

Sustainability Dialogue

Sustainability at PPIH: Careful preparation and optimal timing



Keiji Hayakawa

Executive Officer
Chairman of Sustainability Committee
Head of Risk Management
Deputy Head of Tenant Leasing Business

Hitomi Ninomiya

Director and Executive Officer
Head of Diversity Management
Head of Design

A “cyclical plan” that thinks about women’s empowerment as a “line”

Ninomiya: Firstly, I would like to explain the activities of the Diversity Management Committee (hereinafter DM Committee) to date.

When I took charge of diversity promotion in November 2020, I first reviewed our past efforts. This was because although the PPIH Group had undertaken many projects to promote diversity for some time, the reality was that all of them had limited effects and were then simply disbanded. The review gave me the sense that many of PPIH’s past activities could be described as being singular “points.” That is to say they pinpointed and responded to a specific issue, without involving quantitative or qualitative surveys from the perspective of promoting women’s participation and career advancement, nor strategic goal-setting based on the survey results.

Based on the results of the review, the DM Committee conducted a fact-finding survey to get an overall picture of the situation. We first quantified and visualized the gender

ratio of managers, the distribution of men and women across different positions and their length of service, and other such matters. Then, having identified the issues from these results, we focused on setting specific goals for our activities and specific strategies, in discussion with the relevant departments. We call our strategy a “cyclical plan” and set out five stages for it: recruitment ➡ retention ➡ appointment to managerial positions ➡ appointment to executive positions ➡ corporate growth. Our premise is that promoting women’s participation and career advancement will create a cycle that leads to corporate growth. Furthermore, by tackling each stage simultaneously, we aim to achieve a comprehensive degree of gender balance, including gender ratio across management positions, average years of service, wages, and other indicators.

Two years have passed since the establishment of the DM Committee. We conducted the survey in the first half of the first year, and implemented trials of various measures in the

second half. In the second year, we have continued to fine-tune the efforts that have proven effective, such as “RISE! 100,” a training program aimed at producing 100 female store managers. If some of our efforts produce more limited effects than we expected, we will improve them and try again.

Hayakawa: This was the PPIH Group’s first attempt at this kind of large-scale survey. I’m sure you encountered various difficulties ...

Ninomiya: Previously, the PPIH Group had not looked at the data from the perspective of women’s participation and career advancement, nor thought about the issues in terms of a continuous “line” rather than singular “points.” Because of this, although we wanted to get numbers from each department and link them together to understand the overall situation, actually identifying what kind of data we needed and acquiring the data itself was quite time-consuming and

challenging. The survey revealed that while 70% of our male employees (part-time workers) are female, only about 20% of our full-time employees are female, which is a smaller number than expected. We take this to be quite an adverse situation in terms of women’s participation and career advancement.

Hayakawa: With regard to diversity, before the DM Committee, there was the Corporate Philosophy Promotion Headquarters’ Diversity Promotion Section, which was mainly responsible for promoting diversity and which I was in charge of. At that time, although we were also aware of the problem of the massive gap in the number of male and female employees, this did not lead to any drastic reforms. My impression is that, immediately following the establishment of the DM Committee in December 2020 and Ninomiya-san’s appointment as its head, various initiatives were launched and all of them started to make good headway.

There should not be a trade-off between childbirth and work

Ninomiya: As the PPIH Group works to promote diversity, I believe it is a great strength that everyone here is naturally inclined to “appreciate diversity” based on “The Source,” our corporate principles.

Hayakawa: “The Source” says to “state your views clearly,” so everyone actively expresses their own thoughts at the PPIH Group without thinking, “I’m a woman and women should not speak their mind.”

Ninomiya: This year, we conducted a survey of female employees on their views toward women’s participation. The results showed that while other companies reported their female employees’ desire for career advancement as being around 20%, PPIH’s figure was over 70%, highlighting the fact that the women in our Group are highly motivated and strongly engaged in company activities. We would like to help those women achieve their goals. On the other hand, looking at how men and women are distributed across different positions in the Group, there is a difference in where the largest segment of men and women are, including a sharp decrease in the number of women from the head chief position, which is the first stage of management, onwards. This makes me think there is likely some kind of barrier that is discouraging women.

Hayakawa: Is this due to life events that were once only associated with women, such as childbirth and raising children?

Ninomiya: I think that is one of the reasons. This is also an issue for Japanese society as a whole, but I feel that there should not be a trade-off between childbirth and work. Looking back on my own experience, childbirth and

raising children have greatly improved my management skills, including self-management. They have also positively affected my understanding of others and “flip the subject,” which is part of our corporate philosophy. I feel that there is a mutually beneficial impact between childbirth and raising children on the one hand and work on the other, and that the former can lead to skill development from a career perspective. As someone who is in the minority at the company, I would like to continue to show, through my own experience of working here for 17 years, and going through pregnancy, childbirth, and maternity and childcare leave while at the company, that childbirth and raising children can lead to the further development of your skills.

Hayakawa: Come to think of it, Ninomiya-san, you have a young child and work shortened hours, don’t you?

