

FY2022 Sustainability Briefing

Friday, December 2, 2022



ISETAN MITSUKOSHI HOLDINGS

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1. Sustainability Initiatives of the Isetan Mitsukoshi Group

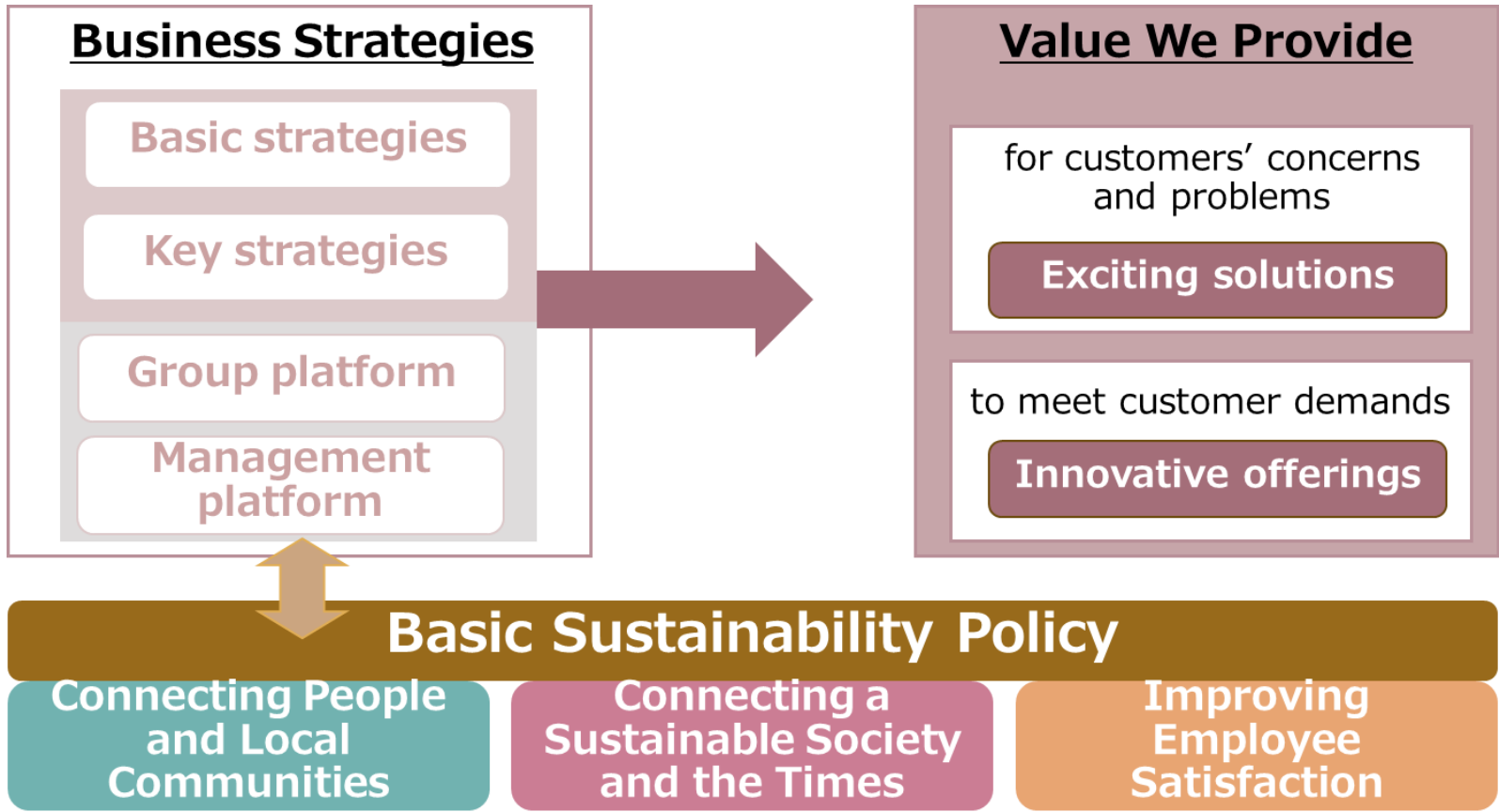
Toshiyuki Hosoya
Director, President and CEO

Sustainability Initiatives of the Isetan Mitsukoshi Group

Long Term Vision

To be a “special” department store-centered retail group that enriches the lives of our customers

~ To gain the utmost support in high sensitivity, fine quality consumption, with the pride of Japan and the ability to convey this around the world ~



3 Priority Initiatives (Materialities) of the Isetan Mitsukoshi Group

Connecting People and Local Communities

- Co-creation with local communities
- Promoting and passing on culture and tradition
- Connecting with people to pave the way forward



Connecting a Sustainable Society and the Times

- Achieving a carbon-neutral society
- Supply chain management with consideration for human rights and the environment



Improving Employee Satisfaction

- Promoting diversity & inclusion
- Achieving a good life-work balance



Group Governance and Communication



Long-Term Goals for 2030

Connecting People and Local Communities

Co-creation with local communities
Promoting and passing on culture and tradition
Connecting with people to pave the way forward

Work together with local communities to realize new urban development centered on department stores, making the most of the city's attractions.

