

Environment

Environmental KPIs and Progress	15
Decarbonization	16
Circular Economy	19
Biodiversity Conservation	22
Information Disclosure in Line With TCFD/TNFD Recommendations	25



Environmental KPIs and Progress (FY2021 to FY2023)

	Indicator	FY2021 Results	FY2022 Results	FY2023 Results	FY2023 Target
Realization of decarbonized society	● Scope 1 and 2 GHG emissions	● 36.7% reduction (vs. FY2017) (Scope 1 and 2 emissions 122,812t-CO ₂)	● 43.5% reduction (vs. FY2017) (Scope 1 and 2 emissions 109,785t-CO ₂) ● Establishment of net zero transition plan ● Obtained SBT net zero certification	● 57.4% reduction (vs. FY2017)	● 40% reduction (vs. FY2017)
	● Ratio of renewable energy to total electricity used in business activities	● 20.3% Up 10.0% (vs. FY2020) (Renewable energy-sourced electricity 62,156MWh)	● 33.6% Up 13.3% vs. FY2021 (Renewable energy-sourced electricity 102,676MWh)	● 52.9% vs. FY2022 up 19.3% (Renewable energy-sourced electricity 157,454MWh)	● 40%
	● Energy creation	—	—	—	● Introduction of renewable energy self-generation through collaboration with new electric power companies
Management of the entire supply chain	● Scope 3 GHG emissions	● 17.3% reduction (vs. FY2017) (Scope 3 emissions 2,420,492t-CO ₂)	● 5.7% reduction (vs. FY2017) (Scope 3 emissions 2,761,669 t-CO ₂) ● Explanatory meeting for suppliers (held in April, attended by 253 companies, Daimaru Matsuzakaya Department Stores)	● 1.0% reduction (vs. FY2017) (Scope 3 emissions: 2,898,436 t-CO ₂)	● 10% reduction (vs. FY2017)
Promotion of circular economy	● Waste disposal volume (including food waste)	● 30% reduction (vs. FY2019)	● 26.7% reduction (vs. FY2019)	● 30.8% reduction (vs. FY2019)	● 15% reduction (vs. FY2019)
	● Total weight of items collected via ECOFF for recycling	● 1,101 tons in total (265t in FY2021)	● Cumulative total 1,468t (367t in FY2022)	● Cumulative total 1,845t (377t in FY2023)	● Cumulative total 1,500t
	● Recycling and reuse	● Initiated collection and recycling of gift catalogs ● Starts participating in "POOL PROJECT" for the collection and recycling of plastic covers	● Started recycling gift catalogs (toilet paper)	● Participation in "Fry to Fly Project" for the domestic production of SAF from waste cooking oil	● Realization of recycling and remanufacturing of used products through collaboration with business partners and customers
	● Businesses including sharing, subscription, and upcycling	● Launch of fashion subscription business AnotherADdress	—	● Launched readdress, an upcycle brand under AnotherADdress	● New entry into businesses such as sharing and upcycling through collaboration with business partners

Challenging to Achieve a Decarbonized Society



Recently, 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*¹ across our entire value chain by 2050.

Direction of Efforts Toward Net Zero Emissions

To achieve net zero emissions by 2050, the Company will focus on both “Reduction of GHG emissions” and “Promotion of circular economy.”

Specifically, we will work to reduce Scope 1 and 2 GHG emissions (hereafter: Scope 1 and 2 emissions) through extensive energy conservation and increased use of renewable energy in our stores. Scope 3 GHG emissions (hereafter: Scope 3 emissions) will be reduced by collaborating with our suppliers and customers as well as promoting resource recycling through the enhancement of 3Rs*² and expansion of circular business.

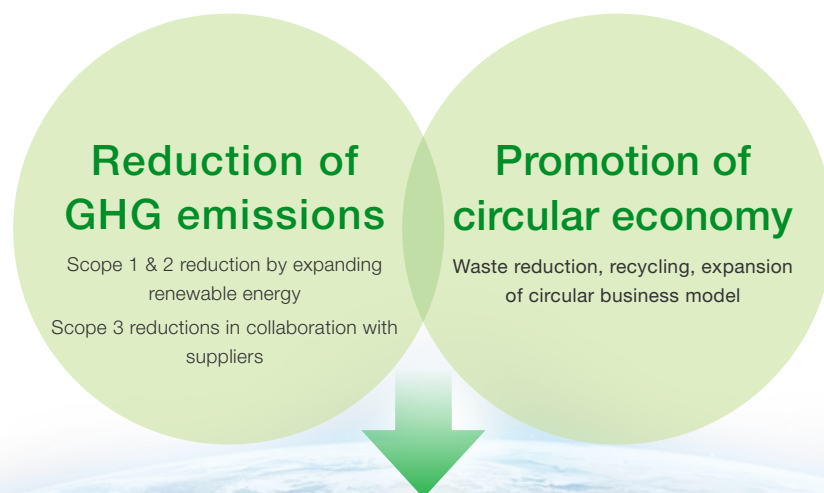
Target Setting

The Company recognizes that setting ambitious medium-and long-term reduction targets and developing a roadmap to achieve them is a prerequisite for promoting climate change action throughout the Group. Based on this, we obtained certification through the Science Based Targets (SBT)*³ initiative in 2019 for our Scope 1, 2, and 3 greenhouse gas emissions reduction targets. In 2021, we reacquired SBT certification with a “1.5°C target,” raising our 2030 Scope 1 and 2 GHG emissions reduction targets from 40% to 60% (vs. base year 2017). In February 2023, we obtained SBT certification for net-zero emissions of Scope 1, 2, and 3 by 2050.

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

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

*3 Jointly established in 2014 by CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to enable companies to set ambitious emission reduction targets in line with the latest climate science.



JFR Group **Net Zero by 2050**

Expanding use of renewable power for sustainable stores

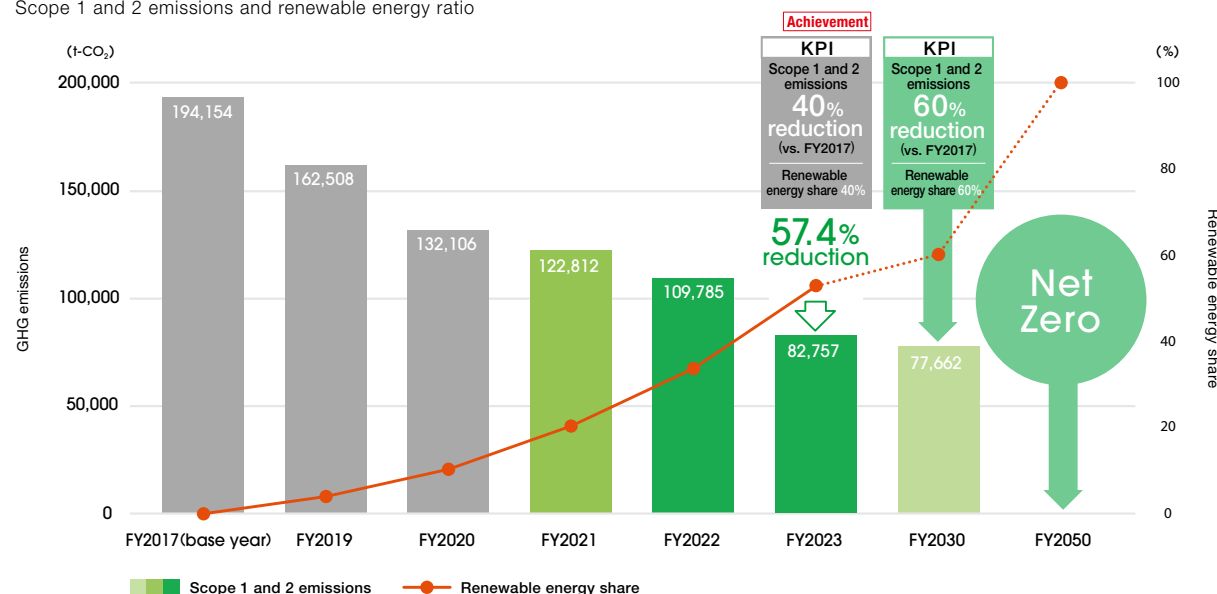
The Group, whose retail business is centered on department stores and shopping centers, generates more than 90% of the Scope 1 and 2 emissions from those stores, and approximately 80% of these emissions are associated with the use of electricity. Therefore, we recognize the need to save energy, improve energy efficiency, and switch to renewable energy sources for electricity in our stores.

