

Cultivation of Human Resources by the PPIH Group

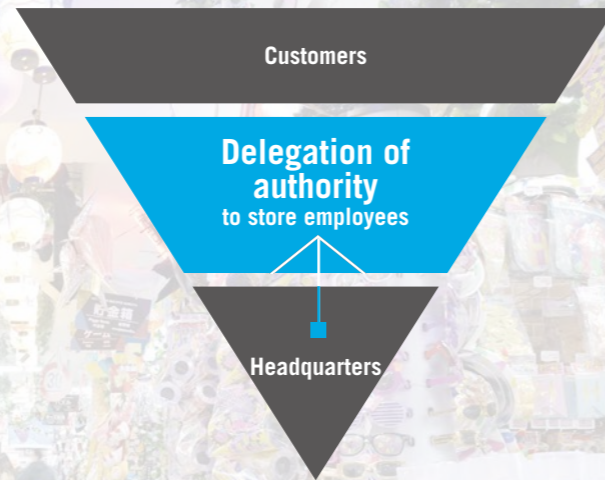
The PPIH Group's DNA

Delegation of authority to implement "The Customer Matters Most" philosophy



Retailers must constantly update sales floors in order to attract customers who are always changing with the times. To accomplish this, we delegate authority to frontline store staff who are directly familiar with such changes, assigning them to a certain product or space and letting them arrange accordingly. These employees decide on their own what products to offer and what prices to set. We enable them to freely define sales floors to meet customer needs for that period.

We created a "night market" in the era prior to 24-hour convenience stores and transformed sales floors into an entertainment space with "concentrated shelving" and "POP flooding." We intend to fulfill our mission as social infrastructure supporting local areas with lineups of products that customers want while also keeping pace with ever-changing customer sentiment.



▶ Corporate Culture of Constantly Taking on Challenges and Acknowledging Failures

The PPIH Group has a healthy competitive atmosphere because it is a workplace where everyone is constantly pursuing challenges. People who are capable of taking on challenges on behalf of customers are those who are capable of succeeding. With a rigorous commitment to rewarding performance, employees are capable of obtaining positions and evaluation based on results.

Furthermore, the PPIH Group has a deep-rooted corporate culture of accepting failure. It is those employees capable of overcoming failure, turning that failure into a driving force, who are able to create innovation. We do not dwell on blame if a sales floor area developed by an employee assigned to a store after joining

the Company incurs losses. We see the losses from such failures as our form of training costs.

The Group's employees, who steadily accumulate success experiences, while also having failures, in this environment will mature as human resources with "grit"* who are capable of making reforms on behalf of customers.

* The determination to face hardship and succeed in the end no matter what in order to overcome the various circumstances faced in real life and the attachment to self-actualization in order to complete the task at hand.

▶ People Are Not Cultivated, but Rather Grow on Their Own

Our human resources education values three concepts—conventional education, mutual education, and competitive education. Employees mature through real-world experiences after learning fundamental knowledge and rules required for work. They also broaden their perspective by working with other employees who have different personalities and values and hone their skills through competition in a personnel evaluation system based entirely on actual performance.



Conventional Education	Learn fundamental knowledge and rules
Mutual Education	Broaden perspective by working with different individuals with differing values
Competitive Education	Enjoy work as a game while competing

UNY's Human Resource Initiatives



UNY aims to change employee attitudes, not only revise store formats, by incorporating the PPIH Group's business concept "The Source" while still utilizing human resource education know-how it has cultivated to date.

Main Initiatives (FY2020)

- Classroom training to broaden understanding of "The Source" (convening about 60 times), store training (roughly 900 participants)
- Employee and mate evaluation program reforms (implemented in 1H 2020)
- Introduction of welcome-back hiring
- Arrangement of interaction meetings between the president and mates as a way of directly responding to requests from the front line
- Emergency hiring of people who had job offers canceled by other companies



▶ Broaden Understanding of "The Source" to Enhance Unity within the Group

"The Source" explains corporate principles and business concepts that should be followed by all employees and executives of the Group. It describes the "Donki-ism" and DNA of the Group since its founding, including a behavior model for Group employees and development of suitable relationships with partners.

A pressing issue for the Group is integration with UNY employees who have been newly added and pursuit of growth on the same mission. We created the Source Promotion Headquarters in February 2019 and are continuously holding seminars that aim to broaden understanding of "The Source." True understanding of "The Source" enhances awareness and cohesiveness as employees of the same Group.

▶ Reforms to the Mate Evaluation Program

UNY revamped its employee and mate* evaluation programs in 2020 to adjust to the conversion from past chain-store management to an individual store approach. The new evaluation program fundamentally alters the concept and adopts the performance-based format used at Don Quijote and Nagasakiya. Regarding bonuses, while UNY previously had not paid bonuses to mates with short working hours, it switched to paying bonuses to human resources with a certain level of success unrelated to their age or

contract duration. The PPIH Group needs the efforts of mates who are active on the front line of business in order to sustain its philosophy of "The Customer Matters Most." It plans to continue making adjustments for improved conditions in order to offer an environment where it is easier to work and to utilize personal capabilities.

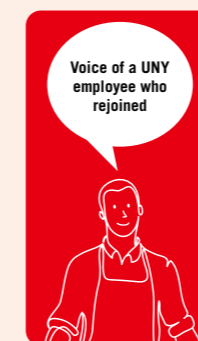
* Part-time employees

▶ Welcome-back Hiring

Welcome-back hiring is a personnel program for people who selected a new path (graduates) because of unavoidable circumstances, such as marriage, childbirth, or child-rearing, or a career step, such as a new job or overseas education, to work again at the

PPIH Group utilizing their cultivated knowledge, experience, and skills.

We also started this practice at Group company UNY in December 2019.



I left because of having a negative view of anticipated future changes from the capital and business alliance based on a perception of very different corporate cultures at Don Quijote and UNY.

I switched to a large specialty trading company that handles daily goods. While I interacted with GMS and SM buyers as a salesperson, this experience made me realize that I enjoyed working at a place closest to the consumer. My job change reconfirmed "UNY's appeal," and I returned by utilizing the welcome-back hiring program. UNY is promoting delegation of authority and individual store management too and applying the concept of devising sales floors by individual stores. It has also retained the core strength of being closely tied to the local community. In a positive way, my initial image of Don Quijote was wrong. I enjoy my job even more than before. (Manages fruits and vegetables at Piago)