

Materiality 1

Reduce the Environmental Impact of our Business Activities

The PPIH Group recognizes that addressing climate change is an important issue for the sustainable development of our business and the enhancement of our corporate value over the medium to long term. Toward our goal of reducing CO₂ emissions from our stores to net zero by 2050, we are implementing CO₂ reduction initiatives while advancing the scenario analysis recommended by the TCFD.

Goal and progress

| Medium-term target | Progress (FY2023) |
|---|---|
| Reduce 50% of CO ₂ emissions from stores compared to the FY2013 level (by 2030) | Reduction of CO ₂ emission: approx. 17% reduction (emissions intensity per million yen of sales) |
| Calculate CO ₂ emissions of the each category of Scope 3 and set reduction targets | Calculated and disclosed data on emissions in each Scope 3 category |
| Reduce plastic usage in customer service by 70% by 2030 (compared to FY2019) | —* |

*Progress is not applicable as this indicator and goal were set in the consolidated fiscal year ended June 30, 2023.

Reduction of CO₂ emissions



The PPIH Group's main initiatives to achieve its decarbonization goals

- Improvement of energy use efficiency and reduction of the energy amount used in store operations
 - Installing control equipment for air conditioning and refrigerated/frozen cases and dimming equipment for lighting, ensuring appropriate temperature settings and lighting hours, etc.
 - Creation of renewable energy sources including solar power generation
 - Replacement with renewable energy through the use of non-fossil certificate transactions
- Progress**
- Number of stores with energy-saving equipment installed: i) Air conditioning equipment: 351 stores; ii) Refrigerated and freezer cases: 17 stores
 - Number of ISO14001-certified stores: 131 stores *ISO14001-certified corporation: UNY Co., Ltd.
 - Number of stores using renewable energy: 17 stores (as of November 2023)
 - Amount of solar power generated: 1,426,384kWh (April 2022 - March 2023)

Reduction of Plastic Usage

We consider it our social responsibility as a retailer to address global warming and marine plastic litter problems caused by single-use plastic, and set a goal for reducing plastic usage in the fiscal year ended June 30, 2023.

We will promote initiatives to reduce the amount of plastic used in customer services, such as laminated film for POP advertisement cards used in store displays, cutlery (spoons and straws), plastic shopping bags, plastic food bags, and umbrella bags, while also contributing to changing consumer awareness.

Reducing plastic by making thinner POP advertisement cards for store displays

POP advertisement cards play an important role in the displays at our Group stores. In May 2023, we began reducing the thickness of the plastic film used for these cards. This has enabled us to reduce the amount of plastic used by an average of 20% compared to before. We will consider changing the material and further thinning the film in order to continue to reduce the amount of plastic used.



Reducing plastic in PB products

We are also developing environmentally-friendly products for our Group's PB "JONETZ." An example is the development and sale of PB products that reduce the amount of plastic used, such as switching some packaging materials from plastic to paper and using lighter bottles that use less plastic than the usual ones.



Climate Change (Information Disclosure Based on TCFD Recommendations)

The PPIH Group declared support for the TCFD in February 2022 and disclosed the amount of financial impact based on items with high financial impact for the fiscal year ended June 30, 2023. We will continue to identify risks and opportunities by expanding the scope of scenario analysis to include non-food categories and overseas business.

Governance

- The Sustainability Committee, under the leadership of the Executive Officer & CFO, plans and formulates initiatives to reduce the environmental impact of business activities and reflects them in our business activities.
- The Sustainability Committee regularly reports to the Board of Directors on measures and activities to address climate change issues, and important initiatives are discussed and approved by the Board of Directors before being formulated and implemented.

Strategy

PPIH has identified risks and opportunities based on changes in the social environment in 2030 for the 1.5°C scenario, which assumes that strict policies and regulations will be implemented to move toward a decarbonized society, and the 4°C scenario, which is an extension of current policies.

| 1.5°C scenario, as of 2030 *Only items with the highest financial impact are shown | | |
|---|---|--|
| Risk items | Risks/opportunities for the business | Impact of risks |
| Greenhouse gas (GHG) emission reduction requests (Introduction and increase of a carbon tax) | Risks: <ul style="list-style-type: none"> Higher store operating costs due to carbon price burden Higher costs due to stricter regulations on food disposal Higher equipment costs due to replacement with natural refrigerant equipment Increase in procurement costs for products (beef, dairy products) Opportunities: <ul style="list-style-type: none"> Demonstrating superiority by building a resilient supply chain Expanding customer base of discounters due to growing preference for lower prices | Total financial impact due to the introduction of carbon tax* 2030: 3.93 billion yen 2050: 5.621 billion yen <small>*Calculated based on estimate of carbon tax prices of \$100/t in 2030 and \$144/t in 2050, and Scope 2 CO₂ emission factor for electricity that is 51% lower than the current level</small> |

| 4°C scenario, as of 2030 *Only items with the highest financial impact are shown | | |
|--|--|--|
| Risk items | Risks/opportunities for the business | Impact of risks |
| Frequent occurrence of abnormal weather | Risks: <ul style="list-style-type: none"> Increase in damage to facilities due to wind and flood damage, and damage to profits due to business stoppage Business shutdown due to supply chain damage Increase in property insurance premiums Opportunities: <ul style="list-style-type: none"> Ensure resilience against disasters by delegating authority to each store, and increase reliability as a lifestyle infrastructure | Maximum business impact per store* GMS stores: 2.44 billion yen DS stores: 1.66 billion yen Small stores: 202 million yen <small>*Calculated based on assumption that the greatest risk is the increase in natural disasters such as large typhoons and floods due to the frequency of abnormal weather</small> |

| Risk management | Indicators and goals |
|---|---|
| <ul style="list-style-type: none"> The Risk Management Headquarters takes the lead in collecting information on risk cases that may occur at stores and locations, and makes decisions on risk responses and countermeasures. The stores and locations carry out countermeasures based on the aforementioned instructions, and the Risk Management Headquarters monitors progress and reports to the Board of Directors as necessary. In response to risks related to climate change, in the event of a large-scale disaster, we have a business continuity plan (BCP) as a basic principle, and in accordance with our management philosophy of "delegation of authority," our stores are able to flexibly assess the situation and respond quickly. <p>In the future, we will incorporate climate-related risks into our company-wide risk management. For example, the Sustainability Committee will identify, evaluate and manage climate-related risks, and we will establish a system to share issues with the Risk Management Headquarters.</p> | <p>PPIH Group decarbonization targets</p> <p>50% reduction of CO₂ emissions from stores by 2030 (compared to FY2013)</p> <p>Reduce the total amount of CO₂ emissions from stores to ZERO by 2050 Scope: Domestic business, including offices and a logistics center</p> |