduction	Net zero
Scope 3 (vs. FY2017)	2,927,320 t-CO_2	23.2% reduction	23.8% reduction	—	40% reduction	—	Net zero
Ratio of renewable energy	0%	67.2%	75.2%	72%	75%	90%	100%



	FY2025 initiatives		Investment amount
❶ Energy conservation	Expansion of shift to LED for in-store lighting	• Number of LED units installed: Approx. 740 units (Cumulative total: 205,310 units, 82.0% of total)	170 million yen
	Electrification of the corporate fleet	• Number of EVs purchased: Cumulative total: 174 units, 47.4% of fleet	102 million yen
	Updating to high-efficiency equipment	• Renovation of elevators and escalators	853 million yen
❷ Expansion of renewable energy	Expanding the shift of stores and offices to renewable energy	• Amount of renewable energy purchased: 215,897 MWh (Share of total energy consumption: 75.2%)	3,795 million yen
❸-1 Promotion of circular economy	Expansion of circular business such as sharing and up-cycling	• Promotion of fashion upcycling through the apparel recycling project "roop" • Launch of reuse business : 8 stores (as of the end of FY2026)	
❸-2 Waste reduction	Reduction of total waste disposal and improvement of recycling rate	• Food recycling rate: 92.7% for FY2025 • Recycling of waste cooking oil into domestically produced SAF: Implemented in 11 stores	
❸-3 Scope 3 reduction	Conducting dialogues and seminars with suppliers to obtain GHG emission data	• Organization of a briefing session on decarbonization for business partner (Participants: 233 companies / 336 individuals) • Start of calculations using primary data	

*As of May 2026; this plan is subject to revision based on future business strategies.

Metrics & Targets TCFD TNFD

a Metrics used to manage climate- and nature-related risks and opportunities

The Group recognizes that biodiversity loss and climate change are inseparable issues and is committed to addressing them comprehensively. To this end, we have established and pursue metrics and targets aligned with the global 1.5°C goal, as well as metrics and targets for the efficient circulation of resources and will continue to advance our initiatives accordingly.

Indicators and Targets Used by the JFR Group to Manage Climate and Nature-Related Risks and Opportunities

Metrics	Target year	Description of targets
GHG emissions	2050	Achieve net-zero GHG emissions across Scopes 1, 2, and 3*1
	2030	Reduce Scope 1 and 2 emissions by 73% (vs. FY2017)*2 Reduce Scope 3 emissions by 40% (vs. FY2017) *3
Ratio of renewable energy in the electricity used for business operations	2050	Achieve 100% renewable energy ratio *4
	2040	Achieve 90% renewable energy ratio
	2030	Achieve 75% renewable energy ratio
Food recycling rate	2030	Achieve a food recycling rate of 85%
Development of eco-friendly products	2030	Expand the sales volume of eco-friendly products, including certified products
Rate of environmental certification acquisition for newly developed properties	2030	Achieve a 100% environmental certification rate for newly developed properties

*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

To clarify the accountability of executive officers with respect to climate-related issues, we have established a target for the reduction rate of Scope 1 and 2 emissions as one of the non-financial performance indicators used to determine performance-linked stock compensation under the executive remuneration system.

WEB ➡ Officer Remuneration System

Use of internal carbon pricing (ICP)

In February 2024, we established Internal Carbon Pricing (ICP) for visualizing GHG 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-CO_2).

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

The Company has been calculating its total emissions since fiscal 2017. Our Scope 1 and 2 emissions in FY2025 were 59,241 t-CO_2(69.5% reduction vs. FY2017) and Scope 3 emissions were 2,230,492 t-CO_2 (23.8% reduction vs. FY2017). In addition, the ratio of renewable energy was 75.2%.

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 (consolidated) (Unit: t-CO_2)