Starting with the Daimaru Shinsaibashi store, which opened in 2019 operating with 100% renewable energy, we have successively switched stores in the Kansai and Kanto regions to renewable energy, and in April 2023 we

switched large-scale stores in the Chubu region, including Matsuzakaya Nagoya (excluding North Building) and Nagoya PARCO. As a result, in FY2023, our ratio of renewable energy was 52.9% and Scope 1 and 2 emissions were 57.4% lower than in FY2017, the base year, exceeding the FY2023 target.

We believe that operating stores with renewable electricity will improve the environmental value of the buildings and win the support of suppliers and customers who are highly conscious of environmental issues. We will continue our efforts to switch to renewable electricity.

Scope 1 and 2 emissions and renewable energy ratio



Contributing to the spread of renewable energy

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

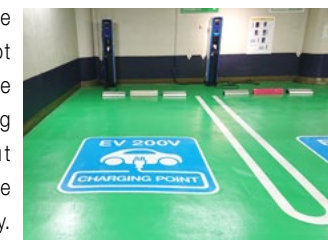
*Contribute to the spread and expansion of new renewable power sources and the effectiveness in reducing CO₂ emissions.



Solar panels installed on the roof of Shibuya PARCO

Expansion of electric vehicle (EV) charging stations

Angel Park, a Group company involved in the operation of parking facilities, has installed a total of 10 EV charging stations that customers can use free of charge. From 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.



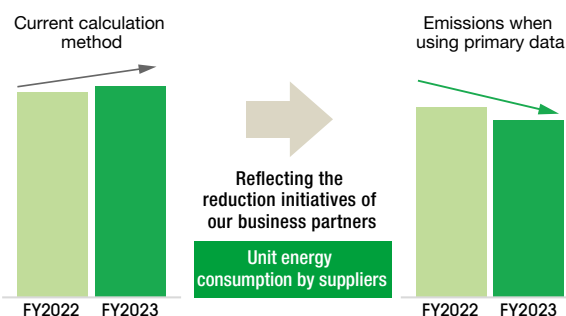
EV charging station in the parking lot of Angel Park

Initiatives for reducing Scope 3 emissions

As 90% of our Scope 3 emissions fall into Category 1 (purchased goods and services), controlling or reducing emissions in this category on our own is extremely difficult for the Company. The entire value chain must work together to reduce these emissions.

Going forward, we will obtain primary data on the emissions of supplier companies and proceed with calculations so that we can reflect the efforts of suppliers. For this reason, Daimaru Matsuzakaya Department Stores is promoting dialogue with its business partners, asking them to calculate their emissions, set reduction targets, and provide primary data on their emissions depending on the situation of each business partner. (By FY2023, we have held dialogue with over 100 companies, and have obtained primary data from over 40 companies.)

Reduction of Scope 3 Category 1 emissions



*Calculated using emission intensity based on monetary values in the inter-industry table

Comparison of specific energy consumption by suppliers for the approx. 20 companies from which data could be obtained.

Past efforts for the value chain

Informing suppliers	Held briefing session (April 2022, 253 companies participated)
Grasping current situation	Survey on CO ₂ emissions (conducted in July 2022, sent to 330 companies)
Calculation and reduction requests	Continuous direct dialogue and visits

FY2023 Scope 3 Emissions by Category (Unit: t-CO₂ %)

Category	Emissions	Percentage of emissions (%)
1 Purchased goods and services	2,678,726	92.42
2 Capital goods	48,021	1.66
3 Energy excluding Scope 1 and 2	19,399	0.67
4 Upstream transportation and distribution	3,204	0.11
5 Waste from operations	1,439	0.05
6 Business travel	3,815	0.13
7 Employee commuting	1,736	0.06
8 Upstream leased assets	—	0.00
9 Downstream transportation and distribution	38,196	1.32
10 Processing of products	—	0.00
11 Use of sold products	59,221	2.04
12 End-of-life treatment of sold products	15,564	0.54
13 Downstream leased assets	29,115	1.00
14 Downstream franchising	—	0.00
15 Investments	—	0.00

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

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

Introduction of Internal Carbon Pricing

Internal Carbon Pricing (ICP) was introduced in February 2024. By converting internal CO₂ emissions into monetary values, the Company aims to visualize the effect of CO₂ reductions and the cost of reductions to foster awareness of decarbonization, and to promote decision-making linked to decarbonization investments. We believe that anticipating future carbon taxes and other incurred costs, and taking proactive measures to address them, will lead to cost reductions from a long-term perspective and opportunities for business creation.

(Internal carbon price: 10,000 yen per ton of CO₂/t-CO₂)

JFR Group's Aim for Circular Economy



The circular economy is becoming increasingly important as various global environmental issues such as resource shortages, global warming, and waste disposal become more serious due to the linear economy based on mass production, mass consumption, and disposal. 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 to acquire new business opportunities.

Environmentally Conscious Fashion Subscription Business “AnotherADdress”

New upcycling brand “reADdress”

Launched in March 2021 by Daimaru Matsuzakaya Department Stores, “AnotherADdress” is a fashion subscription business that aims to shift to a business model with high sustainability for society and the environment, placing importance on the essential value of fashion and sustainable initiatives.

In December 2023, we launched the upcycling brand “reADdress” with the aim of adding new value to clothing that has become difficult to rent due to such issues as stains, dirt, and scratches, extending their lifespan so that people can enjoy them again. In collaboration with Kyoto Monzuki Co., Ltd., which boasts a history of over 100 years, we have realized upcycling products utilizing deep black dye.



