

Contributions to the Realization of a Sustainable Society

Awareness regarding climate change is rising on a global basis. If nothing is done to curb global warming, we will face heightened physical risks to our assets due to increased frequencies of extreme weather events. To guide efforts to address this threat, the Paris Agreement was adopted at the 2015 United Nations Climate Change Conference held in Paris, France. This agreement puts forth the shared long-term global goals of sufficiently keeping the average global temperature 2°C below pre-industrial levels and working to prevent rises higher than 1.5°C above pre-industrial levels.

Faced with the pressing need to combat climate change, the PPIH Group is aggressively working to lower environmental impacts through its core business in order to contribute to the realization of a sustainable society. Specific efforts with this regard include the development of eco-friendly private brand products and the use of plastic bags made from plant-derived materials.

The PPIH Environmental Policy

With the growing severity of global-scale environmental issues such as climate change and oceanic pollution today, the PPIH Group contributes to the building of a sustainable society which realizes low carbon emissions, recycling of resources, and coexistence with nature through its corporate activities.

- As a general retail group which opens both foreign and domestic stores, we work to promote developing stores and providing products and services which are safe and reliable, with a low environmental impact.
- All of our employees make efforts to consider environmental issues from their individual points of view based on this environmental policy, and take action with an awareness of their own personal role.
- We make efforts to reduce the environmental impact associated with our business activities.
 - To realize a low carbon society, we aim to reduce CO₂ emissions through efforts such as introducing energy conservation and renewable energy in store operations.
 - To realize a recycling-based society, we work to promote waste reduction and recycling.
 - In addition to promoting the reduction and recycling of packaging materials, we aim to transition to packaging materials with a low environmental impact, such as recyclables and biomaterials.
- We reduce the environmental impact of products we design in-house.
 - By reflecting the views of our customers in our product development and engaging in manufacturing to meet customer needs, we work to avoid producing unnecessary items which will become waste and engage in environmentally conscious product development.
 - With due consideration toward biodiversity, we encourage procuring sustainable raw materials.
- In addition to compliance with environmental regulations, we will implement and maintain this environmental policy, make it widely available to the public, and promote global environmental conservation activities together with our customers.

Reduction of Product Waste at the Source

Waste from apparel products in Japan amounts to roughly 1 million tons per year,*¹ around 70% of which is incinerated, meaning that only a few of these products are reused or recycled. The Don Quijote Group seeks to address this issue through the development of unique private brand products. One success of these efforts is the slide-on replacements for worn-out heels introduced on Jonetsu Kakaku PREMIUM private brand shoes in March 2017. Using a patent-pending technology, these products enable the heels of business shoes to be replaced easily with no tools needed. With these products, we hope to encourage customers to wear their shoes longer and thereby reduce the number of shoes that are

thrown away and lower CO₂ emissions from incineration at the source.

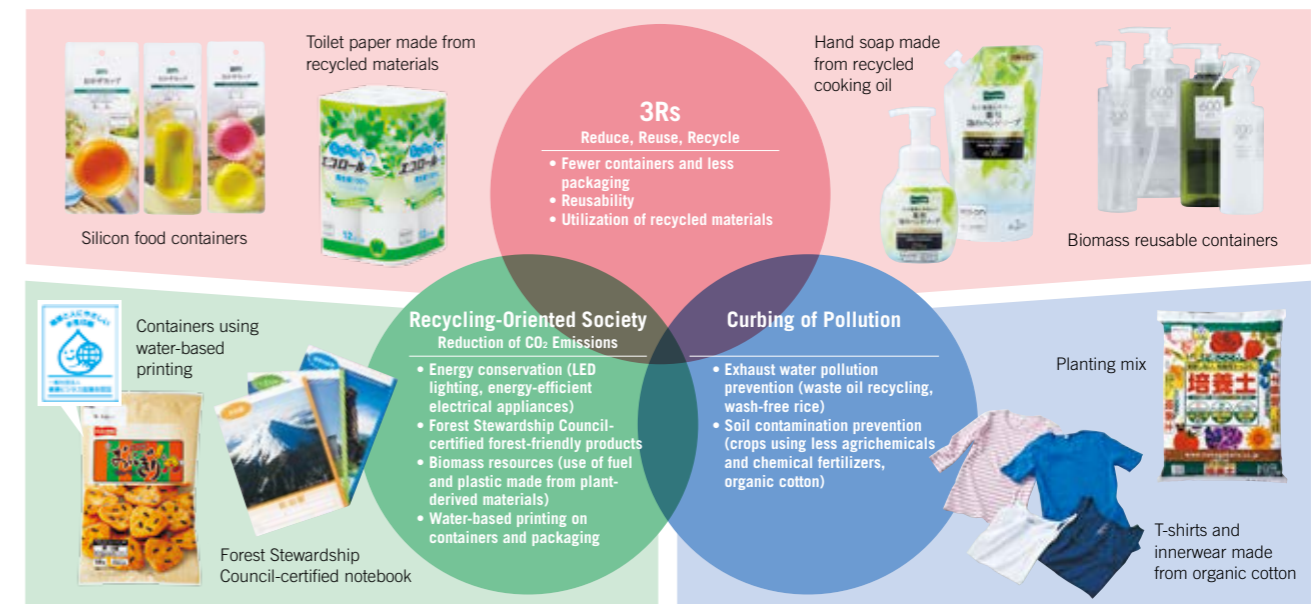
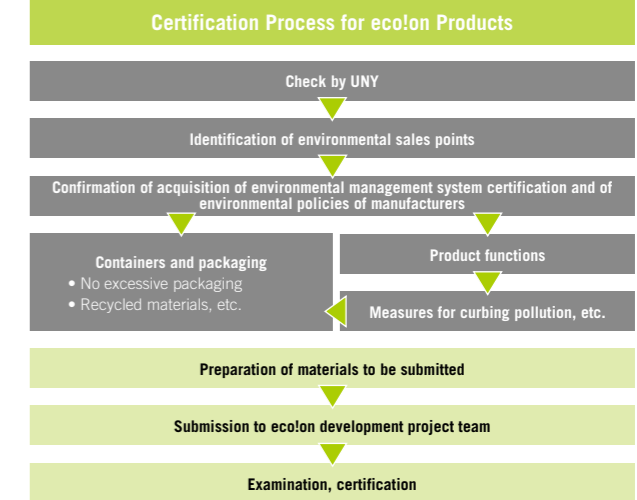
*1 Source: Survey by the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN



