

ESG Briefing Session

July 3, 2025

Pan Pacific International Holdings Corporation

15:30~

ESG Briefing Session

- ESG Management at PPIH (P3-)
- Human Capital Management (P9-)
- Promoting diversity (P19-)
- Supply Chain Management that Respects Human Rights and the Environment (P26-)
- Environmental Management (Climate Change Response, Plastic Reduction) (P32-)

16:30~

Q&A

17:00~

End (expected)

Introduction of The Speakers



Director and Executive
Officer, Head of Diversity
Management Committee

Hitomi Ninomiya



Executive Officer and
Chairperson of Sustainability
Committee

Keiji Hayakawa



General Manager,
Human Resources
Headquarters

Yoichi Kozai



General Manager,
IR Headquarters

Yuichi Watanabe

ESG Management at PPIH

General Manager, IR Headquarters

Yuichi Watanabe

Concept of Sustainability and Governance Framework

Concept of sustainability at PPIH

We are working to resolve material environmental and social issues through our core business of general retailing. Guided by our corporate principle, “The Customer Matters Most,” our primary focus is on supporting the lifestyles of local customers and providing them with shopping enjoyment. Through continuous dialogue with stakeholders, we aim to create a sustainable society while increasing corporate value over the medium to long term.



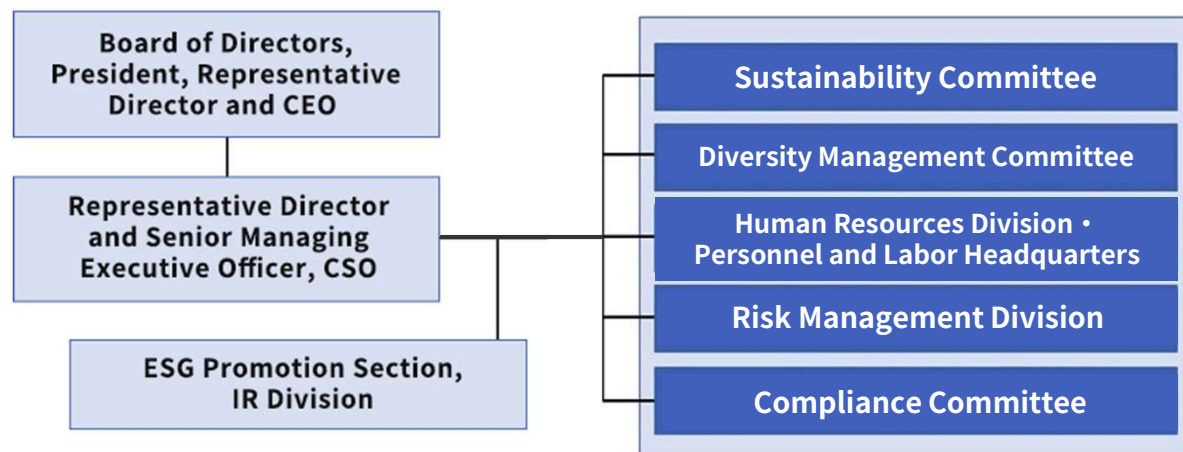
The Source and sustainability

Pan Pacific International Holdings Corporation, founded on the legacy of Don Quijote, is a **global corporate group in the retail industry that aims to deliver joy and excitement to customers and contribute to society through its business operations.**

Governance framework

Measures to promote sustainability initiatives are planned and proposed by the committees and divisions in charge in each area, under the leadership of the Executive Officer in charge, the Representative Director and Senior Managing Executive Officer, CSO (Chief Strategy Officer), and are reflected in the business activities of Group companies. In addition, the activities are regularly reported to the Board of Directors. The Board discusses and approves the proposed policies, goals, and key initiatives prior to implementation.

※ Structure as of the end of June 2025



◆FY6/25 reports to the Board:

6 sustainability-related reports submitted

«Highlights from the most recent report»

- Evaluation results from ESG rating agencies
- Report on ESG-related investor engagement
- Key initiatives for women’s participation and advancement in line with medium- to long-term goals
- Key initiatives on the environment and supply chain in line with medium- to long-term goals
- Report on climate change disclosure aligned with Sustainability Standards Board of Japan (SSBJ) Standards, etc.

At the time of formulating Visionary 2025/2030, our medium- to long-term management plan, we discussed stakeholder expectations and the Group's significance to stakeholders, and the social issues that we can help solve by leveraging our strengths. We also re-identified our material issues toward creating a sustainable society and business.

Accepting diversity and creating a rewarding workplace

Priority themes

- Human capital management
- Establishing a diverse organization that embraces diversity

Sustainable procurement and responsible sales

Priority themes

- Responsible product procurement and sales that respect human rights and the environment

Reduce the environmental impact of our business activities

Priority themes

- Strengthening climate-related initiatives (CO2 emissions reduction)
- Strengthen waste reduction
- Reduction of plastic usage
- Development of environmentally responsible products

Resolving social issues in harmony with local communities

Priority themes

- Donations and fundraising activities for community contribution
- Growth of future generations
- Development of Japanese agricultural exports

