

Message from the Officer in Charge of Infrastructure Strategy



We believe the increasing awareness of environmental issues represents a significant business opportunity for the Company, and that this in turn allows us to generate social value for achieving carbon neutrality in the home, leading to improved corporate value.

横山 晃一

Koichi Yokoyama

Director and Managing Executive Officer
in Charge of Infrastructure Strategy

Environmental Initiatives and Their Significance

The Group established the Environmental Principles in 1998. Since acquiring ISO 14001 certification for our head office building in 2000, we have been reducing our environmental load in business and improving our environmental performance, as core corporate actions, by establishing and operating an environment management system.

Recently, environmental issues such as climate change, resource depletion, and the loss of biodiversity have become increasingly important, highlighting the importance and urgency for addressing these challenges. In response to these new trends, we revised our Environmental Principles and Basic Environmental Policy in 2021 and established the Environmental Action Guidelines and the Joshin Green Smile Challenge 2050.

Addressing climate change is an important initiative for the Group. Climate change aligns closely with one of our seven material issues: “contributing to the creation of an enriching society that is in harmony with the global environment.”

The climate change initiatives (individual strategies) set out in our JT-2025 Management Plan are an action plan for achieving our ideal state in 2030: “a company that supports the growth of local communities and contributes to the future of people and the environment.” These initiatives are also consistent with our roadmap for combatting climate change that we announced last year.

Next, the Group has been tackling environmental issues, particularly climate change, and we believe that these environmental initiatives will distinguish us from others in our industry, and we even aim to be recognized as a leader in the retail industry across other industries.

What is the significance of tackling climate change at a high economic and human cost?

Tackling climate change leads to an improved social

reputation of the Company among all stakeholders, including investors and financial institutions. For example, we have been selected for the FTSE Blossom Japan Index, designed for Japanese companies with high ESG (environmental, social, and governance) ratings, adopted by Government Pension Investment Fund (GPIF), which manages one of the world’s largest funds. Moreover, being selected as a constituent of both the FTSE Blossom Japan Sector Relative Index and the S&P/JPX Carbon Efficient Index enhances our appeal as a target for ESG investment, offers significant advantages for fundraising, and enables us to strengthen collaborations with local governments and participate in other initiatives by gaining a positive reputation and trust. Up until now, we have entered into a comprehensive cooperation agreement with Osaka Prefecture, primarily focused on environmental concerns. In the previous fiscal year, we joined a Decarbonization Point System Promotion Platform at the request of Osaka Prefecture.

Further, improvements in our corporate image and strengthening the brand are expected to lead to an increase in the Group’s fan base, which in turn could result in increased recognition and boost sales through purchase incentives. This approach aligns with the sales strategy set out in our medium-term management plan.

Being sensitive to the environment, as well as addressing social concerns and governance, helps us attract talented employees who appreciate and share our concerns. Internally, we believe that we can gain empathy and trust from our employees, leading to improved motivation.

With an eye on the medium to long term, our actions for mitigating climate change will likely become the norm for businesses in the near future, underscoring the significance of being proactive (ahead of others) on this issue.

Striving to achieve carbon neutrality at our business sites

The Group is a retailer that primarily sells home appliances, and most of our GHG (greenhouse gas) emissions come from using

electricity in our stores.

For this reason, we have prioritized converting the sources of

power used at business sites to renewable energy (conversion to renewable energy), and have steadily implemented this over the past two years.

As of the end of March 2023, at our business sites where the Company contracts directly with power suppliers, 97.4% have completed the conversion to renewable energy, with only four business sites remaining. The ratio of conversion to renewable energy at all of our business sites, including tenants, is 59.4%, and to achieve our goal of 100% renewable energy before 2040, the target year, we will start full-scale negotiations with lessors for introducing renewable energy.

We have been installing photovoltaic systems (solar panels) at all business sites where installing them is possible, with the aim of improving the Company's energy self-sufficiency through off-grid power generation and consumption.

As of the end of March 2023, installations were completed at 60 business sites, and we expect to finish at all remaining business sites within the current fiscal year.

From the next fiscal year onward, since there will be no space left to install solar panels at our business sites, we are planning to introduce corporate power purchase agreement (PPAs) where panels are installed off-site.

○ Achieving Carbon Neutrality in the Home through Our Business

For carbon neutrality, people tend to focus on national policies and corporate actions, but reducing GHG emissions cannot be achieved without changes in personal behavior.

As individual values are gradually changing toward using electricity from renewable energy sources and switching to electric vehicles, the growing public interest and heightened awareness of the environment are seen by the Group as significant business opportunities. So, through our environmental initiatives we will create the social value of "achieving carbon neutrality in the home," which we believe will in turn enhance our corporate value.

The Group has always been dedicated to selling environmentally friendly products, and we will further strengthen this commitment to promote products with high levels of performance for generating, storing, and saving energy.

In light of the Japanese government's initiative to realize carbon neutrality by 2050, automobile manufacturers' plans to increase the ratio of electric vehicles (EVs) and lightweight EVs

have been successful, and with the increasing focus on the spread of EVs and related businesses, the demand for EV charging is definitely expected to grow.

The Group has already been handling the construction of EV chargers, and we officially began handling V2H (vehicle to home) systems from this fiscal year.

We believe that introducing these initiatives now will create opportunities to participate in new EV and environmental businesses.