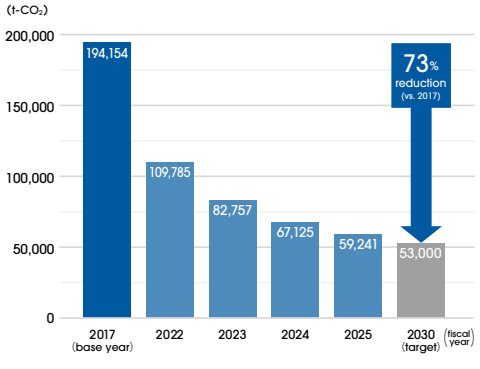
			FY2017	FY2024	FY2025	
			Actual*1	Actual*1	Actual*1	Compared with FY2017 (base year)
Scope 1 emissions			16,052	14,430	13,635	-15.1 %
Scope 2 emissions		(market-based)	178,102	52,695	45,606	-74.4 %
		(location-based)	184,047	136,692	133,887	-27.3 %
Scope 1 and 2 emissions total*2			194,154	67,125	59,241	-69.5 %
Scope 3 emissions total *3			2,927,320	2,247,051	2,230,492	-23.8%
Scope 3 emissions *3	Category 1	Purchased goods and services	2,701,018	1,958,949	1,934,925	-28.4 %
	Category 2	Capital goods	81,883	58,639	64,266	-21.5 %
	Category 3	Energy excluding Scope 1 and 2	17,966	30,976	30,322	68.8 %
	Category 4	Upstream transportation and distribution	7,400	3,756	3,556	-51.9 %
	Category 5	Waste from operations	845	12,838	9,502	1024.5 %
	Category 6	Business travel	627	4,099	5,101	713.6 %
	Category 7	Employee commuting	1,158	1,825	2,169	87.3 %
	Category 9	Downstream transportation and distribution	21,086	6,336	8,604	-59.2 %
	Category 11	Use of sold products	–	14,841	16,111	–
	Category 12	End-of-life treatment of sold products	68,423	140,487	142,304	108.0 %
	Category 13	Downstream leased assets	26,914	14,305	13,632	-49.4 %
Total of Scope 1, 2, and 3 emissions*2			3,121,474	2,314,176	2,289,733	-26.6 %
Ratio of renewable energy (%)			–	67.2	75.2	–

*1 Obtained third-party assurance from LRQA Limited.
*2 Scope 2 emissions used in the total are calculated with market-based data.
*3 Calculated based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.8 (Ministry of the Environment and Ministry of Economy, Trade and Industry, March 2026)," the "Emission Factor Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain Ver. 3.5 (March 2025)," and IDEA v3.5
Scope 3 emissions category 8 is excluded from the calculation because it is already accounted for in Scope 1 and 2 emissions
Scope 3 emissions categories 10, 14, and 15 are excluded from the calculation because they do not apply to our Group's business processes

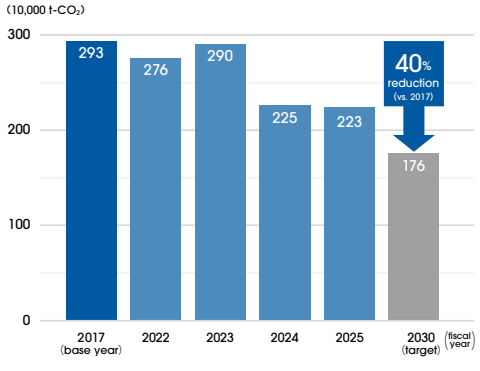
*The Group's Scope 1, 2, and 3 emissions are calculated using the above Japanese guidelines and in accordance with the framework of the GHG Protocol, the international standard for supply chain emissions.

FY2025 Results and Future Targets

Scope 1 and 2 emissions



Scope 3 emissions



Environmental Initiatives

Reduction of GHG Emissions

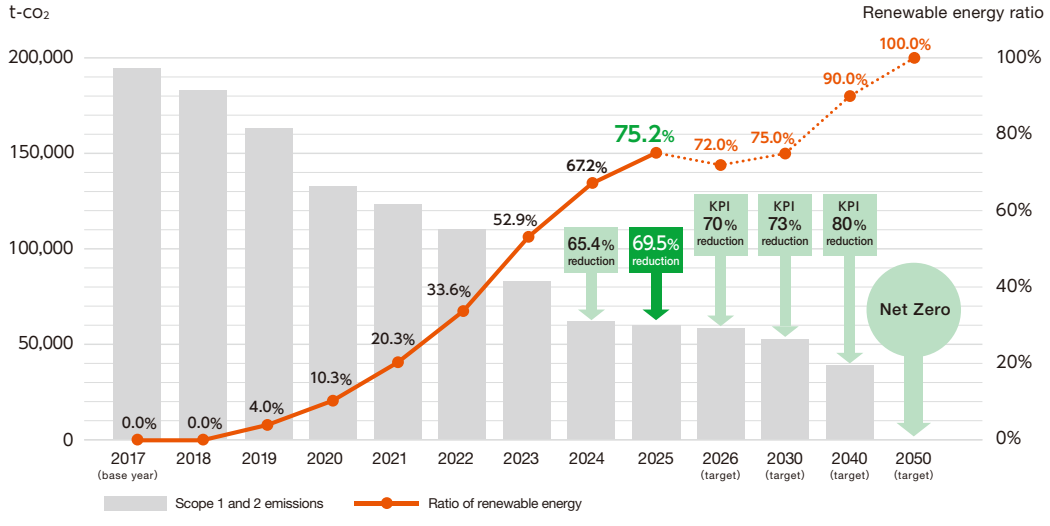
In recent years, climate change has progressed to an extremely serious level, endangering not only future generations but all people, including all of us alive today. We regard addressing climate change as a key issue in our sustainability management. Recognizing that the risks and opportunities associated 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.

