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.

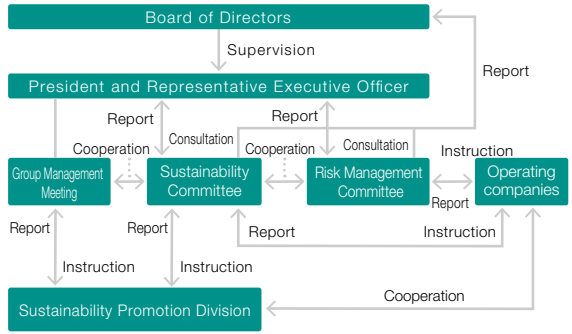
2 Board of Directors Skill Matrix

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

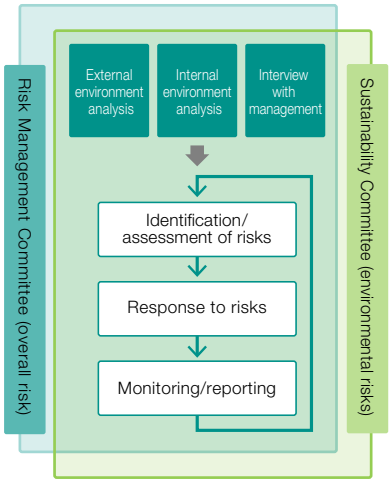
The Company considers risk to be the starting point of strategy. We have defined risk as “uncertainty, both positive and negative, that affects the achievement of corporate management goals” We believe that the appropriate handling of risk leads companies to sustainable growth.

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



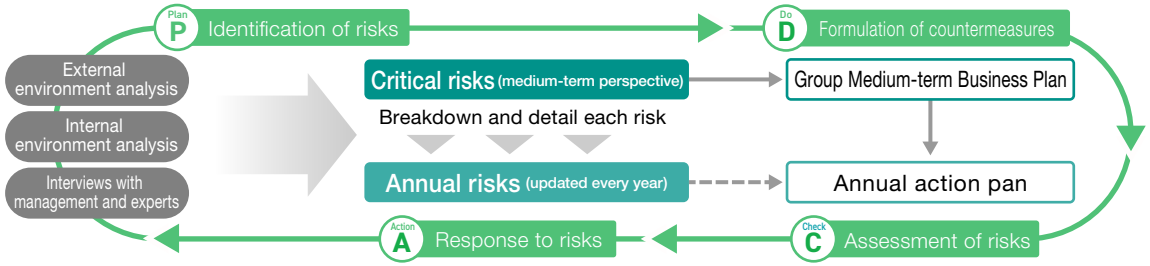
2 Environmental risk management process

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	●Board of Directors ●Group Management Meeting ●Risk Management Committee (Overall management risk) ●Sustainability Committee (Environmental risks)
Response to risks	●Operating companies
Monitoring/reporting	●Board of Directors ●Group Management Meeting ●Risk Management Committee (Overall management risk) ●Sustainability Committee (Environmental risks)

Group-wide risk management process (PDCA)



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.

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.

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

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℃/2℃ scenario that envisages the goal of the Paris Agreement of striving to limit the increase in the global average temperature to below 2℃ above pre-industrial levels; and the 4℃ 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.

Existing scenarios referenced

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

TCFD

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: Short-term	Medium-term	Long-term	Climate-related risks and opportunities of particular importance to the JFR Group	Financial impact: Below 1.5°C/2°C scenario	4°C scenario	Measures
Risks	Transition risks	●	●		• Increase in costs associated with introduction of carbon tax, etc.	Approx. ¥1,500 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- CO_2 (parameters: 1.5°C scenario 140$/t-$CO_2$, 4°C scenario 120$/t-CO_2)
*2 Calculated by multiplying the JFR Group's electricity consumption in FY2030 by the price per kWh of electricity derived from renewable energy compared to the regular electricity rate.
*3 Calculated by multiplying the amount of lost sales due to store closures caused by past natural disasters by the 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.