Ninomiya: I work shortened hours and sometimes take time off to care for my child, so I was a bit nervous as I expected an unfavorable evaluation in the 360-degree review. However, I remember being very moved by the comments I received from junior colleagues, such as “Keep doing your best,” “I hope you will pave the way for others,” and “I hope you will be an example for others.”

I am now working shorter hours and I make it a point to leave the office at 5 p.m. Of course, this doesn’t mean that I can’t be contacted at all, and I sometimes give instructions from my computer or smartphone. Nevertheless, I believe that unless I draw a line between work and life, and intentionally show it, other employees who are raising children or women who want to have children in the future will give up on career advancement.

We need to radically change people’s mindsets, including about having personal lives

Ninomiya: Diversity is not limited to women’s participation and career advancement, and I think it will still take some time before the PPIH Group reaches an adequate level of understanding. That said, PPIH is a merit-based workplace, and our basic premise is that we all have the opportunity to demonstrate our abilities in our fields of expertise regardless of gender, age, or nationality. On the other hand, we have assumed that that is of course actually happening and do not see the situation as it really is. We need to radically change people’s mindsets, rather than just dealing with diversity because the company has asked us to.

For example, in the case of men, I think they need to make radical changes in their home lives, so that it becomes the norm for them to have a fair division of household responsibilities with their partners. As a first step, I think the company needs to establish some kind of system, such as for childcare leave for men.

Hayakawa: I agree. That is the direction we should be moving in. Taking frontline sales, for example, I think that supervisors and others are warming up to the idea of men taking childcare leave and treating it as the norm. More male employees are taking childcare leave than before.

Considering medium- and long-term risks and growing interest in sustainability led Hayakawa-san to his current position

Ninomiya: Hayakawa-san, could you reflect on how things stand since the establishment of the Sustainability Committee in July?

Hayakawa: It has been a year and a half since I was appointed to my current position, and I am still educating myself about sustainability. Rather than taking a more systematic approach, I am first starting with the essential issues that immediately confront us, such as setting CO₂ emission reduction targets, handling matters related to the Task Force on Climate-related Financial Disclosures (TCFD), and addressing human rights in our supply chains. There are many, many issues and therefore many, many things I need to study up on.

Ninomiya: In the area of supply chain management, you have formulated a sustainable procurement policy and a supply chain code of conduct.

Hayakawa: We are now in the process of holding briefings with our partners to ensure their understanding. Getting our many partner companies to understand and be aware of PPIH's priorities and the need to address various social issues that are important to society is quite a difficult task. Our approach is to start with action, beginning with those issues that need improvement.

Changing the mindset of the frontlines is the key

Hayakawa: At PPIH, "delegation of authority" ensures that the frontlines play the leading role and the back office provides support. Even if the support side makes a request, the frontlines will not act on it unless they are convinced of its merit. The same is true in the area of sustainability, as top-down instructions from headquarters alone will not get the frontlines to take action. The reality is that the frontlines are focused on the customers in front of them, so even if we call for action in areas such as CO₂ reduction, for example, they will rebuff us by questioning the significance of such efforts based on "The Customer Matters Most." In our organization, the frontlines can move with overwhelming speed if something makes sense to them, so our first priority is to provide consistent and coherent explanations that will convince the frontlines and change their mindset.

In addition, there are some examples of stores achieving positive results, such as electricity expense savings, which is directly linked to CO₂ reduction, by implementing initiatives with a frontline perspective. I believe that one very effective method is to collect these successful experiences and share them horizontally. That will give people the sense that if other stores can be successful, they can too.



Ninomiya: You are both the chair of the Sustainability Committee and, at the same time, the head of the Risk Management Headquarters. Was there anything in particular that prompted you to become the chair?

Hayakawa: About two and a half years ago, I was transferred to the Risk Management Headquarters after previously working in sales-related departments, such as the Sales Headquarters and Merchandising Development Headquarters. At first, I was under the impression that the Risk Management Headquarters was more of a "risk response" department that dealt with immediate issues rather than "risk management." However, through ESG executive training, I learned about medium- and long-term climate change risks and other issues, and I began to think deeply about what, fundamentally, risk management should be. It was during this time that the company was establishing the Sustainability Committee and I was approached about serving as its chair. I jumped at the chance, responding that I definitely wanted that responsibility.

Through the activities of the Sustainability Committee, my thinking about sustainability has changed dramatically. This has even majorly affected my personal life. For example, I am conscious of food loss when I shop and considered CO₂ emissions when buying a new car.

Ninomiya: In terms of diversity, I strongly feel the need to raise awareness on the frontlines regarding correcting the issue of unconscious bias among the direct supervisors who conduct evaluations. As a means of raising awareness, the DM Committee has been publishing examples of women's participation and career advancement in the corporate newsletter and holding seminars for managers, among other efforts. Is the Sustainability Committee similarly making efforts to engage the frontlines?

