



Isetan Mitsukoshi Holdings Ltd.

Isetan Mitsukoshi Holdings' Sustainability Briefing for Fiscal Year Ended in March 2022

Sustainability aimed by the Isetan Mitsukoshi Group

Dec 3, 2021

1. Movie「Sustainability aimed by the Isetan Mitsukoshi Group」

2. Sustainability Initiatives of the Isetan Mitsukoshi Group

Toshiyuki Hosoya

Director, President and CEO

3. Key Initiatives and Medium- to Long-Term Goals in Promoting Sustainability

Shigeru Nishiyama

Managing Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Administrative Officer

4. Initiative in department store“think good”

Yumi Toritani

Store Planning Division, MD Administration Department, Isetan Mitsukoshi Ltd.

5. Current status of Company's governance and outlook

Michiko Kuboyama,

External Director, Chair of Board of Directors, Isetan Mitsukoshi Holdings

6. Q&A

Sustainability Initiatives of the Isetan Mitsukoshi Group

Toshiyuki Hosoya
Director, President and CEO

Management prioritizing sustainability

Disclosing current status of sustainability

initiatives, goals, and roadmap

in dialogue with stakeholders

–November 30 publication–

Isetan Mitsukoshi Holdings' Sustainability Report 2021

2021

Current initiatives are systematically organized for presentation in report



→ 2024 →

Roadmap linked to Medium-Term Management Plan

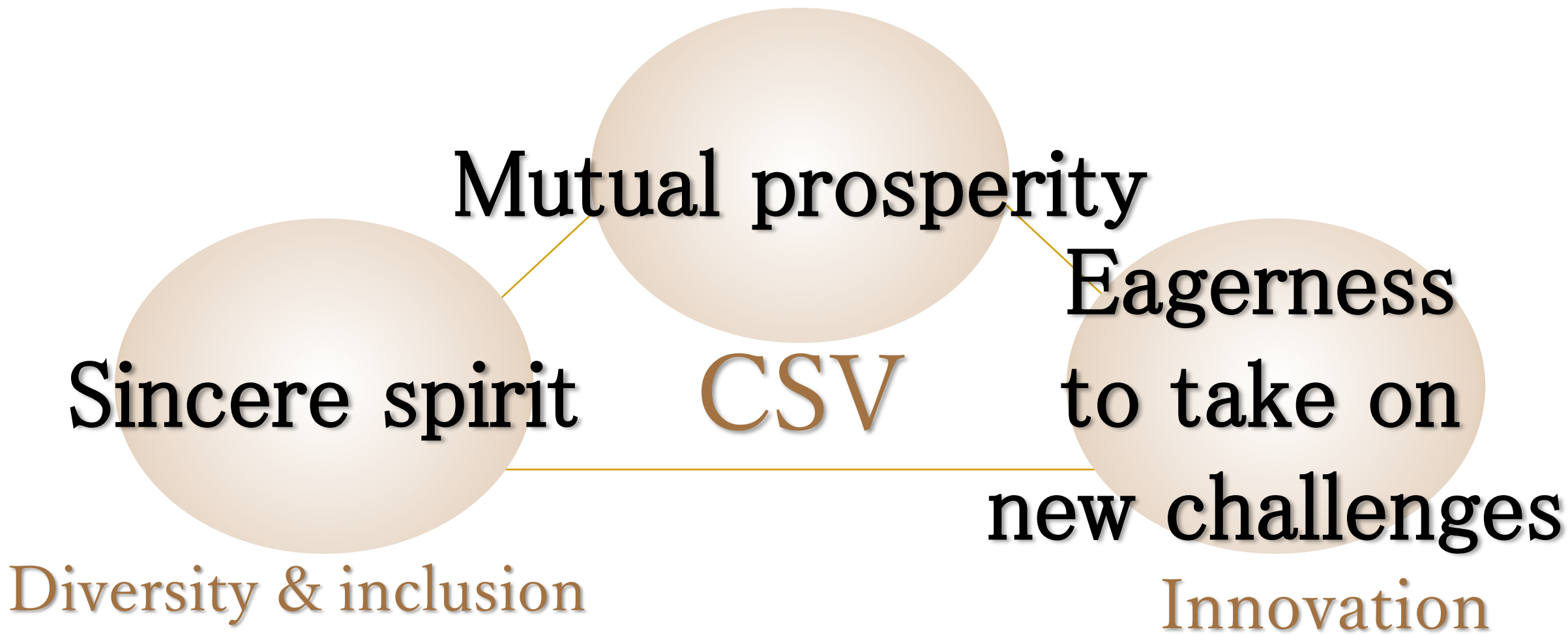
2024 goals set

2030

Image of medium- and long-term

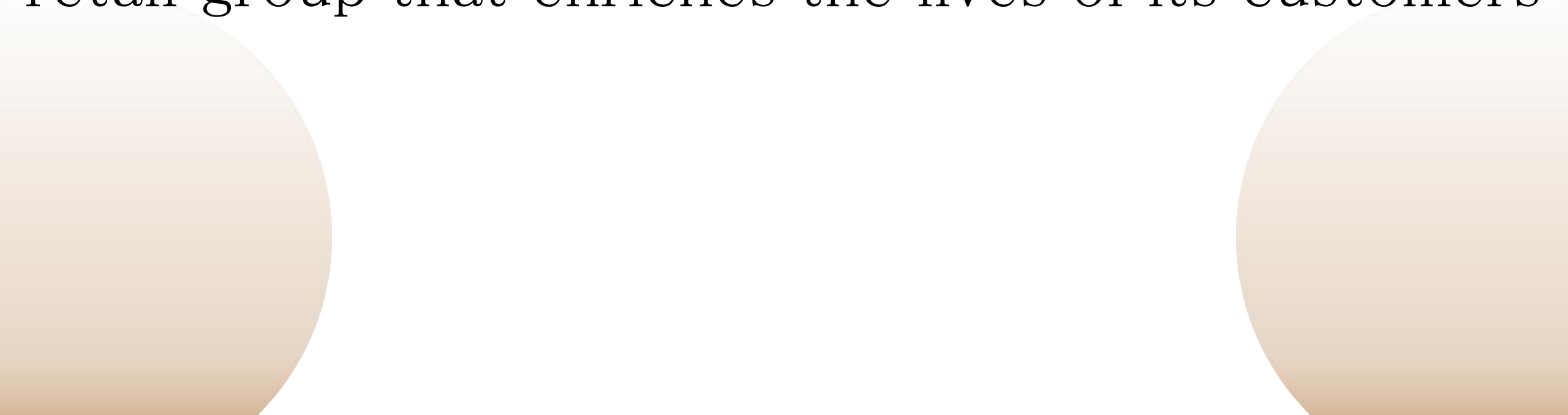
2030 goals raised

Sustainable spirit rooted in history

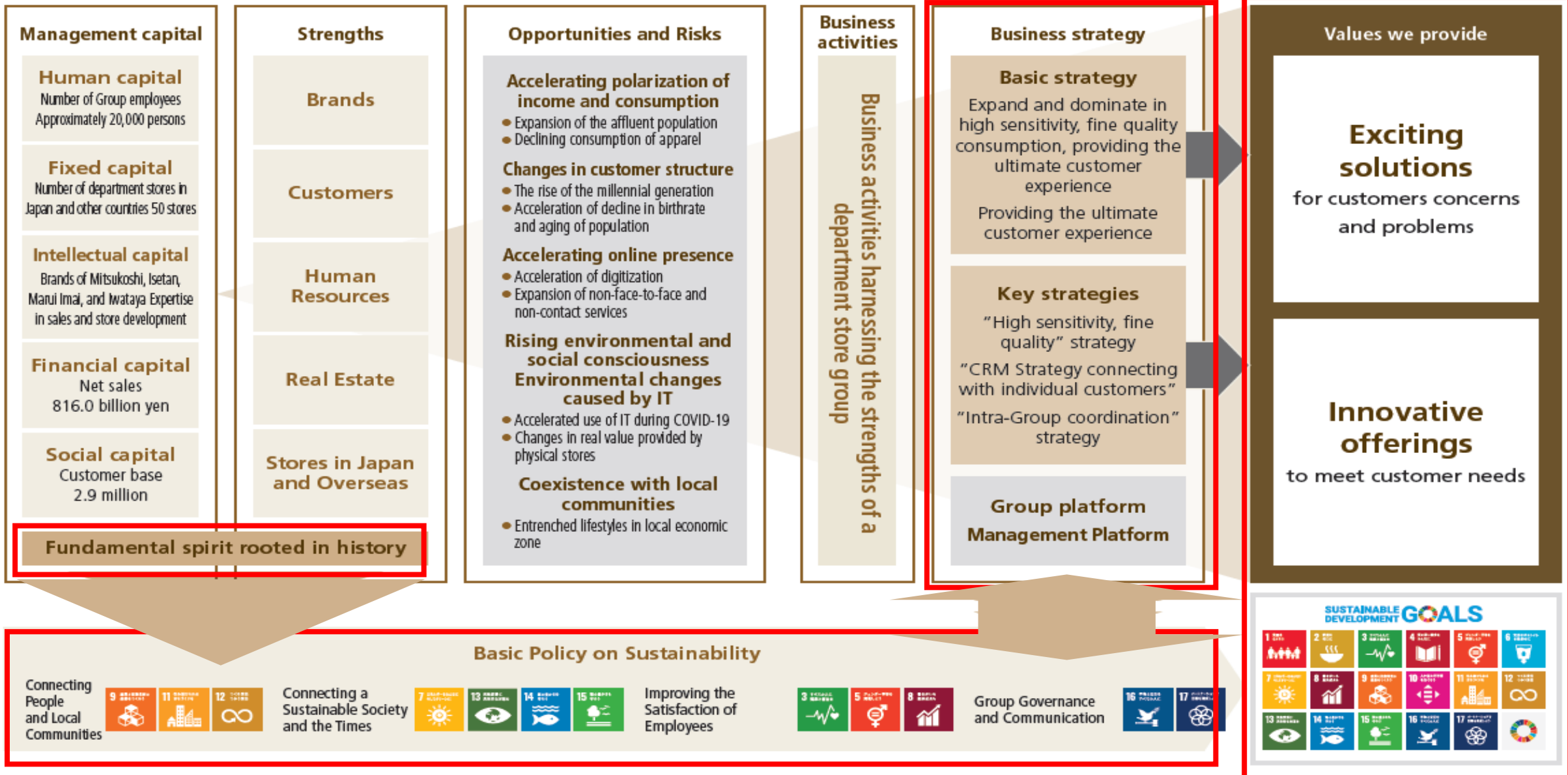


Long-term vision

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



Value-creation process



Key Sustainability Initiatives

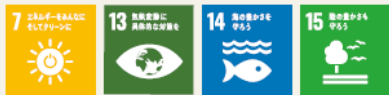
(1) Connecting people and local communities

Customers, business partners and local communities



(2) Connecting a sustainable society and the times

Customers, business partners, employees, and local communities



(3) Improving the satisfaction of employees

Customers and employees



Medium-term Management plan

“High sensitivity, fine quality” strategy / Digital transformation “

- Build base networks
- Digitize customer interaction

CRE and business model reforms / Income and expenditure structural reform

- Urban development as a core base
- Development aimed at raising the value of our nationwide real estate holdings
- Redesign of department store business structure

Human resources

- HR skills to carry out intra-Group coordination strategy
- More dynamic communication

Department store initiatives



Sustainability activities through main operations

Each employee plans and implements on their own as part of their daily work, based on customer feedback and ongoing dialogue with business partners

Key Initiatives and Medium- to Long-Term Goals in Promoting Sustainability

Shigeru Nishiyama

Managing Executive Officer,

Chief Financial Officer, Chief Risk Officer, Chief Administrative Officer

Basic Policy on Sustainability

We fulfill our corporate social responsibility by facing various social issues and helping to solve them through our corporate activities.

