

# 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\*<sup>1</sup> across our entire value chain by 2050.

## Direction of Efforts Toward Net Zero Emissions

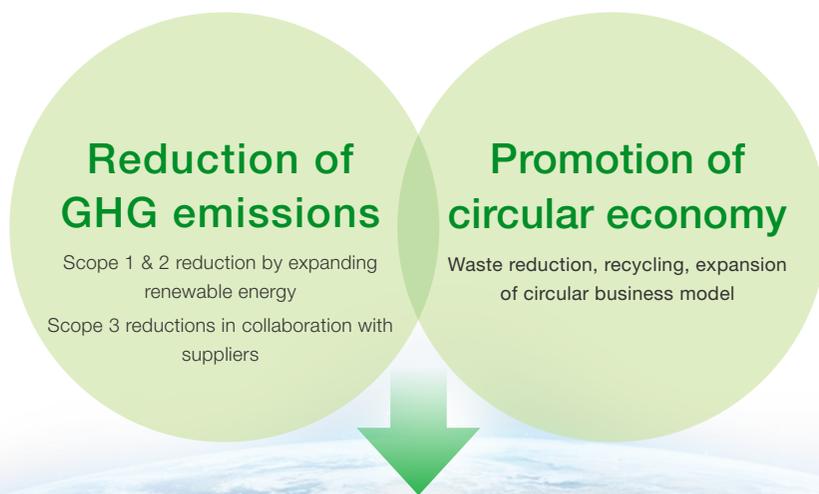
To achieve net zero emissions by 2050, the Company will focus on both “Reduction of GHG emissions” and “Promotion of circular economy.”

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\*<sup>2</sup> 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)\*<sup>3</sup> 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 forestabsorption, CCS (CO<sub>2</sub> 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

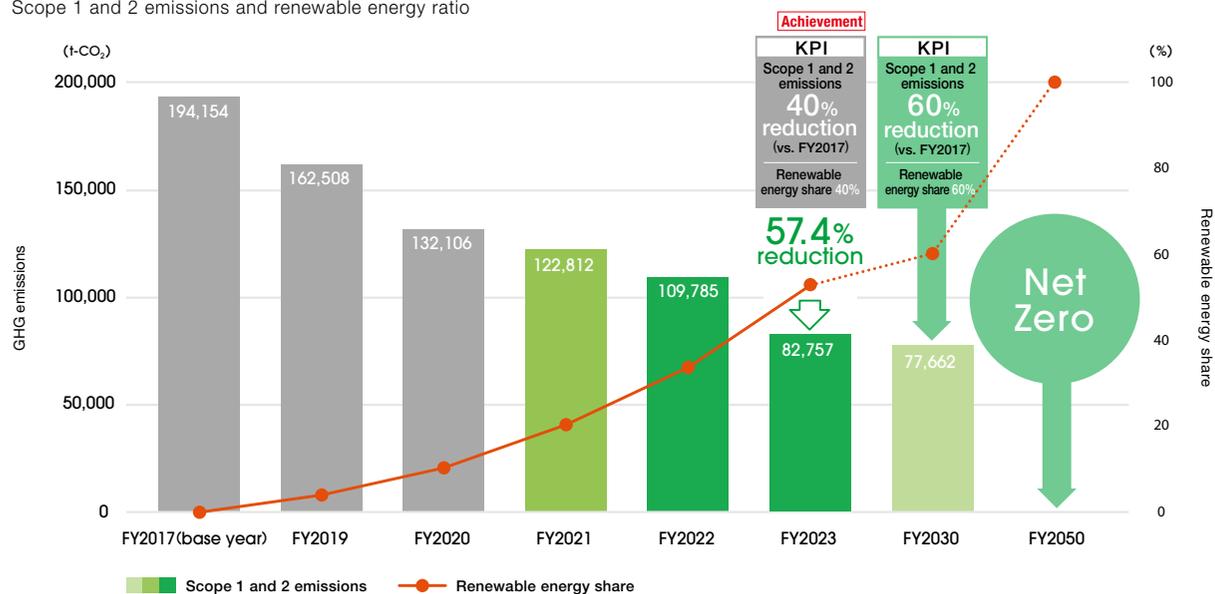
The Group, whose retail business is centered on department stores and shopping centers, generates more than 90% of the Scope 1 and 2 emissions from those stores, and approximately 80% of these emissions are associated with the use of electricity. Therefore, we recognize the need to save energy, improve 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 CO<sub>2</sub> 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.



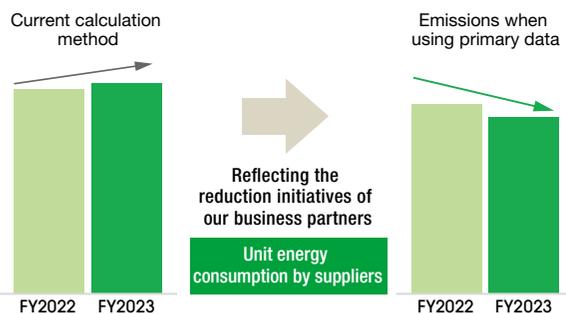
EV charging station in the parking lot of Angel Park

## 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

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

### FY2023 Scope 3 Emissions by Category (Unit: t-CO<sub>2</sub> %)

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 CO<sub>2</sub> emissions into monetary values, the Company aims to visualize the effect of CO<sub>2</sub> 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 CO<sub>2</sub>/t-CO<sub>2</sub>)