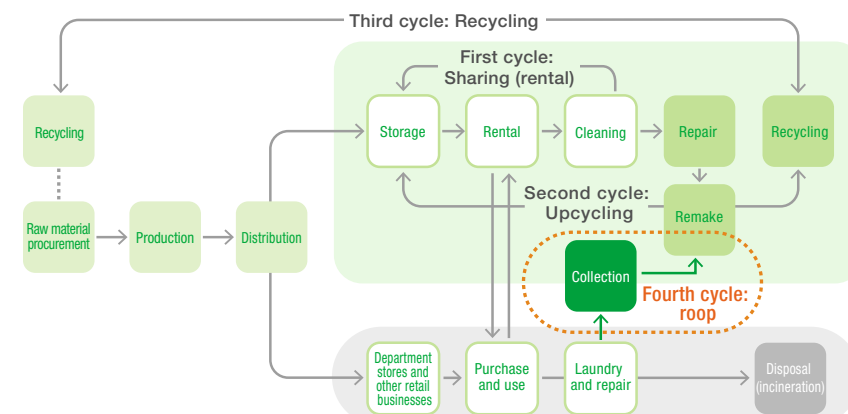
Clothing circulation project “roop” selected as Dekokatsu promotion project by Ministry of the Environment

AnotherADdress was selected by the Ministry of the Environment in 2024 to receive subsidies (“Decokatsu” Promotion Project) for promoting environmentally conscious behavior and projects that control CO₂ emissions.



*National Movement for New and Prosperous Lifestyles toward Decarbonization promoted by the Ministry of the Environment

By adding a new “clothing collection” mechanism in collaboration with service users and department store businesses, a “fourth cycle: roop” with consumer participation is realized. We aim to create a society in which your precious clothes continue to circulate and are passed on to the future.



ECOFF—Working together with customers

Launched by Daimaru Matsuzakaya Department Stores in fiscal 2016, ECOFF is a sustainable initiative to collect unwanted clothing, shoes, bags, and other items from customers at department stores and recycle and reuse them into new materials and products. The initiative has continued to grow every year thanks to the increasing environmental awareness of customers and their active participation. The volume of items collected in FY2023 was 377 tons (cumulative total: 1,845 tons since FY2016).

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

We are also involved in the ECOFF Charity Fund, which supports environmental activities. When the items are collected, we ask customers to choose from two organizations, WWF Japan and the Green Fund (National Land Afforestation Promotion Organization), and we donate 10 yen per person, depending on the number of customers who agree.

PASSTO: Collecting unwanted clothing and fashion goods

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



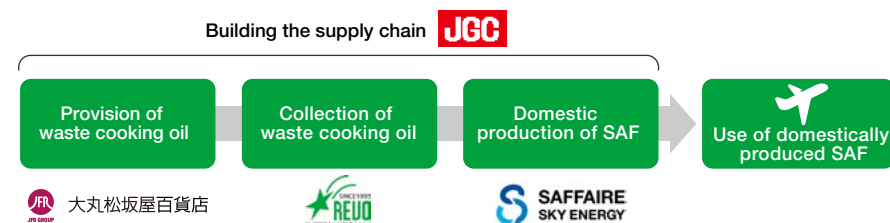
Resource Recycling of Waste Cooking Oil - Participation in the “Fry to Fly Project”

Fry to Fly Project



In September 2023, Daimaru Matsuzakaya Department Stores began participating in 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 September 2024, we provide waste cooking oil from restaurants and carry-out shops at eight Daimaru Matsuzakaya stores. The amount of waste cooking oil generated by these stores is approximately 98.7 tons per year (FY2023 results), which accounts for about 64% of the total amount of waste cooking oil generated by all stores. We will continue to expand the number of participating stores and will communicate the importance of resource recycling to our customers by holding events to raise awareness and promote the use of domestically produced SAF.



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

Resource Recycling of Plastic

Upcycling marine plastic waste

In November 2022, Daimaru Hakata signed a “Comprehensive Collaborative Agreement on SDGs Promotion” with Tsushima City in Nagasaki Prefecture. To raise awareness about the problem of marine plastic waste in Tsushima City, which is caused by various factors such as topography and ocean currents, Daimaru Hakata used marine plastic litter that had washed ashore to make Christmas tree ornament. The tree was displayed in the plaza in front of the store.

For the year 2023, “flowerpots” made of waste plastic and marine plastic waste were created as a symbol of the theme “Circulation.” The pots are the result of a co-creation project by Precious Plastic Kyushu, a group established by the Hakata Daimaru Kyushu Tankentai, in cooperation with eight domestic and three overseas organizations. We will continue to expand this flowerpot project by holding co-creation workshops with local people in Tsushima City and other parts of Kyushu.



Flowerpots made from marine plastic waste



POOL PROJECT for recycling of plastic covers

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

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

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

*Post-consumer recycled materials: recycled materials that are collected after consumers have used the product.



Reducing waste plastic

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

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



Reduction in use of disposable plastic products in FY2023

Reduction target (vs. FY2021)	Results		
	Amount used (basic unit)*	Rate of reduction	Rate of achievement
-25%	0.0791	-93.6%	301.8%

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

Contributions to the Conservation of Biodiversity



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. As a recent issue, companies are being asked to understand the impact of their business activities on nature, stop the loss of biodiversity, and contribute to its recovery.

Amending the Eco Vision

The Company has established an Eco Vision as our policy to promote efforts to solve environment-related issues and coexist with the environment. In May 2024, we revised Eco Vision to promote company-wide efforts to address nature-related issues, adding biodiversity as a new priority. Going forward, we will strengthen our response to biodiversity conservation in addition to decarbonization and resource recycling.

Participation in TNFD Forum

In November 2023, the Company endorsed the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD)*¹ and joined the TNFD Forum*² to support its activities. Based on the TNFD's disclosure framework, we will scrutinize the relationship between the Group's business activities and natural capital (dependence and impact) as well as risks and opportunities. We will also promote proactive information disclosure from the four perspectives recommended by the TNFD: governance, strategy, risk and opportunity management, and metrics and targets.

*1 TNFD is an international organization with a framework for disclosing the impact of nature-related risks and opportunities on corporate finance. It aims to encourage companies and financial institutions to disclose information on natural capital and to shift the flow of global capital from nature-negative outcomes to nature-positive outcomes.

*2 The TNFD Forum is comprised of corporations, government agencies, academic institutions, and other organizations with expertise in a wide range of sectors, providing support for the development of disclosure frameworks and sharing information related to TNFD.



Rooftop Greening – Landscape-Conscious Store Development –

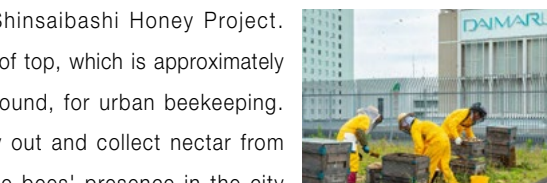
Daimaru Shinsaibashi's 7th floor terrace (110m²) in the main building is a “garden” filled with Japanese ash trees, olive trees, and other plants, where visitors can walk around. On the rooftop is also a 900m² “greening space”. In addition, a green wall with elaborate stripes of greenery has been adopted on Taihoji-dori, the street that runs between the main building and Shinsaibashi PARCO. The greening is a part of our proactive efforts to reduce CO₂ emissions.



Rooftop Urban Beekeeping

In 2019, we launched the Shinsaibashi Honey Project. Beehives were installed on the roof top, which is approximately 900m² 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 ecosystem of the region and to the revitalization of the pollination of crops and plants. Honey produced on the rooftop is sold as “Shinsaibashi Honey.”

We also provide opportunities for children to think about the environment, such as by holding workshops for local children to make honeydew candles.



Making beeswax candles

Honey-pressing experience

Composting – Reduction of Food Waste –

As part of the Daimaru Shinsaibashi Stores' "SHINSAIBASHI Green Project" launched in 2022, a flower bed was created on the sidewalk in front of the store (along Midotsuji Avenue in Osaka) in November 2023, and approximately 600 flowers and other greenery were planted by employees. Compost produced with food scraps from the Shinsaibashi store was added to the soil. This contributes to the reduction of food waste.



