Create and Bring to Life "New Happiness."

J. FRONT RETAILING

TCFD Report 2024

In 2019, J. Front Retailing endorsed the final report (TCFD Recommendations) of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD Recommendations are a global, comparable climate-related disclosure framework that recommends companies to disclose information according to four categories: governance, risk management, strategy, and metrics and targets. The Company will use the TCFD recommendations as a guideline for verifying the appropriateness of its climate change response, and will engage in active dialogue with institutional investors and others to carry out effective information disclosure.

Four recommended disclosure items required of companies in the TCFD recommendations

Disclosure item	Specific disclosure details
Governance	(a) Process by which the Board of Directors receives reports on climate-related issues, frequency with which these issues are placed on the agenda, and monitoring of progress
	(b) Management's responsibility for climate-related issues, process for receiving reports, and monitoring methods.
Risk Management	(a) Details of the process for identifying and assessing climate-related risks and opportunities
	(b) Details of the process for managing significant climate-related risks
	(c) Status of integration into the company-wide risk management framework
Strategy	(a) Details of short-, medium-, and long-term risks and opportunities
	(b) Nature and extent of impact of risks/opportunities on business, strategy, and financial plans
	(c) Risks/opportunities and financial impact based on relevant scenarios and strategies/resilience against them
Metrics and Targets	(a) Metrics used to manage climate-related risks and opportunities
	(b) Greenhouse gas emissions (Scope 1, 2, and 3)
	(c) Targets and results used to manage climate-related risks and opportunities

Source: Climate-related Financial Disclosure Task Force, "Recommendations by the Climate-related Financial Disclosure Task Force (Final version)" (2017)

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

JFR Approach To Achieving Net Zero in 2050

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."

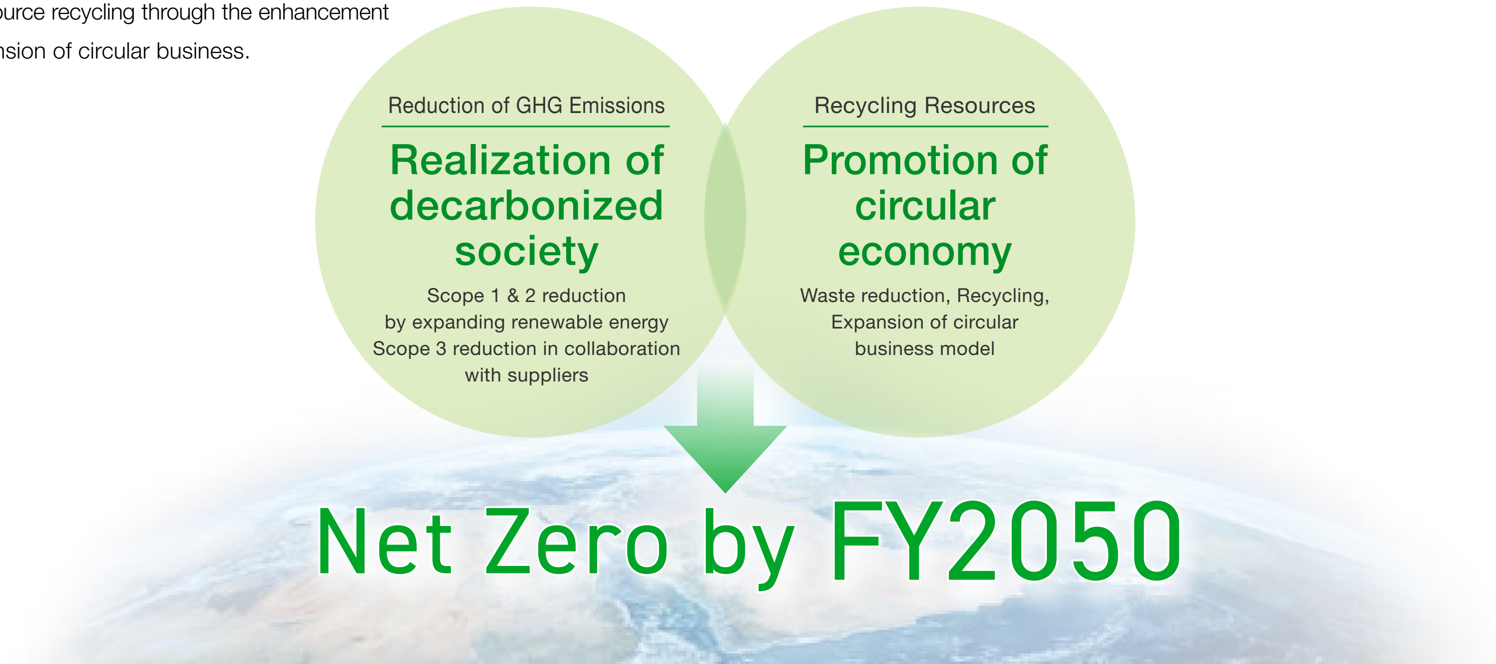
Specifically, we will work to reduce Scope 1 and 2 GHG emissions (hereafter: Scope 1 and 2 emissions) through extensive energy conservation and increased use of renewable energy in our stores. Scope 3 GHG emissions (hereafter: Scope 3 emissions) will be reduced by collaborating with our suppliers and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