Connecting a Sustainable Society and the Times

Achieving a carbon-neutral society

Greenhouse gas emissions Down 50% (vs FY2013)

Ratio of renewable energy 60%

(Percentage of electricity used at domestic department store business)
* At Company-owned properties in the domestic department store business: 100%

Supply chain with consideration for human rights and the environment

Isetan Mitsukoshi Group Procurement Policy
Penetration rate among employees and business partners 100%

Improving Employee Satisfaction

Promoting diversity & inclusion

Rate of female managers 38.0% (across the Group)

Ratio of employees with disabilities 3.5%

Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area

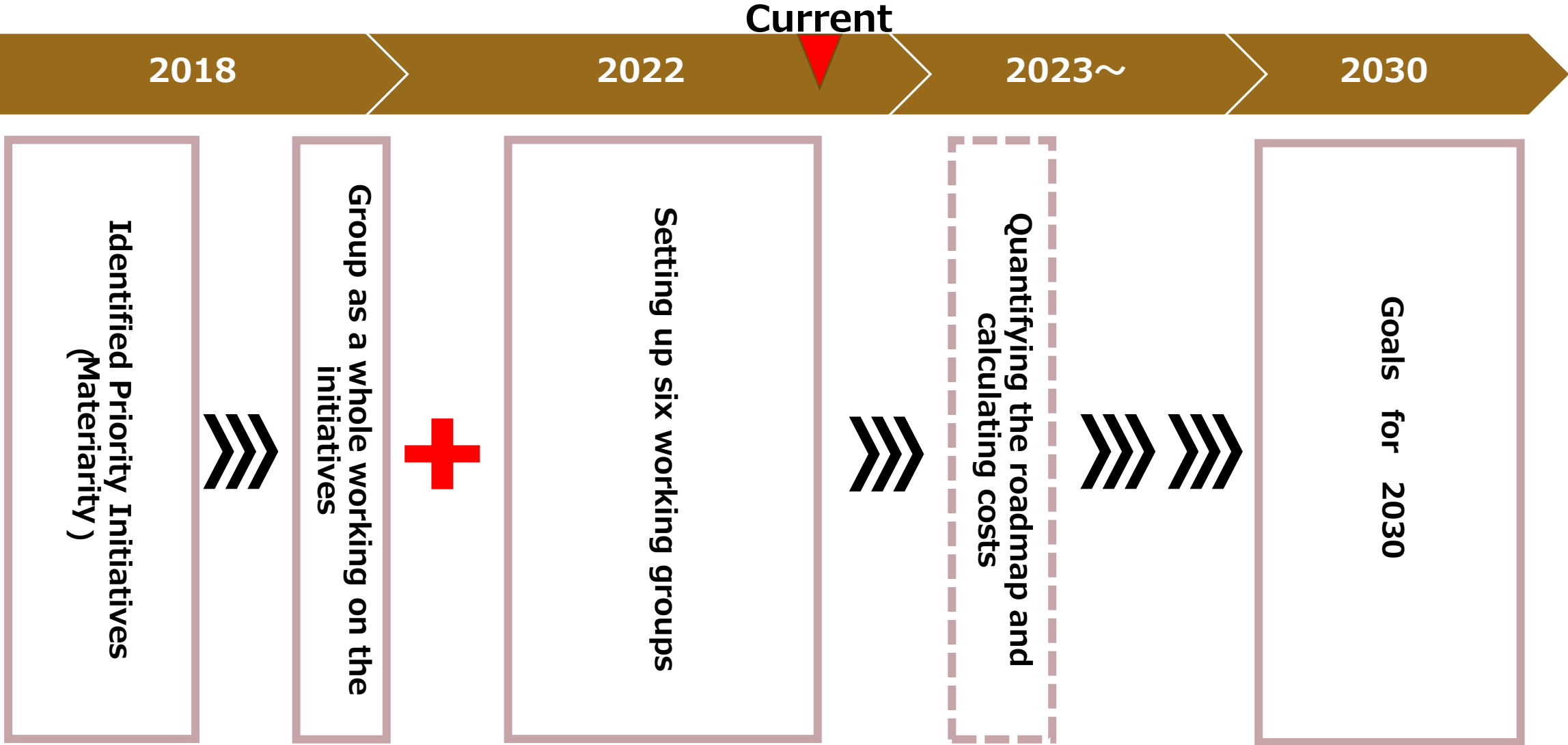
Percentage of male employees taking childcare leave 100%
Group-wide

