

1.5°C Scenario

*Scale of influence in qualitative evaluation "O": May be affected

Risks/ Opportunities	Category	Positioning in the value chain	Details of risks	Impact on PPIH Group's business activities	Affected timeline/ Scale of impact			Financial impact (Qualitative/Quantitative)	Countermeasures	
					Scale of impact					
					Short term	Medium term	Long term			
Risks	Policies and regulations	Direct impact on operations	Tightening Greenhouse Gas (GHG) emission regulations	Increased operating costs of stores and bases due to the introduction of carbon pricing for Scope 1			Middle	Impact in FY2050: 2,168 million yen *Calculate the increased cost by multiplying the actual Scope 1 CO ₂ emissions for the fiscal year ending June 24 by the assumed carbon price in 2050 *The assumed carbon price is set based on the following: As of 2050: Carbon price (\$250/t-CO ₂) in developed countries under the IEA WEO NZE by 2050 scenario, calculated at the exchange rate of \$1 = 135 yen	・Electrification of air conditioning equipment and kitchen equipment using gas and heavy oil ・Promote energy conservation in stores and update to high-efficiency energy-saving equipment ・Improving energy efficiency through the introduction of energy management systems (EMS) ・Conversion to a low-carbon store by improving building insulation performance ・Utilization of subsidies and tax incentives	
			Strengthening regulations on alternative fluorocarbons	Rising equipment costs and disposal costs of existing equipment due to conversion to natural refrigerant equipment			○	○	Qualitative evaluation	・Cost reduction through bulk purchase
			Tightening food waste regulations	Increasing cost of disposal of food waste from stores	○	○	○	Qualitative evaluation	・Optimization of inventory and order management through the use of AI and data analysis ・Reduction of food waste generation by easing delivery and sales deadlines ・Development of products that contribute to the reduction of food loss ・Promotion of food recycling initiatives ・Donation activities using food before disposal	
			Tightening plastics regulations	Increasing cost of disposal of plastic containers, packaging, and promotional materials			Low	Low	Impact in FY2030: 57 million yen Impact in FY2050: 413 million yen *Calculated by multiplying the expected increase in the recycling unit price of plastic packaging containers (consignment unit price for recycling) by the amount of recycling obligations (actual results for the fiscal year ending June 2024)	・Joint development of plastic reduction and reduction products with suppliers ・Reduction of plastic use for in-house use such as promotional materials ・Use of alternative materials ・Visualization and optimization of disposal costs and reduction of waste volume ・Promoting the introduction of recyclable containers and packaging
		Procurement impact	Tightening plastics regulations	Increased procurement costs by converting plastic containers, packaging, and promotional materials to renewable resources			○	○	Qualitative evaluation	・Cost optimization and procurement strategies for alternative materials ・Joint development of plastic reduction and reduction products with suppliers ・Reduction of plastic use for in-house use such as promotional materials ・Use of alternative materials
	Technology	Direct impact on operations	Delays in the adoption of renewable energy	Soaring electricity procurement prices due to the spread of renewable energy, increasing costs due to the purchase of non-fossil electricity certificates			Middle	High	Impact in 2030: 5,837 million yen Impact in 2050: 11,289 million yen *The rate of increase in electricity procurement prices due to the spread of renewable energy is set at 25% in 2030 and 50% in 2050 compared to the fiscal year ending June 2024, and calculated by taking into account the cost of purchasing non-fossil fuel certificates in 2030.	・Promote energy conservation in stores and update to high-efficiency energy-saving equipment ・Utilization of renewable energy ・Improving energy efficiency through the introduction of an energy management system (EMS) ・Conversion to a low-carbon store by improving building insulation performance
	Reputation	Impact on product and service Demand	Negative impact on brand image	Negative impact on fundraising, recruitment, product handling, etc. due to the deterioration of brand image due to delays in addressing climate change issues and information disclosure	○	○	○	Qualitative evaluation	・Strengthening stakeholder engagement ・Formulation and strengthening of climate strategies ・Involvement in industry and policy recommendations	
Opportunities	Products & services	Impact on Product and Service Demand	Change of consumer preferences	Increase in customers in the discount business due to increased preference for low prices due to rising prices	○	○	○	Qualitative evaluation	・Development of products that achieve both low prices and added value ・Marketing strategies to respond to changes in consumer purchasing behavior	
				Increase sales and reduce costs through the development of environmentally friendly products			○	○	Qualitative evaluation	・Slimming containers and packaging and maximizing cost reduction effects ・Switching to environmentally friendly packaging materials
				Improving corporate value through the expansion of environmentally friendly products has a positive impact on financing, brand power, recruitment, and product handling			○	○	Qualitative evaluation	・Development and branding of environmentally friendly and low-carbon products in cooperation with suppliers
	Resilience	Direct impact on operations	Resilience to climate change risks	Leveraging resilient Sspply chains			○	○	Qualitative evaluation	・Cost reduction and decarbonization through logistics optimization ・Supply chain management using digital technology, such as the construction of a supply and demand forecasting system