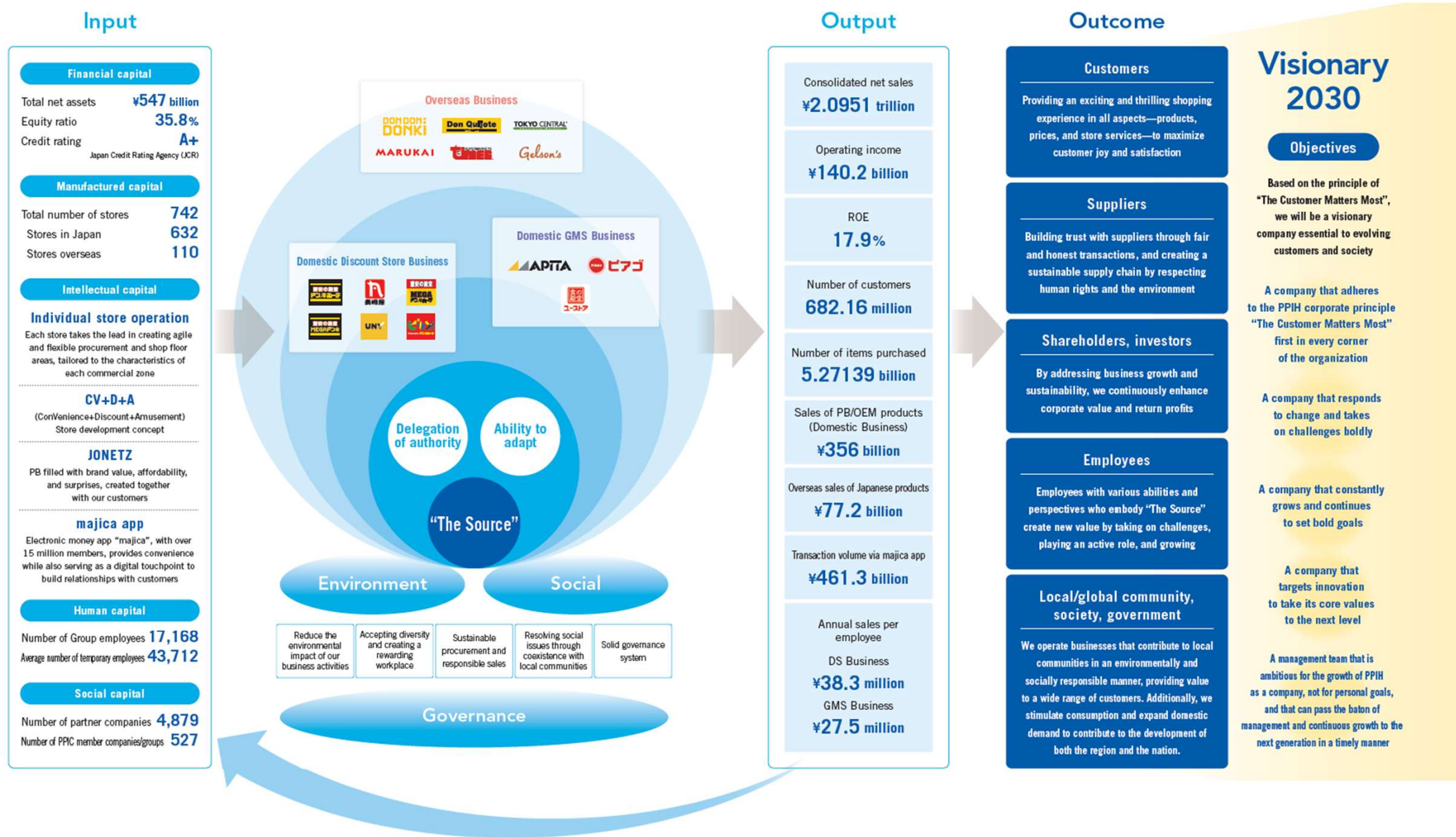
Solid governance system

Priority themes

- Strengthening corporate governance
- Ensuring thorough compliance
- Strengthening risk management

Material Issues and Medium- to Long-Term Management Plan

Our material issues are closely tied to business growth. By addressing each material issues, we strengthen our management foundation, enhance corporate value, and advance toward the achievement of Visionary 2030.



Sustainability-Related Targets under Visionary

- ❑ Long-term sustainability is reinforced by addressing environmental and social challenges alongside business growth
- ❑ ESG ratings from third-party agencies are utilized to secure strong evaluations and support inclusion in major indices

Key focus areas

Medium-term targets

Progress in FY6/24

E Strengthening climate-related initiatives

Responsible product procurement and sales that respect human rights and the environment

Resolving social and environmental issues across the supply chain

S Establishing a diverse organization that embraces diversity

Strengthening human resource development

G Strengthening corporate governance and risk management

• Reduce CO2 emissions from domestic stores and offices by 50% by 2030

• Reduce plastic usage in customer service by 70% by 2030

• Quantify emissions across Scope 3 categories and establish reduction targets

• Promote sustainable procurement and enforcing the supply chain code of conduct

• Produce 200 store merchandise (MD) planners among “mate employees” every year until FY6/30

• Increase the number of female store managers to 100 by FY6/30

• Improve the retention rate of female employees: reduce turnover rate to 5% by FY6/30

• Promote the operation of next-generation executive development program

• Establish and operate the Nomination and Compensation Committee

• Formulate and disclose the business continuity plan (BCP)

✓ Reduced 26% of CO2 emissions (compared to 2013)

✓ Reduced 65.8% of plastic usage (compared to 2019)

✓ To set Scope 3 emissions reduction targets, began interviews with business partners about their policies and initiatives to address climate-related issues

✓ Confirmed that no factories with significant human rights or labor-related risks or incidents were found among business partners following a risk assessment

✓ Mate Employees MDP: Progress is not applicable as this indicator and target were set in December 2024.

✓ Female store managers: 39

✓ Turnover rate of female employees: 7.6%

✓ Develop next-generation executives: 160 participants attended training for executives and executive candidates

✓ The Nomination and Compensation Committee met 4 times to enhance transparency in the nomination and compensation process

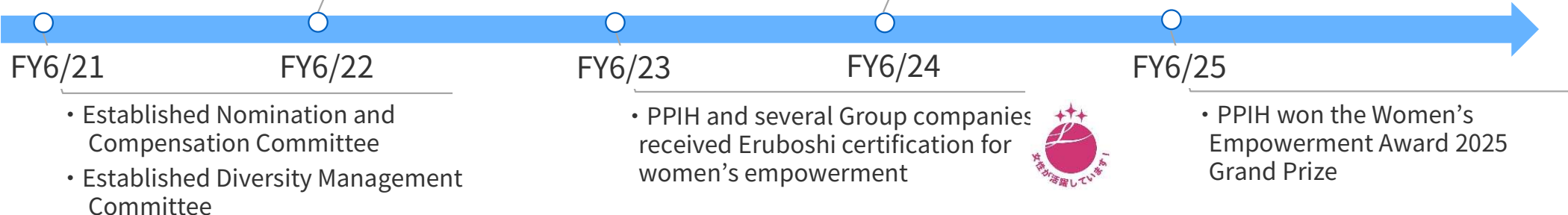
✓ Implemented measures to regularly update our BCP aligned with business continuity management (BCM) principles

Sustainability: Progress and External Recognition

Progress

- Established Sustainability Committee
- Identified 5 material issues
- Supported the TCFD, joined the Japan Climate Leaders' Partnership (JCLP)
- Began support for welcoming Ukraine refugees
- Marked the 10th year of support for children affected by the 2011 Tohoku Japan Earthquake and Tsunami (Bellmark donation)

- Received the Medal with Dark Blue Ribbon for donations to the National Center for Child Health and Development
- One Group company certified as a 2024 Certified Health & Productivity Management Outstanding Organization for the first time



External recognition

◆ Continuously listed in five ESG indices adopted by Japan's Government Pension Investment Fund (GPIF)



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



2025 CONSTITUENT MSCI NIKONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index

◆ Selected as a constituent of the FTSE4Good Index Series



FTSE4Good

◆ Received MSCI ESG Rating of AA



◆ Selected for Most-improved Integrated Report by GPIF's domestic equity asset managers

Integrated Report (FY6/24)

<https://ppih.co.jp/en/ir/library/annual/>



Human Capital Management

General Manager, Human Resources Headquarters

Yoichi Kozai

Introduction

Our corporate principle, “The Customer Matters Most,” is achieved through the power of our people. The strength of our human resources is the source of our competitive edge and our most important management resource.