Photo courtesy of Local Food Cycling Co.

Use of eco-friendly packaging materials

In September 2019, packaging materials used at Daimaru Matsuzakaya Department Stores were switched to environmentally friendly materials. Paper shopping bags, including bags used for food products, and paper used for sales promotions have been switched to paper produced from forests managed with consideration for the environment, thereby contributing to forest conservation.



Acquisition of FSC®-CoC Certification

J. FRONT Design & Construction manufactures a large amount of custom-made furniture and store fixtures to meet the needs of its customers, mainly hotels, commercial facilities, and offices. In October 2023, as proof that it properly manages and processes products made of wood from forests that have acquired forest management certification (FM certification) or from other low-risk wood, the company acquired FSC®-Chain of Custody (CoC) certification* for its Osaka factory and its sales department, which serves as the customer contact point for its products.



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

FSC® Forest Management Certification



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

FSC®CoC (Chain of Custody) Certification



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

Customers



Purchase certified products affixed with the logo

Other Initiatives

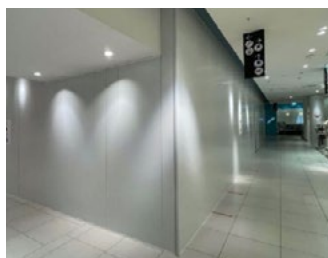
Use of domestic lumber

Effective use of domestic lumber is very important in maintaining the multifunctional nature of forests. In one case where J. Front Design & Construction, a hotel and office interior design company, participated in the redevelopment of an office building, the Company gained the understanding of the client to adopt the use of domestic lumber, which had not been effectively utilized, as materials for interior design and large planters.



Adoption of temporary system panels for demolition work

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



From waste gypsum board to soil improvement material

J. Front Design & Construction properly disposes of gypsum board removed from demolition work at construction sites and recycles much of it as a resource. Taking this a step further, we have focused on a system to utilize calcium sulfate, the main component of gypsum board, as a soil conditioner. Although it is labor-intensive to separate the calcium sulfate on-site, we are using it as a soil conditioner through a processing company.



Use of scrap wood

J. Front Design & Construction had been generating scraps of wood, unusable film, and other materials in the process of interior construction and the production of film mirror and fixtures. In order to make use of these materials, we have teamed up with Osaka University of Arts to hold the “Breathing Life into Scrap Wood” project every year since 2022. In 2023, the range of materials used was expanded with the help of suppliers to include stone and metal.

The students used their rich imagination and flexible design skills to confront the interesting irregularities of scrap wood to create unique works. The winning entries in the design competition were exhibited at the Daimaru Shinsaibashi store.



Exhibition Work: Breathing Life into Scrap Wood 2023

Water storage tank – Appropriate use of water

A water storage tank 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 water tank can hold enough water to fill 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 and discharged into the sewage system, thereby contributing to environmental preservation of oceans and rivers.



Information Disclosure in Line with TCFD and TNFD Recommendations

Environment

In May 2019, the Company endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Furthermore, in November 2023, we endorsed the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum. Based on the frameworks for both recommendations, we will disclose information in line with the four categories of governance, risk management, strategy, and metrics and targets. Additionally, we will continue to work toward comprehensive solutions, recognizing that climate change and biodiversity loss are inseparable issues.

Governance

TCFD

TNFD

1 Monitoring

To promote sustainability management across the entire JFR Group, the Company is responding to environmental issues (including climate and nature-related matters; same applies below) and incorporating initiatives that will lead to solutions to these issues in our business strategy. These are then deliberated and approved by the Group Management Meeting, the highest decision-making body for business execution. Furthermore, policies on environmental issues deliberated and approved by the Group Management Meeting are shared within the Sustainability Committee, which meets at least twice a year, and the Committee formulates and monitors the progress of action plans for the Group's environmental issues.

The Board of Directors receives reports on the deliberations and approvals made by the Group Management Meeting and the Sustainability Committee, and discusses and oversees the Group's policies, target setting, and action plans for addressing environmental issues.

2 Board of Directors Skill Matrix

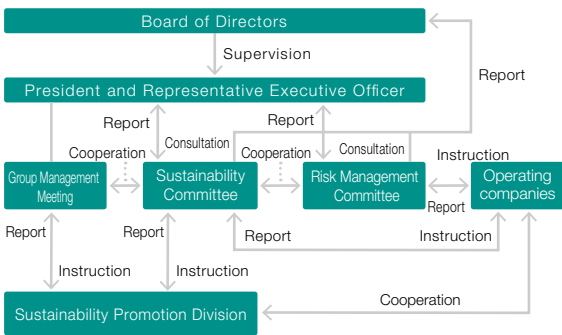
In selecting candidates for the Board of Directors, we use a skill matrix to clarify the expertise and experience we expect from directors, and "environment" is one of the items. By appointing directors capable of providing appropriate oversight of specific action plans and regular reviews, and monitoring the status of initiatives for continual improvement of environmental plans, we are enhancing the effectiveness of our efforts to address environmental issues that

include medium- to long-term targets for resolving environmental issues through business activities.

3 Management Structure

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 or her direct control. The President thus bears final responsibility for management decisions related to environmental issues, including climate-related issues.

JFR Group Environmental Management System



Meeting bodies and their roles in the environmental management system

Meeting body and system		Role
Meeting body	Board of Directors	Supervises the progress of environment-related initiatives deliberated and approved by those who execute business. Meets monthly.
	Group Management Meeting	Deliberates and approves policies and measures related to company-wide management as the highest decision-making body for business execution. Deliberates and approves company-wide management policies and other matters related to comprehensive risks and opportunities, including environment-related issues, as discussed by the Risk Management Committee and Sustainability Committee, and reports to the Board of Directors for approval. Meets weekly.
	Risk Management Committee	Deliberates on the identification, evaluation, and response to comprehensive risks and opportunities, and monitors the risk responses of operating companies. Climate-related risks and opportunities are also integrated into the company-wide risk management framework and managed together with other risks. Deliberations by the Committee are reported to the Board of Directors. Held three times a year.
	Sustainability Committee	Discusses specific measures to address more detailed issues related to sustainability, including environment-related issues deliberated and approved by the Group Management Meeting. Concerning climate-related issues, it monitors the progress of each operating company based on the Group's long-term plan and KGI/KPI, taking into account risks and opportunities. Dialogue also held with experts in climate-related issues. The contents of the discussions are reported to the Board of Directors. Held 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 responsible for making management decisions on environment-related issues, including identifying, assessing, and responding to climate-related risks and opportunities, and promoting group-wide initiatives to resolve environment-related issues.
	Operating Companies	Each operating company plans and implements specific measures to address environment-related issues based on the items approved by the Group Management Meeting and the deliberations of the Risk Management Committee and Sustainability Committee, and reports on the progress to the JFR Group's Risk Management Committee and Sustainability Committee.
	Sustainability Promotion Division	Formulates and proposes Group policies and other measures to promote sustainability management. The division collects climate-related information on risks and opportunities, formulates the direction of medium- and long-term initiatives, and reports to the Group Management Meeting and the Sustainability Committee.