Targets

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) initiative*[2] 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 (CO_2 capture and storage), etc.

*2 CDP was 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.



Governance

a Process by which the Board of Directors receives reports on climate-related issues, frequency with which these issues are placed on the agenda, and monitoring of progress

To promote sustainability management across the entire group, the Company is responding to climate-related issues and incorporating initiatives in our business strategy that will lead to solutions. These actions are then deliberated and approved by the Group Management Meeting, the highest decision-making body for business execution. Furthermore, the Sustainability Committee, which meets at least twice a year, shares the policies on environmental issues deliberated and approved by the Group Management Meeting, formulates action plans for the Group's environmental issues, and monitors the progress.

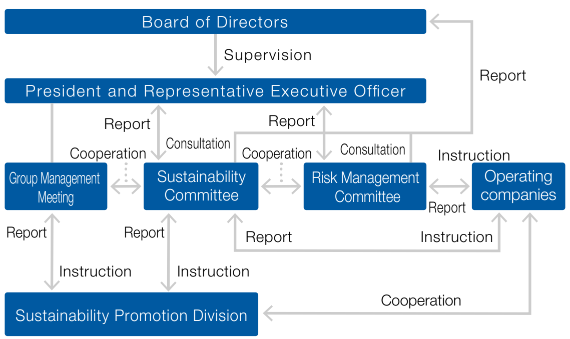
The Board of Directors receives reports on the deliberations and approvals made by the Group Management Meeting and the Sustainability Committee, and discusses and monitors the Group's policies, targets, and action plans for addressing environmental issues.

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 supervision of specific action plans and regular reviews, and monitoring the status of initiatives for continual improvement of environmental plans, including the setting of medium- to long-term targets, we are enhancing the effectiveness of our efforts to address environmental issues.

*Skill Matrix.
https://www.j-front-retailing.com/english/company/governance/governance02.html

JFR Group Environmental Management System



b Management's responsibility for climate-related issues, process for receiving reports, and monitoring methods.

The President and Representative Executive Officer chairs the Group Management Meeting as well as the Risk Management Committee and the Sustainability Committee, which are both advisory panels under his direct control. The President thus bears final responsibility for management decisions related to environmental issues, including climate-related issues. Details of matters deliberated and approved by the Group Management Meeting and the Sustainability Committee are reported to the Board of Directors for final approval.

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 compensation 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.

*Officer Remuneration System
https://www.j-front-retailing.com/english/company/governance/governance05.html

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.
Meeting body	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.
Meeting body	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.
Meeting body	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.
Executing entity	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.
Executing entity	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.