Achieving a good life-work balance

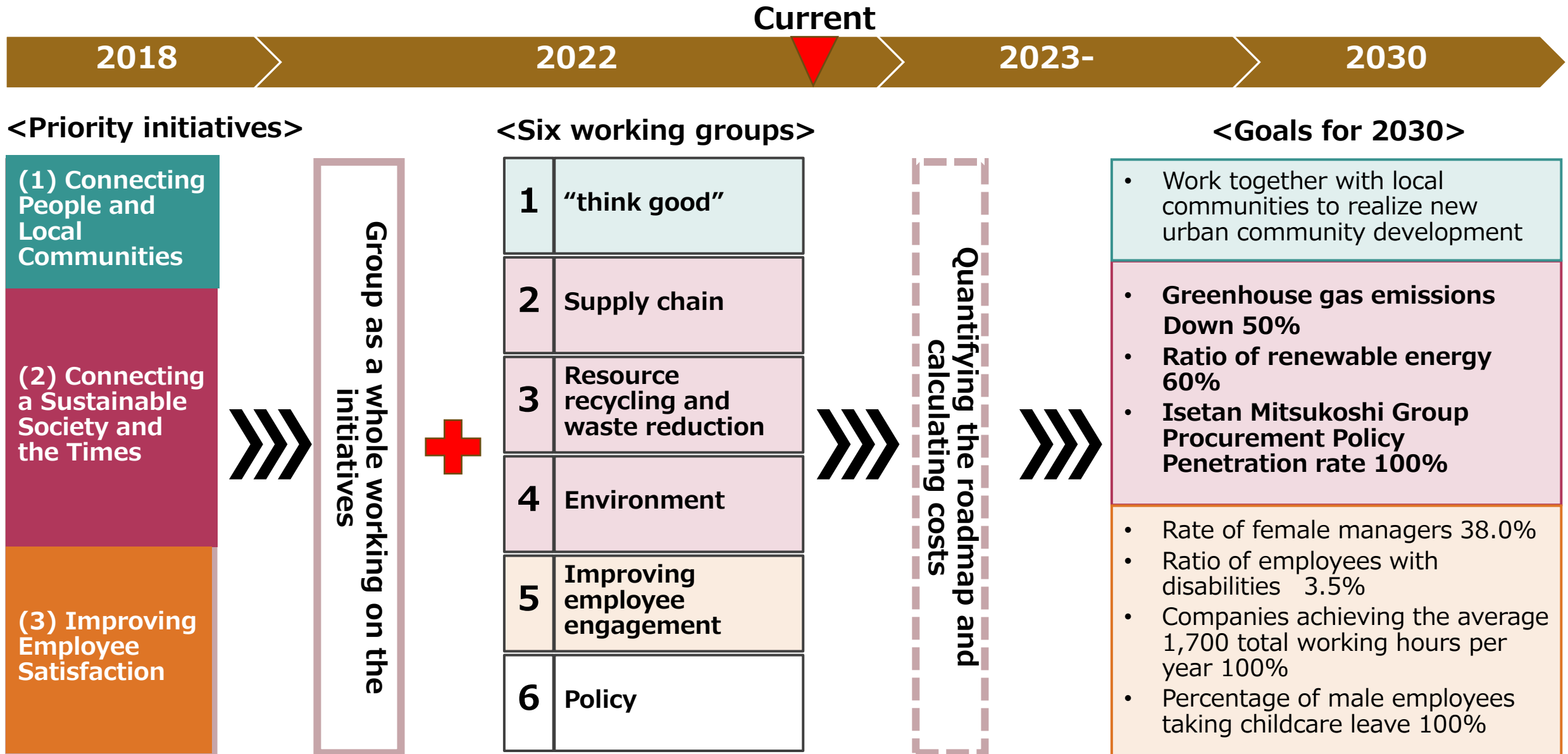
Companies achieving the average 1,700 total working hours per year 100%
(Target 23 Group companies)