The Source of strength of our human resources

The source of strength of our human resources is the thorough implementation of individual and organizational activities aligned with our philosophy in *The Source*.

About *The Source*



The Source is our corporate philosophy collection that clearly articulates the thoughts and beliefs of our founder, Takao Yasuda. It was born out of a sense of urgency about the risks posed by large corporate bureaucracy and the potential for organizational self-destruction.

The corporate principle, “The Customer Matters Most,” and the management philosophy outlined in *The Source* serves as a universal, timeless, and unwavering code of conduct for all employees and executives across the PPIH Group. It embodies our unique pride and enduring purpose, forming the foundation of its existence for generations to come.

Our Corporate Principle

"The Customer Matters Most."

The Six Precepts of Our Management Philosophy

- Precept 1 We commit ourselves to doing business in a manner that is unselfish, 100% honest, and grounded in a strong sense of morality and purpose.
- Precept 2 In every age, we create shop floors that evoke the anticipation and excitement of finding astonishingly cheap goods.
- Precept 3 Boldly granting authority to those at the center of things, we are always ready to move people around, to make sure they are in the best possible position.
- Precept 4 We are committed to creative destruction and the ability to adapt; we reject pre-established harmony and the hesitancy to do anything that might rock the boat.
- Precept 5 We are unhesitant in the face of daunting challenges, and unafraid to beat a rapid retreat when a cold, hard look at reality tells us this is the best course.
- Precept 6 Undistracted by easy profits, we hone to perfection the strengths that form our core business.

The Group's Human Capital Management Policy

Human resources are the driving force behind the Group's long-term growth. To achieve our medium- to long-term management plan, even amid changes in the external environment such as workforce decline the workforce, we must secure and develop human resources required for implementing our business strategy, while unlocking the potential of each individual employee more than ever before.

Focus areas of human resources for medium- to long-term growth

With the challenges identified during Visionary 2025 and the management goals set forth in Visionary 2030 that came after, we have redefined our human resource strategy. Using the promotion of our corporate philosophy, *The Source*, as a base, we will introduce our five focus areas in this briefing.

Focus areas of human resources

- (1) Self-directed growth guided by *The Source*
- (2) Career support for human resources tackling challenges
- (3) Development of global human resources
- (4) Creating innovation
- (5) Creating an environment that supports active engagement of mate employees

Initiatives promoting *The Source* as our foundation

In line with our philosophy in *The Source*, we place importance on each employee's ability to think and act independently, and to continue growing on their own. To that end, in addition to onboarding training for new employees, we have implemented various initiatives to deepen understanding of *The Source*.

- Published *The Source* in 5 languages, including Japanese
 - Held *The Source* general level exam twice a year [for all employees and select mate (part-time or temporary) employees]
 - Organized *The Source* playing cards event
 - Conducted *The Source* master certification exam for employees in designated positions or responsibilities
- Successful candidates practice the precepts of *The Source* in their daily work, foster human resources who advance their organization's philosophy and culture, and submit regular reports, with the aim of further developing themselves and their organizations.



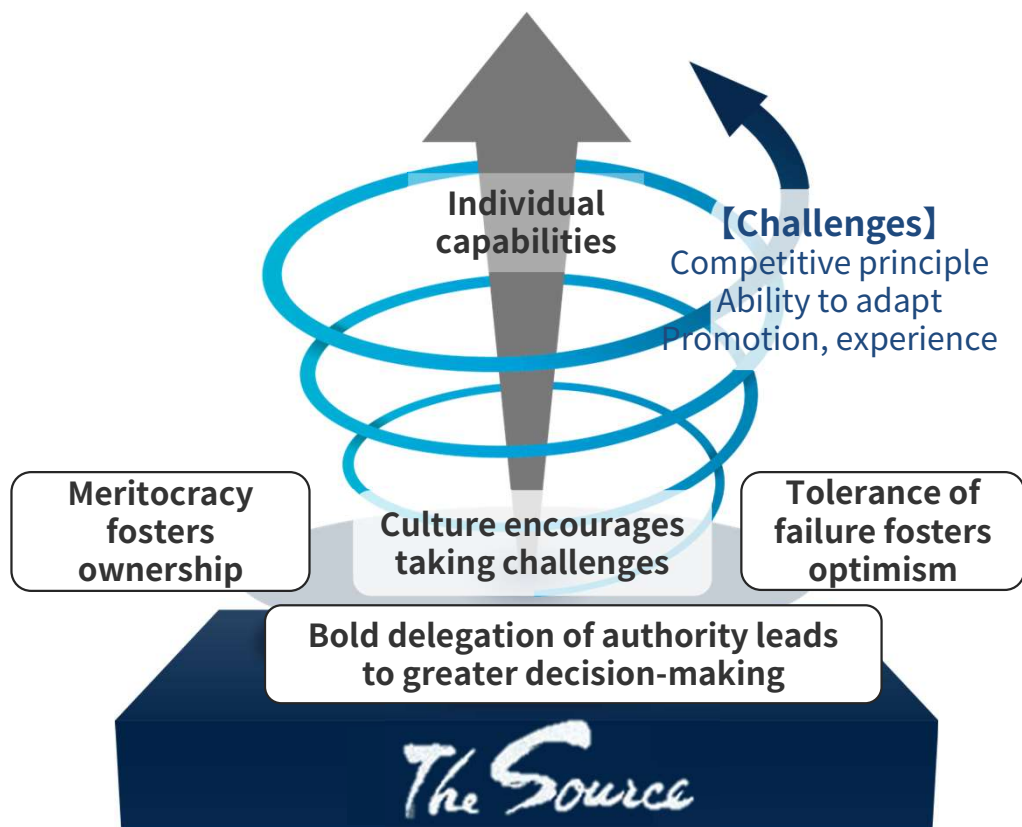
Focus Areas of Human Resources (1)



(1) Self-directed growth guided by *The Source*

PPIH has cultivated a distinctive culture of human resource growth based on *The Source* that no other company can replicate. Its keywords: delegation of authority, meritocracy, and tolerance of failure.