Major climate-change related agenda items in the Sustainability Committee Meetings

FY2022	April	●Lecture on “ESG/sustainability management” by an external instructor ●Action Plan for FY2022 ●Report on results of FY2021 supplier assessment (including environment) ●Group-wide KPI progress for FY2021
FY2022	September	●Group-wide KPI progress for first half of FY2022
FY2023	April	●Action Plan for FY2023 ●Group-wide KPI progress for FY2022
FY2023	September	●Second supplier assessment ●Group-wide KPI progress for first half of FY2023
FY2024	April	●Lecture on “Relationship between medium- to long-term corporate value enhancement and non-financial activities” by an external instructor ●2024-2026 Medium-term Sustainability Plan ●Group-wide KPI progress for FY2023

Risk Management

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

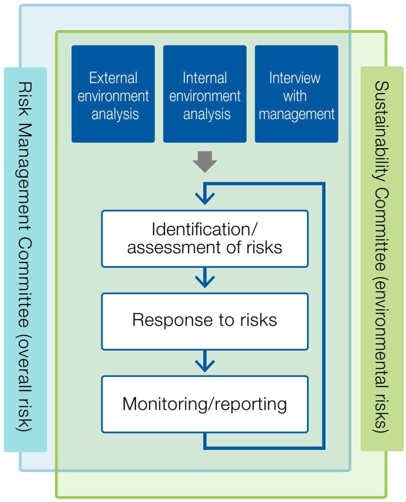
The Company considers risk to be the starting point of strategy. We have defined risk as "uncertainty, both positive and negative, that affects the achievement of corporate management goals." We believe that the appropriate handling of risk leads companies to sustainable growth.

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

First, the Group extracted a comprehensive set of climate-related risks and opportunities exhaustively for each activity of the supply chain process: "product procurement," "transportation and customer movement," "in-stores sales," "use of products and services," and "disposal." Next, we assessed them based on two criteria: "importance to the Group (degree of impact × urgency)" and "importance to stakeholders."

*See Strategy on page 4 for details.

JFR Group risk management process



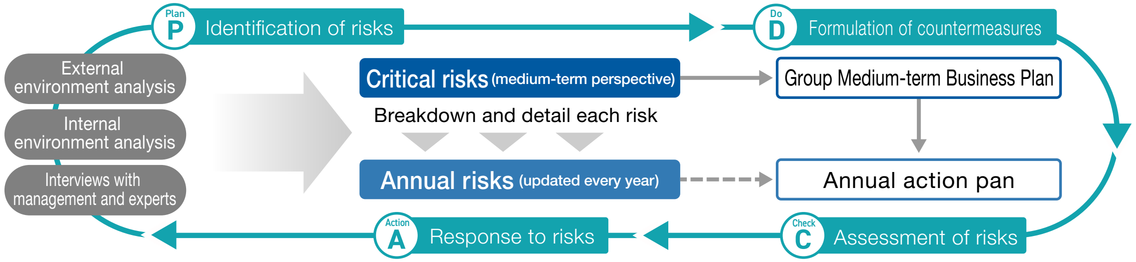
b Details of the process for managing significant climate-related risks

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)



c 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 Risk Management Committee deliberates on important matters such as the identification and assessment 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 we will respond to 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

a 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 Company has formulated the group strategy for climate-related risks and opportunities by backcasting from fiscal 2050, the target year for realizing net zero, and is working to implement the strategy.

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

b 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 the 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.

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、2022)
	"Representative Concentration Pathways (RCP6.0, 8.5)" (IPCC, 2014)

C Risks/opportunities and financial impacts based on relevant scenarios and strategies/resilience against them

The Company assessed the importance of the identified climate-related risks and opportunities based on two 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	Timing of emergence: Medium-term	Timing of emergence: Long-term	Climate-related risks and opportunities of particular importance to the JFR Group	Financial impact: Below 1.5°C/2°C scenario	Financial impact: 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 renewable energy switching 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]		● Replacement with 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 to reduce food waste through the use of AI demand forecasting systems, etc. ● 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, confirming that 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.