Risk Management TCFD TNFD

1 Details of the process for identifying and evaluating environmental risks and opportunities

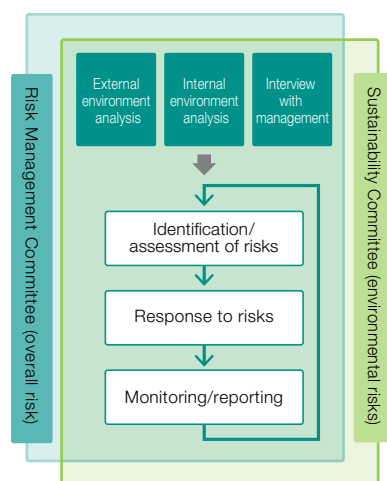
The Company considers risk to be the starting point of strategy. We have defined risk as “uncertainty, both positive and negative, that affects the achievement of corporate management goals” We believe that the appropriate handling of risk leads companies to sustainable growth.

With the recognition that climate-related risks and opportunities have a great impact on our business strategies, the Group identified and evaluated both positive and negative aspects of climate-related risks and opportunities through the process shown below.

First, the Group identified risks and opportunities for each activity in the supply chain process. Next, we evaluated them based on two criteria: “importance to the Group (degree of impact × urgency)” and “importance to stakeholders.”

For details, please refer to “Strategy” page.

JFR Group risk management process



2 Environmental risk management process

The Company is working to share environmental-related risks with each operating company through a more detailed study of these risks within the Sustainability Committee. Each operating company incorporates climate change initiatives into their action plan and confirms the progress through discussions in meetings headed by the president of each operating company. Progress is monitored by the Group Management Meeting, the Risk Management Committee, and the Sustainability Committee, and is finally reported to the Board of Directors.

JFR Group risk management system

Risk management process	Responsible meeting bodies and executing entities
Identification/assessment of risks	<ul style="list-style-type: none"> Board of Directors Group Management Meeting Risk Management Committee (Overall management risk) Sustainability Committee (Environmental risks)
Response to risks	<ul style="list-style-type: none"> Operating companies
Monitoring/reporting	<ul style="list-style-type: none"> Board of Directors Group Management Meeting Risk Management Committee (Overall management risk) Sustainability Committee (Environmental risks)

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

The Group has established a Risk Management Committee to manage various risks, including climate-related risks, in an integrated company-wide manner, based on the recognition that risk management is an extremely important management issue. The Committee deliberates on important matters such as the identification and evaluation of risks and the determination of risks to be reflected in strategies, and utilizes this information for management decision-making. The Committee also positions risk as the starting point for strategy and strives to link risk and strategy to enhance corporate value through risk management.

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 have incorporated important risks into “annual risks” and prioritize and implement measures to address them to clarify the risks to be addressed for each fiscal year.

The deliberations of the Risk Management Committee are reported to the Group Management Meeting and shared with the Sustainability Committee.

The deliberations of the Risk Management Committee and Sustainability Committee in the above process, as well as matters approved by the Group Management Meeting, are reported to the Board of Directors in a timely manner and are reflected and addressed in Group's strategies under the supervision of the Board of Directors.

Group-wide risk management process (PDCA)





Strategy TCFD

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

The Company considers it important to examine climate-related risks and opportunities at the appropriate milestone occasions because of the potential impact on its business activities over the long term. Accordingly, the Company has positioned the implementation period of the Medium-term Business Plan up to FY2026 as the short term; the period up to FY2030, which is the short-term target year set by SBTi, as the medium term; and the period to FY2050, which is the SBTi net zero target year, as the long term.

The Group's strategy is developed and responds to climate-related risks and opportunities by backcasting from the year 2050, when net-zero emissions will be achieved.

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

The Company conducts scenario analysis to understand the risks, opportunities, and impact of climate change on the group, and to examine the resilience of its strategies and the necessity of further measures by envisioning the world in fiscal 2030.

In the analysis, we referenced multiple existing scenarios announced by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), then considered two world scenarios: the below 1.5°C/2°C scenario that envisages the goal of the Paris Agreement of striving to limit the increase in the global average temperature to below 2°C above pre-industrial levels; and the 4°C scenario that envisages the GHG emissions on the present basis.

Based on these two scenarios, the Company, which is mainly engaged in the retail business such as department stores and shopping centers, extracted climate-related risks and opportunities according to the TCFD recommendations for each activity in its value chain process. In addition, we defined the transition risks (regulation policy, technology, market, reputation) and physical risks (acute, chronic) arising from climate change, as well as the opportunities (resource efficiency, energy sources, products and services, markets, and resilience) arising from responding appropriately to them.

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 target year for Scope 1, 2, and 3 emissions
Long term	Until FY2050	Period until the SBT net-zero target year for Scope 1, 2, and 3 emissions




Existing scenarios referenced









Possible world	Existing scenarios
Below 1.5°C/2°C scenario	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2023)
	"Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)
4°C scenario	"Stated Policy Scenario (STEPS)" (IEA, 2023)
	"Representative Concentration Pathways (RCP6.0, 8.5)" (IPCC, 2014)

3 Strategies and resilience in response to risks, opportunities, and financial impact based on related scenarios

The Company assessed the importance of the identified climate-related risks and opportunities based on two assessment criteria: the “importance to the Group (degree of impact × urgency)” and “importance to stakeholders.” For items that were evaluated to be of particular importance, we assessed the financial impact of two scenarios, a 1.5°C/less than 2°C scenario and a 4°C scenario, from both quantitative and qualitative perspectives for FY2030, and developed countermeasures for each scenario. Risks and opportunities for which it is difficult to obtain information to quantitatively assess the financial impact have been evaluated qualitatively, and the results are indicated in three levels according to the slope of the arrow.

Climate change risks and opportunities of particular importance to the JFR Group and their financial impacts in FY2030

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

Type of climate-related risks and opportunities		Timing of emergence			Climate-related risks and opportunities of particular importance to the JFR Group	Financial impact		Measures
		Short-term	Medium-term	Long-term		Below 1.5°C/2°C scenario	4°C scenario	
Risks	Transition risks	●	●		• Increase in costs associated with introduction of carbon tax, etc.	Approx. ¥1,500 million* ¹	Approx. ¥1,300 million* ¹	● Reduction of GHG emissions through aggressive energy conservation measures in stores and expansion of switchover to renewable energy to achieve the 2050 net-zero target
		●	●	●	• Increase in costs associated with the development of properties with high environmental performance and the installation of equipment			● Financing through Green Bonds, etc. ● Introduction of cost-effective equipment
		●	●	●	• Increase in investment for introduction of high-efficiency energy-saving equipment			● Introduction of internal carbon pricing ● Cost-effective and well-planned investment considerations
		●	●		• Increase in renewable energy procurement costs due to increased demand for electricity derived from renewable energy	Approx. ¥700 million* ²	Approx. ¥300 million* ²	● Introduction of internal carbon pricing ● Reduction of renewable energy procurement risk and mid- to long-term costs through diversification of renewable energy procurement methods ● Improvement of energy self-sufficiency through installation of renewable energy equipment in the company's facilities, etc.
	Physical risks	●	●		• Decrease in revenue due to store closures caused by natural disasters	Approx. ¥5,200 million* ³	Approx. ¥10,300 million* ³	● Increased resilience of stores and business sites through BCP preparation ● Improvement of disaster prevention performance of stores
Opportunities	Energy sources	●	●	●	• Decrease in energy procurement cost due to introduction of high-efficiency energy-saving equipment	Approx. ¥400 million* ⁴		● Upgrade to high-efficiency energy-saving equipment at the appropriate time
	Products and services	●	●		• Decarbonization of the entire supply chain and expansion of earnings by responding to increased demand for environmentally friendly products and services			● Expansion of environmentally friendly products and services handled ● Recycling of waste cooking oil as domestically produced SAF ● Collaboration with suppliers, such as reducing food waste through the use of AI demand forecasting ● Dialogue with suppliers toward decarbonization, including encouraging suppliers to calculate GHG emissions and holding briefing sessions to link Scope 3 emissions data
	Markets	●	●	●	• Expansion of new growth opportunities through new entry into the circular businesses • Expansion of profits through acquisition of new customers by proposing sustainable lifestyles			● Expansion of circular businesses such as sharing and upcycling, including the fashion subscription business “Another Address” ● Launch of circular businesses through effective use of M&A and CVC* investments
		●	●	●	• Expansion of profits due to increased opportunities to acquire new tenants through conversion to stores with high environmental value	Approx. ¥2,500 million* ⁵	—	● Acquisition of environmental certifications for newly developed properties (ZEB, CASBEE, etc.) ● Promotion of energy conservation in stores toward realization of RE100