Human resources who can achieve their goals
Human resources focused on winning
Human resources with a strong sense of self-efficacy



◆ Our 3 elements for human resource growth:

• Delegation of authority

By boldly delegating authority and ensuring that sovereignty rests with those closest to the action, employees are given exceptionally high levels of independent thinking, decision-making, and opportunities to take on challenges, even from their earliest days at the company.

• Meritocracy

By constantly talking in numbers, the competitive principle takes hold and work becomes personal, motivating more employees to focus on winning. In turn, this ambition leads to employees raising their hands and earning promotions across many areas.

• Tolerance of failure

A culture that tolerates failure ensures the psychological safety needed to take on challenges. Our corporate culture fosters a mindset of “Give it a try first! You can think while doing it.”

The Source

The Six Precepts of Our Management Philosophy: Precept 5

Of course, whenever you are always trying new things, you are bound to fail sometimes. Not just sometimes—your failures will almost certainly outnumber your successes, and not by just a little. **If you can succeed one time out of ten, you’re doing pretty well. In order to keep going in the face of such daunting odds, a company absolutely must have a culture that accepts failures as part of the process.**

Focus Areas of Human Resources (2)



(2) Career support for human resources tackling challenges

PPIH's approach is not to foster development, but to **support growth**. In particular, we support individuals who value initiative and independence, and provide the opportunities and tools (knowledge) needed to take on challenges.



Supporting the growth of human resources in *The Source*

Twelve Precepts on the Mindset of a Future Leader

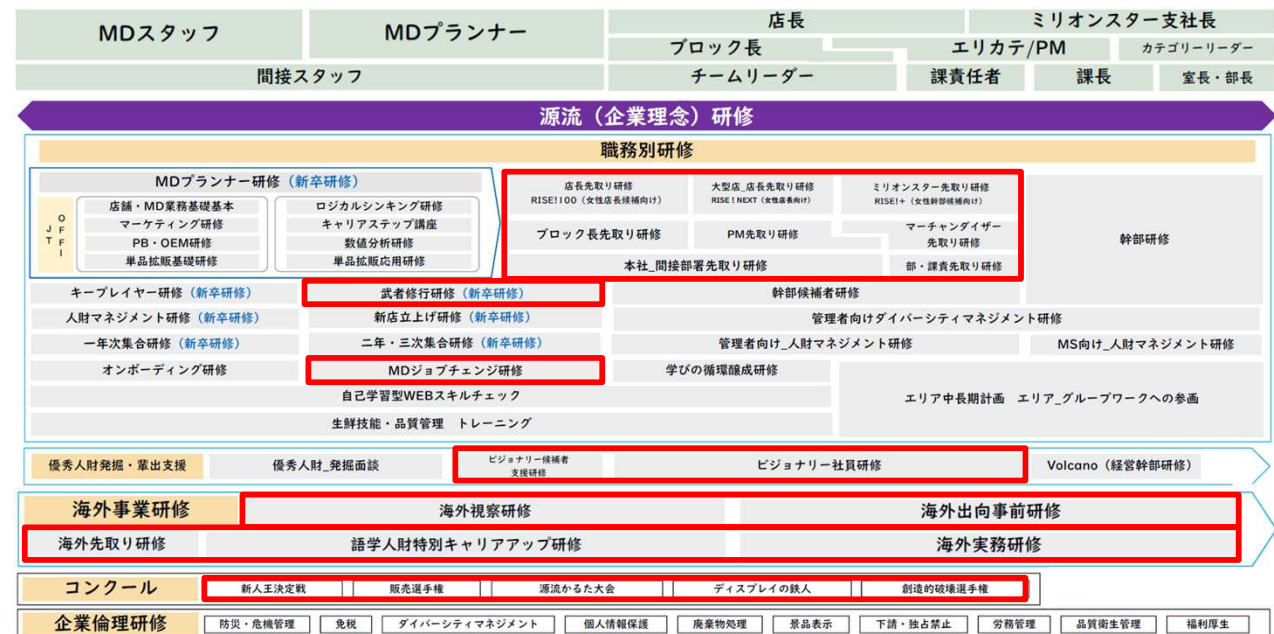
7. Your subordinates don't want to be "raised," they want to be trusted.

◆ Career support for human resources tackling challenges

We have adopted a framework that encourages self-directed growth, enabling employees to self-nominate for training programs and internal competitions.

We offer career-building training opportunities even to fresh graduate hires from their first year, supporting their career development from the earliest stages.

*The diagram on the right represents our training framework. The programs outlined in red are open for voluntary participation, allowing employees to raise their hands and join based on their own initiative.



Focus Areas of Human Resources (2)

◆ Active recruitment system to empower self-directed career advancement

We have established an internal recruitment system to encourage employees to advance their careers and broaden their experience. Employees at certain job levels who have remained in their current division or position for at least one year are eligible to apply, enabling them to take on diverse career opportunities.

FY6/24: Use of recruitment system

- Number of applications: 411
- Number of successful transfers: 133



TOPICS: Our unique culture of self-nomination

Million Star general managers

Stores nationwide are grouped into branches, each serving a commercial zone of approximately 1 million residents. Million Star general managers at each branch take on the challenge of managing stores without direct supervision, operating under a system of ultimate delegation of authority. Currently, 158 Million Star general managers across discount and general merchandise stores are engaged in deep, focused management — evolving their individual store management through strategies and ideas that enhance store appeal for customers in each commercial zone.

Using a purely merit-based system, those at the bottom 20% based on performance are reshuffled each year and open recruitment for general managers are conducted once a year (area-limited employees may apply). The application is highly competitive, with a large number of applicants each year, providing growth incentives across the company by maintaining motivation and introducing fresh perspectives.