Transition to Renewable Energy

Starting with the opening of the Daimaru Shinsaibashi store in 2019, which operates entirely on renewable energy, we have been gradually shifting our stores in the Kansai, Kanto, and Chubu regions to renewable energy. In April 2025, we implemented the transition to renewable energy at the Daimaru Tokyo store.

In addition, during FY2025, we examined future approaches to renewable energy procurement, including the introduction of corporate PPAs.

Change in ratio of renewable energy usage



Major stores switching to renewable energy (as of 02/28/2026)

Daimaru & Matsuzakaya
Shinsaibashi/Umeda/Kyoto/Kobe/Tokyo/Suma/Nagoya (excl. North Building)/Ueno/Shizuoka/Takatsuki (10 out of 15 stores)

PARCO
Sapporo/Sendai (excl. main store)/Ikkebukuro/Ueno/Kichiijoji/Chofu/Shizuoka/Nagoya/Shinsaibashi/Hiroshima/Fukuoka/Hibarigaoka (12 out of 15 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

Scope 3 Reduction Initiatives

Approximately 90% of the Company's Scope 3 emissions are attributable to Category 1 (Purchased Goods and Services). As a result, reducing these emissions through the Company's own efforts alone is challenging. Collaborative emission reduction initiatives across the value chain are essential.

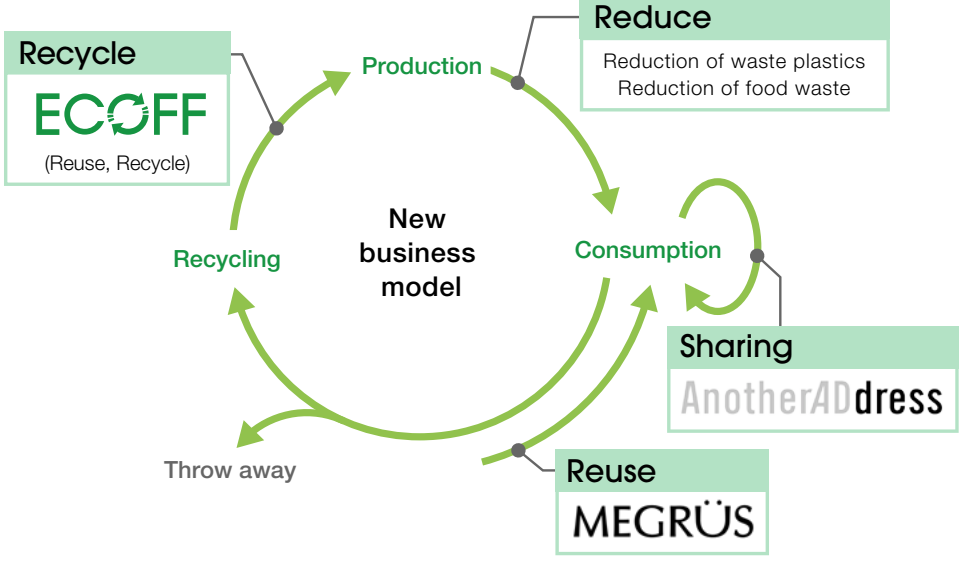
To address this issue, Daimaru Matsuzakaya Department Stores, the Group's core operating company, has engaged in dialogue with business partners based on their specific circumstances. These discussions have focused on calculating GHG emissions, establishing reduction targets, and providing primary emissions data (Scope 1, Scope 2, and upstream Scope 3 emissions). In 2025, the Company also held a briefing session for our major business partners to explain our environmental initiatives and encourage them to calculate their GHG emissions (Attendance: 233 companies / 336 participants). As a result of these initiatives, Category 1 emissions for FY2025 were calculated using primary data obtained from 50 suppliers, compared with 41 suppliers in FY2024. Consequently, Scope 3 emissions decreased by 23.8% versus the baseline year FY2017.

Business Partner Information Briefing

Promoting the 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



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.

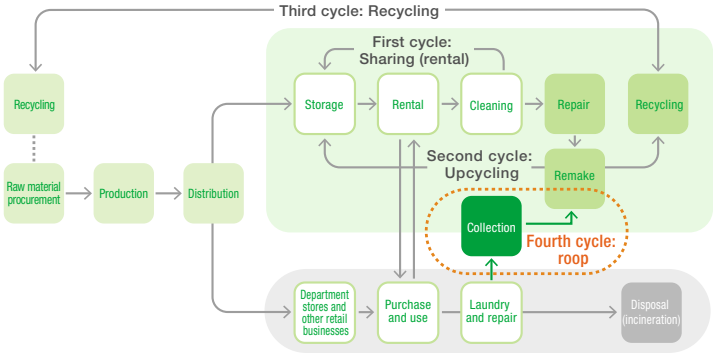
Number of members: Approximately 440,000 (as of the end of June 2026)

–Circular Fashion: Promotion of the Upcycling Project "roop"

"roop" is a project that creates a new form of circular fashion by collecting clothes that no longer can be worn, transforming them into upcycled items through the creativity of professional designers and fashion school students, and making these items available for rental through AnotherADdress.