Through these contributions, we will play a role in achieving both a prosperous future for all stakeholders and a sustainable society.

Key initiative (1) Connecting people and local communities

In order to contribute to the realization of a more prosperous lifestyle for our customers, we are creating places in which people can experience the thoughts and feelings of others, and are also engaging in projects that link people to communities, such as introducing the cultures, traditions, and products of different regions. customers, business partners and local communities

Customers, business partners and local communities



Key initiative

Co-creation with local community

- Invigorating local communities
- Activities contributing to society

Revitalizing and carrying on cultures and traditions

- Contributing to cultural and traditional activities
- Support and education for next generation

Connections with people that create the future

- Provide new customer experiences

Key initiative (2) Connecting a sustainable society and the times

We are offering reassuring and safe products and services and pursuing initiatives that will lower the environmental load, such as decarbonization and resource conservation, to pass on a sustainable society to future generations.

Customers, business partners, employees, and local communities



Key initiative

Toward decarbonization

- Report on results of Medium-term Environmental Targets for 2020
- Medium- and long-term goals for the environment
- Information disclosure in line with TCFD recommendations
- Initiatives to reduce greenhouse gas emissions

Supply chain management

- Toward a cyclical society
- Responsible procurement
- Quality control initiatives

Key initiative (3) Improving the satisfaction of employees

We pursue a wide range of initiatives that motivate all employees and provide them with an employee-friendly environment, in the belief that employee satisfaction is the most important foundation for a company's sustainable growth.

Customers and employees



Key initiative

Communication

Pursuit of diversity & inclusion

- Promoting active participation of women
- Promoting active participation of people with disabilities
- Promoting active participation of seniors
- Initiatives respecting LGBTQ+
- Promoting active participation of foreigners and human resources outside of the Group
- Preventing human rights violations and harassment

Raising employee motivation

- Human resource development
- Employee awards and internal qualification programs
- Right people in the right position
- Career advancement
- Linking people inside and outside the Group
- Achieving work-life balance
- Reduction of total working hours
- Diverse workstyles
- Physical and mental health care

Group governance and communication
Promoting fair trade and business activities

Centered on communication with stakeholders, including customers, business partners, shareholders/investors, employees, and local communities, we are improving and enhancing our legal functions and systems such as general meetings of shareholders, the Board of Directors, and accounting auditors, to promote corporate governance reform in conjunction with management reform.



Key initiative (1) Connecting people and local communities

2024

We aim to utilize our store network and product procurement capabilities in Japan and overseas to propose new value while connecting people and local communities through products and services, and to carry Japanese technology and traditional culture in the next era.

2030

We also intend to work with local communities to realize urban community development centered around department stores that capitalizes on local charm and appeal.

Community revitalization through collaboration and co-creation with local communities

Social contribution activities
Charity contribution activities

Support for culture and arts development
Educating the next generation

New sales methods utilizing digital techniques

● **Rate of decrease in greenhouse gas emissions**
(compared with fiscal 2013)

**Targets of a 42% reduction in 2020
to 50% reduction in 2030**

***Government target: 46% reduction**

● **Ratio of renewable energy introduced**

Domestic department store business overall: 60%

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

Responsible procurement along the supply chain

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Establishment and Issuance of Isetan Mitsukoshi Group Procurement Policy

Prepared in line with the 2018 Isetan Mitsukoshi Group Standards of Corporate Ethical Behavior
Sent to business partners with whom we have direct transactions

Questionnaire given to business partners

A questionnaire on the following five items was given in July 2021.