The Ironman of Display

In-house competition exemplifying our self-nomination approach to supporting growth. Aimed at discovering stars and heroes on the front lines, participants compete to showcase Don Quijote-style display techniques, such as compressed display, alongside speed and marketing skills, all within a limited time frame.



Open to regular employees (up to age 34), as well as contract and mate (part-time or temporary) employees. In the 2024 competition, around 450 applicants competed nationwide. After regional qualifying rounds, 6 winners — including women — emerged.



Focus Areas of Human Resources (3)



(3) Development of global human resources

In our Group, global human resources take active roles in stores focused on inbound tourists in Japan, as well as across various divisions both in and outside Japan. Moving forward, the growth of our global business will be essential. We will recruit and support the growth of human resources with strong linguistic skills and cultural awareness.

◆ Active role of foreign employees in Japan

With inbound tourists visiting our stores and our operations expanding outside Japan, we currently employ 420 regular employees and 2,834 mate (part-time or temporary) employees of non-Japanese nationality across our stores and administrative divisions. (FY6/24, Group companies in Japan)



◆ Company initiatives to develop global human resources

In addition to providing training outside Japan, primarily to young global staff, we also temporarily assign outstanding staff to stores in Asia and other countries. These include individuals who have demonstrated talent in display techniques or expressed interest in working outside Japan. They share expertise in store displays, marketing, and other know-how in Japan, with local employees.



◆ Strengthening recruitment of global human resources

To further accelerate our global business expansion, we are currently implementing the following recruitment initiatives:

- Engaging Japanese students studying abroad (participation in the Boston Career Forum)
- Enhancing recruitment of global human resources from among student mate (temporary) employees

⇒ We plan to host our first internship outside Japan in August 2025





(4) Creating innovation

To achieve long-term growth, our stores and staff must not only take on daily challenges, but also continuously generate leaps of innovation that may turn into game-changers.

◆ Creative destruction championship

The championship is the contest aimed at generating new businesses that will serve as future growth engines. Any PPIH employee may submit their ideas. In fiscal 2024, 255* entries were submitted. Following training by outside directors and presentations to executives, 3 proposals were ultimately selected for business adoption and 5 were implemented as new initiatives.



* Of these, 192 entries came from junior employees and 63 from managers

TOPIC: Employee-initiated challenge

To break new ground for the slogan “For XX, go to Don Quijote!” — previously used for promotion of colored contact lenses and protein powder — a then 31-year-old cosmetics manager proposed and organized the cosmetics exhibition “Donki Cosmetics Fest.” (held 3 times since 2024)

As a result, the number of Don Quijote exclusive and early access products has more than doubled since the first event.

Additionally, event invitations limited to majica members were offered. The third event received 41 times more applications, showing growing consumer awareness as well as attracting more majica members from the 20-to-34-year-old female demographic.



Focus Areas of Human Resources (5)



(5) Creating an environment that supports active engagement of mate employees

Our Group currently employs 43,712* mate (part-time or temporary) employees. We believe that creating stores rooted in the community by staffing them with mate employees who best understand customer needs is essential to increasing customer loyalty. In December 2024, we set a goal to actively engage mate employees.

Goals:

Produce 200 new MD planners from mate employees every year by FY6/30**

(Participating companies: Don Quijote, Nagasakiya, Tachibana Department store)

* Across domestic and overseas consolidated companies, as of the end of June 2024, calculated as a monthly average based on an 8-hour workday

** Refers to mate employees entrusted with full responsibility and authority over their assigned categories in stores, from setting targets and ordering products to sales, data analysis, and management tasks. They also receive a bonus every 6 months

◆ Specific initiatives to drive active engagement of mate employees

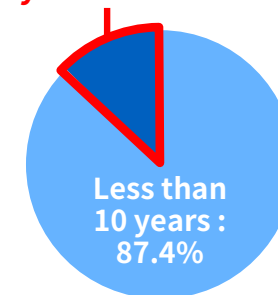
More than 10% of our staff are mate employees with over 10 years of experience. By fostering environments and developing programs that make work enjoyable, we unlock the potential of each individual mate employee as a source of value for our company. We also offer promotions to selected talent regardless of employment status.

- Introduced the “FOR THE TEAM AWARD,” which offered achievement-based rewards every 6 months, based on store performance and adjusted according to employment type and working hours.
- Conducting engagement surveys targeting mate and other store employees
- Enhancing productivity of store operations through digital transformation using AI and other technologies
- Hosting regular roundtable discussions of mate employees with Million Star general managers
- Improving retention through new mate advisors at each store.
- Presented the Best Mate Employee Award at the company-wide PPIH Awards



▷ **Years of service as mate employee in discount store business**
(Employed as of December 1, 2024)

10 years or more : 12.7%



TOPIC: Mate-led store operations

As a result of our efforts to encourage mate-led store development, stores staffed entirely by mate employees other than the store manager have opened since 2023. Some of these stores have achieved sales that exceeded both the previous fiscal year's results and their forecasts. Employees also report more active communication than before.

Providing Environments and Policies where Employees Can Feel Secure and Be Themselves at Work

To ensure all employees feel secure at work, we must provide a corporate environment that enables employees to maintain both physical health and mental well-being, and provide policies that empower employees to express their individuality at work. In addition to conducting job satisfaction and employee engagement surveys, we have implemented the following initiatives:

◆ Established a wide range of consultation services for all employees, including mate employees

- HR Career Call
Under our merit-based personnel system, we offer consultations on personnel evaluations, career advancement, and other issues to help improve or resolve the concerns of employees, including mate employees. (FY6/24: 113 cases)
- Consultation services for employees and their families
Professional external counselors provide advice on workplace and personal matters, including compliance, health, and LGBTQ+ issues. Available to all employees, including part-time and temporary staff, and their families. (FY6/24: 424 cases)



◆ Introduced group long-term disability insurance

- Provides income compensation for up to 5 years for employees on leave due to injury or illness

◆ Health and productivity management initiatives

- Target health checkup consultation rate: 100%
- UNY Co., Ltd. certified as a Certified Health & Productivity Management Outstanding Organization for the second consecutive year



TOPICS: Freedom of choice in hair color

Since 2022, dress code policies have been relaxed and hair color restrictions eliminated at Group companies in Japan. As a result, more than 50% of employees now enjoy hair colors other than black, and about half reported that changing their hair color “increased their motivation” (November 2024 survey).