*CVC (Corporate Venture Capital): A mechanism to efficiently and effectively promote business co-creation through investment in promising start-ups. In FY2022, the Company established the “JFR MIRAI CREATORS Fund” to promote open innovation. (Basis for calculation of quantitative financial impacts in FY2030)

*1 Calculated by multiplying JFR Group Scope 1 and 2 GHG emissions as of FY2030 by the carbon price per t-CO₂ (parameters: 1.5°C scenario 140\$/t-CO₂, 4°C scenario 120\$/t-CO₂)

*2 Calculated by multiplying the JFR Group's electricity consumption in FY2030 by the price per kWh of electricity derived from renewable energy compared to the regular electricity rate.

*3 Calculated by multiplying the amount of lost sales due to store closures caused by past natural disasters by the frequency of future flooding (Source: “Representative Concentration Pathways (RCP2.6)(RCP8.5)” (IPCC, 2014)).

*4 Calculated by multiplying energy procurement costs by the amount of energy saved by the JFR Group as of FY2030.

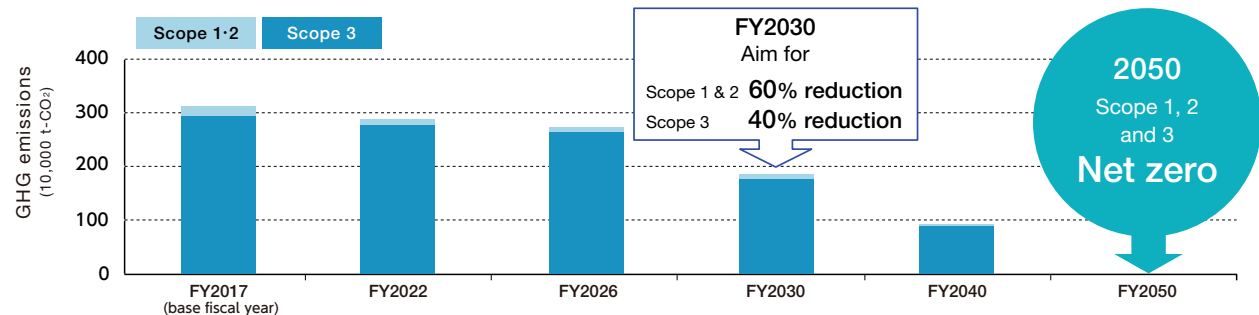
*5 Calculated by multiplying the JFR Group's real estate revenues as of FY2030 by the rate of change in new contract conclusion fees for buildings with environmental certification.

Based on the above scenarios, we have analyzed the impact of climate change and examined our countermeasures, and have confirmed the measures the Group has already implemented and planned are effective and flexible enough to reduce risks and contribute to the realization of opportunities under any of the scenarios. We will continue to work to enhance the resilience of our management.

JFR Group 2050 Net Zero Transition Plan

The Company believes that it is necessary to strengthen its strategic resilience from a medium- to long-term perspective to achieve net zero emissions by 2050, and therefore have formulated a transition plan to do just that. The plan identifies specific initiatives from short-, medium-, and long-term perspectives to capture new growth opportunities, such as proactively responding to market changes in response to positive opportunities, while developing appropriate measures to avoid negative risks in our business strategy.

JFR Group 2050 Net Zero Transition Plan



Phase	Results (FY2017 to FY2023)		Short term (to FY2026)	Medium term (to FY2030)	Long term (to FY2050)
Results and reduction targets for GHG emissions (vs. FY2017)	Scope 1 & 2 FY2017 194,154 t-CO ₂	Scope 1 & 2 FY2023 57.4% reduction	Scope 1 & 2 FY2030 60% reduction		Scope 1 & 2 2050 Net zero
	Scope 3 FY2017 2,927,320 t-CO ₂	Scope 3 FY2023 1.0% reduction	Scope 3 FY2030 Aim for 40% reduction		Scope 3 2050 Net zero
Priority measures	Scope 1, 2 and 3 reduction by continuing and strengthening energy-saving measures				
	•Scope 1, 2 and 3 (Category 3) reduction by expanding the switching to LED lighting in stores and introducing energy-saving, highly efficient equipment				
	•Scope 1 & 2 reduction by shifting to electric vehicles for company use				
	Scope 2 reduction by expanding renewable energy				
	•Scope 2 reduction by expanding the switching of stores and offices to renewable energy				
	Scope 3 reduction in collaboration with suppliers and by promoting a circular economy				
	•Scope 3 (Categories 1, 4, 5, 9) reduction through expansion of circular business models such as sharing and upcycling				
	•Scope 3 (Category 5) reduction by reducing amount of waste disposal, such as food waste, and improving recycling rates				
	•Dialogues and explanatory meetings with suppliers towards obtaining data on their GHG emissions				
	Scope 2 reduction by introducing an energy creation system				
	•Scope 2 reduction through renewable energy capital investments, etc. in our own facilities				
	•Scope 2 reduction by establishing corporate power purchase agreements (PPAs)				
	Utilization of latest technologies, etc. and offsets				
	•Use of electricity from new non-carbon energy sources, such as hydrogen and ammonia				
	•Offsets through tree planting activities to absorb CO ₂				

The plan is current as of the end of May 2024 and may be revised depending on future business strategies.

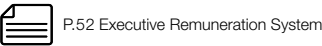


Metrics & Targets TCFD

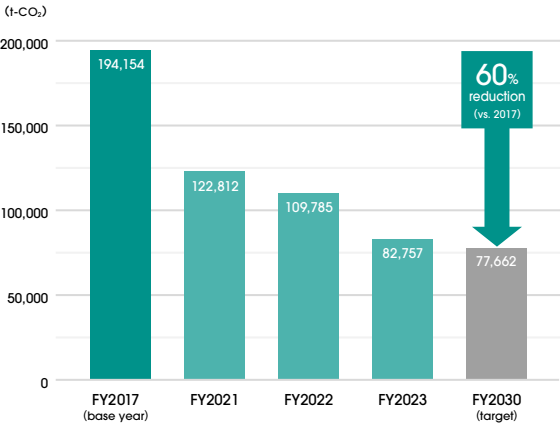
The Company has established two metrics for managing climate-related risks and opportunities: Scope 1, 2 and 3 GHG emissions, and the ratio of renewable energy to total electricity used in business activities.