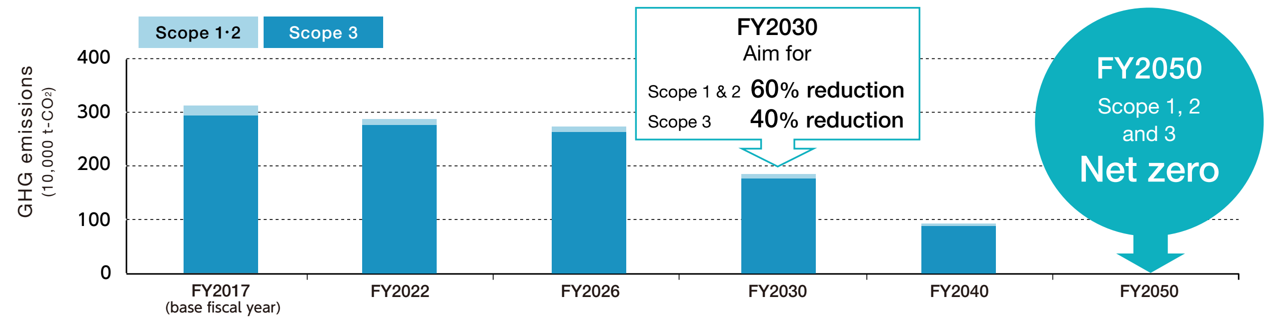
JFR Group FY2050 Net Zero Transition Plan

The Company believes that it is necessary to strengthen its strategic resilience from a medium- to long-term perspective. To this end, we have formulated a transition plan to achieve net zero emissions by 2050. 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.

Internal carbon pricing (ICP) was established in February 2024. By converting internal CO_2 emissions into monetary values, the Company aims to visualize the effect of reductions on CO_2 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, as well as opportunities for business creation.

In addition, more than 90% of our Scope 3 emissions are from Category 1 (procured products and services). It is extremely difficult to reduce and control Scope 3 emissions by our own efforts, so it is necessary for the entire value chain to work together to reduce emissions. We will encourage our suppliers to calculate their GHG emissions, and with those that have already done so, we will ask them to set reduction targets and promote step-by-step initiatives through dialogue.

JFR Group FY2050 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 FY2050 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 FY2050 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 and 9) reduction through the advancement of the existing 3 Rs in collaboration with suppliers and customers •Scope 3 (Category 1) reduction in collaboration with suppliers •Scope 3 (Category 5) reduction by reducing amount of waste disposal and improving recycling rate			
			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

a Metrics used to manage climate-related risks and opportunities

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.

Also, to clarify the responsibility of executive officers regarding the issue of climate change, Scope 1 and 2 GHG emission reduction targets were set as one of the non-financial indicators for determining performance-linked compensation in officer remuneration.

*Officer Remuneration System
https://www.j-front-retailing.com/english/company/governance/governance05.html

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

The Company has been calculating its total emissions since fiscal 2017. Our Scope 1 and 2 emissions in fiscal 2023 were 82,757 t-CO_2 (57.4% reduction vs. FY2017) and Scope 3 emissions were 2,898,436 t-CO_2(1.0% reduction vs. FY2017). In addition, the ratio of renewable energy was 52.9%.

Third-party assurance has been obtained for FY2023 Scope 1, 2, and 3 emissions and renewable electricity consumption.

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 %
Breakdown	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 LRGA 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)

c Targets and results used to manage climate-related risks and opportunities

Since fiscal 2018 the Company has set long-term GHG emission reduction targets to achieve the global below 1.5 ˚C /2˚C target, and our reduction targets for Scope 1, 2, and 3 emissions were certified by the SBTi in fiscal 2019. In fiscal 2021, in line with the advancement of our materialities, we raised our target for reducing 2030 Scope 1 and 2 emissions from the previous 40% to 60% compared with FY2017(base year), and it was approved as the 1.5°C target that is the new standard set by the SBTi. Moreover, in February 2023, we also obtained certification for the 2050 Net Zero Target for Scope 1, 2, and 3 GHG emissions.

To achieve these long-term targets, the Company started procuring renewable energy-sourced electricity for its own facilities in fiscal 2019, and in October 2020 we joined RE100*, which aims to achieve a 100% renewable energy share for electricity used in business activities by fiscal 2050. Moreover, as an interim target, we aim to achieve a 60% renewable energy share for electricity used in business activities by fiscal 2030.

Looking ahead, we will work to expand procurement of renewable energy-sourced electricity towards achieving net zero by fiscal 2050.

*A global initiative with the goal of 100% renewable energy for electricity used in business activities by 2050.