Further, in addition to pursuing the 3Rs (reduce, reuse, and recycle), we will also encourage a new, circular economy to create a recycling-based society, which we believe leads to "achieving carbon neutrality in the home" through our business and in turn contributes to Japan's carbon neutrality. We will go after sales with each goal in mind.

○ Participation in Other Initiatives As Well As External Initiatives

The Group achieved a "B" score in fiscal 2022, up two ranks from the "C" score in fiscal 2021, in our response to the CDP Climate Change Program, which evaluates and discloses information on the environmental initiatives of companies at the global level. The average (overall) score for Asian companies in fiscal 2022 was a "C."

The CDP "B/B-" rating was attained by evaluating management and recognizes our ability to act collaboratively in response to climate change challenges and to take concrete measures to reduce GHG emissions.

As part of our work to reduce GHG emissions, with the aim of obtaining SBT certification, we declared support for the Science Based Targets initiative (SBTi)—an international initiative jointly operated by four organizations: CDP, United Nations Global Compact, WRI (World Resources Institute), and WWF (World Wildlife Fund)—as well as our intention to formulate Science Based Targets (SBT), GHG-reduction targets based on scientific evidence. We applied to the SBT Secretariat for this reason in March 2023.

SBTs set by individual companies are certified if they meet the SBTi's standard.

The Group sees following the SBT guidelines as a path to realizing carbon neutrality by 2050, and we will promote more Company-wide initiatives as well as disclose information.

For participation in and initiatives for international and external initiatives, in addition to CDP and SBT, we have endorsed the TCFD recommendations and disclosed information and joined the Japan Climate Initiative (JCI). As well, this spring we completed the formal procedures to participate in the GX (green transformation) League that was established based on the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry.

We believe that our participation in initiatives that demonstrate a proactive approach to combatting climate change to all stakeholders are highly effective for improving corporate trust, our corporate image, and branding that in turn improve corporate value.

We also expect that our actions will create opportunities to be featured in the media and for us to establish contacts across other industries, leading to potential new businesses.

The Environment

Environmental Policy

Joshin Group Environmental Principles

The Joshin Group recognizes that conservation of the global environment based on the spirit of our Corporate Credo of "Thoughtfulness" is of extreme importance for people and all other life on earth. We intend to work hard as a responsible corporation with the social mission of creating an environment where people can live in peace, comfort, and good health, while also considering biodiversity.

Revised December 21, 2021

Joshin Group Basic Environmental Policy (excerpt)

Based on our management philosophy of "Connecting people and society to the future with a smile," the Joshin Group conducts all business activities while focused on making prosperous living proposals that anticipate lifestyle changes, and on providing safe and secure products and services. Through these activities, we will contribute to a prosperous society in harmony with the global environment.

- | | |
|------------------------------------|--|
| 1. Management system | 5. Disclosure of environmental information |
| 2. Ensuring compliance | 6. Conservation of biodiversity and ecosystems |
| 3. Engagement with stakeholders | |
| 4. Raising environmental awareness | |

Joshin Group Environmental Action Guidelines (excerpt)

1. Initiatives to counteract climate change

Climate change is one of the most important issues facing humanity, and we intend to realize a carbon-neutral society as a countermeasure to climate change.

2. Initiatives to create a recycling-based society through the effective use of resources

We intend to realize a sustainable, recycling-based society by efficiently using limited resources, minimizing waste, and through recycling.

Enacted December 21, 2021

Joshin Green Smile Challenge 2050 (excerpt)

The Joshin Group aims to achieve sustainable growth by "contributing to a prosperous society in harmony with the global environment," and has set the following targets for environmental issues, to be achieved by 2050.

- Raise the percentage of renewable energy sources to 100% (at all business sites, including those that are rented out) by 2040
- Raise the percentage of off-grid power to 50% at business sites where the Company contracts directly with power suppliers by promoting off-grid power generation and consumption
- Cut 100% of GHG emissions in all categories of Scope 3
- Rank as the top company in the *CDP Climate Change Report* by 2035
- Establish the business model of a circular economy, through value co-creation with business partners

* Please refer to our website for details. <https://www.joshin.co.jp/ja/csr/environment/policy.html> (in Japanese)

Environmental Management System

Organization for fiscal 2023 environmental management system (EMS)



Material Issues

In September 2021, the Group identified seven material issues (materiality) to be prioritized in for “connecting people and society to the future with a smile.” Among these issues, we have determined the required initiatives and indicators and are

working on “contributing to a prosperous society in harmony with the global environment” to achieve a sustainable society.

Here we report on the progress of our work in this area up to fiscal 2022.

Developing a resource-recycling society

One of the solutions to environmental challenges is the transition to a circular economy, or considering discarded products and raw materials as new resources and circulating them as demanded by stakeholders. We will help to build a circular economy by

establishing a business model through initiatives such as product buybacks and resale systems, while promoting the reuse of packaging materials.