Executive remuneration system incorporating non-financial measures

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



Scope 1 and 2 emissions



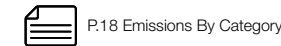
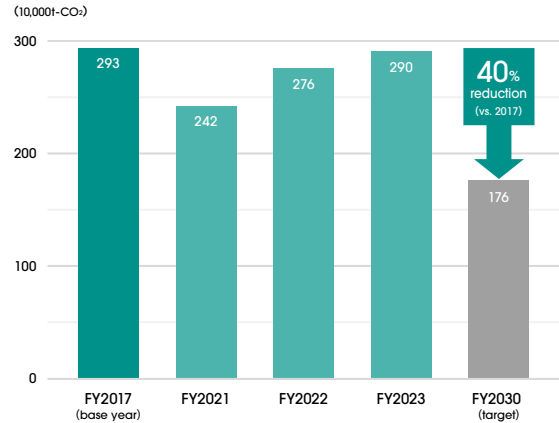
JFR Group's Scope 1, 2 and 3 GHG emission results*1 (Unit: t-CO₂)

	FY2017	FY2022	FY2023	
	Results	Results	Results	vs. FY2017 (comparison with base year)
Total Scope 1 and 2 emissions	194,154	109,785	82,757	-57.4 %
Break down	Scope 1 emissions	16,052	13,714	-12.7 %
	Scope 2 emissions	178,102	96,071	-61.4 %
Total Scope 3 emissions*2	2,927,320	2,761,669	2,898,436	-1.0 %
Ratio of renewable energy (%)	-	33.6	52.9	-

*1 Obtained third-party assurance from LRQA Limited

*2 Calculated based on "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain ver. 2.6 (March 2024, Ministry of the Environment and Ministry of Economy, Trade and Industry)," "Emission Unit Database for Calculating Greenhouse Gas Emissions of Organizations through Supply Chains Ver. 3.4 (March 2024)," IDEAv2.3 (for supply chain GHG emissions calculation)

Scope 3 emissions



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

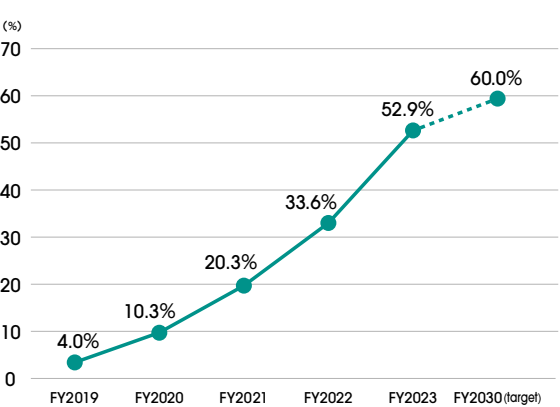
Metrics	Target year	Details of targets
GHG emissions	2050	Net zero Scope 1, 2, and 3 emissions*3
	2030	60% reduction of Scope 1 and 2 emissions (vs. FY2017)*3 40% reduction of Scope 3 emissions (vs. FY2017)*3
Renewable energy share	2050	100% renewable energy share*4
	2030	60% renewable energy share

*3 Certified by SBT

*4 Joined RE100 in 2020



Ratio of renewable energy



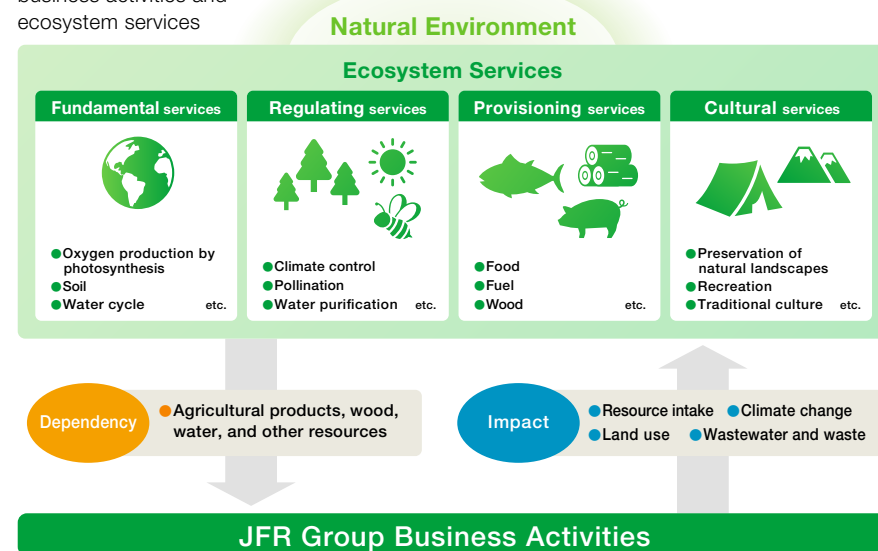
Strategy **TNFD**

1 Dependence and impact on nature

As a retailer with its main business in department stores and shopping centers, the JFR Group is in contact with a wide range of stakeholders, including business partners, customers, and local communities. We will leverage this connection to promote nature-positive initiatives through our business, such as procuring environmentally friendly products, proposing lifestyles that are conscious of coexistence with nature, and developing stores with high environmental performance.

Our Group is dependent on the many blessings of nature (ecosystem services), such as soil, forests, and a climate with four seasons, in addition to agricultural products, livestock products, marine products, wood, water and other resources. On the other hand, our business activities impact the natural environment in various ways, such as GHG emissions, waste emissions, and water discharge. The Company recognizes the importance of understanding and responding to the relationship between our business activities and the natural environment, specifically the “dependency” and “impact” of both.

Relationship between
business activities and
ecosystem services



2 LEAP^{*1} based assessment of nature-related issues

The LEAP Approach is an integrated process recommended by TNFD for assessing nature-related issues, including locating the interface with nature, evaluating dependencies and impacts on nature, and assessing risks/opportunities.

In FY2023, Daimaru Matsuzakaya Department Stores, one of the Group's main operating companies, identified and assessed nature-related issues (dependencies/impacts, risks/opportunities) based on the LEAP approach for its 15 department stores located throughout Japan.

^{*1} LEAP: stands for the four-step process of Locate, Evaluate, Assess, and Prepare

① Appearance of dependencies and impacts **Locate**

We created a heatmap based on ENCORE, a tool for identifying dependence on and impact on nature, to understand the degree of dependence and impact on the entire value chain of the department store business, and confirmed the degree of dependence and impact on natural capital in direct operations (store operations and store development) and upstream in the value chain (procurement).

