

Overview of Q&A Session at ESG Briefing

This document provides an overview of the Q&A session at the ESG Briefing. Questions and answers have been edited for clarity.

Q1. [Human Capital Management]

With a diverse workforce, what efforts are being made at the operational level to enhance employee motivation? What points do managers focus on, and what future initiatives are planned?

- Operational Efforts:
 - ✧ In recruitment, we prioritize not academic background but whether candidates embody our core values from *The Sauce*—such as autonomy, a spirit of challenge, eagerness to grow, and competitiveness.
 - ✧ Additionally, our culture of delegation of authority fosters strong competitive principles.
 - ✧ As employees implement various initiatives and measures at each store, they experience numerous successes and failures.
 - ✧ By sharing best practices across stores, employees learn from one another and engage in healthy competition, which we believe leads to fulfillment and increased motivation.
- Managerial Focus:
 - ✧ Managers emphasize open communication, supporting members' challenges and growth, and staying close to them.
 - ✧ We encourage viewing failures as a steppingstone to future success and provide feedback that highlights both strengths and areas for improvement. This approach leads to higher motivation.
- Future Initiatives:
 - ✧ We aim to continue initiatives that help female employees avoid falling into imposter syndrome—encouraging accurate self-assessment of achievements and fostering a mindset to take on new challenges.

Q2. [Supply Chain Management]

Currently, efforts focus on PB/OEM products. What is your approach for national brand (NB) products where PPIH has a high market share?

- While current efforts concentrate on PB/OEM manufacturing partners, we plan to extend initiatives to NB products with high PPIH market share.

Q3. [Environment]

GHG emissions per unit of sales seem higher compared to other retailers. What are the reasons?

- Based on self-analysis, differences in operating hours and our business concept (Convenience, Amusement) lead to greater use of in-store equipment (e.g., spotlights) compared to peers, resulting in relatively higher emissions.
- More than 90% of the PPIH Group's total annual emissions fall under Scope 3, with the majority coming from Category 1. While we work with a large number of partners involved in product manufacturing and procurement, we held a partner briefing in June and have started providing support for emissions calculation. By gaining our partners' understanding, we would like to work together to reduce Scope 3 emissions.