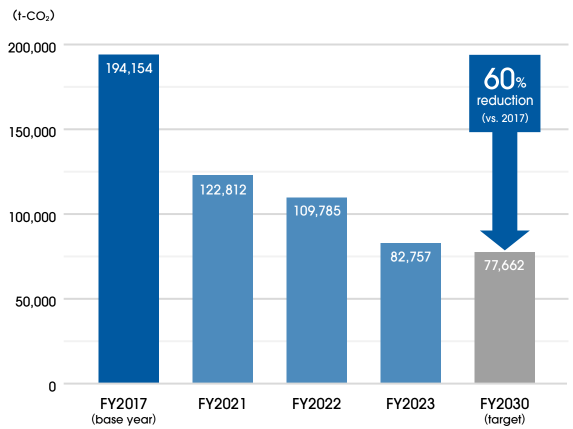
Targets used by the JFR Group to manage climate-related risks and opportunities

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

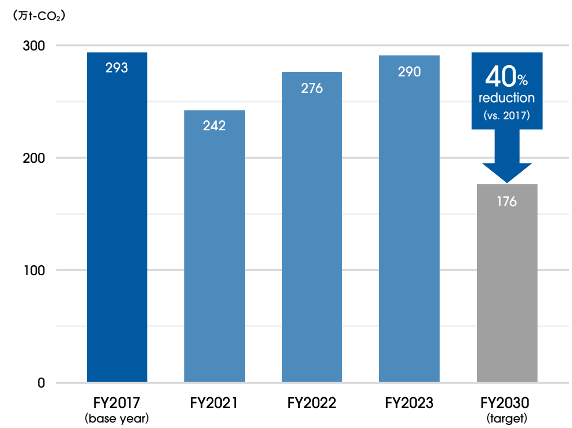
*1 Certified by SBT
*2 Joined RE100 in 2020

FY2023 Results and Future Targets

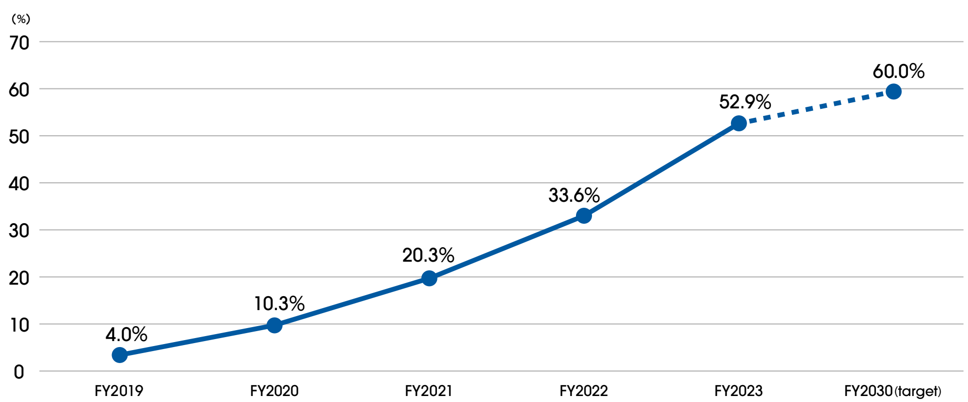
Scope 1 and 2 emissions



Scope 3 emissions



Ratio of renewable energy



FY2023 Scope 3 Emissions by Category

(Unit: t-CO_2 %)

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

Under the supervision of the Board of Directors, the Company will continue to strengthen its governance in environmental management and promote company-wide initiatives, including the formulation and promotion of action plans to achieve medium- and long-term goals.