Dependency Heatmap

Business	Value chain	Sector	Provisioning services			Regulating services									
			Textiles and other materials	Surface water	Groundwater	Pollination mediation	Soil quality	Water quantity regulation	Water quality	Mass flow mitigation	Climate regulation	Controlling spread of disease	Flood and storm control	Landform stabilization and erosion control	Control spread of pests
Department store operations	Direct operations	Store operations													L
		Store development		H	M								VL	L	
	Upstream (procurement)	Apparel	M	VH	VH			M	L				M	L	
		Household goods		M	M			M	L		VL		M	VL	
		Agricultural products	M	H	VH	H	H	H	H	H	H	H	VH	VH	H
		Livestock products	VH	VH	VH	VL	H	M	M	L	M	M	M	L	L
		Marine products	VH	M	VL		VL	H	H	M	H	M	H	H	M
		Paper products	M	VH	VH			M			VL				
		Store development		H	M								VL	L	

VH Very High H High M Medium L Low VL Very Low

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

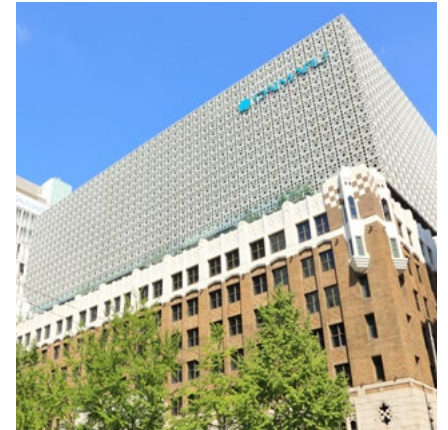
VH Very High H High M Medium L Low VL Very Low

② Identification of stores to evaluate for risks/opportunities [Locate](#)

Using the Risk Filter Suite (ecosystem and water risk analysis tool) from WWF¹, Aqueduct (water risk analysis tool) from WRI², and other tools, we verified the state of ecosystems in areas where our stores are located. In addition, we evaluated the importance of each store location based on our own criteria (land and building ownership, sales size, etc.). As a result, Daimaru Shinsaibashi was identified as a store of particular importance for biodiversity conservation.

*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.



Daimaru Shinsaibashi

③ Sorting out the factors behind dependencies and impacts on nature [Evaluate](#)

Of the business activities at Daimaru Shinsaibashi, we have sorted out the factors with significant dependencies and impacts on the ecosystem services in the value chain: “Store Development,” “Clothing and Food,” and “Packaging Materials.”

	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 livestock feed and procurement of raw materials such as cotton and lumber ● 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
	Impacts	● Soil pollution due to such factors as excessive wood consumption and use of pesticides, deforestation, reduction of pastureland, land degradation, desertification ● 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 and response to risks and opportunities

Assess

Prepare

Based on the sorting out of dependencies and impacts on ecosystem services at Daimaru Shinsaibashi in steps (1) to (3), we identified and evaluated nature-related risks and opportunities that could affect our business activities and discussed activities to address them. In addition, we qualitatively evaluated the impacts to our business activities on three levels (major, medium, minor) based on two criteria: “importance to our company” and “importance to our stakeholders.”

	Item		Details of risks/opportunities	Impact	Details of activities
Risk	Physical	Acute	•Decrease in revenues due to store closures caused by extreme weather and increased natural disasters	Large	●Strengthening the resilience of stores and offices through BCP development ●Improvement in disaster prevention performance of stores
		Chronic	•Increase in energy costs due to rising temperatures	Medium	●Upgrading to high-efficiency energy-saving equipment at the right time
			•Earnings instability due to a decrease in the number of agricultural and marine products handled owing to crop failures, lower quality, and reduced harvests •Decrease in number of customers visiting stores and changes in sales owing to rising temperatures and changing rainfall patterns	Medium	●Discussion and strategy development for the procurement risks of critical food raw material
	Transition	Policy and regulations	•Increase in costs due to tighter regulations on GHG emissions	Medium	●Reduction of GHG emissions through aggressive energy-saving measures in stores and increased switchover to renewable energy sources
		Market	•Increased difficulty in store development (exterior and interior design,including additions and renovations) and higher construction-related costs due to a shortage of building materials	Small	●Greater use of domestically produced thinned lumber
			•Decrease in profits due to inability to meet growing consumer demand for sustainable products	Large	●Expansion of environmentally friendly products such as certified products ●Switchover to environmentally friendly packaging materials such as FSC certified products ●Promotion of smart wrapping and simplified packaging options
		Reputation	•Loss of reputation due to inadequate sourcing of sustainably produced goods	Medium	●Expansion of certified products ●Smart delivery (reduction in the number of deliveries)
			•Loss of reputation due to increased waste and lack of proper disposal	Medium	●Introduction of AI demand forecasting service to reduce food waste ●Composting community activities by employees to reduce food waste ●Appropriate response to the Plastic Resource Circulation Act
	Opportunity	Resource efficiency		•Reduction in costs associated with efficient water usage	Small
Products and services		•Increase in the property value of buildings due to real estate development with sustainable sourcing of materials and reduced energy use	Large	●Promoting the development of procurement rules and acquisition of various certifications (CASBEE, ZEB, etc.) and emphasizing them externally.	
		•Increase in revenues due to increased handling of certified/sustainably produced goods	Large	●Expansion of certified products ●Raising awareness and educating customers about certified products	
Markets		•Continuation and maintenance of store operations due to mitigation of storms, typhoons, etc.	Large	●Establishment of environment for the enjoyment of ecosystem services (e.g., establish rules based on an understanding of location, vegetation, and climate characteristics)	
		•Increase in customer traffic to real estate development and retail operations (land use) that take biodiversity and landscape into consideration	Medium	●Implementation of rooftop greening and rooftop urban beekeeping	
Capital flow and financing		•Increase in financing capacity due to higher environmental value of buildings	Large	●Acquisition of environmental certification for newly developed properties ●Raising of funds through green bonds, etc.	
Reputation		•Improvement in reputation by providing rooftop gardens and other places for relaxation	Medium	●Rooftop greening and rooftop urban beekeeping	
		•Improvement in reputation by promoting recycling-oriented business	Medium	●Establishment of partnerships with other companies for resource recycling of waste plastics and food waste (e.g., POOL project, domestic SAF project, etc.)	
Ecosystem protection, restoration, rehabilitation		•Reduction of compliance costs by improving traceability of products (especially risk commodities)	Small	●Strengthening of supplier engagement by conducting assessments, etc.	
Sustainable use of natural resources		•Improvement in store brand value through reduced use of paper products and increased use of alternative materials	Small	●Switchover to environmentally friendly packaging materials such as FSC certified packaging ●Promotion of paperless packaging	



Metrics & Targets **TNFD**

The Company recognizes that biodiversity loss and climate change are inseparable issues, and has established metrics and targets to comprehensively resolve both issues and promote efforts to achieve

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

Target	Year	Details
GHG emissions	2050	Scope 1, 2, 3 Net zero GHG emissions* ¹
	2030	60% reduction of Scope 1, 2 GHG emissions (vs. FY2017)* ¹ Aim for 40% reduction of Scope 3 GHG emissions (vs. FY2017)* ¹
Share of renewable energy	2050	100% of energy used in business activities from renewable electricity* ²
	2030	60% of energy used in business activities from renewable electricity
Food recycling rate	2030	Food recycling rate of 85%
Development of environmentally friendly products	2030	Expand transaction volume of environmentally-friendly products, including certified products
Percentage of newly developed properties with environmental certification	2030	100% acquisition rate of environmental certification for newly developed properties

*1 Obtained SBT certification *2 Joined RE100 in 2020

Going Forward

Going forward, the Company will continue to improve the effectiveness of our nature positive initiatives by prioritizing and expanding the scope of our efforts and through active communication, such as by conducting biodiversity assessments of major business partners. We will also work to raise customer awareness by expanding our lineup of certified products.

*Details are disclosed in the TCFD Report and TNFD Report.



WEB → TCFD Report



WEB → TNFD Report