Action Plans	2030 Target	2050 Target	Achievements and evaluations up to FY 2022
<ul style="list-style-type: none"> Rebuild the recycling system that includes reuse and resale Further increase recycling areas for EC 	<ul style="list-style-type: none"> Initiatives to move toward a circular economy Recycling rate of 65% for the four target product classes of home appliances 	<ul style="list-style-type: none"> Establish the business model of a circular economy through an alliance 	<p>FY 2022 Results</p> <ul style="list-style-type: none"> Reuse results: 45,491 (100.6% compared with the previous year) Recycling rate of 62.6% for the four target product classes of home appliances <p>Evaluate</p> <ul style="list-style-type: none"> Though results for reuse are solid, consider expanded scale Further improve the recycling rate for the four target product classes to stop illegal dumping
<ul style="list-style-type: none"> Further cut the use of plastics by no longer offering disposable shopping bags and taking other related actions 	<ul style="list-style-type: none"> Cut 90% of the plastics for shopping bags (compared with FY 2019) by 2025 Discontinue using plastic shopping bags 		<p>FY 2022 Results</p> <ul style="list-style-type: none"> Cut 86% of the plastics used for shopping bags (compared with FY 2019) <p>Evaluate</p> <ul style="list-style-type: none"> Aim to achieve zero plastic use in the future through actions such as introducing paper bags Cost increases due to the introduction of paper bags: approximately 200 million yen by 2030

Addressing climate change issues

As a good corporate citizen, we see our initiatives for reducing GHG emissions from business activities as having a significant impact on global warming, as well as one of the social responsibilities of the Company, and we will make every effort

to meet the expectations of our stakeholders by using all of the strengths of the Group. To achieve our environmental goals, we formulated the Environmental Policy and Environmental Action Guidelines.

Action Plans	2030 Target	2050 Target	Achievements and evaluations up to FY 2022
<ul style="list-style-type: none"> Increase the percentages of renewable energy sources and off-grid power generated by solar power at business sites where the Company contracts directly with power suppliers Conduct negotiations to increase the percentage of renewable energy sources used by tenants and other leased properties 	<ul style="list-style-type: none"> Raise the percentage of renewable energy sources used at business sites where the Company contracts directly with power suppliers to 100% by 2023 To encourage using off-grid power, raise the percentage of off-grid power to 25% at business sites where the Company contracts directly with power suppliers 	<ul style="list-style-type: none"> Raise the percentage of renewable energy sources to 100% (at all business sites, including those that are leased) by 2040 Raise the percentage of off-grid power to 50% at business sites where the Company contracts directly with power suppliers to promote off-grid power generation 	<p>Results up to FY 2022</p> <ul style="list-style-type: none"> Raise the percentage of renewable energy sources used at business sites where the Company contracts directly with power suppliers to 97.4% 8.2% off-grid power ratio at business sites where the Company contracts directly with power suppliers <p>Evaluate</p> <ul style="list-style-type: none"> Raise the percentage of renewable energy sources for business sites that are rented out (leased) →Started from FY 2023 Promote the introduction of off-site power purchase agreements (PPAs) and further increase the off-grid power percentage
<ul style="list-style-type: none"> Manage greenhouse gas (GHG) emissions across the supply chain, set reduction targets, and take actions for reduction by identifying figures for key items in Scope 3 	<ul style="list-style-type: none"> Achieve 42% reduction in GHG emissions in Scopes 1 and 2 Achieve 25% reduction in GHG emissions in category 1 and 11 in Scope 3 	<ul style="list-style-type: none"> Achieve 100% reduction in GHG emissions in Scopes 1 and 2 by 2040 Cut 100% of GHG emissions in all categories in Scope 3 	<p>FY 2022 Results</p> <ul style="list-style-type: none"> Cut 17.7% in Scopes 1 and 2, compared with FY 2021 Cut 6.6% in Scope 3 (Categories 1 and 11), compared with FY 2021 <p>Evaluate</p> <ul style="list-style-type: none"> Steady reductions in Scopes 1 and 2 due to the promotion of renewable energy at business sites Promote cooperation with stakeholders for Scope 3 reductions
<ul style="list-style-type: none"> Disclose information to follow the TCFD recommendations, advocate international initiatives to tackle climate change, and disclose information related to our initiatives 	<ul style="list-style-type: none"> Advocate for TNFD (Taskforce on Nature-related Financial Disclosures) and develop framework for information disclosure by 2025 	<ul style="list-style-type: none"> Become the top company in the CDP Climate Change Program by 2035 	<p>FY 2022 Results</p> <ul style="list-style-type: none"> Acquired a “B” rank in the CDP Climate Change Program Set GHG emission reduction targets and completed SBT application <p>Evaluate</p> <ul style="list-style-type: none"> Participated in international initiatives as planned Going forward, we aim to transform the business model through such initiatives as the GX League.

Climate Change (TCFD)

The Group will disclose a transition plan in line with business plans from this year, in addition to the disclosure on the impact and resilience of climate change within the TCFD framework, which is same as last year. The transition plan is one of the

