

Risk Management

Response to the COVID-19 Outbreak

We formed the COVID-19 Emergency Measures Headquarters on March 6, 2020 to provide timely responses to the COVID-19 outbreak in Japan and abroad and consolidated information, issued internal communication, and prepared the work environment and developed rules.

In stores, we have implemented infection avoidance measures, such as installing droplet prevention vinyl sheets and sanitizers and sterilizing shopping baskets, and call on customers to wear masks and abide by social distancing at checkout counters. We also installed acrylic panels and vinyl sheets in store offices and break rooms to provide a reliable environment for conducting work.



Bagging area droplet prevention measures



Break room partitions with small windows



POP hand-washing recommendation

Building Quality Control Operations



Daily hygiene management

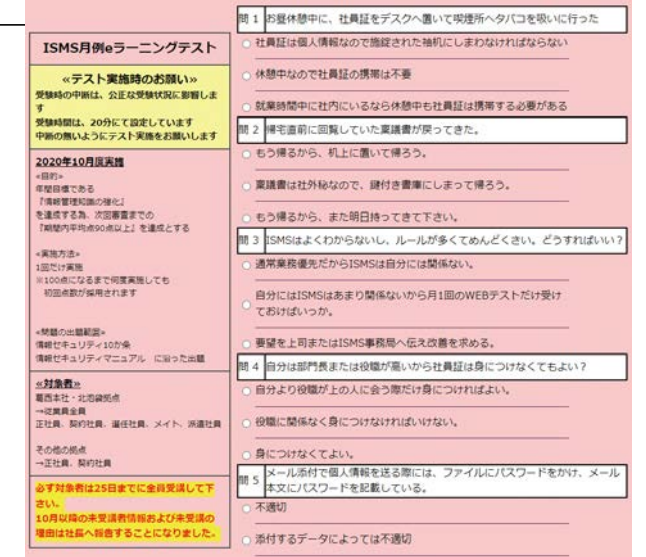
We are preparing quality management operations to ensure the safety of products delivered to customers. Our Quality Management Division was an early adopter of HACCP, an internationally recommended food hygiene control method, for hygiene management at fresh food preparation sites. This approach further enhances the safeness of fresh product items made and sold in stores. Through use of the HACCP Oversight Table, a hygiene management plan, and the “general daily hygiene management program,” we conduct hygiene management to prevent food poisoning and contamination prior to entering the processing room and within the processing room.

We distribute an HACCP manual to employees in the fresh food division and conduct knowledge education via web-based tests and classes. In November 2020, we started operating a self-developed “cloud management system for registration form storage” with aims of reducing work of store employees, raising the precision of form records, and boosting headquarter assistance work efficiency, and thereby established a tablet-based management information system.

Information Security Initiatives

PPIH acquired ISO 20000 certification, an international standard for IT services management, in 2013 for operation of a mission-critical system that supports store operations and an information system covering personnel, salaries, accounting, and other areas. We aim to enhance IT services and other internal compliance through further stabilization of Group mission-critical work.

Furthermore, Japanese commercial facilities in our Group have acquired ISO 27001 certification, an international standard related to Information Security Management System (ISMS), as a company handling important stakeholder information mainly via the tenant rental business. We defined “10 principles of information security” and monitor compliance with the “10 principles” four times a year. We are also continuously striving to follow information security rules, including monthly implementation of web tests related to information management.



Web tests related to information management

Business Risk (abridged)

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| <p>Impact of COVID-19</p> | <p>It is difficult to accurately forecast future spread and settling down timing regarding impact of COVID-19, and further outbreak expansion might affect fiscal conditions and management results. Despite impact through lower inbound sales due to travel restrictions in our Group, we are responding promptly to changes in consumer preferences and flexibly addressing the situation while monitoring impact.</p> |
| <p>Expansion of the store network and acquisition of human resources</p> | <p>In the store network, we are promoting expansion from metropolitan Tokyo, which is our primary base, to areas around the country and are adding subsidiaries with the aim of widening business scope. We use human resource introduction companies and strive to acquire business with unique activities, such as total elimination of resumes in hiring. However, if we are unable to acquire and educate necessary personnel, our service quality and results might suffer.</p> |
| <p>Marketing</p> | <p>We promptly and appropriately ascertain product demand and arrange lineups to meet customer needs as much as possible based on this information. These efforts strongly affect results. The PPIH Group conducts employee education by holding regular training events, video seminars, and other activities. If it is unable to acquire and train staff to properly handle marketing or continue organizational management, earnings might suffer.</p> |
| <p>Business expansion via M&A</p> | <p>The PPIH Group has conducted M&A as a means of broadening business scope in the past. We strive to avoid risk as much as possible through detailed due diligence (assessing investment projects) of the subject company's financial content, contractual relationships, and other matters regardless of whether the subject company is domestic or foreign. After an M&A deal, however, there might be cases of unexpected liability occurrence or discovery of unrecognized liabilities. In such cases, there could be impact on the PPIH Group's financial situation and business results.</p> |
| <p>Natural disasters</p> | <p>In the case of a major earthquake, typhoon, or other natural disaster, stores and other facilities might require rebuilding costs, business might be halted for a period, and there could be disruptions to product logistics and delivery, and these situations might adversely affect the PPIH Group's fiscal situation and business results. When natural disasters occur, we launch a dedicated headquarters for disaster prevention measures and seek to keep damages at a minimum level.</p> |

Items related to the future reflect determinations by the PPIH Group as of end-fiscal year 2020. We intend to avoid occurrence and then take action should something occur based on an awareness of the possibility of these risks occurring.

Please refer to our website for information on other risks.
Business and other risks
<https://ppih.co.jp/en/ir/guide/riskfactor/>