Roadmap towards Long-Term Goals for 2030

■ Group working on the initiatives with the support of 6 working groups



Roadmap towards Long-Term Goals for 2030



Sustainability Initiatives of the Isetan Mitsukoshi Group

Sustainability Report 2022 issued on November 30

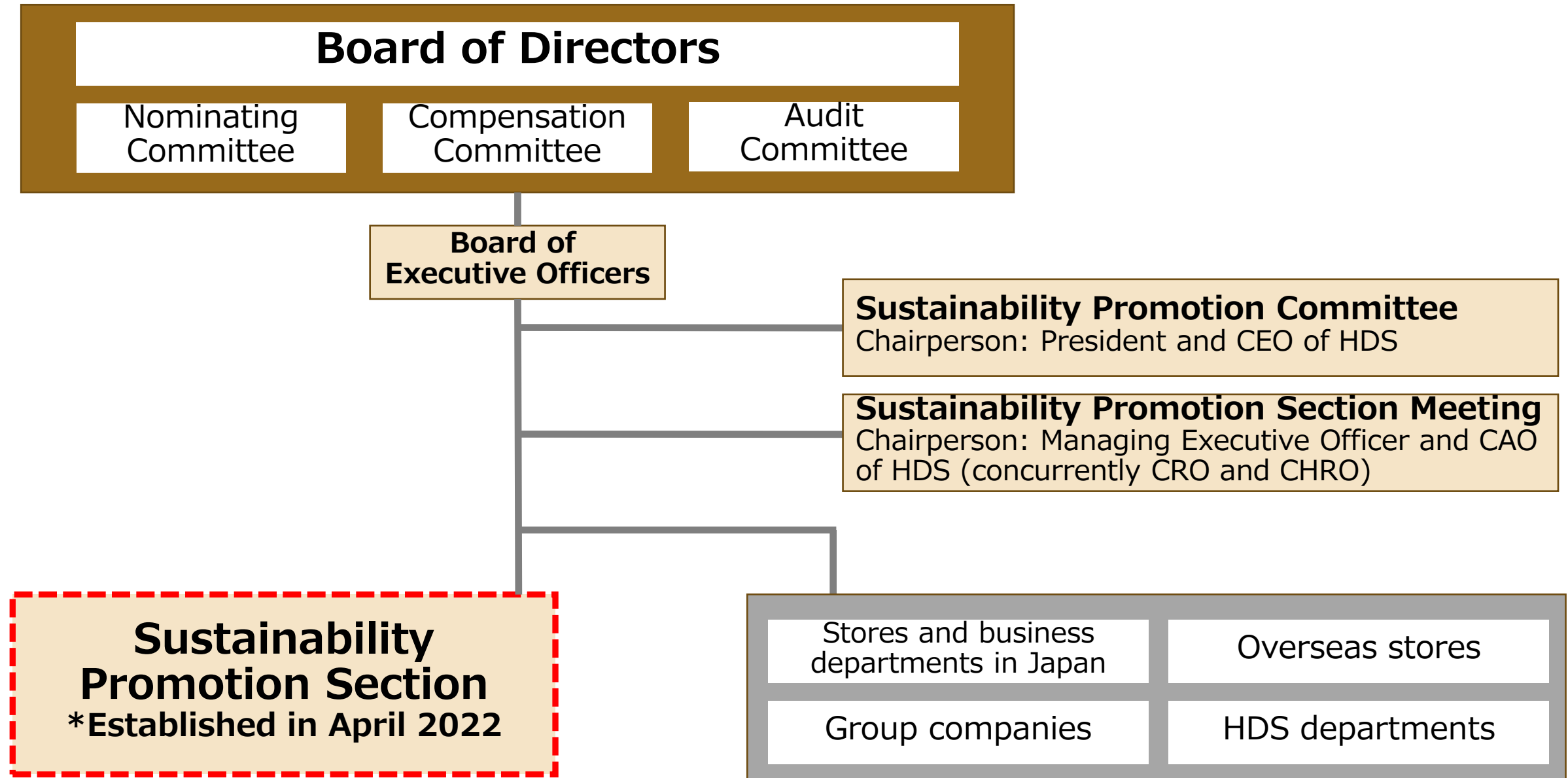


2. Progress of Priority Initiatives and Future Direction

Hiroki Taguchi

Managing Executive Officer CAO, CRO and CHRO

Structure for Promoting Sustainability Initiatives at the Isetan Mitsukoshi Group



6 Working Groups

Priority initiatives

(1) Connecting People and Local Communities

(2) Connecting a Sustainable Society and the Times

(3) Improving Employee Satisfaction

Corporate Governance and Communication

Working groups

1 “think good”
(Promotion of sustainable merchandising activities)

2 Supply chain
(Establishment and promotion of PDCA for supply chain management)

3 Resource recycling and waste reduction
(Promotion of 4R)

4 Environment
(Energy conservation, energy creation and use of renewable energy for achieving a carbon-neutral society)

5 Improving employee engagement
(Diversity & inclusion, health and productivity management)

6 Policy
(Organizing policies and materialities (priority initiatives))

Promotion by 6 Working Groups

Working groups	Responsible departments	Number of relevant departments and staff	Activity status	Main activities in FY2022
1. “think good”	MD Planning Department	4 departments 4 persons	Biannual campaign Planning throughout the year (as needed)	630 plans/700 plans as an annual goal
2. Supply chain	Marketing Planning Department	7 departments 28 persons	Plenary: every 2 months Breakout: monthly	Initiate dialogue with business partners, review policies and formulate principles of action
3. Resource recycling and waste reduction	Sustainability Promotion Section	4 departments 8 persons	As needed	Comply with the Plastic Resource Circulation Act and promote 4R
4. Environment	Property Management Department	2 departments 6 persons	Sharing meeting: monthly	Work on energy conservation, energy creation and use of renewable energy
5. Improving employee engagement	Human Resources and Organizational Capabilities Development Department	2 departments 11 persons	Meeting: monthly Sharing meeting: weekly	Implement e-learning and other education programs and design systems for promoting D&I and health and productivity management
6. Policy	Sustainability Promotion Section	2 departments 7 persons	Board of Executive Officers and Board of Directors Once each	Prepare for reorganizing materialities

Long-Term Goals for 2030

Connecting People and Local Communities

Community revitalization
Passing on culture and tradition
Connecting with people to pave the way forward

Work together with local communities to realize new urban development centered on department stores, making the most of the city's attractions.

Connecting a Sustainable Society and the Times

Achieving a carbon-neutral society

Greenhouse gas emissions Down 50% (vs FY2013)

Ratio of renewable energy 60%

(Percentage of electricity used at domestic department store business)

* At Company-owned properties in the domestic department store business: 100%

Supply chain with consideration for human rights and the environment

Isetan Mitsukoshi Group Procurement Policy
Penetration rate among employees and business partners 100%

Improving Employee Satisfaction

Promoting diversity & inclusion

Rate of female managers 38.0% (across the Group)

Ratio of employees with disabilities 3.5%

Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area

Percentage of male employees taking childcare leave 100%
Group-wide

Achieving a good life-work balance

Companies achieving the average 1,700 total working hours per year 100%
(Target 23 Group companies)



The person in charge will explain about the Isetan Mitsukoshi Hometown Tax scheme later.

➤ One Day Work

- ✓ One Day Work is aimed at resolving social issues such as chronic labor shortages and a lack of employment opportunities for those raising children.
- ✓ The Company formed a business alliance with Tohoku EPCO Frontier Co., Inc. in March 2022 and started cooperation in July. We aim at community revitalization through support for matching human resources in the Tohoku region.

ONE
DAY
work



- * One Day Work is a one-stop online platform for matching companies (employers) that want workers with people (workers) who want to work on a single day, concluding employment contracts, and paying/receiving the salary. We propose new ways of working that match the times, and aim to resolve social issues such as chronic labor shortages and a lack of employment opportunities for those raising children. Since its launch in November 2019, the service has expanded in scale, mainly in the Tokyo metropolitan area, and has been used by about 140 employers and about 70,000 workers.