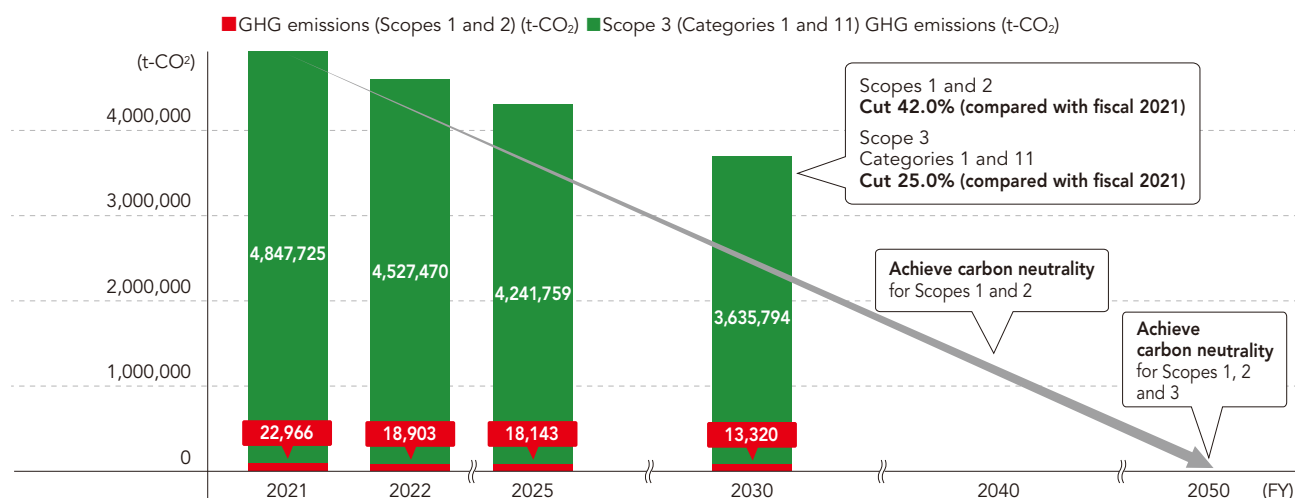
business factors, including reduced GHG emissions, that represents a series of targets and actions supporting the transition to a low-carbon economy. We intend to improve the accuracy of quantitative reduction targets for emissions and investments.

TCFD requirements		Description of the transition plan		
Governance		We discuss general environmental actions, including the transition plan, in the Climate Change Project, and hold discussions and submit regular reports at Sustainability Committee meetings. This committee manages the progress of high-priority financial and nonfinancial issues, then informs the Board of Executive Officers and the Board of Directors.		
Strategy (1.5°C scenario)	Risks	Transition risk	<p>Major classification</p> <p>Minor classification: Policies and legal regulations</p> <ul style="list-style-type: none"> A major impact from carbon pricing is expected for the plan that will be introduced in Japan 	<p>Overview</p> <ul style="list-style-type: none"> Achieve 100% renewable energy conversion for business sites where the Company contracts directly with power suppliers through external purchasing and off-grid power generation, including solar power (through PPAs) by fiscal 2023 and renewable energy conversion for rented (leased) properties by fiscal 2040 Promote energy conservation at business sites Raise the percentage of off-grid power to 25% by fiscal 2030 and 50% by fiscal 2050 at business sites where the Company contracts directly with power suppliers Consider the introduction of electric vehicles and setting goals for the electrification of company cars in fiscal 2023
			<p>Minor classification: Markets</p> <ul style="list-style-type: none"> Increased electricity demand will cause electricity prices to go up, in turn raising energy costs for every business site Fossil fuel prices will likely soar. Fuel costs for logistics and delivery will also go up 	
			<p>Minor classification: Reputation</p> <ul style="list-style-type: none"> If we fall behind other companies in initiatives for environmentally friendly products, this will lead to a decrease in net sales, due to fewer customers visiting stores and other factors 	
		<p>Minor classification: Resource efficiency</p> <ul style="list-style-type: none"> If we are reluctant to respond to climate change we will be viewed as a bottleneck in the spread of environmentally friendly products, which will cause our stock prices to fall and sales to drop. 	<p>Transition plan</p> <ul style="list-style-type: none"> Aim to increase the sales percentage of existing environmentally friendly products as well as incorporate household solar power generation and storage batteries into this sales percentage by commercializing these products Install EV charging systems 100% installation planned in stores where installation is possible by fiscal 2024 	
	Opportunities	Energy sources	<ul style="list-style-type: none"> Contribute to cutting energy costs and reducing Scope 3 emissions by improving transportation efficiency by introducing EVs and collaborations within the supply chain 	<ul style="list-style-type: none"> Gradual electrification of delivery and construction vehicles, as well as the internal mail and parcel service Complete the introduction by 2040 (reach carbon neutrality for Scopes 1 and 2) Achieve efficient delivery operations in collaboration with suppliers through the mutual use of delivery networks Establish a logistics system to make energy consumption more efficient
		Products Services	<ul style="list-style-type: none"> Increase net sales by entering the growing renewable energy market 	<ul style="list-style-type: none"> Raise awareness of the introduction of renewable energy to business sites that are rented out (leased), and aim for Scopes 1 and 2 carbon neutrality at all business sites by 2040 Introduce storage batteries at 60 business sites by fiscal 2040 to promote off-grid power consumption (installation cost is approximately 200 million yen) Propose renewable energy sources for general consumers and small businesses
		Markets	<ul style="list-style-type: none"> Due to growing awareness of climate change, sales of environmentally friendly products and services will increase 	<ul style="list-style-type: none"> Aim to increase the sales percentage of existing environmentally friendly products as well as incorporate household solar power generation and storage batteries into this sales percentage by commercializing these products Propose renewable energy sources for general consumers and small businesses Strengthen marketing of EV charging facilities and V2H systems for consumers and small businesses; aim for V2H sales of 400 million yen in fiscal 2030
		Markets	<ul style="list-style-type: none"> Increase net sales by investing in startups working on climate change, forming alliances with other companies, and providing products and services related to environmentally friendly living. 	<ul style="list-style-type: none"> Increase the number of items purchased through alliances with other companies to establish a circular economy business model→ Leads to the growth of the reuse business segment Consider entry into the mobility business centered on EV-related products and services for future market growth
	Risk Management	In our Company-wide risk management system for responding to climate change, including the transition plan, we established the Risk Management Committee and Sustainability Committee to identify, assess, and manage risks for the entire Group, as well as evaluate and implement countermeasures for mitigating the impact on business. Further, we established an environmental management system for departments at our Head Office based on ISO 14001 certification.		
	Metrics and Targets	For addressing climate issues, we have set indicators, such as GHG emissions, the introduction of renewable energy, and the percentage of off-grid power from solar power and storage batteries. We have set the highest rank in CDP scoring as a medium- to long-term goal, with SBT certification and resolving material issues (materiality) as short-term goals. As well, we will monitor these indicators, while managing the progress of strategies and risks.		