Compliance, quality control, sustainability, the environment, and human rights

Targets: Business partners accounting for about 70% of sales for the department store business,
and key business partners for other businesses and support divisions

Briefing held for business partners

In November 2021, we explained our business strategy to business partners and asked them for their cooperation with responsible procurement.

PDCA for dialogue and resolutions

Continue collaboration with business partners to resolve issues for each matter

- Ratio of female managers
Target of 35% reduction in 2020
to 38% reduction in 2030
- Percentage of male employees
taking childcare leave: **100%**

Initiative in department store “think good”

Yumi Toritani
Store Planning Division, MD Administration Department,
Isetan Mitsukoshi Ltd.

“think good” approach

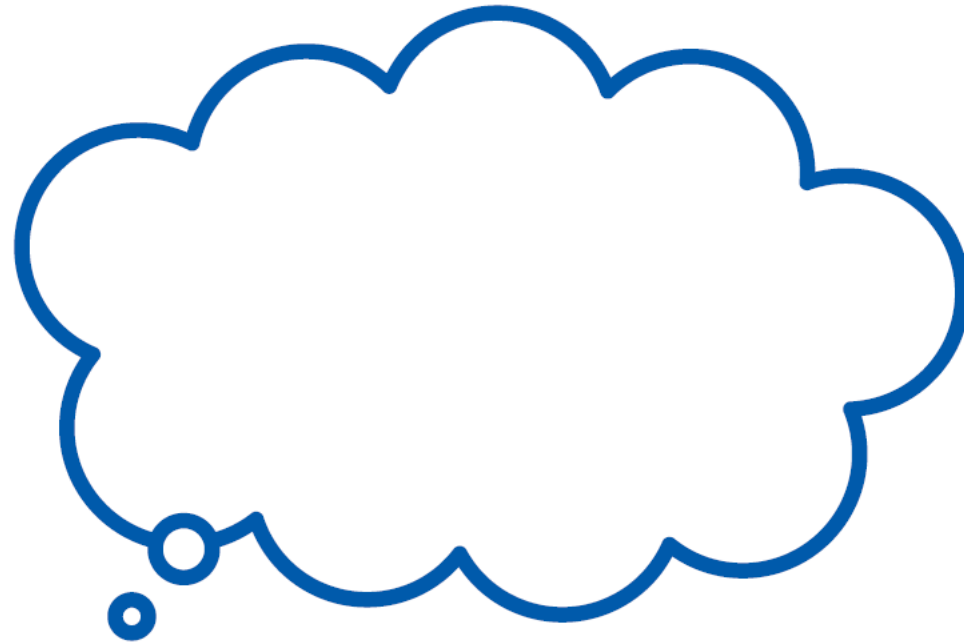
“think good” is a slogan for our sustainability activities through the main department store business. It carries our message, “Let’s start by seriously thinking using our imagination,” toward a bright and prosperous future.

- Bidirectional communication
- Increase customer options



What is the upcycling
that suits Isetan
Mitsukoshi?

think good



Connecting to the
next generation

think good

think good

Three pillars of “think good” “think good”

(1) (Sustainable) product lineup that is friendly to the people involved and society

Offer products, services, and communication that considers the environment, including the ecosystem, the people involved, and society

(2) Promotion of the 4Rs

Convey the value of using things carefully for a long time and letting them go in environment-friendly ways, particularly through the 4Rs (refuse, reduce, reuse, and recycle), and take action to reuse resources

(3) Dissemination of culture, technology, and sensibilities

Lead the passing down of culture that should be handed down to the next generation and the discovery and dissemination of new sensibilities through support of producers, producing regions, and culture

● **Ensure quality of plans by introducing a certification program utilizing check sheets**

STEP 1

Basic understanding of sustainability



STEP 2

What does it have a positive impact on?



STEP 3

Are there points of concern when implementing plans?