In recruitment, around 70% of new employees hired after the elimination of hair color restrictions responded that they were aware of the relaxed hair policy beforehand. Some stores also saw an increase in store mate job applications. Furthermore, some customer-facing staff reported that having bright hair contributed to actual product purchases and other positive effects on sales.



Promoting Diversity

Director and Executive Officer,
Head of Diversity Management Committee

Hitomi Ninomiya

Diversity and Its Promotion Structure in the PPIH Group

Our Group serves over 600 million customers globally each year. One of our key strengths — continuing to satisfy a diverse range of customers and remain their store of choice — is the diversity of our employees and the inclusive culture we have cultivated over the years.

Diversity is also essential to our future growth. It is vital to build a truly diverse organization where all employees can be themselves and thrive.



Diversity in *The Source*

Management and Practice Six Rules for Bosses

5. Accept diversity.

Precepts Relating to Employee Mindset and Conduct

7. Regardless of rank and position, always acknowledge and respect individual diversity.

Governance Framework

The Diversity Management (DM) Committee is chaired by the Director and Executive Officer in charge of diversity management.

To build a truly diverse organization, we must first create an environment where women, the largest minority, can thrive. The committee is composed of cross-sectional collaboration between relevant departments, such as recruitment and human resource development.

The DM Committee meets once a month to plan, propose, and implement various programs to promote diversity.



Our Goals and Strategies to Advance Women's Participation and Advancement



Goals for women's participation and advancement

- ◆ **Increase the number of female store managers:**
50 store managers by the FY6/26 / 100 store managers by the FY6/30
→(FY6/24 Actual) 39 female store managers (increase of 26 compared to FY6/21)
- ◆ **Improving female retention rate (= reducing turnover rate): 8.8% by FY6/26, 5% by FY6/30**
→(FY6/24 Actual) Female Employee Turnover Rate: 7.6% (4% improvement since FY6/21)

Focus areas to achieve goals

We will implement a combination of measures that are optimal for each stage of employment in order to improve work environment and raise awareness, from recruitment to retention and promotion.

(1) Transforming the mindset of female employees

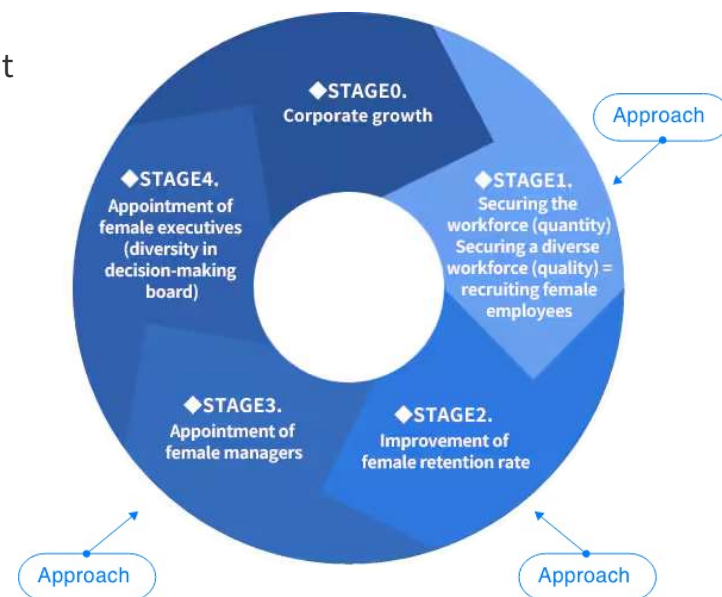
Encourage independent career development through various seminars and programs designed for female employees.

(2) Fostering understanding among supervisors and colleagues

Contribute to an open organizational culture that welcomes diversity in the workforce, through unconscious bias training and other initiatives.

(3) Providing a welcoming work environment

Prevent turnover and help employees maximize their potential by creating a welcoming work environment that supports women-specific needs and life stage transitions.



Unique Initiatives to Advance Women's Participation and Advancement (1)

◆ Rise!100 training program for aspiring female store managers

This is a 6-month training program designed to systematically develop the mindset, knowledge, and skills required to become a store manager. Since launching in May 2021, the program has been conducted 4 times as of June 2024, producing a total of 38 female store managers.

Career possibilities envisioned by RISE!100

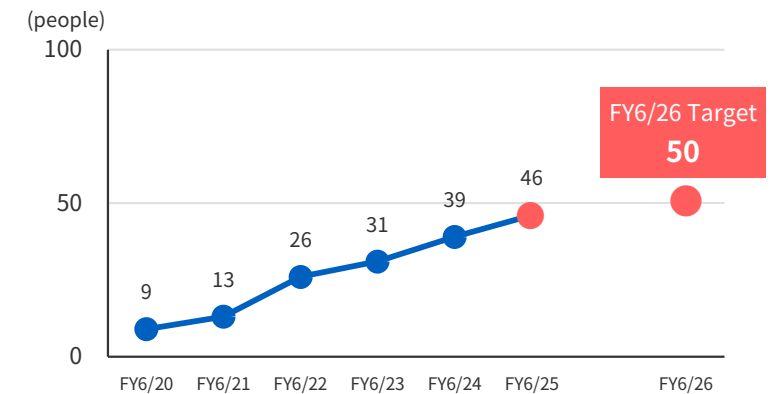
- ✓ RISE!100 emphasizes merit-based talent development.
- ✓ The training is designed not as the goal, but as the starting point for continuous growth. Participants are supported in both skills and mindset to help them expand their potential and take on active roles over the long term.
- ✓ The program produced our youngest female store manager (age 23), and some participants have progressed to general manager (Million Star) level.

Number of female general managers (Million Star)

FY6/21...1
FY6/24 ...4
FY6/25...7



▷ Number of female store managers in Japan



◆ College-style career advancement online seminar

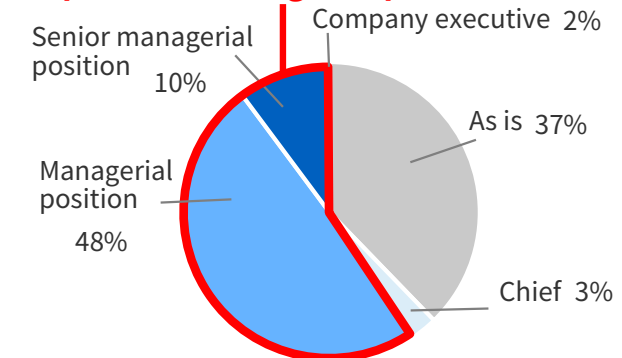
To support the development of female managers, optional career advancement seminars led by external lecturers are held once or twice a year, focusing on skills development to enhance both work skills and mindset.