Environmental Data

		Boundary	Unit	2017	2018	2019	2020	2021	2022	2023
Scope 1 greenhouse gas (GHG) ★	CO_2 emissions	Consolidated	t-CO_2	14,548	13,824	13,074	11,170	12,368	11,958	11,459
	HFC emissions	Consolidated	t-CO_2	1,504	2,137	2,140	813	1,636	1,756	2,562
	Scope 1 emissions	Consolidated	t-CO_2	16,052	15,961	15,214	11,983	14,004	13,714	14,021
Scope 2 greenhouse gas (GHG) ★	CO_2 emissions (market based)	Consolidated	t-CO_2	178,102	166,605	147,294	120,123	108,808	96,071	68,736
	(location based)	Consolidated	t-CO_2	184,047	177,987	174,094	147,820	149,690	146,810	142,935
Scope 1+2 greenhouse gas (GHG) ★	Scope 1 and 2 emissions	Consolidated	t-CO_2	194,154	182,566	162,508	132,106	122,812	109,785	82,757
	vs. SBT base year FY2017	Consolidated	%	-	−6.0	−16.3	−32.0	−36.7	−43.5	−57.4
Scope 3 greenhouse gas (GHG) ★	Scope 3 emissions	Consolidated	t-CO_2	2,927,320	3,123,238	3,782,555	2,470,411	2,420,492	2,761,669	2,898,436
	vs. SBT base year FY2017	Consolidated	%	-	-	-	-	−17.3	−5.7	−1.0
Scope 1 and 2 greenhouse gas emissions intensity	Per consolidated sales	Consolidated	t-CO_2/Million	0.17	0.16	0.14	0.17	0.14	0.11	0.07
Energy ★	Electricity usage	Consolidated	MWh	333,514	328,900	327,851	288,691	305,752	305,287	297,828
	City gas usage	Consolidated	MWh	70,353	67,118	64,095	58,064	64,632	63,516	61,488
	Gasoline, light oil, heavy oil A, kerosene, natural gas usage	Consolidated	MWh	6,888	6,379	5,537	3,083	3,165	2,292	1,996
	Steam, cold water, hot water usage	Consolidated	MWh	64,758	65,969	68,730	54,133	54,500	59,344	60,848
	Total energy usage	Consolidated	MWh	475,513	468,366	466,214	403,973	428,049	430,439	422,160
Renewable energy ★	Usage (purchased/generated)	Consolidated	MWh	0	0	13,046	29,647	62,156	102,676	157,454
	Ratio of renewable energy to electricity usage	Consolidated	%	0.0	0.0	4.0	10.3	20.3	33.6	52.9
	YoY change	Consolidated	%	-	-	4.0	6.3	10.0	13.3	19.3
Water ★	Tap water usage	Consolidated*2	m^3	-	1,317,230	1,260,594	1,407,531	1,719,788	1,796,295	1,880,316
	Groundwater usage	Consolidated*2	m^3	-	480,731	452,702	459,054	570,760	613,303	625,066
	Gray water usage	Consolidated*2	m^3	-	136,804	125,989	198,882	158,848	151,017	140,709
	Total usage	Consolidated*2	m^3	-	1,934,765	1,839,285	2,065,467	2,449,396	2,560,615	2,646,091
	Water discharge*1	Consolidated*2	m^3	-	1,934,765	1,839,285	2,065,467	2,449,396	2,560,615	2,646,091
Waste*3 (including food waste) ★	Amount generated	Consolidated*2	t	18,532	17,202	17,597	21,694	26,637	29,855	29,814
	Amount recycled	Consolidated*2	t	10,863	9,938	10,453	12,479	12,845	15,421	16,176
	Final disposal amount	Consolidated*2	t	7,669	7,264	7,144	9,216	13,792	14,434	13,638
	Recycling rate	Consolidated*2	%	-	-	-	57.5	48.2	51.7	54.3
Food waste*4 ★	Amount generated	Consolidated*5	t	4,497	4,312	4,379	2,886	4,394	4,753	4,943
	Amount recycled	Consolidated*5	t	2,416	2,477	2,610	1,857	3,027	3,598	3,934
	Final disposal amount	Consolidated*5	t	2,081	1,835	1,769	1,029	1,367	1,155	1,009
	Recycling rate	Consolidated*5	%	-	-	-	-	68.9	75.7	79.6
Packaging material usage*6	Usage	Daimaru Matsuzakaya Department Stores	t	2,370	2,236	2,030	1,075	1,129	1,200	1,221

★ Third-party assurance: Third-party assurance obtained from LRQA Limited (water and waste from FY2020; energy, renewable energy, and food waste from FY2021)

*1 Water discharge is equal to the amount of water used.
*2 Daimaru Matsuzakaya Department Store until FY2019
*3 Waste: General waste, industrial waste, and food waste
*4 The calculation method for food waste was changed, and the data for FY2021 was revised.
*5 Daimaru Matsuzakaya Department Store until FY2020
*6 Weight of wrapping paper, shopping bags, paper bags, plastic food bags, etc.

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