Priority Initiative (2): Connecting a Sustainable Society and the Times

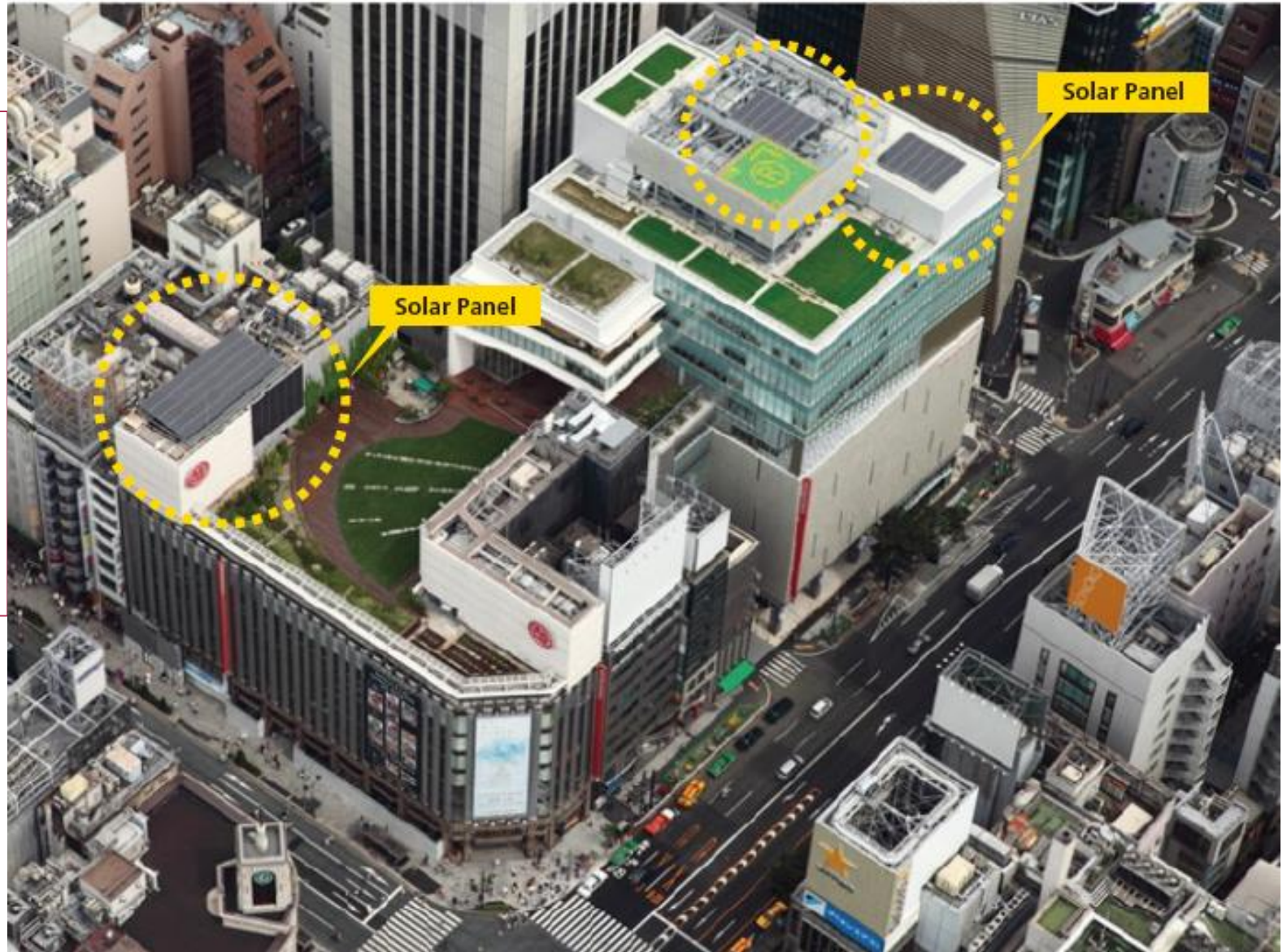


Initiatives	Achieving a carbon-neutral society
Current status	✓ Launched new initiatives to create and conserve energy in FY2022. ✓ Initiatives to use renewable energy need to be reviewed due to energy industry trends.
Future	➤ Ensure stable energy procurement and promote group-wide energy conservation. ➤ Formulate a new roadmap based on recent situation.
Goals for 2024	• Promote installation of LED lighting in supporting divisions. • Change to high-efficiency equipment through our long-term maintenance plan. • Promote energy saving by introducing equipment and systems that incorporate new technologies.
Goals for 2030	Greenhouse gas emissions Down 50% (vs FY2013) Ratio of renewable energy 60%

➤ Energy creation

- ✓ The solar power generation system has been installed on the rooftops of the Isetan Shinjuku Main Store and the Mitsukoshi Ginza Store.
- ✓ We are currently preparing to install it on the rooftops of our logistics center with the aim of full-scale operation in FY2023.

* The photo shows the solar power system (panels) on the rooftops of the Mitsukoshi Ginza Store



Priority Initiative (2): Connecting a Sustainable Society and the Times



➤ Resource recycling initiatives

✓ Promotion of 4R

Refuse

Reduce

Reuse

Recycle

The person in charge will explain about the i'm green project (purchasing service for secondhand items) later.



