

Messages from the Outside Directors



The PPIH Group should focus on the “S” in its ESG initiatives

Yasunori Yoshimura
Outside Director
(Audit and Supervisory Committee member)

Continuing growth by responding to the dramatically changing external environment

To date, our development as a growth company has been through continuous efforts to build and strengthen a system of effective corporate governance that serves as the foundation for sustainable growth and corporate value enhancement.

However, as society continues to undergo rapid change, we must respond to the needs of the times and further promote ESG initiatives, which are strongly demanded by society, as we pursue strong business performance. To ensure we have the ability to adapt to change as an organization, it is essential that our employees can collaborate with one another while respecting each other's differences. We must ensure our organization's diversity and link this to value creation. To do this, we must recruit talented human resources from both inside and outside the company, regardless of age or other attributes.

The medium-to-long term management plan requires a paradigm shift from growth to maturity

I believe that human resources are the driving force that propels corporate activities, and that it is essential for companies to put in place working environments that allow all employees to work with peace of mind. At the PPIH Group, employees are our most important management capital as we aim to become a visionary company, and our Board of Directors has repeatedly discussed this matter in the formulation of the medium-to-long term management plan.

Our initiatives to promote the good mental and physical health of employees are expected to invigorate our organization by, for example, increasing motivation and productivity in the workplace, which should in turn enhance corporate value. It will be necessary to view employee health from a managerial perspective, and strategically implement health and safety initiatives along with health management.

Our transformation into a company that celebrates diversity starts with the promotion of women's empowerment

For the PPIH Group to achieve sustainable growth over the medium- to long-term, besides the aforementioned

improvement of the workplace environment and efforts to manage employee health, we should also emphasize the “S” (society) of ESG perspectives, including promoting diversity, and actively work on these matters as investment for our growth strategy.

While the promotion of diversity is an essential effort from the “S” perspective, I feel that consideration of women's empowerment is somewhat inadequate in our growth strategy, despite the fact that the majority of our employees are women. We must recognize that women's empowerment is a part of promoting diversity, which leads to the creation of innovation, improvement of productivity through work style reform, and reduction of risks. We must also actively work to achieve the target for the ratio of women in management positions, implement diverse and flexible work styles, and present concrete measures to enhance work-life balance.

Furthermore, consideration for human rights is another important issue under the “S” in ESG. We must ensure transparency in our supply chain by paying sufficient attention to potential issues such as harsh labor, child labor, and poor working conditions occurring in our supply chain. In our overseas business, we must respect the spirit of the Universal Declaration of Human Rights and take responsibility for its realization, and we must keep a close eye on the human rights situations in local communities.

Creating new value through co-creation with stakeholders

As global capitalism is transforming from financial capitalism to public-interest capitalism, companies that have focused primarily on the pursuit of profit are now expected to contribute to the public good. From a public philosophy perspective as well, the desired nature and behavior of companies are also being questioned.

We are seeing the end of the era in which companies simply provide products to consumers, and their relationship ends once the products are sold. Under the new concept of “co-creation,” in which stakeholders with diverse views work together to create something that contributes to a better future, information will be shared among the companies and consumers in a particular region through close and continuous connections, and various forms of innovation, such as new product development and improvement of existing services, will be generated. We are confident that co-creation between the PPIH Group and our stakeholders will lead to the creation of new value.



Be aggressive in tackling ESG challenges to grow up to a world-class leading company

Jumpei Nishitani
Outside Director
(Audit and Supervisory Committee member)

Enhancement of global governance is the next challenge to go forward

In terms of group governance, the PPIH Group has made progress in consolidating its organizational structure and functionalizing its management organization over the past several years. As one of the most significant accomplishments this year, we converted the listed subsidiary into a wholly-owned one to eliminate the parent-subsidiary listing status. Now that we see our local governance in Japan evolved to a high enough level, stepping forward to tackle global governance is emerging as the next challenge. That is because our medium-to-long term management plan assumes that overseas business will account for a substantial portion of the Group sales. However, we are facing different challenges in governance over the east and the west sides of the Pacific; the rapid development of stores across many countries with different legal systems and business practices in Asia, and those companies acting relatively with independence after mergers in the U.S. Therefore, as well as corporate management, internal control and internal audits, integration of corporate identities and philosophies in the PPIH Group to set the common view of our future as a growing multinational company would be of paramount importance for our governance. Also, securing and fostering excellent human resources who will be engaged in global governance at the executive officer level should be counted as one of the most important issues to urgently address.

Incorporating ESG perspectives into management to achieve sustainable growth

The PPIH Group has addressed ESG issues promptly and appropriately with those numerical scores and evaluations set by rating agencies as the performance targets. While our efforts on this have been made locally in Japan so far, we should expand them overseas swiftly and systematically. Ideally, we should incorporate ESG perspectives into our Group philosophy of business to realize them globally in our daily work in the long run, despite all the possible difficulties on the way which we should address as the management. Furthermore, as one of the companies listed in the Prime Market of the Tokyo Stock Exchange, the PPIH Group will be required to meet Scope 3 in the near future, which covers the entire supply chain, not only within the Group. This newly introduced regulation could be a complex challenge for us

because we enjoy a wider variety of procurement channels all over the world than other companies in the same industry, which also could expose us to another risk, for example, in terms of human rights issues. We should be aware that we bear more possible risks concerning our supply chain.

It is true that we have a full agenda for ESG, but on the way to its solution, it could create opportunities for all the employees at all levels to reframe their own business agendas from the perspective of ESG, which could lead to refinements of business strategy and product development resulting in our sustainable corporate growth. In this regard, the role of the Board of Directors will be very important if it could take the initiative in amplifying its ESG agenda to go beyond the walls of the departments, rather than leaving it as an issue of an individual department in charge of ESG.

Contributing to the PPIH Group's sustainable growth by capitalizing on my expertise and experience

I am an economist specializing in accounting. Although accounting is often associated with bookkeeping, academic accounting is actually a field of economics with interdisciplinary applications, such as, contract theory, game theory, finance theory, or even psychology. Through my research and educational activities, I have addressed wide-ranging themes that include the relationship between ESG disclosure and capital cost, and the relationship between women's participation in management and corporate governance, and accumulated multifaceted knowledge about corporations. I intend to contribute to the PPIH Group's sustainable growth by leveraging this experience and bringing my insights and questions to the Board of Directors as a management expert.