

Management of the Entire Supply Chain

Background

With the globalization of the economy and the diversification of stakeholders' needs, the entire supply chain is expected to deal with environmental and human rights issues when procuring goods and materials. In addition, the impact of COVID-19 has caused supply chain disruptions and the need for the establishment of a sustainable supply chain is increasing further.

Outline of actions

In order to build a socially responsible supply chain, we have added an environmental and social axes to our procurement standards and strengthen our supply chain assessment to ascertain the status of our suppliers and conduct education and support activities for sustainable procurement both inside and outside the Company.

Future direction

We will make efforts to disseminate the JFR Principles of Action for Suppliers, conduct supply chain assessments, strengthen human rights initiatives, and reduce GHG emissions throughout the supply chain. In addition, to realize the CSV strategy, we will select new suppliers considering environmental and social issues, and develop environmentally friendly products.

Long-term targets

2030 100% penetration of JFR Principles of Action for Suppliers

2030 Aim for 40% reduction of Scope 3 GHG emissions (vs. FY2017) *Approved by SBTi

Major actions in fiscal 2019 (partially in fiscal 2020)

- Formulated JFR Principles of Action and JFR Principles of Action for Suppliers
- Calculated Scope 3 GHG emissions and acquired third-party assurance
- Asked suppliers to support (sent out the Principles of Action and held briefing sessions for suppliers)
- Switched to environmentally conscious packaging materials
- Ecoff project

Formulated JFR Principles of Action for Suppliers and asked suppliers to support

In June 2019, the Group formulated the JFR Principles of Action for Suppliers, which outline corporate activities that will lead to the creation of a sustainable society, which will be realized in cooperation with suppliers.

These Principles of Action were sent to the representatives of our suppliers and we asked them to support our views and rules (sent to 8,727 companies as of the end of November 2019). In October 2019, Daimaru Matsuzakaya Department Stores held a "JFR Principles of Action for Suppliers briefing session" in Tokyo and Osaka at the same time and 652 people from 530 companies participated.

We will continue to fulfill our social responsibilities together with our suppliers and contribute to enhancing the corporate values of both parties.



JFR Principles of Action for Suppliers briefing session held by Daimaru Matsuzakaya Department Stores

Calculation of Scope 3 and acquisition of third-party assurance

The Group has also set SBTi-approved long-term targets for reducing GHG emissions from the supply chain (Scope 3) and is working to achieve these targets.

In fiscal 2020, in addition to Scope 1 and 2, we will acquire third-party assurance for Scope 3 to increase objectivity and transparency and work to reduce GHG emissions across the supply chain.

Switch to environmentally conscious packaging materials

In September 2019, Daimaru Matsuzakaya Department Stores switched to shopping bags made from paper sourced from the forests that are managed in an eco-friendly way. Also regarding food plastic bags, which are attracting attention concerning the marine plastic waste problem, we switched to products made from 30% biomass (plant-based resources) and could reduce GHG emissions by about 24% per piece compared to previous products. In June 2020, we began charging fees for Daimaru Matsuzakaya Department Stores original plastic bags and paper bags for food products.



Shopping bags made from forest-certified paper



Plastic shopping bags made from 30% biomass

Sustainable project with customer participation "Ecoff"

Daimaru Matsuzakaya Department Stores implements the "Ecoff" project to reduce environmental impact by collecting disused clothing, bags, and shoes from customers at stores and recycling and reusing them. This project offers shopping support tickets in accordance with the number of items collected. Therefore, many customers participate in this project as a circular shopping and recycling campaign that allows customers not only to participate in the eco-friendly activity but also to shop economically.

At present, nine of our stores nationwide have set up permanent boxes for collection and donated a substantial portion of unused tickets to environmental protection organizations.

(Total number of collected items: 2,322,021 as of November 2019)