Post-seminar results:

- ✓ 99% of respondents said the seminar helped them advance their careers and improve their skills
- ✓ 60% expressed interest in becoming managers (general manager, division head, or other managerial positions) in the future
- ✓ Promotion rate of participants was over 10% higher than non-participants one year after the seminar (compared to after September 2023 seminar)

Q: What job level or position do you aspire to in the future?

Aspire to a managerial position 60%



Unique Initiatives to Advance Women's Participation and Advancement (2)

◆ Initiatives to address high-volume resignation zone

In March 2025, we held a seminar led by an external lecturer for female employees in their 20s who have been with the company for less than 3 years and are not yet in managerial positions. This group falls within the company's high-volume resignation zone. Although 80% of participants had concerns about their work or career, 98% reported improved feelings or motivation toward work after the seminar.

▷ Seminar led by external lecturer



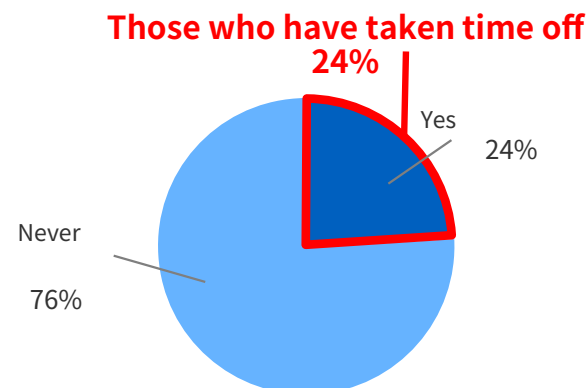
◆ Aid for low-dose contraceptive pills

A survey of our female employees revealed that about 1/4 had taken time off work due to menstrual pain, and that even when they came to work, their productivity declined. Starting in March 2023, we introduced a benefit program that subsidizes the cost of low-dose contraceptive pills for female employees and their life partners. After taking the pill, 80% of employees reported improved work performance.

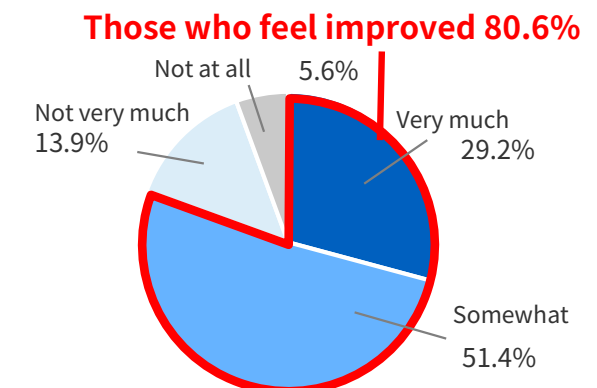
This unprecedented initiative to create a more comfortable workplace for women has received extensive media coverage and awards.



Q: Have you ever taken time off work due to menstrual pain?



Q: Do you feel that your work performance has improved since taking the pill?



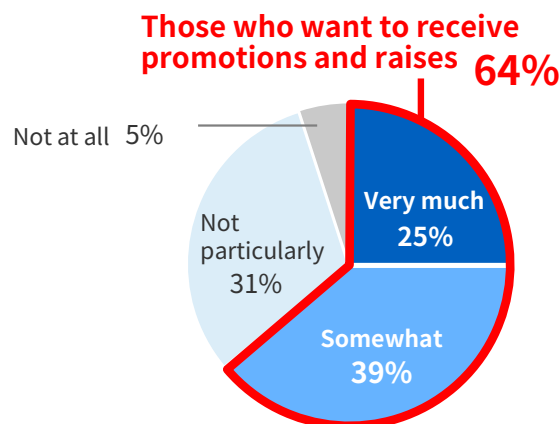
Future Developments

As a result of these and other initiatives, the female turnover rate across the Group is trending downward, while the ratio of female managers is trending upward. Looking ahead, as we work to increase the number of senior managers, our immediate challenges include further developing our candidate pool by refining current initiatives and expanding the participation and advancement of women throughout the Group.

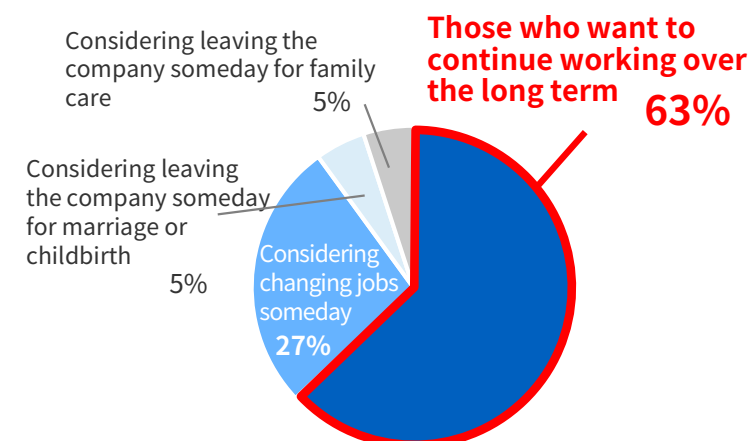
◆ Results of the 2024 female employee awareness survey

60% of all female employees responded that they want to continue building their careers and working over the long term.

Q: Do you want to continue building your career and receiving promotions and raises?

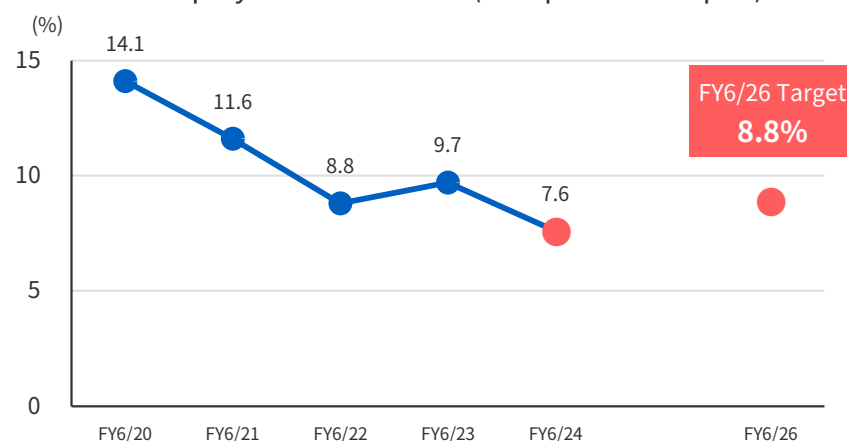


Q: Do you want to continue working at the PPIH Group over the long term?