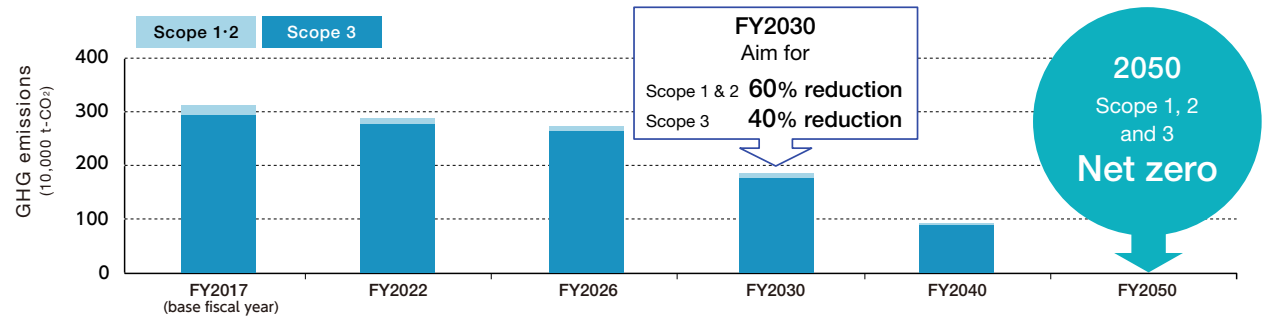
Based on the above scenarios, we have analyzed the impact of climate change and examined our countermeasures, and have confirmed the measures the Group has already implemented and planned are effective and flexible enough to reduce risks and contribute to the realization of opportunities under any of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

TCFD

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.

P.52 Executive Remuneration System

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

		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	14,021	−12.7 %
	Scope 2 emissions	178,102	96,071	68,736	−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)

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

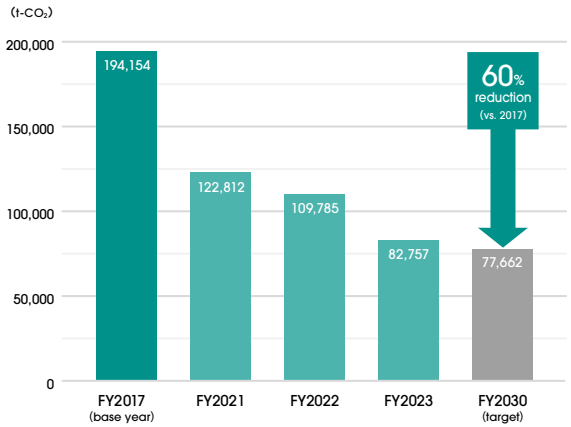
Metrics	Target year	Details of targets
GHG emissions	2050	Net zero Scope 1, 2, and 3 emissions*3
	2030	60% reduction of Scope 1 and 2 emissions (vs. FY2017)*3 40% reduction of Scope 3 emissions (vs. FY2017)*3
Renewable energy share	2050	100% renewable energy share*4
	2030	60% renewable energy share