In March 2026, the "roop Award 2025-2026" fashion design contest was held. Approx. 400 entries were submitted using around 700 collected garments as source materials. The competition attracted a wide variety of highly creative works that embodied the project's objectives of reducing clothing waste, extending the lifespan of garments, and passing on apparel craftsmanship and design expertise. Selected works are available for rental through AnotherADdress, further promoting the circulation and effective use of fashion resources.

Special award-winning work
Masaco Teranishi(designer)

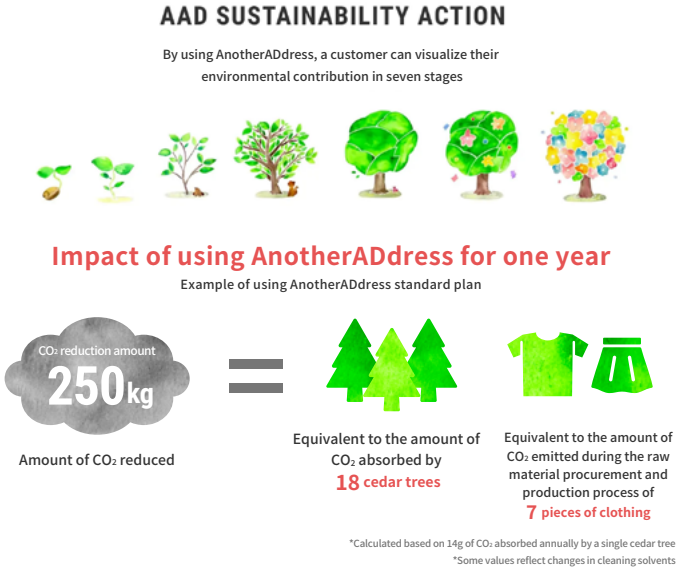


–Visualizing Environmental Contributions Through Carbon Footprint

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.

WEB ➡ Special website

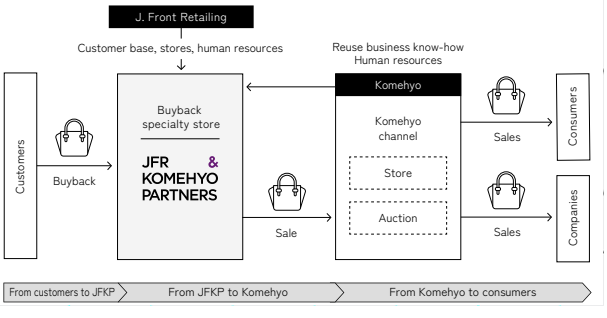


Launch of Reuse Business (Buyback)

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 began rolling roll out buyback specialty stores named "MEGRUS" 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.

Buyback specialty stores「MEGRÜS」 8 stores(as of the end of FY2026)

MEGRÜS



JFR & Komehyo Partners business scheme

MEGRUS at Matsuzakaya Nagoya

Reuse and Recycling in Partnership with Our Customers

Launched by Daimaru Matsuzakaya Department Stores in 2016, “ECOFF” is a participatory initiative through which customers bring unwanted clothing and household goods to department store collection points for reuse and recycling. Driven by growing environmental awareness and active customer participation, the program has continued to grow year by year. In FY2025, a total of 319.4 metric tons of items were collected, bringing the cumulative collection volume since the program's launch in FY2016 to approximately 2,464 tons. The initiative has also extended beyond store locations through “Off-Site ECOFF” events in collaboration with local governments and corporate partners, further broadening the reach of circular resource initiatives within local communities.

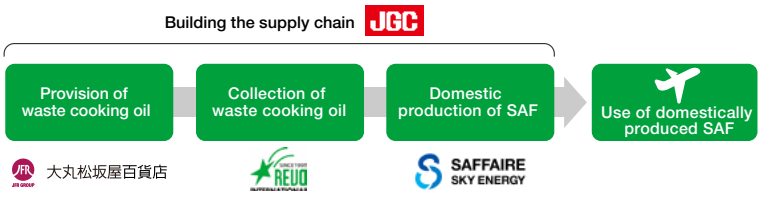
In June 2024, PARCO partnered with ECOMMIT Co., Ltd. to introduce PASSTO, ECOMMIT's integrated service for the collection, sorting, and recirculation of unwanted items, at five locations (Kichijoji, Hibarigaoka, Chofu, Kinshicho, and Fukuoka). The initiative was launched with the aim of reducing waste in local communities and contributing to a circular economy through more effective resource circularity.

