

Sustainable Procurement and Responsible Sales

Human rights and environmental considerations in supply chain management

The PPIH Group considers addressing human rights, labor conditions, and health and safety issues for all stakeholders involved in our business as our social responsibility as a retailer and an important challenge. As the risk structure of our supply chain becomes increasingly complex due to the expansion of PB/OEM products and globalization, we are promoting responsible procurement based on international guidelines and frameworks, including the Ministry of Economy, Trade and Industry's "Guidelines for Respecting Human Rights in Responsible Supply Chains," under a strong partnership with our business partners. Through these initiatives, we aim to achieve both the realization of a sustainable society and corporate growth.

Our response toward responsible procurement

FY6/22	<ul style="list-style-type: none"> Establishment of the PPIH Group Sustainable Procurement Policy and the PPIH Group Supply Chain Code of Conduct Holding of briefing sessions for business partners Introduction of Self-Assessment Questionnaires (SAQs) (for factories contracted to manufacture PB/OEM products)
FY6/23	<ul style="list-style-type: none"> Introduction of follow-up seminars for business partners who have been identified through the SAQs as having issues
FY6/24	<ul style="list-style-type: none"> Revision of the PPIH Group Supply Chain Code of Conduct Initiation of third-party CSR audits Implementation of seminars for those who are responsible for developing PB/OEM products
FY6/25	<ul style="list-style-type: none"> Conducting additional SAQs, expansion of the scale of third-party CSR audits Conducting training sessions with external instructors
Response Measures for FY6/26 and Beyond	<ul style="list-style-type: none"> Strengthening and expanding third-party CSR audits Establishing a risk-based supply chain management system through collaboration with NGOs Establishing a grievance mechanism Supporting business partners in independently conducting human rights due diligence

Policy and Code of Conduct for Human Rights and the Environment Along the Supply Chain

Our Group established the PPIH Group Sustainable Procurement Policy and the PPIH Group Supply Chain Code of Conduct in January 2022 to promote procurement practices that take human rights and the environment into consideration.

These policies and codes are frameworks for promoting responsible procurement throughout the entire supply chain, and the cooperation of our business partners is essential.

Therefore, we ask new business partners and business partners who handle PB/OEM products to submit written pledges to endorse the PPIH Group Sustainable Procurement Policy and comply with the PPIH Group Supply Chain Code of Conduct through briefing sessions and other means. To date, we have received pledges from a cumulative total of over 1,800 business partners (as of the end of June 2025).

Initiatives Toward Building the Human Rights Due Diligence Cycle

Initiatives toward identifying human rights and environmental risks in the supply chain

To identify human rights and environmental risks in the supply chain and confirm the penetration of our Supply Chain Code of Conduct, we conduct third-party CSR audits and SAQs for

our business partners. For business partners where issues requiring strengthened efforts toward risk minimization have been identified, we share the results and take corrective actions through follow-up training sessions and re-audits or re-SAQs.

Results for FY6/25

The results of third-party CSR audits and SAQs in FY6/25 showed no serious risks related to human rights and labor, which we consider most critical, in either third-party CSR audits or SAQs. However, issues were discovered at some factories, and we plan to hold follow-up seminars and conduct re-audits to minimize risks (in FY6/26). Through confirming improvement status and implementing continuous corrective measures, we will work to enhance respect for human rights and safety throughout the entire supply chain.

	Target	Number Conducted
Third-party CSR Audits	Factories contracted to manufacture PB/OEM products deemed particularly important from a risk management perspective, such as transaction scale, product genre for which manufacturing is contracted, and country where the factory is located	39 factories (domestic: 22, overseas: 17)
SAQ	Factories contracted to manufacture PB/OEM products deemed important from a risk perspective based on the results of the first SAQ, regardless of transaction scale	159 factories (domestic: 96, overseas: 63) *Response rate: 100%

Third-party CSR Audit Evaluation Results

	A	B	C	D
Domestic	2	16	2	2
Overseas	3	8	6	0
Total	5	24	8	2

In third-party CSR audits, many issues were identified in the area of occupational health and safety. At factories that received a "D" rating, issues such as inadequate fire protection equipment were also found. For factories that received "C" or "D" ratings in third-party CSR audits, we will conduct re-audits in FY6/26.

Responsible Sales

Initiatives to provide safe and reliable products

The PPIH Group positions ensuring product safety as one of our key issues and is advancing initiatives so that customers can use our products with confidence.

For PB/OEM products, we ensure design and manufacturing based on quality standards from the development stage. In addition to conducting audits based on the PPIH Group's unique standards at new factories contracted to manufacture before commencing transactions, we hold quality training sessions for contract manufacturing partners approximately twice a year, working to ensure quality through collaboration with the entire supply chain. Furthermore, to improve quality from the customer's perspective even after product launch, we take swift action based on customer feedback received through the "majic-voice" function of the majica app and other channels.

Conducting training sessions for business partners

In June 2025, we held an explanatory session themed on advancing responses to human rights and environmental issues in the supply chain for business partners associated with factories subject to the next round of third-party CSR audits. This training aims to help business partners perceive potential human rights and environmental risks more closely and enhance their response capabilities in their own supply chains.

In the training, in addition to sharing issues identified in this fiscal year's third-party CSR audits, we held a lecture by an external instructor (NGO) on international trends related to "Business and Human Rights" and major issues and trends regarding occupational health and safety in Japan.



Establishment of a hotline exclusively for partners

The PPIH Group has established a dedicated hotline to receive consultations and reports from business partners.

This hotline has designated an internal contact for matters related to PPIH's response and contracts, and an external law firm as the reporting destination for cases that may involve legal violations, and can be used anonymously. The privacy of persons seeking advice and whistleblowers is strictly protected, and we have established a system that can be used with peace of mind. Contact information is posted in meeting rooms and other locations to inform all our business partners. We take the voices of our business partners seriously and, after conducting investigations, implement appropriate corrective measures to work toward improving safety and respect for human rights throughout the entire supply chain.

Going forward, we will continue to promote the strengthening of our quality control system and improvement activities from the customer's perspective to further enhance product safety.



Based on customer reviews received through "majic-voice," we improved our products, resulting in a 20-point increase in customer satisfaction for some items.



Home appliances under our PB, "Jonetz" undergo up to 14 reliability tests, and products that pass are marked with the "Quality Meister Certification" mark.