Priority Initiative (2): Connecting a Sustainable Society and the Times



Initiatives	Supply chain management
Current status	✓ Started individual dialogue with some business partners. ✓ Recognize the importance of careful dialogue and a cooperative approach, as issues and risks differ depending on the industry, company structure, etc., of the business partners.
Future	➤ Expand and continue dialogue with business partners based on the Isetan Mitsukoshi Group Procurement Policy. ➤ Implement education for the Company's employees.
Goals for 2024	• Complete disclosure and explanation of the Isetan Mitsukoshi Group Procurement to all business partners and holding dialogue about how to share and resolve issues. • Well-established human rights due diligence process. • Implement human rights education for employees 100%.
Goals for 2030	Isetan Mitsukoshi Group Procurement Policy Penetration rate among employees and business partners 100%

Priority Initiative (3): Improving Employee Satisfaction



Initiatives

- Promoting diversity & inclusion
- Achieving a good life-work balance

Current status

- ✓ Promoting various initiatives to achieve goals for FY2024.
- ✓ A number of male employees have been taking childcare leave for as long as six months to one year, helping to penetrate the leave system within the Company.



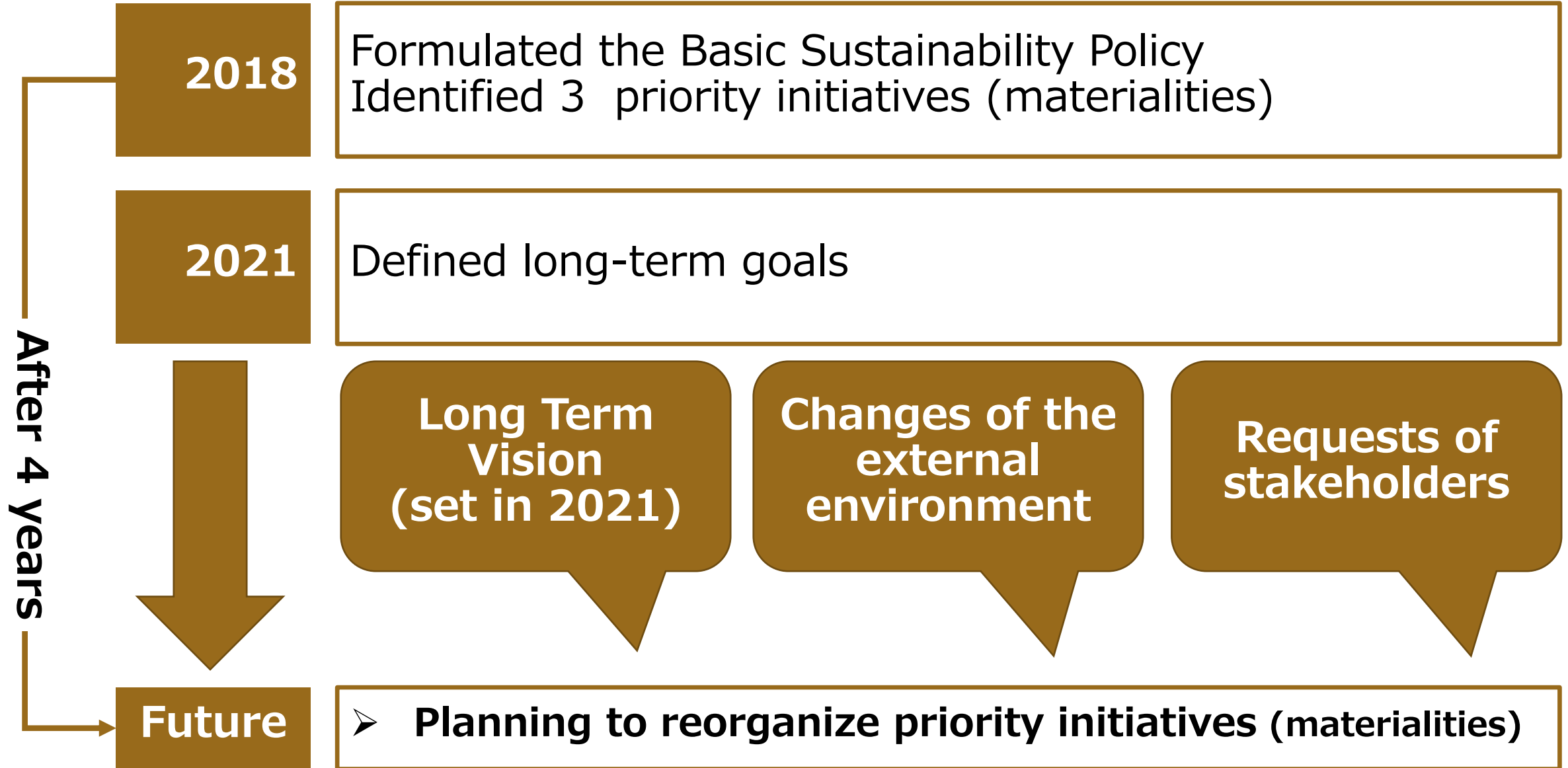
	Current	2024	2030
Ratio of female managers	31.0%	33.0%	38.0%
Ratio of employees with disabilities	2.83%	3.00%	3.50%
Percentage of male employees taking childcare leave	30.9% *Isetan Mitsukoshi Ltd.	100.0% *Isetan Mitsukoshi Ltd.	100.0% *Across the Group
Companies achieving the average 1,700 total working hours per year	39.1%	80.0%	100.0%

➤ Communication

- Continuing from FY2021, holding dialogue between top management and employees.
- Promoting dialogue and discussion to activate communication, which forms the basis of all initiatives, and fostering a sense of unity.