In-store ECOFF collection points

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 2026, we provide 135.5 tons of waste cooking oil generated by restaurants and carry-out shops at 11 Daimaru Matsuzakaya stores.

Waste cooking oil collection box



*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 FY2025, 20 of 30 stores achieved a food recycling rate of 100%.

FY2025 results	Daimaru Matsuzakaya Department Stores	PARCO
Food recycling rate	90.2%	97.1%
Stores with 100% food recycling rate	8 out of 15 stores	12 out of 15 stores

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.

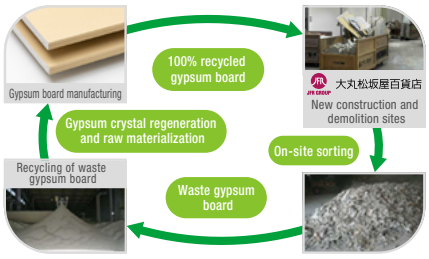
Reduction in use of disposable plastic products in FY2025

Reduction target (vs. FY2021)	Results		
	Amount used (basic unit)*	Rate of reduction	Rate of achievement
-35%	0.106	-91.3%	133.3%

*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 Prime Space 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

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.

Raising Customer Awareness Through Holiday Decorations

Since 2022, Hakata Daimaru has incorporated environmental themes into its Christmas holiday decorations. In 2025, in collaboration with businesses and students from across Kyushu, the company created a Christmas tree and ornaments using thinned wood sourced from local forests, which were displayed in the plaza in front of the store. In addition, exhibits highlighting the activities of organizations certified as Kyushu–Okinawa Nature Positive Sites* were presented, helping to raise awareness among visitors about the importance of biodiversity and regional environmental conservation initiatives. Going forward, Hakata Daimaru will continue to leverage the festive holiday season, when the city attracts large numbers of visitors, as an opportunity to deepen customers' understanding of environmental issues and sustainability.

*A certification system administered by Japan's Ministry of the Environment to recognize areas where biodiversity conservation is being promoted through private-sector initiatives and other efforts.

Hakata Daimaru Holiday Decorations

Promoting Store Greening

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.

Daimaru Shinsaibashi Rooftop

Rooftop Urban Beekeeping

In 2019, we launched the Shinsaibashi Honey Project. Beehives were installed on the rooftop, 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.

Daimaru Shinsaibashi Rooftop Urban Beekeeping

Implementation of Biodiversity Survey

In February 2026, Daimaru Matsuzakaya Department Stores conducted a survey of approximately 200 business partners to assess their progress in calculating GHG emissions and their biodiversity-related initiatives. The survey found that 30 respondents offer products that incorporate environmental considerations, including biodiversity conservation.

Going forward, the Company will enhance the effectiveness of its nature-positive initiatives and promote biodiversity conservation through proactive communication with our business partners.

Use of Environmentally Friendly Packaging Materials

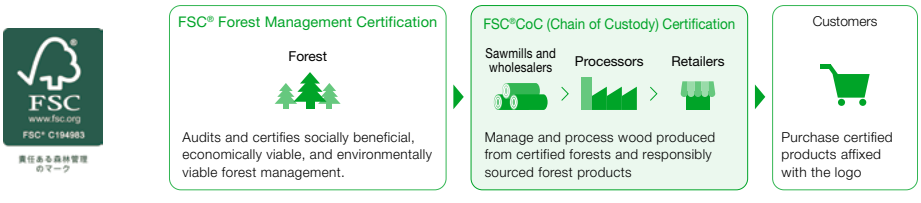
In September 2019, Daimaru Matsuzakaya Department Stores switched to environmentally friendly packaging materials. Paper shopping bags, including those for food, and paper used for sales promotions have been replaced with paper sourced from responsibility managed forests, contributing to forest conservation. In March 2026, we took this initiative a step further by introducing a fee for paper shopping bags as part of our efforts to reduce overall resource consumption. A portion of the proceeds from these bag purchases is used to support local environmental conservation activities.

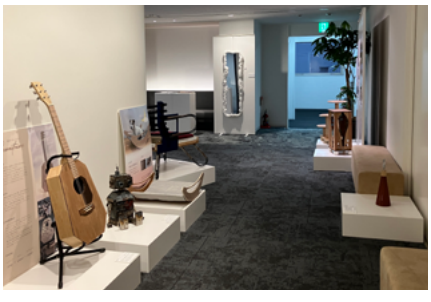
Shopping bags redesigned in 2025

Acquisition of FSC®-CoC Certification

J. Front Prime Space 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.





J. Front Prime Space Osaka Factory

Making Use of Scrap Wood

At J. Front Prime Space, scrap materials, such as wood offcuts and unusable film, are generated during interior construction, fixture fabrication, and film mirror production processes. To promote the effective use of these resources, the Company launched the "Breathing New Life into Scrap Wood" project in 2022 in collaboration with Osaka University of Arts and expanded the initiative in 2024 to include Osaka Institute of Technology. With the support of business partners, the range of materials utilized has gone beyond metal and stone to materials such as tiles, paper tubes, and coated paper. In 2025, the project further expanded to include architectural textiles and automotive components. Drawing on their rich imagination and flexible design skills, the students created unique works while engaging with the irregular yet intriguing nature of these scrap materials.