Eco-Friendly eco!on Products

The PPIH Group believes that contributions to the realization of a sustainable society can be made by adopting more eco-friendly lifestyles through means such as the conservation of energy and resources. Planned and developed by UNY, eco!on eco-friendly private brand products are designed to reduce environmental impacts across the supply chain connecting producers, sellers, purchasing customers, and recycling companies in the areas of raw materials, manufacturing, containers and packaging, sales, use, and disposal. We thereby aim to encourage customers to choose products from the perspective

of environmental friendliness when shopping so that we can preserve the environment and build a sustainable society together.



Reduction of Food Waste and Creation of Food Recycling Frameworks

In Japan, it is estimated that 6.4 million tons of food that could still be consumed goes to waste each year,*² and food waste is becoming a serious problem around the world. To address this issue, the PPIH Group is forming partnerships between stores that produce food waste (vegetable and fish scraps), recycling companies that produce feed and fertilizer, and livestock producers to create food recycling frameworks. The resulting

cyclical community livestock frameworks are anticipated to help reduce waste. In the fiscal year ended June 30, 2019, the PPIH Group's food recycling rate was 85.1%, substantially higher than the retail industry's target of 55%. Going forward, the Group will continue to reduce food waste and recycle food products.

*2 Source: Food Waste Volumes (FY2016 Estimates), Ministry of Agriculture, Forestry and Fisheries (as of April 12, 2019)

Food Recycling Framework Being Developed with Chubu Organic Recycling Co., Ltd.



Contributions to a Recycling-Oriented Society

UNY is a specially designated business operator. In this capacity, this company works to recycle materials and reuse them in products. As one facet of these efforts, it endeavors to reduce the use of containers, packaging, and plastic bags, which collectively account for approximately 60% of household garbage. Specifically, UNY seeks to promote the 3Rs (reduce, reuse, recycle) together with customers to reduce environmental impacts. Initiatives to this end include selling products that minimize the use of containers and packaging and using containers and packaging made of sustainable materials so that these articles do not go to waste after use.

At stores, UNY collects food trays, milk cartons, aluminum cans, plastic bottles, bottle caps, and other used containers and packaging to be recycled as resources in order to help cut back on household garbage and promote recycling. The amount of these items collected increases each year, and this recycling of containers and packaging contributes to the effective utilization

of resources and to the reduction of CO₂ emissions. Going forward, we will continue our efforts to reduce and recycle containers and packaging together with customers.



UNY stopped providing free plastic bags in 2007 and has since been selling bioplastic containers, which comprise 25% plant-derived biopolyethylene, in their stead.

Used containers collected at stores are sent to recycling centers, where they are recycled for use as raw materials for products or other applications. The raw materials processed in this manner are utilized to manufacture eco-friendly private brand products.