Toward FY2023



3. Specific Initiatives and Updates



Isetan Mitsukoshi Hometown Tax scheme

i'm green



i'm green

Priority Initiative (1):
Connecting People and Local Communities
Isetan Mitsukoshi Hometown Tax

Hinako Yamamoto, Hometown Tax Manager
Digital Business Operation Department, Online Store Group,
Sales Division, Isetan Mitsukoshi Ltd.

Digital Business in Which Regional Department Stores Can Play Leading Roles

Energetic presence of regional department stores leads to regional vitality

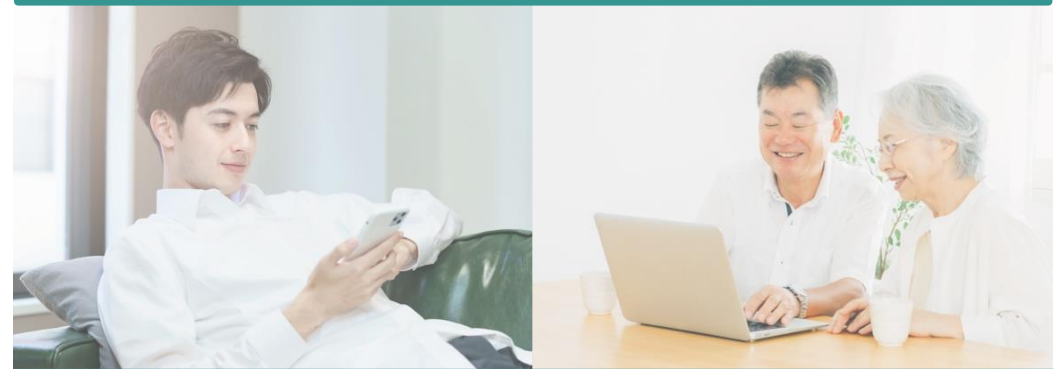
For that reason, isn't a **digital business in which regional department stores can play leading roles** required?
The hometown tax donation program was born out of this desire to utilize the strengths of department stores and local specialties.

Use digital revenue for store operations



Create more attractive stores

Encourage store customers to shop online



Introduce products online that are not available in stores

The virtuous circle created by digital arenas between stores and customers leads to community revitalization.

Efforts to Strengthen Ties with Local Communities

Isetan Mitsukoshi Hometown Tax portal site

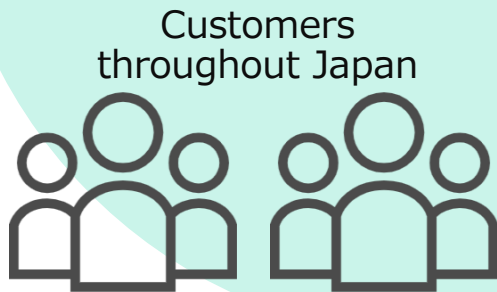
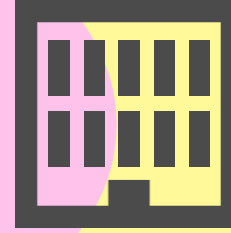


All over Japan

Introduce products online
Headquarters

Intra-Group coordination

Regional department stores



Customers throughout Japan

Appeal

Interest in the region

Local communities

Municipalities



Conclude contracts

Procure gifts to be sent in return for donations

Business operators (business partners)



Provide information about Hometown Tax

Local customers



Regional department stores are in charge of contact with municipalities, business operators and local customers.
— Build a system to support local communities from a closer distance —

Efforts to Expand Local Business Operators' Sales Channels

What we ensure for all gifts to be sent in return for donations

Gifts carefully chosen by buyers

Quality control in accordance with department store standards

Become available at the department store and online store
Can be placed in general distribution as high-quality local products and department store products

Business operators will be able to expand their sales channels beyond the hometown tax donation program.

— Contribute to the revitalization of local industries in a sustainable way —

As a Bridge Between Customers and Local Communities

Information on the Isetan Mitsukoshi Hometown Tax is provided at the store counters as needed to encourage customers to start using the scheme.

Face-to-face support, which is not available online, allows us to receive many comments from customers saying “I couldn’t do it myself, thank you.”

We aim for further business expansion while valuing the connection with customers as a “bridge between customers and local communities,” which is the concept of this business.



Priority Initiative (2): Connecting a Sustainable
Society and the Times
i'm green

Shinji Otsuka, i'm green Manager
Digital Business Operation Department, Online Store Group,
Sales Division, Isetan Mitsukoshi Ltd.

About i'm green

- ✓ Purchasing service for secondhand items independently provided by Isetan Mitsukoshi Ltd. (first in department stores as a directly managed service).
- ✓ Verification started at the Mitsukoshi Nihombashi Main Store in October 2020, and full-scale launch followed the opening of the Isetan Shinjuku Main Store in October 2021.
- ✓ This project has two major roles of economic circulation and resource recycling.

Our Business

Making the future from unused items

Are there any valuable items that are no longer in use in your house?

We hear frequently from our customers, that many items are still usable, although are forgotten and kept in their closet for a long time, without being thrown away.

i'm green is a service, operated by Isetan Mitsukoshi, sending your valuable items you no longer need to the next useful destination.