Joint exhibition at the J. Front Prime Space Osaka Office

Water storage tank – Appropriate use of water

At the Daimaru 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.

Daimaru Shinsaibashi water storage tank

Third-Party Assurance

Independent Assurance Statement

LRQA

LRQA Independent Assurance Statement

Relating to J. Front Retailing Co., Ltd.'s Environmental and Social Data for the Fiscal Year 2025

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 2026, Environmental Report 2026 or the like ("the reports") for the fiscal year 2025 (1/3/2025-28/2/2026), 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) (GJ)
  - 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)[8]
  - 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) [9]
  - Amount of food waste generation (tonnes), recycled food waste (tonnes) and finally disposed food waste (tonnes)

  Social indicators: [10]
  - Share of women in management positions (%)
  - Employment rate of disabled people (%)[11]
  - 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 2026, Environmental Report 2026 or the like.
[2] GHG quantification is subject to inherent uncertainty.
[3] Items for which the company has management authority will be included. If there are sub-meters or similar devices that allow the use or discharge by tenants to be tracked, the tenant's portion will be deducted. If it is not possible to track tenants in this way, no deduction will be made.
[4] For overseas sites, electricity and gasoline are included in the calculation.
[5] The amount of fluorocarbons used is calculated in accordance with the Act on Rationalization of Use and Proper Management of Fluorocarbons (Fluorocarbon Emission Control Act) (Japan).
[6] The Scope 2 market standard is calculated based on the market standard for domestic sites in Japan and the location standard for overseas sites.
[7] Scope 3 Category 3 activity data uses values collected as Scope 1 and 2 activity data.
[8] Although the validity of the application of the primary data used in Scope 3 was confirmed, this verification is independent of the verification of the primary data itself and does not guarantee the quality of the primary data itself.
[9] The waste includes food waste.
[10] 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.
[11] The value reported administratively (June 1, 2025) in accordance with the Japanese Act on Promotion of Employment of Persons with Disabilities.

LRQA

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[12] 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 2025; and
- Visiting Daimaru Kobe Store of Daimaru Matsuzakaya Department Stores Co., Ltd., and Hiroshima 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: 24 June 2026

Yoshinori Shibata
LRQA Lead Verifier
On behalf of LRQA Limited

Saeko Shimizu
LRQA Technical Reviewer

10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN
LRQA reference: YKA00000726