Please see our website for scenario analyses based on TCFD recommendations for the 1.5 to 2°C and 4°C higher surface temperatures (than preindustrial levels) that we established last year.
https://www.joshin.co.jp/ja/csr/environment/climate_change.html (in Japanese)

Road Map for Major Action Plans Related to Environmental Issues

Changes in the decarbonization transition plan



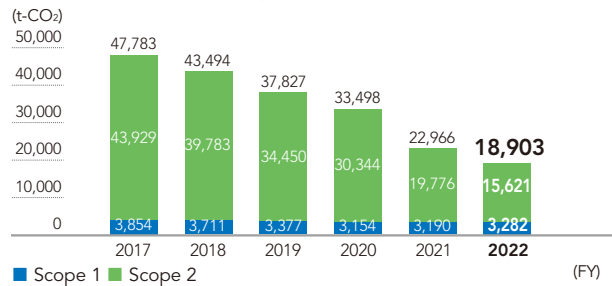
Goals and measures	By 2025	By 2030	By 2050
Early realization of 100% renewable energy power sources at all business sites	Raise the percentage of renewable energy sources used at business sites where the Company contracts directly with power suppliers to 100% 2023 ▼ Main initiatives • Raise the percentage of renewable energy sources used at business sites where the Company contracts directly with power suppliers to 100% 2023	Conduct negotiations to increase the percentage of renewable energy sources used by tenants and other leased properties • Reduce Scope 1 and 2 GHG emissions in by 42.0% by fiscal 2030 compared with fiscal 2021 by promoting the introduction of renewable energy	Raise the percentage of renewable energy sources to 100% at all business sites 2040 • Achieve net zero GHG emissions for Scopes 1 and 2 2040
Initiatives to increase the off-grid power percentage at business sites where the Company contracts directly with power suppliers	Raise the percentage of off-grid power to 25% at business sites where the Company contracts directly with power suppliers by introducing photovoltaic systems to improve energy self-sufficiency ▼ Main initiatives • Complete the installation of photovoltaic systems at all possible sites, then aim to increase the off-grid power percentage by introducing off-site PPAs (power purchase agreements) 2023 • Introduce storage batteries at 60 business sites by fiscal 2040 to promote off-grid power consumption (installation cost is approximately 200 million yen)	Raise the percentage of off-grid power to 50% at business sites where the Company contracts directly with power suppliers	Raise the percentage of off-grid power to 50% at business sites where the Company contracts directly with power suppliers • Raise the percentage of off-grid power to 50% at business sites where the Company contracts directly with power suppliers by introducing off-site PPAs in addition to introducing solar power and storage batteries
Manage and reduce GHG emissions throughout our supply chain	Set numerical targets for GHG emission reductions for major Scope 3 categories 2023 ▼ Main initiatives • Reduce emissions in Categories 1 and 11, which account for the largest proportion of emissions in Scope 3, by 25.0% compared with fiscal 2021 • Initiatives for collaborating on GHG emission reductions by implementing engagement and sustainable procurement	Implement GHG emission reduction programs for major Scope 3 categories in collaboration with suppliers	Achieve 100% reduction in GHG emissions in all Scope 3 categories • Collaboration with suppliers to achieve carbon neutrality in all Scope 3 categories
Disclose information to follow the TCFD recommendations, advocate international initiatives, and disclose information related to our initiatives	Endorsement of international initiatives on climate change and qualitative/quantitative scenario analysis based on certified TCFD recommendations ▼ Main initiatives • Aim to acquire an "A" rank in the CDP climate change program • Establish specific measures for emission reduction through engagement with suppliers in response to SBT-based reduction targets • Effectively evaluate risks and opportunities related to biodiversity, advocate for TNFD, and develop a framework for information disclosure	Continue the action plan initiatives based on SBT and other standards • Aim to acquire an "A" rank in the CDP climate change program • Implement reduction actions in collaboration with suppliers for SBT-based reduction targets on • Start intercompany carbon footprint initiatives as a participating company in the GX League	Ranked highest in CDP climate change program 2035 • Continue the action plan until 2030, and aim to become the top company in the CDP climate change program 2035

Initiatives to Reduce GHG Emissions

Among the seven material issues (materiality) of the Joshin Group, we have positioned “Contribute to a prosperous society in harmony with the global environment,” as one of the highest priority issues. In particular, to reduce GHG emissions, we have set the GHG emission reduction goals as the medium-term targets for GHG emissions by fiscal 2030: cut 42.0% in Scopes 1 and 2 compared with fiscal 2021, cut 25.0% in Scope 3 (Categories 1, 11) compared with fiscal 2021. We also applied for SBT certification in fiscal 2023.

These goals are in line with 1.5°C surface temperature target that was agreed in the Paris Agreement, the international framework for combatting climate change. The goal is to hold the rise in global average surface temperature to less than 1.5°C over preindustrial levels.