～ Reusing instead of throwing away - Environmental Cycle Activities～

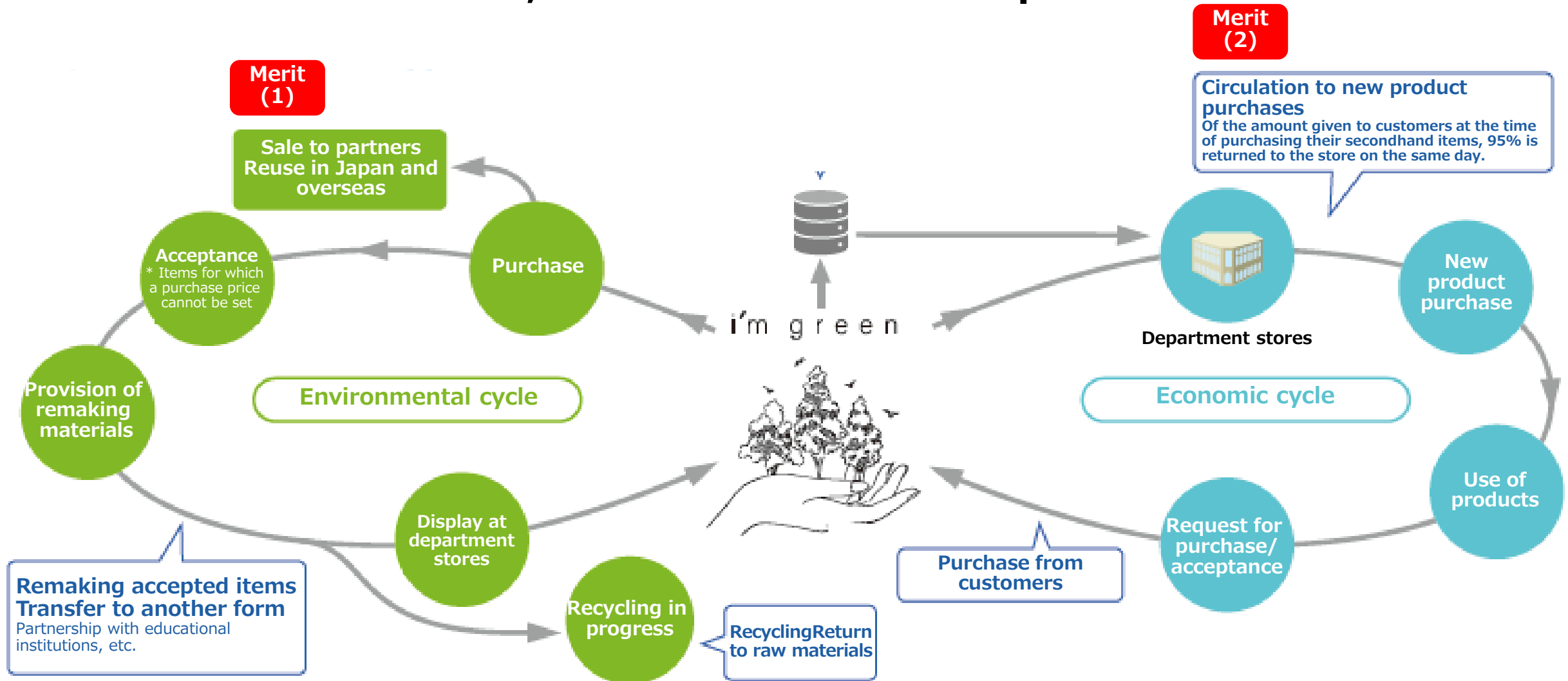
i'm green



i'm green Model Diagram

Establishing a sustainable system that continues with both the economic cycle and the environmental cycle

In the future, it will become a Group-wide service.



[i'm green Economic Cycle] Secondhand Item Purchasing Business and Circulation

Economic cycle (1) Revenue from the purchasing business

2021

The project was officially launched in October, and operating income went into the black in the same fiscal year.

2022

Operating income up to 2Q FY2022 was 150% vs. plan. Expect to achieve profitability in the current fiscal year (cumulative beginning with the verification period from 2020).

2023

Expand the service on a permanent basis to other stores and start purchasing training for those in charge of out-store-sales.

- ✓ 8,000 customers use this service a year. Items assessed range widely from fashion items to antiques and paintings.
- ✓ Focus on high sensitivity, fine quality customers and conduct on-site purchases for out-store-sales customers.
- ✓ Establishing a system to enable those in charge of out-store-sales to sell and purchase items. Start verification in FY2023 with those in charge of out-store-sales at some stores.

Economic cycle (2) Circulation to new product purchase

2022

Over 90% of the amount given to customers at the time of purchase of their secondhand items is used to buy new products in the store on the same day. (Spot survey)

2023

Develop systems to further promote circulation.

- ✓ Distribute limited coupons that can be used for purchasing new products, grant MICARD points as a campaign, etc.
- ✓ By sharing information with those in charge of out-store-sales, encourage customers to purchase new products after their secondhand items are purchased.

[i'm green Environmental Cycle] Activities for Reuse Instead of Throwing Away

Environmental cycle (1) Reuse

Reuse each item as it is

- ✓ 100,000 items were reused in their original form within 1 year of launch in October 2021.
- ✓ After purchase, the items are sold in Japan and overseas through partners.

Environmental cycle (2) Reuse in a different form

Through business-academia collaboration, promote the use in school events, remaking classes, etc.

- ✓ Collaborated with Tokyo Metropolitan Aoyama High School in October 2022. Provided costumes for the Gaiensai Festival, a cultural festival in which plays are performed throughout the school.
- ✓ Discussing future initiatives to collaborate with fashion educational institutions.

Environmental cycle (3) Recycling

Recycle clothing, etc. through partners that cannot be reused



4. Current Status and Future of Corporate Governance

Fukutaka Hashimoto
External Director,
Chairperson of the Board of Directors

5. Question & Answer