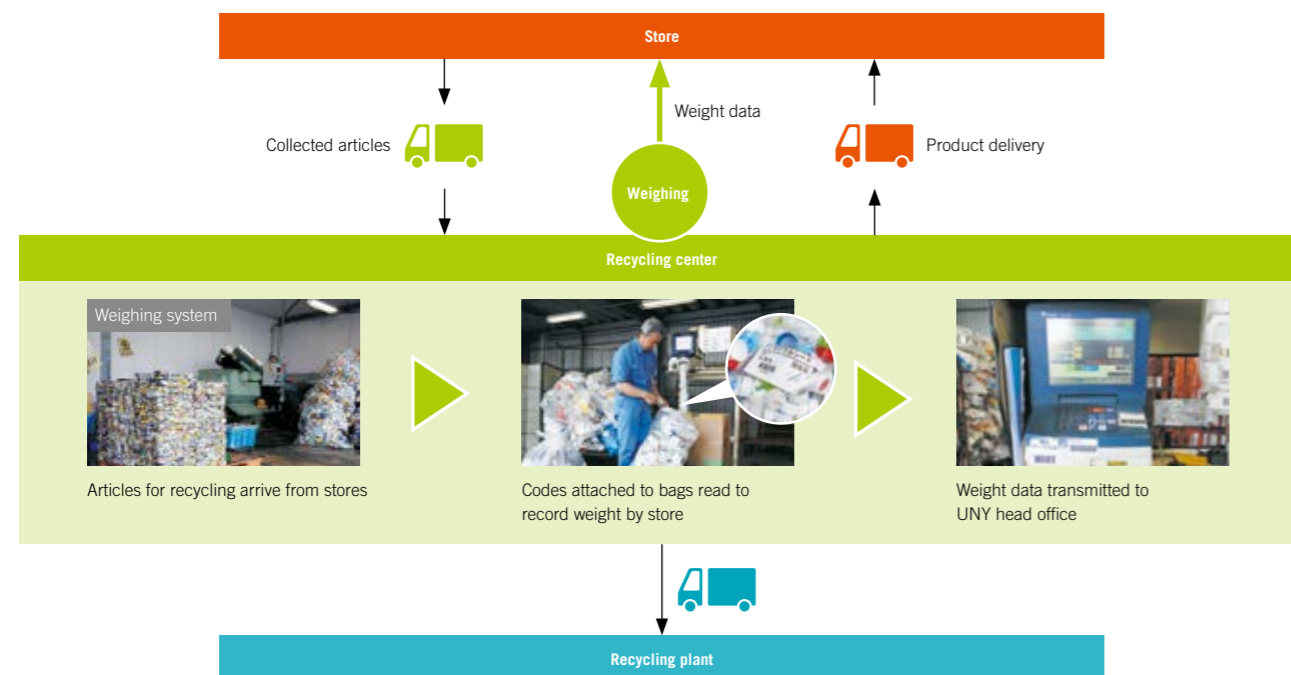
Recycling Framework for Collected Containers

Used containers collected at stores are sent to one of three recycling centers located throughout Japan. These recycling centers weigh the containers collected at each store and then compress them for easy and efficient transportation before sending the containers to the respective recycling plants. Containers are transported from stores to recycling centers by product delivery vehicles on their return trips in order to prevent unnecessary fuel consumption and CO₂ emissions from transportation of collected articles.



Recycling center at Yatomi Distribution Center

Container and Packaging Recycling Framework



Reduction of Plastic Bag Use through Original Reusable Shopping Bags

The majority of plastic bags used in Japan are not recycled, and are instead thrown away as garbage. As a supplier of products, the PPIH Group feels an obligation to reduce the amount of waste. We have therefore been working together with customers to cut back on the consumption of packaging materials. As one facet of these efforts, in July 2018 we commenced a service in which customers can receive two "majica"



points for using an original reusable shopping bag at a Don Quijote, MEGA Don Quijote, MEGA Don Quijote UNY, or Picasso store across Japan (excluding certain stores). By reducing the use of plastic bags, we hope to decrease waste and help preserve the environment.

Furthermore, UNY began charging for plastic bags in 2007, and stopped providing them free of charge at all stores in 2014. In 2019, 85.8% of customers at all stores declined the use of plastic bags. In this manner, our efforts have contributed to a large decrease in the use of plastic bags.

Reinforcement of Environmental Management

UNY employs ISO 14001-certified environmental management systems to assess and reduce the environmental impact of its stores and offices. ISO 14001 certification was first acquired by the UNY head office in January 2004, and certification had been obtained by all stores as of July 2019. The certifying body had praise for UNY, stating that its success in waste reduction, recycling, and energy conservation activities was contributing to product sales and to improved corporate value.

Meanwhile, we continue to conduct training for employees in order to promote understanding of our environmental policies and targets and facilitate environmental initiatives. As of February 28, 2019, the number of employees with internal environmental management auditor qualifications was 418.

Environmental Targets for Stores Under ISO 14001

- 1 Reduction of electricity use
- 2 Recycling and reduction of waste
- 3 Conformity with water emissions standards
- 4 Compliance with environmental regulations
- 5 Community outreach activities integrated into sales activities



Employees addressing issues requiring emphasis from an environmental perspective proposed by other employees



Intensive internal environmental management auditor training seminar

Group ISO 14001 Training

Group ISO 14001 training is held twice a year for all employees. This training is aimed at instilling in employees the capacity to identify issues in the procedures of their division or store requiring emphasis from an environmental perspective, such as the effectiveness of environmental management or compliance with environmental regulations; set environmental action plans; and achieve their targets.



Group ISO 14001 training