



Task Force on Climate-Related Financial Disclosure (TCFD)

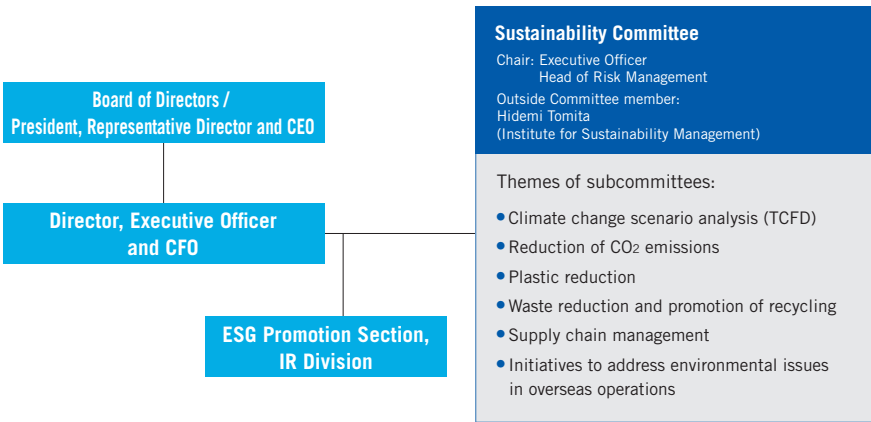
We recognize that addressing the issue of climate change is an important issue for the sustainable development of the PPIH Group and the enhancement of corporate value over the medium and long term. To accelerate and ensure these efforts, in February 2022, we declared support for the Task Force on Climate-Related Financial Disclosure (TCFD) and conducted scenario analysis and disclosure based on the TCFD recommendations.

Activities in FY2022 and future plans

- ☑ Identification of climate change risks and opportunities in 2030 based on scenario analysis for domestic retail business and the food sector in FY2022
- ☑ Expand the scope of our scenario analysis to include categories other than food products and overseas business to identify risks and opportunities.
- ☑ Work with business partners to build an environmentally conscious supply chain, leading to reduction of Scope 3 CO₂ emissions

Governance

The Sustainability Committee, chaired by the Executive Officer and Head of Risk Management, is taking the lead in addressing climate change. The Committee promotes initiatives to conduct scenario analysis based on the TCFD recommendations, consider measures to address identified risks and opportunities, reduce CO₂ emissions, reduce waste, and other matters.



Risk management

In response to risks related to climate change, if a large-scale disaster occurs, our frontlines (stores) flexibly assess the situation and swiftly respond based on our business continuity plan (BCP) and through “delegation of authority,” our management philosophy. 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.

→ [Related page: P.38](#)

Strategy

Identification of significant risks / opportunities

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. In the future, we will consider countermeasures in order to ensure business continuity under either scenario.

☑ Strategy: scope of analysis (1.5°C and 4°C scenarios)

1.5°C scenario, as of 2030

Risk categories	Risk items	Risks	Opportunities for the business
Transition Risks Policy and Legal Risks	Greenhouse gas (GHG) emission reduction requests	<ul style="list-style-type: none">Higher store operating costs due to carbon dioxide emission regulationsHigher costs due to stricter regulations on food disposalHigher equipment costs due to replacement with natural refrigerant equipment	—
	Introduction and increase of a carbon price	<ul style="list-style-type: none">Higher store operating costs due to carbon price burdenIncrease in procurement costs for products (beef, dairy products)	<ul style="list-style-type: none">Demonstrating superiority by building a resilient supply chain through individual store managementExpanding customer base of discounters due to growing preference for lower prices
	Introduction of plastic-free regulations (one-way plastic regulations)	<ul style="list-style-type: none">Cost increase due to replacement of plastic containers, packaging, and promotional materials with renewable resources	<ul style="list-style-type: none">Enjoying cost advantages by creating a system for recycling plastic products and services in cooperation with POP lamination suppliersReduce costs and increase sales by developing products with slimmer containers and packaging that take advantage of the discount business model
Transition Risks Technology Risk	Increase in demand for renewable energy and expansion of the amount created through the establishment of technologies	<ul style="list-style-type: none">Soaring electricity prices, rising costs due to power certificate purchases	<ul style="list-style-type: none">Enjoying incentives through early replacement of electricity derived from renewable energy sources
Transition Risks Market and Reputation Risks	Change in reputation among stakeholders (investors, business partners, local communities, etc.)	<ul style="list-style-type: none">Reputational damage due to delayed disclosure of information. Negative impact on fundraising, branding, recruitment, and product handling	<ul style="list-style-type: none">Expand fan base by enhancing sustainable products targeting young people in stores with high affinity for young people

4°C scenario, as of 2030

Risk categories	Risk items	Risks	Opportunities for the business
Physical Risks Acute Risk	Storm and flood disasters	<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	<ul style="list-style-type: none">Ensure resilience against disasters by delegating authority to each store, and increase reliability as a lifestyle infrastructure
	Insurance premium burden	<ul style="list-style-type: none">Business shutdown due to supply chain damageIncrease in property insurance premiums	—
Physical Risks Chronic Risk	Rising temperatures and high tides	<ul style="list-style-type: none">Increase in store operating costs (cooling costs, etc.)Increase in flooding damage	—
	Decline in agricultural productivity	<ul style="list-style-type: none">Increase in procurement cost of food materials	<ul style="list-style-type: none">Sales expansion due to increased demand for water and beverages

Metrics and targets

In order to address the risks related to CO₂ emissions identified this time, the PPIH Group has set the following decarbonization targets.

PPIH Group decarbonization targets

50% reduction of CO₂ emissions from stores by 2030 (compared to FY2013)
Reduce the total amount of CO₂ emissions from stores to ZERO by 2050

Subject: Domestic, including offices and logistics center