*3 Certified by SBT

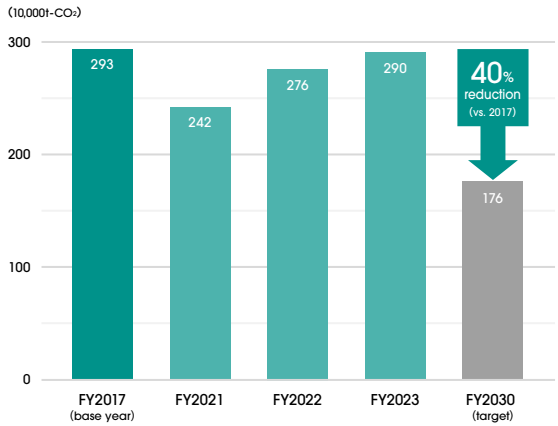
*4 Joined RE100 in 2020

RE100 | CLIMATE GROUP | CDP

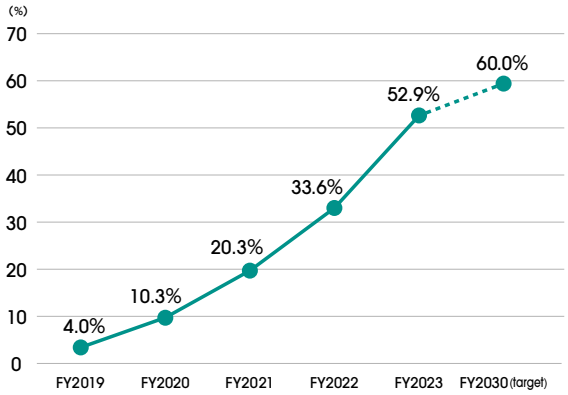
Scope 1 and 2 emissions



Scope 3 emissions



Ratio of renewable energy



P.18 Emissions By Category

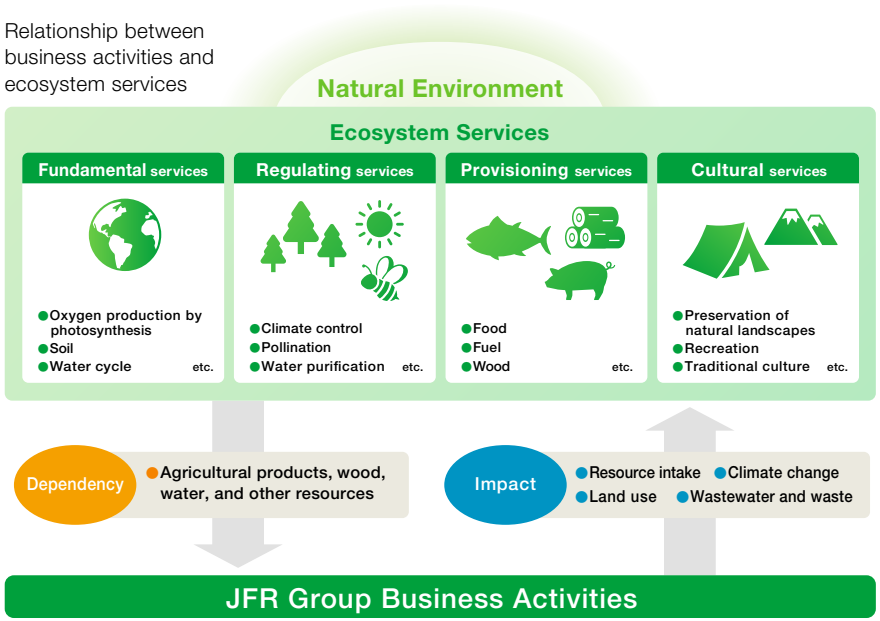
Strategy TNFD

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

①Appearance 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

TNFD

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

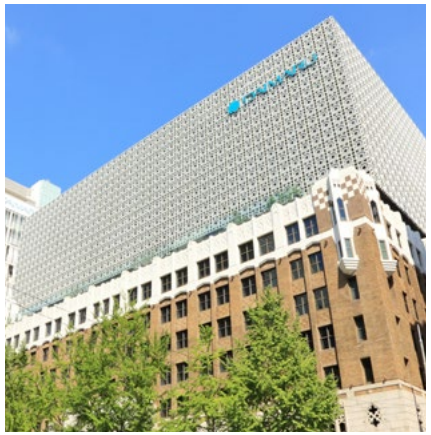
VH Very High | H High | M Medium | L Low | VL Very Low

② Identification of stores to evaluate for risks/opportunities Locate

Using the Risk Filter Suite (ecosystem and water risk analysis tool) from WWF[1], Aqueduct (water risk analysis tool) from WRI[2], 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 warning.

*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: Store development — Raw material production/extraction/procurement; Manufacture of goods; Transportation of goods

In-house: Store operations

Value chain downstream: Use and disposal of goods

		Raw material production/extraction/procurement	Manufacture of goods	Transportation of goods	Store operations	Use and disposal of goods
Store Development	Dependencies	●Procurement of raw materials for construction ●Water usage ●Fuel usage ●Electricity usage		●Fuel usage	●Fuel usage ●Electricity usage ●Water usage	
	Impacts	●Land conversion and development ●Mineral resource extraction ●Energy usage ●GHG emissions ●Air pollution ●Waste emissions		●Air pollution ●Energy usage ●GHG emissions ●Waste emissions	●Air pollution ●Water pollution ●GHG emissions ●Waste emissions	●Fuel usage ●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	●Water usage ●Fuel usage ●Electricity 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

TNFD

④Assessment 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	●Usage of rainwater and graywater ●Usage of water-saving equipment
	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