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[12] *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	2025
Scope 1 greenhouse gas (GHG) ★		CO_2 emissions	Consolidated	t-CO_2	14,548	12,368	11,958	11,459	11,551	10,736
		HFC (alternative refrigerants) emissions	Consolidated	t-CO_2	1,504	1,636	1,756	2,562	2,879	2,899
		SF_6(sulfur hexafluoride) emissions	Consolidated	t-CO_2	0	0	0	0	0	0
		Scope 1 emissions	Consolidated	t-CO_2	16,052	14,004	13,714	14,021	14,430	13,635
Scope 2 greenhouse gas (GHG) ★		CO_2 emissions (market-based)	Consolidated	t-CO_2	178,102	108,808	96,071	68,736	52,695	45,606
		(location-based)	Consolidated	t-CO_2	184,047	149,690	146,810	142,935	136,692	133,887
Scope 1+2 greenhouse gas (GHG)※2 ★		Scope 1 and 2 emissions	Consolidated	t-CO_2	194,154	122,812	109,785	82,757	67,125	59,241
		vs. SBT base year FY2017	Consolidated	%	-	-36.7	-43.5	-57.4	-65.4	-69.5
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	1,934,925
	Category 2	Capital goods	Consolidated	t-CO_2	81,883	110,787	47,246	48,021	58,639	64,266
	Category 3	Energy excluding Scope 1 and 2	Consolidated	t-CO_2	17,966	24,319	23,566	19,399	30,976	30,322
	Category 4	Upstream transportation and distribution	Consolidated	t-CO_2	7,400	28,529	27,892	3,204	3,756	3,556
	Category 5	Waste from operations	Consolidated	t-CO_2	845	1,191	1,262	1,439	12,838	9,502
	Category 6	Business travel	Consolidated	t-CO_2	627	1,880	2,755	3,815	4,099	5,101
	Category 7	Employee commuting	Consolidated	t-CO_2	1,158	1,442	1,644	1,736	1,825	2,169
	Category 9	Downstream transportation and distribution	Consolidated	t-CO_2	21,086	16,330	15,862	38,196	6,336	8,604
	Category 11	Use of sold products	Consolidated	t-CO_2	-	1,864	1,209	59,221	14,841	16,111
	Category 12	End-of-life treatment of sold products	Consolidated	t-CO_2	68,423	9,974	12,499	15,564	140,487	142,304
	Category 13	Downstream leased assets	Consolidated	t-CO_2	26,914	37,796	31,249	29,115	14,305	13,632
		Scope 3 emissions	Consolidated	t-CO_2	2,927,320	2,420,492	2,761,669	2,898,436	2,247,051	2,230,492
		vs. SBT base year FY2017	Consolidated	%	-	-17.3	-5.7	-1.0	-23.2	-23.8
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	2,289,733
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	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	1.77
Energy ★		Electricity	Consolidated	MWh	333,514	305,752	305,287	297,828	294,269	286,965
		City gas	Consolidated	MWh	70,353	64,632	63, 516	61,488	66,599	61,681
		Liquefied Petroleum Gas (LPG)	Consolidated	MWh	-	-	-	-	-	61
		Light oil	Consolidated	MWh	0	105	101	28	5	6
		Heavy oil A	Consolidated	MWh	70	49	65	52	64	87
		Kerosene	Consolidated	MWh	-	-	-	0.1	0.05	0.02
		Gasoline	Consolidated	MWh	6,805	3,011	2,126	1,916	1,793	1,693
		Natural gas	Consolidated	MWh	13	0	0	0	0	0
		Steam, cold water, hot water	Consolidated	MWh	64,758	54,500	59,344	60,848	63,785	65,280
		Total	Consolidated	MWh	475,513	428,049	430,439	422,160	426,515	415,773
		Electricity	Consolidated	GJ	1,200,651	1,100,707	1,099,032	1,072,181	1,059,368	1,033,073
		City gas	Consolidated	GJ	252,302	232,659	228,648	221,170	239,756	222,051
		Liquefied Petroleum Gas (LPG)	Consolidated	GJ	-	-	-	-	-	221
		Light oil	Consolidated	GJ	0	379	365	100	18	23
		Heavy oil A	Consolidated	GJ	253	175	234	187	231	313
		Kerosene	Consolidated	GJ	-	-	-	0.4	0.2	0.07
		Gasoline	Consolidated	GJ	24,497	10,840	7,653	6,899	6,455	6,093
		Natural gas	Consolidated	GJ	45	0	0	0	0	0
		Steam, cold water, hot water	Consolidated	GJ	233,130	196,201	213,639	219,053	229,625	235,009
		Total	Consolidated	GJ	1,710,879	1,540,962	1,549,571	1,519,590	1,535,452	1,496,783
Renewable energy ★		Usage (purchased/generated)	Consolidated	MWh	0	62,156	102,676	157,454	197,746	215,897
		Ratio of renewable energy to electricity used Renewable energy ratio	Consolidated	%	0.0	20.3	33.6	52.9	67.2	75.2

Water

		Boundary	Unit	2020	2021	2022	2023	2024	2025
Water ★	Tap water usage	Consolidated*4	㎥	1,407,531	1,719,788	1,796,295	1,880,316	1,904,299	1,884,414
	Groundwater usage	Consolidated*4	㎥	459,054	570,760	613,303	625,066	598,766	565,123
	Graywater usage	Consolidated*4	㎥	198,882	158,848	151,017	140,709	153,350	160,188
	Total usage	Consolidated*4	㎥	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415	2,609,725
	Emissions*3	Consolidated*4	㎥	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415	2,609,725