Status of initiatives

Three pillars	Matters promoted	Number of cumulative projects and examples of projects (as of October 2021)
Sustainable product lineup	<p>Offer products, services, and communication that consider the environment, including the ecosystem, the people involved, and society</p> <ul style="list-style-type: none"> Environmental conservation Biodiversity preservation Animal welfare Human rights and forced labor practices Traceability Transparency 	<p>Special products for mid-year gifts in 2021 that feature agricultural practices that nurture storks</p> <p>Shinju Quality honeybee project</p> <p>ISETAN Seed “Care for Me” (featuring people- and earth-friendly products)</p> <p>Isetan Urawa branch’s 12th Wine Festival</p>
Promotion of the 4Rs	<p>Convey the value of using things carefully for a long time and letting them go in environment-friendly ways, particularly through the 4Rs (refuse, reduce, reuse, and recycle), and take action to reuse resources</p> <ul style="list-style-type: none"> Mass production and mass consumption Waste problems Single-use plastics Food loss Climate change 	<p>Christmas eco gift wrapping</p> <p>i’ m green (purchase and pick-up service)</p> <p>LOOP (platform for food container reuse)</p> <p>KUROZOME REWEAR (redyeing of clothing)</p>
Dissemination of culture, technology, and sensibility	<p>Lead the passing down of culture that should be handed down to the next generation and the discovery and dissemination of new sensibilities by supporting producers, producing regions, and culture</p> <ul style="list-style-type: none"> Passing down culture and technology Identifying and cultivating sensibilities Regional revitalization, resource utilization Mutual complementarity and circulation of all resources Development of infrastructure (technology) for dissemination 	<p>Mago Nagasaka Exhibit</p> <p>HERALBONY pop-up shop</p> <p>Trial demonstration of mobile concierge shop</p> <p>MITSUKOSHI x Tokyo University of the Arts Summer Art Festival</p>

Introduction of Example of 4R Project “im green” ²²

- Create a non-throwaway society
- A new business model that does not depend on a role that ends once the product has been sold
- Putting customer feedback into action
- Repeat user rate of 30% or more

i'm green



1. Options available



Customers can use the service as it suits them, either by visiting the store, sending by mail, or other means.

2. While shopping



Drop by before shopping at Mitsukoshi or Isetan

3. Isetan Mitsukoshi stylists are available for consultation



Dedicated stylists will commend the optimal method

Reuse

4. Some apparel can be recycled as resources



Clothing is recycling through the JEPLAN, INC. supply chain.

The number of projects is increasing, and gradually the “**think good**” approach is spreading throughout the company. Interest is particularly high among the young Z generation, with a rise in enthusiastic views.

I'd like to make progress in creating gender-free shops.

What's Sustainable Life?

think good

I'd like to be involved in projects on water issues in which we collaborate with the customer.

