

Materiality 1

Reduce the Environmental Impact of Our Business Activities

The PPIH Group recognizes that addressing climate change is a pressing issue for the realization of a sustainable society, as well as one of our social responsibilities. With the aim of realizing a decarbonized society, we are working to reduce the environmental impact of our business activities by establishing reduction targets for CO₂ emissions and plastic usage which lead to global warming, and advancing measures toward the achievement of these targets.

Goal & Progress

Medium-term target	Progress (FY2024)
Reduce 50% of CO ₂ emissions from stores (compared to FY2013) by 2030, and to zero by 2050	CO ₂ emission: approx. 26% reduction (emissions intensity per million yen of sales)
Calculate CO ₂ emissions in each Scope 3 category and set reduction targets	Start conducting interviews with business partners on their measures and status of initiatives to address climate-related issues, with a view to setting Scope 3 reduction targets
Reduce plastic usage in customer service by 70% by 2030 (compared to FY2019)	Plastic usage: 65.8% reduction (plastic intensity per million yen of sales)

Climate change risks

Climate change and abnormal weather, arising as a result of global warming, impact all aspects of our business, including store operations and product procurement. Therefore, in order to accelerate and secure our efforts to address environmental issues, the PPIH Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) in February 2022 and published disclosures based on the TCFD framework. To ensure the sustainable development of our business and increase our medium- to long-term corporate value, in FY2025, we will work on disclosing information in accordance with the TCFD recommendations revised in October 2021 and aim to strengthen governance related to climate change.

For details on disclosure based on the TCFD framework, please refer to our corporate website on sustainability.
https://ppih.co.jp/en/sustainability/materiality1/climate_change/

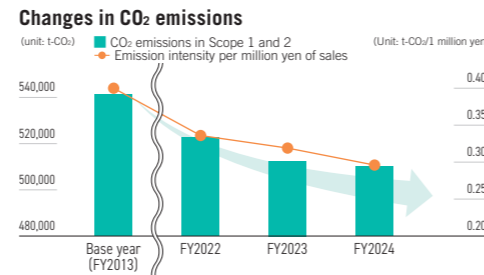


Reduction of CO₂ emissions

As a part of our measures to mitigate climate change, the Group has set a target of reducing CO₂ emissions from our stores by 50% by 2030, compared to FY2013 levels (emission intensity per million yen of sales), and we are advancing initiatives in 3 broad areas to achieve this goal. We are making steady progress toward our 2030 target, achieving 20% reduction in emissions by FY2023 and 26% reduction by FY2024, along with a decrease in the total volume of emissions.

Major initiatives to achieve our targets

- (1) Improvement of energy use efficiency and reduction of the energy consumption in store operations by installing control equipment for air conditioning and refrigerated/frozen cases and dimming equipment for lighting and ensuring appropriate temperature settings and lighting hours, etc.
- (2) Creation of renewable energy sources including solar power generation
- (3) Replacement with renewable energy through the use of non-fossil certificate transactions



TOPIC

Utilization of renewable energy in Japan

22 stores and 1 office building utilize a total renewable energy amount of 3,269,089kWh (as of June 30, 2024)

Progress (FY2024)

In the consolidated fiscal year under review, 6 stores and 1 office building started using renewable energy.

- Started supplying electricity through off-site CPPA at 4 stores, a first for the Group in Japan, and introduced on-site CPPA at 2 stores
- Among the off-site CPPA, a solar power plant operating in Ibaraki Prefecture plans to cultivate crops under solar panels starting in spring 2025
- Shifted to fully green energy usage at the multi-purpose facility dogenzaka-dori (opened in August 2023), where the headquarters is located



In FY2025, in addition to plans to install and commence operation of solar power generation facilities at our stores through on-site CPPA, we will also consider various procurement methods in order to further expand the adoption of renewable energy.

Initiatives for green logistics

We are advancing efforts not only to reduce CO₂ emissions from our stores, but also to reduce CO₂ emissions generated throughout the entire supply chain, from procurement through to distribution and consumption. Particularly in the area of distribution, we are cooperating with logistics partners such as Senko Co., Ltd. to make freight transportation more environmentally friendly, such as by using electric vehicles for the transportation and delivery of products and reviewing delivery plans through inventory optimization.

Implementation of modal shift

Senko Co., Ltd. had long been transporting our inventory from its Kanto base (Saitama Prefecture) to the Hokkaido base by ship, which emits less CO₂ per unit weight than trucks. Since 2021, it has switched to rail transportation (modal shift) for a part of the distance covered in transporting inventory from the Kanto base to the Kansai base (Osaka Prefecture) with a view to further reducing environmental impact. This has resulted in a reduction of 105 tons of CO₂ emissions between the Kanto and Kansai bases in FY2023*.



Transportation by EV trucks

We aim to reduce our environmental impact by using vehicles with low CO₂ and NOx emissions (clean diesel engines, CNG (natural gas), hybrid and EV trucks) for delivering products to stores. Since 2023, we have been using two EV trucks (maximum load capacity: 3 tons) that do not emit CO₂ during transportation to carry out deliveries to some stores in Tokyo and Saitama Prefecture. This has led to a reduction of 13 tons of CO₂ emissions in FY2023*.



Use of double-articulated trucks

From 2023, we have begun operating double-articulated trucks in long-distance transportation between our Kanto and Kansai sites. The use of double-articulated trucks makes it possible for one driver to transport the load of two large trucks, thereby reducing CO₂ emissions and the number of vehicles used while saving manpower. This is an effective transportation method in both the aspects of improving productivity and reducing environmental impact. This initiative contributed to the reduction of 69 tons of CO₂ emissions in FY2023*.



*FY2023: from April 2023 to March 2024

Reduction of plastic usage

We believe that it is our social responsibility as a retailer to address the environmental pollution caused by plastics, such as global warming and marine plastic waste issues. In FY2023, we established plastic consumption reduction targets, and worked on changing the material for plastic cutlery as well as reducing plastic used in the packaging and containers of our PB products, among other efforts.



Environmental measures at overseas stores

Introduction of solar power generation facilities (Hawaii, Thailand)

We are also striving to reduce CO₂ emissions by introducing solar power generation facilities in some stores in Hawaii and Thailand. As of the end of June 2024, solar power generation facilities have been installed in 12 stores, with further plans to install such facilities in stores in Hawaii and California going forward.



End to the provision of plastic bags at checkouts (North America, Hong Kong, Taiwan, Macau, Singapore, Malaysia)



Gelson's Markets in California and DON DON DONKI stores in Asia have stopped providing and selling disposable plastic bags in the stores to protect the environment and encourage customers to change their behavior.

For customers who want a bag to carry their purchases in are provided with reusable non-woven eco-bags or paper bags made from SFI-certified materials.