Resources and Waste

		Boundary	Unit	2020	2021	2022	2023	2024	2025
Packaging and material usage*5	Paper	Daimaru Matsuzakaya	t	815	929	953	973	961	965
	Cardboard	Daimaru Matsuzakaya	t	147	99	147	147	79	81
	Plastic packaging	Daimaru Matsuzakaya	t	113	101	100	101	99	101
	Total	Daimaru Matsuzakaya	t	1,075	1,129	1,200	1,221	1,139	1,147
Waste*6 (including food waste) ★	Amount generated	Consolidated*4	t	21,694	26,637	29,855	29,814	48,201	37,643
	Amount recycled	Consolidated*4	t	12,479	12,845	15,421	16,176	18,759	18,408
	Final disposal amount	Consolidated*4	t	9,216	13,792	14,434	13,638	29,443	19,235
	Recycling rate	Consolidated*4	%	57.5	48.2	51.7	54.3	38.9	48.9
Food waste ★	Amount generated	Consolidated*7	t	2,886	4,394	4,753	4,943	4,587	4,309
	Amount recycled	Consolidated*7	t	1,857	3,027	3,598	3,934	4,051	4,004
	Final disposal amount	Consolidated*7	t	1,029	1,367	1,155	1,009	536	305
	Recycling rate	Consolidated*7	%	64.3	68.9	75.7	79.6	88.3	92.9
Specified hazardous waste*8	Emissions	Consolidated	t	0	6	0.2	0	0.01	0
NOx	Emissions	Consolidated	t	2.7	3.3	3.2	2.9	3.9	3.5
SOx	Emissions	Consolidated	t	0	0	0	0	0	0
VOC	Emissions	Consolidated	t	0	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 (N_2O), HFCs (hydrofluorocarbons), PFCs (perfluorocarbons), SF_6 (sulfur hexafluoride), NF_3 (nitrogen trifluoride). However, within the JFR Group's business processes, only CO_2, HFCs, and SF_6 are applicable and therefore included in the emissions calculation.
*2. Scope 2 emissions used in the total are calculated based on market standards.
*3. Water emissions are equal to the amount of water used.
*4. Daimaru Matsuzakaya Department Stores until FY2019
*5. Weight of wrapping paper, shopping bags, paper bags, plastic food bags, etc.
*6. Waste: Refers to general waste, industrial waste, and food waste
*7. Daimaru Matsuzakaya Department Stores until FY2020
*8. 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 (11th unsecured bond)

To contribute to solving both environmental and social issues through its business activities, the Company issued a ¥20 billion Sustainability Bond in May 2025, its second issuance following May 2021.

Business Category	Output	Outcome	Impact	Use and amount of funds
Creating a society that co-exists with the environment				
Green buildings	● Building overview The Landmark Nagoya Sakae Construction Costs	● Status of building certifications/verification (Certification, Type, Rank, and Date obtained) ▶ Achieved Nagoya City Building Environmental Planning System (CASBEE Nagoya) S-Rank Certification (FY2022). *As the building opened in June 2026, reductions in electricity consumption and Scope 1 & 2 GHG emissions will be reported beginning with FY2026 results.	Co-existence with the Environment (realization of a decarbonized society).	Total allocation: ¥1,832 million
Renewable energy	● Amount of electricity purchased from renewable energy sources: 215,887 MWh	● Share of electricity derived from renewable energy sources in total electricity consumption: 75.2% (up 8.0 ppt YoY)		Total allocation: ¥3,830 million
Clean transportation	● No. of leased EVs: Declined by 10 units in FY2025 *Based on parking facility renovations (174 in total, 47.4% of fleet).	● Reduction in CO_2 emissions by electrifying corporate fleet: approximately 383 t-CO_2 per year (Calculated by comparison with the emissions of gasoline vehicles in the same category.)		Total allocation: ¥102 million
Enhancing community vitality				
Regional revitalization	● Number of stores operated in the area of the Former Foreign Settlement of Kobe around Daimaru Kobe 50 stores as of FY2025 year-end	● Community Revitalization Initiatives ▶ Continued to hold regular events in the local Hyogo and Kobe areas, including the "Kobe Western Confectionery Festival," "Kobeichi," and "Old Settlement Valentine's Day" ▶ Hosted "Hyogo-no-Kuni," an initiative to promote globally the excellence of craftsmanship and manufacturing traditions from Hyogo Prefecture's five historic regions (Settsu, Harima, Tajima, Tamba, and Awaji). ▶ Held the "Hyogo Prefectural Kobe Commercial High School Sales Training Event for Student-designed Products." Students sold original products made with ingredients from Hyogo Prefecture in collaboration with local confectionery shops as part of practical sales training. ● Customer traffic to Daimaru Kobe: 10,067,000 people in FY2025.	Sustainable urban development that leverages local assets centered around retail facilities.	Total allocation: ¥1,306 million.
Start-up and business succession support	● Investments and financing provided by JFR MIRAI CREATORS Fund to 17 startup companies. ● Investment and financing provided by Pride Fund to one regional SME facing business succession challenges	● JFR MIRAI CREATORS Fund portfolio company: ▶ NearMe, Inc. Operates an AI-powered on-demand shared mobility service that enables efficient ride-sharing transportation. ● Pride Fund portfolio company ▶ Shoeido Co., Ltd. Founded in 1901 (Meiji 34) in Miyakonojo, Miyazaki Prefecture, as a traditional Japanese confectionery shop. Engaged in the manufacturing and sales of confectionery products.	Contribution to regional economies through innovative business models and the creation and preservation of jobs by sustaining local industries.	Total allocation: ¥1,750 million.
Status of asset allocation: Amount of issue: ¥20,000 million. Amount allocated: ¥8,820 million. Unallocated balance: ¥11,180 million.				Total amount allocated: ¥8,820 million.

Well-Being Life

Create and Bring to Life "New Happiness."

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