GHG emissions (Scopes 1 and 2)



Fiscal 2021 actual results were verified by Ernst & Young ShinNihon LLC.
Fiscal 2022 actual results were verified by Japan Audit and Certification Organization for Environment and Quality

We Have Received Third-party Assurances of Numeric Values

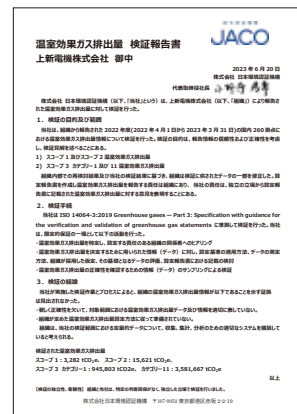
To improve trust from our stakeholders, the Group has received third-party assurances from Japan Audit and Certification Organization for Environment and Quality (JACO) for Scope 1, Scope 2, and Scope 3's categories 1 and 11, which account for the largest proportion of GHG emissions.

These amounts of target energy consumption account for 98.1% of the total emissions of the entire Group.

Through these efforts, we intend to further improve the reliability of sustainability reporting within the Group.

Information subject to assurance:
Energy consumption, GHG emissions (Scope 1 and 2 and Scope 3 Categories 1 and 11)

Range of assurance:
Japan
(Joshin Denki Co., Ltd. and subsidiaries in Japan; stores, logistics sites, etc.)



Identifying GHG Emissions in the Supply Chain

We identified all categories that correspond to indirect GHG emissions throughout the supply chain for the entire Group (Scope 3*) in fiscal 2022 as well.

* Scope 3: GHG emissions made indirectly by a company through its supply chain during manufacturing, distribution, delivery, business trips, commuting, etc.

Investigation results of major Scope 3 categories (FY 2022)

Scope 3 category	Overview of each category	Fiscal 2022 calculation results	
		GHG calculation results (t-CO ₂)	Ratio
1 Purchased products and services	Procuring raw materials, outsourcing packaging, purchasing consumable supplies	945,803	20.5%
2 Capital goods	Enlarging production facilities (if construction or manufacturing spans multiple years, we will record this in the final year when construction or manufacturing is completed)	31,371	0.7%
3 Fuel	Upstream processes of fuel procured (mining, refining, etc.) and electricity purchased (fuel mining, refining, etc. used for power generation)	2,579	0.1%
4 Transportation and delivery (upstream)	Procuring logistics, internal logistics, shipping logistics (Joshin Denki is the shipper)	29,323	0.6%
5 Waste generated from operations	Shipping and processing waste (excluding valuable items) outside Joshin Denki	12,374	0.3%
6 Business travel	Business travel for employees	112	0.0%
7 Employer commuting	Employee commuting	1,638	0.0%
8 Leased assets (upstream)	Not applicable because they are already calculated in Scopes 1 and 2	Not applicable	
9 Transportation and delivery (downstream)	Collected into Category 4 because the Group was responsible for the transportation payment and the shipper	Not applicable	
10 Processing of products sold	Not applicable because the Company does not process sold products	Not applicable	
11 Use of products sold	Use of the product by the end-user	3,581,667	77.6%
12 Disposal of products sold	Shipping and processing of waste products by the end-user	7,350	0.2%
13 Leased assets (downstream)	Running lease assets that the Company owns as a rental business operator and leases to other companies	3,555	0.1%
14 Franchises	Activities that correspond to Scopes 1 and 2 of franchises presided over by the Company	100	0.0%
15 Investments	Equity investments, fixed income investments, project finance, etc.	706	0.0%
Total		4,616,578	100.0%

Totals do not add up to 100% because figures are rounded off to the nearest whole number.

Initiatives for Decarbonization at Business Sites

Status of photovoltaic system installation

Implementing off-grid power generation and consumption through photovoltaic systems.

On-site PPA

- Install photovoltaic system equipment on roofs and unused land on Group sites
- Consume renewable energy off the grid
Supply method: direct
Installation location: have limitations on installation location (on site)

Off-site PPA

- Install photovoltaic system equipment off-site (remote locations)
- Generated renewable energy is transmitted to the Company's business sites through power transmission and distribution lines
Supply method: indirect
Installation location: do not have limitations on installation location (remote locations)

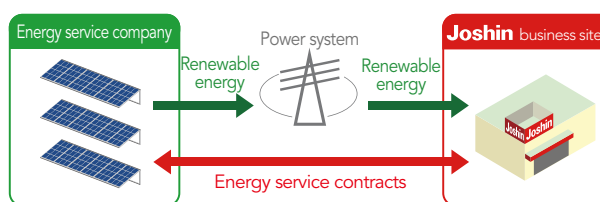
*Introduced at 60 business sites (fiscal 2022)