Hayakawa: Firstly, I believe we need to make it clear which departments are involved in various sustainability initiatives within our internal organization, clarify the roles of those departments and how they can contribute, and then continue to advocate for their cooperation.

Since the frontlines need to produce results in the short term, it is naturally not easy to convince them of the significance of sustainability, where results are considered from a mid- to long-term perspective. It will be essential to strike a balance between the two so as not to hamper the driving force produced by the frontlines through the delegation of authority, which is one of our strengths. In fact, the frontlines have led a variety of excellent actions, such as responses in the aftermath of the Great East Japan Earthquake, and I don't think we should consider the delegation of authority to be a trade-off from the standpoint of risk management. It is frustrating that the headquarters cannot strongly promote sustainability through its own initiative, but we are gradually changing people's mindsets, and I feel that changes are occurring slowly but surely.

Ninomiya: It's difficult to strike a balance between sustainability and frontline efforts relating to customer service and cost. I believe that the economic rationality of sustainability and ESG is an issue that we should constantly pursue going forward. The reality is that we live in an era in which unexpected events, such as Russia's invasion of Ukraine, occur. I would like employees to realize that the

kinds of risks that ESG is concerned with, such as energy depletion, are real problems.

Hayakawa: As you might expect, commitment at the top levels of management has a great impact in terms of promoting a change in mindset on the frontlines. In that sense, I expect that CEO Yoshida's incorporation of ESG into the Visionary 2025/2030 medium-to-long term management plan will positively affect our group-wide efforts to make progress on these issues. He has also made it clear that women's participation and career advancement is a must, so we will have to accelerate those efforts as well.

Ninomiya: I believe that, of the various ESG issues, diversity is a theme that is relatively easy for the Board of Directors to understand. However, I feel that there is not yet a widespread sense of urgency among the Board members

regarding the current status of women's participation and career advancement within the Group...

Hayakawa: I think there are differences in the level of ownership and urgency with which different individuals perceive any particular issue. Personally, I believe it is necessary to continue training and education for Board members and focus on specific themes, so as to enhance their understanding of sustainability.

Ninomiya: I also want to change the fact that we only have one female Board member. According to international guidelines and the standard proposed by the Ministry of Health, Labor and Welfare, diversity is not considered to be secured unless the ratio of female leaders is 30%. We would like to increase the ratio of women on the Board and in senior positions in order to promote various forms of change in terms of our organization.

Exercise caution when applying advanced sustainability-related case studies from overseas to Japan

Ninomiya: Turning the focus to overseas locations, I hear that in some countries, all the store managers are women. I feel that there is a big gap between them and Japan, where despite working under the same corporate principles, women enjoy less participation and career advancement. This is probably due to the influence of Japanese culture and ideas about the division of roles between men and women, which eclipses our corporate principles. I feel that information from overseas almost certainly has some impact on Japan, where the old-fashioned culture and traditional ideas about gender roles still remain. During this fiscal year, I would like to gather quantitative information on the status of diversity and initiatives at overseas locations and use it for domestic initiatives. Furthermore, I would like to collect and curate case studies from Japan and overseas, use them as a reference not only in Japan but also the rest of the world, and hopefully link them to the growth of the entire Group.

Hayakawa: For sustainability as well, we have just started gathering information on overseas operations. We are gradually gaining an understanding of the local situations, and we will consider ways to make information gathering more efficient and systematic.

Going forward, I believe we need to accelerate the promotion of sustainability in Japan by researching and studying case studies from regions with advanced sustainability practices and incorporating them into domestic initiatives. At the same time, if we try to apply advanced overseas initiatives directly to Japan, the local market may not yet be ready to accept them. I believe that applying overseas initiatives to Japan requires caution, balance, and careful timing.

Making steady preparations for achieving even greater results

Hayakawa: Given the growing social demand for sustainability, the PPIH Group naturally wants to lead the industry with initiatives that surpass those of our competitors, and I think it is strategically feasible to do so. However, PPIH is not a company that seeks to be "the best at everything at any cost." Instead, we gather information, make careful preparations in advance, and ascertain the optimal timing based on a multifaceted consideration of sustainability, rather than focusing on just one aspect. Then we charge at full speed all together. This kind of driving force is a feature and strength of our company. For the promotion of sustainability as well, we will choose a strategy that lets us leverage this sense of speed.

In terms of diversity promotion too, even though the PPIH Group made a late start, Ninomiya-san, you collected data, set and declared our goals as a company, and achieved them in a little over a year. That's a sense of speed that other companies don't have.

Ninomiya: It's true that PPIH is unique in that it makes all the necessary preparations and then charges forward when the time is right. I was probably able to make it this far because I put that into practice.

Hayakawa: With regard to climate change, the Sustainability Committee was established in July 2021, and we endorsed

the TCFD and conducted the scenario analysis and disclosure by February 2022, less than six months later. PPIH may have been a latecomer to sustainability initiatives compared to other companies, but since getting started, our focus has been second to none. We will continue to leverage our corporate strengths to simultaneously contribute to building a sustainable society and grow as a company.