百貨店だから
できることを
お客さまと
未来について
語り合いたい

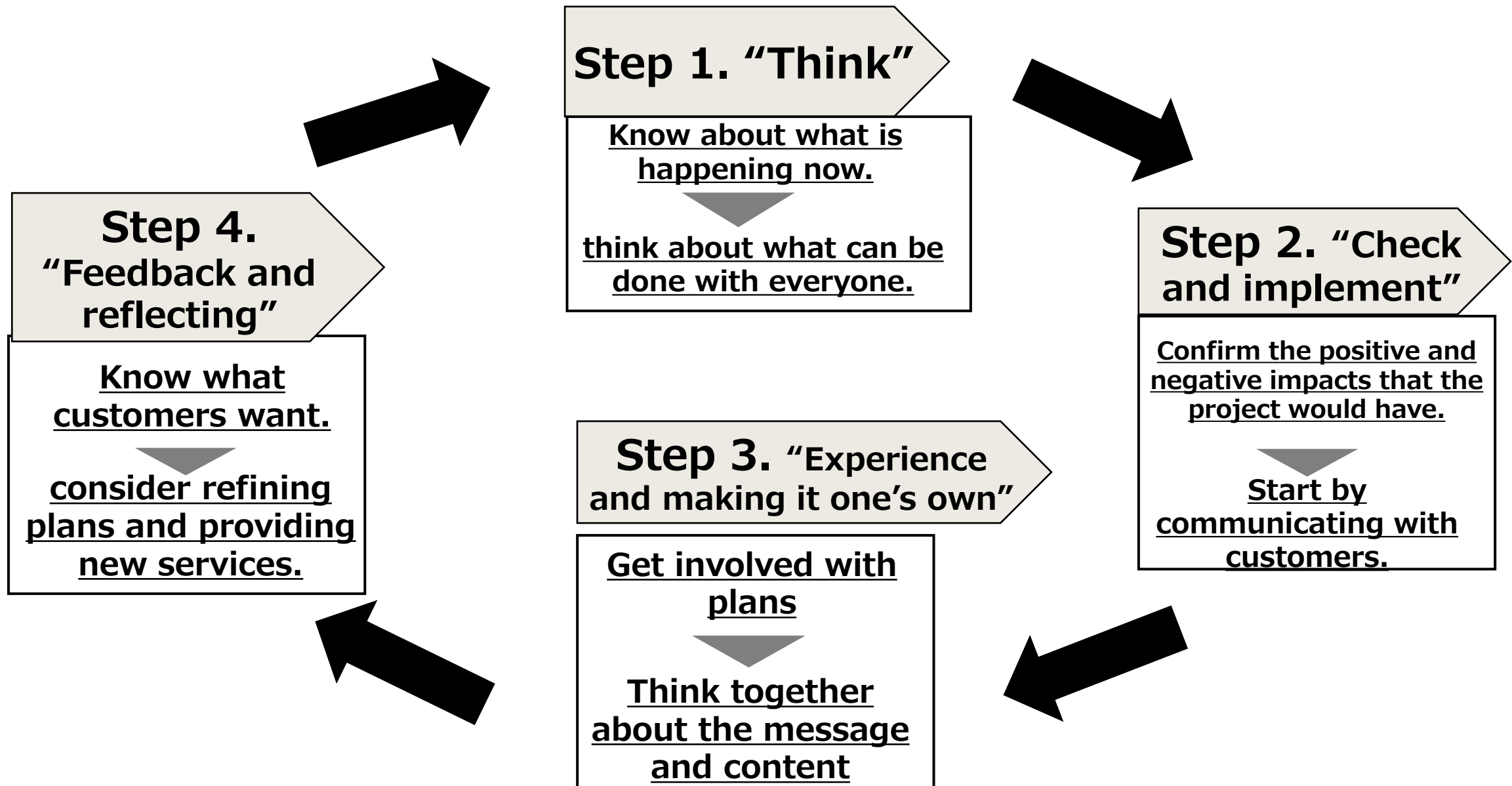
三越伊勢丹
の考える
サステナブル

人や社会
そして地球に
より良いコト
より良いモノ
って何だろう

I'd like to do something myself to create a sustainable society.

I'd like to increase opportunities for people to take simple actions to reduce plastic use.

Process of drafting “think good” projects



Under the slogan “**think good**”

each employee faces social issues and plans and implements projects with business partners. By listening to feedback from customers, they add to our plans, and by continuing the cycle, we aim to create a sustainable society together with everyone.

We upcycled about 20 tons of Levi's® R 501® used stock!

“Denim de Mirai: Denim Project”

Six retail companies collaborated and about 50 brands and creators in Japan and overseas participated



Current status of Company's governance and outlook

Michiko Kuboyama,
External Director, Chair of Board of
Directors, Isetan Mitsukoshi Holdings

- **Changes after transition to a company with a nominating committee, etc.**
- **Role as Chairperson of Board of Directors**
- **Expectations for execution**