Ibaraki Store

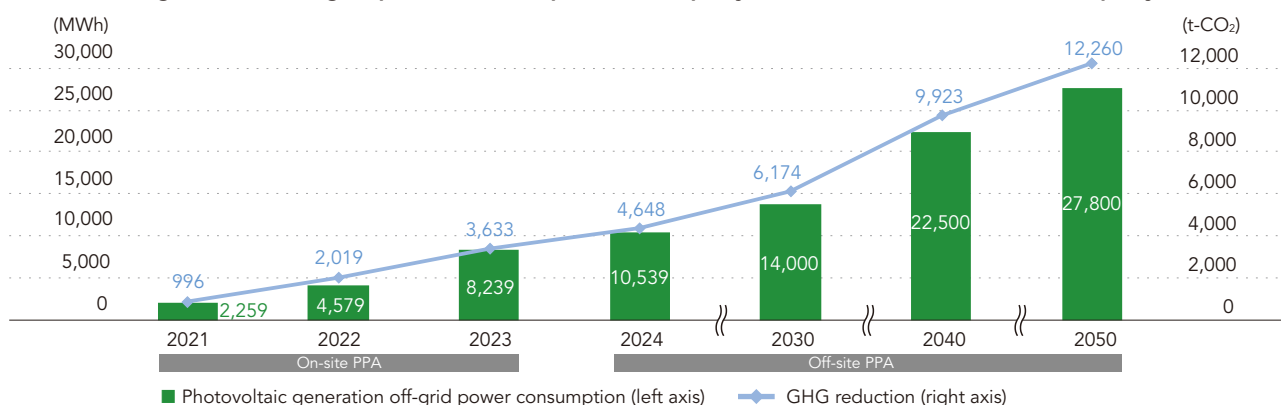


Hikone Store



Group's exclusive solar power plant

Photovoltaic generation off-grid power consumption MWh (per year) and GHG reduction t-CO₂ (per year)



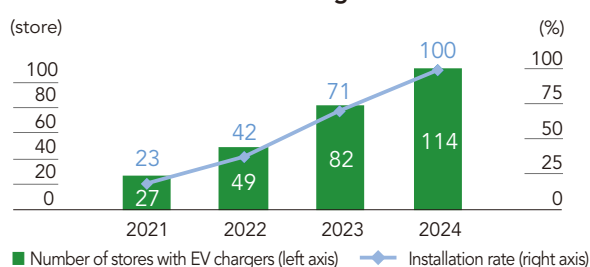
* Default value defined by the Ministry of Economy, Trade and Industry and the Ministry of the Environment Ordinance No. 3 is 0.441 Kg-CO₂/KWh (announced in May 2023).

Please see our website to learn more about how the Group is building stores for achieving carbon neutrality.
<https://www.joshin.co.jp/ja/csr/environment.html> (Japanese only)

EV installations

The popularization of electric vehicles (EV) is expected to accelerate and be increasingly promoted around the world. The Ministry of Economy, Trade, and Industry has set the framework in Green Growth Strategy through Achieving Carbon Neutrality in 2050. For passenger vehicles, it was decided to achieve 100% of new vehicles sold being EVs by 2035, and for commercial vehicles, the framework established aiming for 20% to 30% new vehicle sales being EVs by 2030, and for 100% of new vehicles sales being EVs and vehicles suitable for using decarbonized fuel by 2040, along with setting the target for the 2040 penetration rate of EVs by 2030. Building out the charging infrastructure will be a significant issue for the further popularization of EV. Against this backdrop, as a part of our initiatives for building stores that consider the global environment, we advocated the Osaka EV Action Program in March 2010. We started introducing EV charging stations at the Kishiwada Store and expanded this program to 49 stores in fiscal 2022. We intend to install chargers at 100% of our stores where installation is possible by fiscal 2024.

Number of stores with EV chargers and installation rate



Figures show the number of stores where it is possible to install EV chargers.



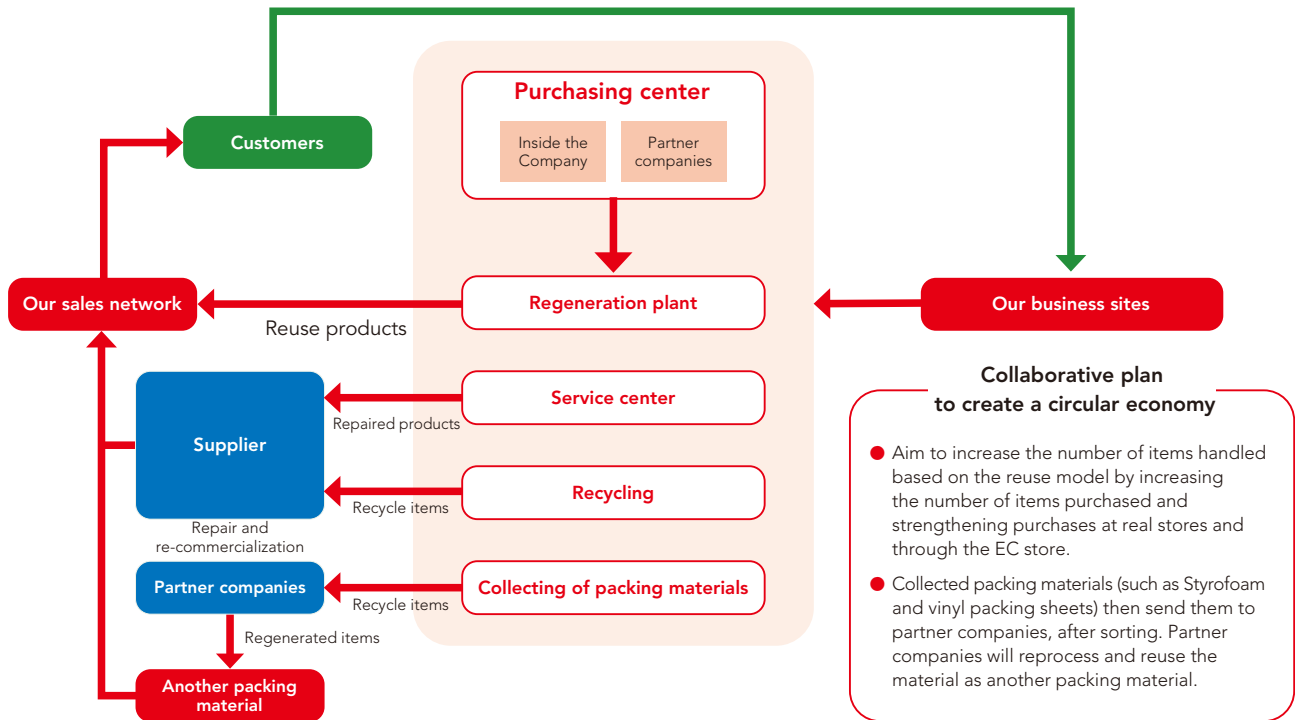
Sumiyoshi Store



Rokujizo Store

○ Strategic Concept for Circular Economy Initiatives and 2030 Action Plan

The Group's initiatives for creating a circular economy



🌐 Please see our website for information on the Group's initiatives for developing a resource recycling society.
<https://www.joshin.co.jp/ja/csr/environment/recycling.html> (in Japanese)

○ Roadmap for Major Action Plans related to Environmental Issues

Developing a resource-recycling society

Environmental sustainability in sustainability management, especially the creation of a recycling-oriented society along with climate change, is the key to our environmental initiatives. Moreover, in addition to the existing 3R (reduce, reuse, and recycle) initiatives, it is necessary to promote the circular economy from a new perspective and study how to transform it into a business model.

Measures	By 2025	By 2030
Rebuild the resource circulation cycles that includes reuse and resale	Target Promoting a circular economy within the Company Main initiatives <ul style="list-style-type: none"> ● Increase the number of items purchased through alliances with other companies→ Strengthen the reuse business segment, including resale initiatives ● Create a new business model where packaging materials can be collected, recycled as new packing materials, and shipped out 	
	Create a system that can support the increase of recycling areas along with the expansion of Joshin Web's delivery and working area	
Initiatives to reduce the use of shopping bags and packing materials made with plastic materials	Target Cut 90% of the plastics used for shopping bags (compared with FY 2019) Main initiatives <ul style="list-style-type: none"> ● Initiatives to improve the rate of refusal for plastic bags while introducing LIMEX material plastic bags (2023) ● Consider the introduction of paper bags as an alternative that does not use plastics (2023) 	Stop using shopping bags made with plastic materials Aim to achieve zero plastic use through measures such as introducing paper bags (Cost increase due to the introduction of paper bags: approximately 200 million yen by 2030)

○ Initiatives for Environmentally Friendly Products

The Group has been working on initiatives to sell environmentally friendly products from an early stage. In particular, since air conditioners and refrigerators are used frequently throughout the year, we recommend products that can reduce the burden on household budgets for electricity bills and make everyday living more comfortable.

For homes appliances adopting the uniform energy-saving label, we set a replacement cycle of approximately 12 years for refrigerators, air conditioners, TVs, and warm water washing toilet seats in 2010. For fiscal 2022, air conditioners and televisions targeted for 4 or 5 stars, while refrigerators and warm water washing toilet seats targeted for 3 to 5 stars. Based on this

pattern, we calculate the reduction in GHGs by replacements by calculating the average GHG emissions for fiscal 2010 at the same sales volume as fiscal 2022. This enabled us to visualize the difference in GHG emissions between old products and environmentally friendly products when they are replaced. For the current fiscal year, due to the change in the standard energy consumption efficiency (energy-saving standards) for air conditioners, which led to a decrease in target five-star products, we changed our sales composition target from the 40% to 35%.

Results in FY 2022 and targets for FY 2023 for sales of environmentally friendly products

Environmental conservation items	FY 2022		FY 2023	Department in charge
	Targets	Results	Targets	
Sales promotions for environmentally friendly products	Sales ratio of 40%	41.5%	Sales ratio of 35%	Merchandise Department

FY 2022 initiatives for environmentally friendly products

Air conditioners and TVs 4 or 5 stars Refrigerators and warm water washing toilet seats 3 to 5 stars	FY 2010		FY 2022		Average GHG reduction per unit (kg-CO ₂ /year) 1)-2)	GHG reduction (t-CO ₂ /year) a)-b)	Total units
	a) GHG emissions/ year, Total units (t-CO ₂ /year)	1) Average GHG emissions per unit (kg-CO ₂ / year)	b) GHG emissions/ year, Total units (t-CO ₂ /year)	2) Average GHG emissions per unit (kg-CO ₂ / year)			
Air conditioners total	73,696,795	708.6	63,661,308	612.1	96.5	10,035,487	104,008
Refrigerators total	21,202,730	165.6	12,622,215	121.3	44.3	8,580,515	104,045
TVs total	2,319,195	66.6	1,165,159	25.2	41.4	1,154,036	46,247
Warm water washing toilet seats total	1,315,098	128.1	823,202	80.2	47.9	491,896	10,269

○ Initiatives to Sell Environmentally Friendly Products at Business Sites

At every business site, we are working on initiatives to sell environmentally friendly products. We hold regular seminars in the stores on air conditioners and refrigerators that use excellent power-saving technology. Furthermore, with the aim of achieving monthly sales targets, we share sales methods and create salesfloor areas for recommended environmentally friendly products.

For business sites with outstanding sales results, we conduct interviews with the Store Operation Support Department as well as supervisors and staff from each sales department about sales skills and their commitment to creating salesfloor promotion areas, then the staff distribute these findings to other business sites as successful case studies.

These case studies are then posted on our company intranet, and new staff members can refer to them and use them in their own departments.