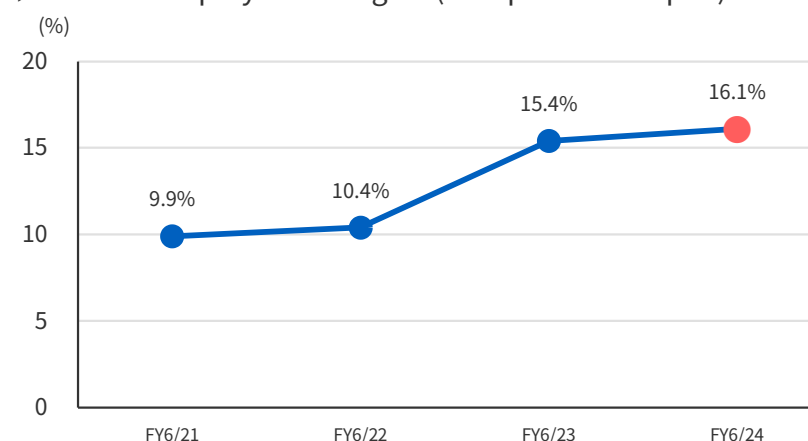


◆ Female employee turnover rate and ratio of managers

▷ Female employee turnover rate (Companies in Japan)



▷ Female employee managers (Companies in Japan)



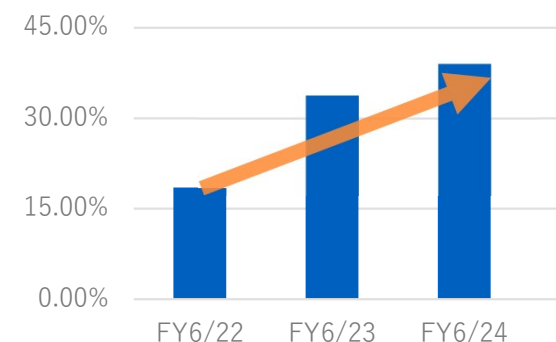
Toward Providing a Welcoming Work Environment for All of Our Diverse Employees

To build a diverse organization that embraces diversity, we have established a variety of systems and programs to ensure that all employees, not just women, can feel secure and thrive in their roles.

◆ Welcoming work systems to support lifestyles and life events, such as raising children

- Introduction of an area-limited employment system
- Shorter work hours system exceeding legal requirements (available until a child graduates from elementary school)
- Articles by our company president and male executives encouraging male employees to take parental leave
- Distribution of a maternity and parental leave support book, along with case studies of employees who have taken these leaves
- Support for babysitting and housekeeping services through employee benefits
- Implementation of an alumni recruitment system (Welcome Back hiring)

▷ Rate of male employees taking parental leave (across Group companies in Japan)



◆ Supporting LGBTQ+ participation

- Establishment of external consultation services to prevent outing, the non-consensual disclosure of one's sexual orientation or gender identity
- Internal systems and benefits that allow same-sex partners to access the same privileges as legal spouses, including leaves for special occasions (excludes some companies)
- Employee training to deepen understanding of LGBTQ+ issues (attended by approximately 42,000 employees as of FY6/24)
- Sponsorship of events that raise awareness of sexual minorities in society



TOPICS: Providing information on male and female menopausal symptoms

Menopausal symptoms are a common set of conditions that can affect anyone, regardless of gender. We published information in our company newsletter on the topic of “menopausal symptoms for men and women,” featuring an outside director as a guest contributor.

This reflects our belief that improving personal health also enhances corporate productivity. Going forward, we will continue to carry out initiatives to support health issues specific to both men and women.

■ AMSスコア (男性更年期障害質問票)

それぞれの答えに対して、症状がない場合1点、非常に重い場合5点というように症状の重症に合わせて、1～5点の点数をつけます。17項目の合計点で症状の程度を把握します。

症状	なし	軽度	中程度	高度	重症
肉体的にも精神的にも調子が悪い	1	2	3	4	5
関節や筋肉に痛みがある(腫痛・関節痛など)	1	2	3	4	5
発汗の増え	1	2	3	4	5
寝れない・眠りが浅い	1	2	3	4	5
よく眠くなるし、しじょう寝れなくなる	1	2	3	4	5
いらぬ不安・不機嫌になる	1	2	3	4	5
神経質になった	1	2	3	4	5
不安になりやすい	1	2	3	4	5

Supply Chain Management that respects Human Rights and the Environment

Executive Officer
Chairperson, Sustainability Committee

Keiji Hayakawa

Our Approach and Governance Framework

With globalization, supply chain risk structures are becoming increasingly complex, and societal demands are growing. Moreover, with rising sales of the Group's private brand (PB) and OEM products, our corporate responsibility and significance are greater than ever before.

*About our private brands: PB sales totaled 246.1 billion yen, in 2024, with a target of 500 billion yen by the end of FY6/27



Governance Framework

We established the Supply Chain Management Subcommittee under the Sustainability Committee, chaired by an Executive Officer, to promote collaboration among departments involved in products and legal affairs.

In addition, we welcomed Mr. Hidemi Tomita, Representative Director of the Institute for Sustainability Management, as an outside committee member with expertise in sustainability management, to help us build a framework for advancing initiatives from a professional perspective.



◆ Merchandising

Develop a consistent product strategy — from selecting products based on market trends to planning, design, production, and sales management of PB products

◆ Legal

Ensure the legal soundness of corporate activities by conducting legal checks based on relevant laws and regulations, and by evaluating and handling legal risks across various cases

◆ Quality Control

Establish a quality control system covering the entire supply chain, and ensure product safety and reliability through quality checks, audits, and supervision of each product

◆ Fair Trade Management

Manage supplier contracts appropriately, and provide supervision and guidance to ensure legal compliance and fair business practices

The Group's Supply Chain Management Goal and Recent Initiatives



Goal for supply chain management

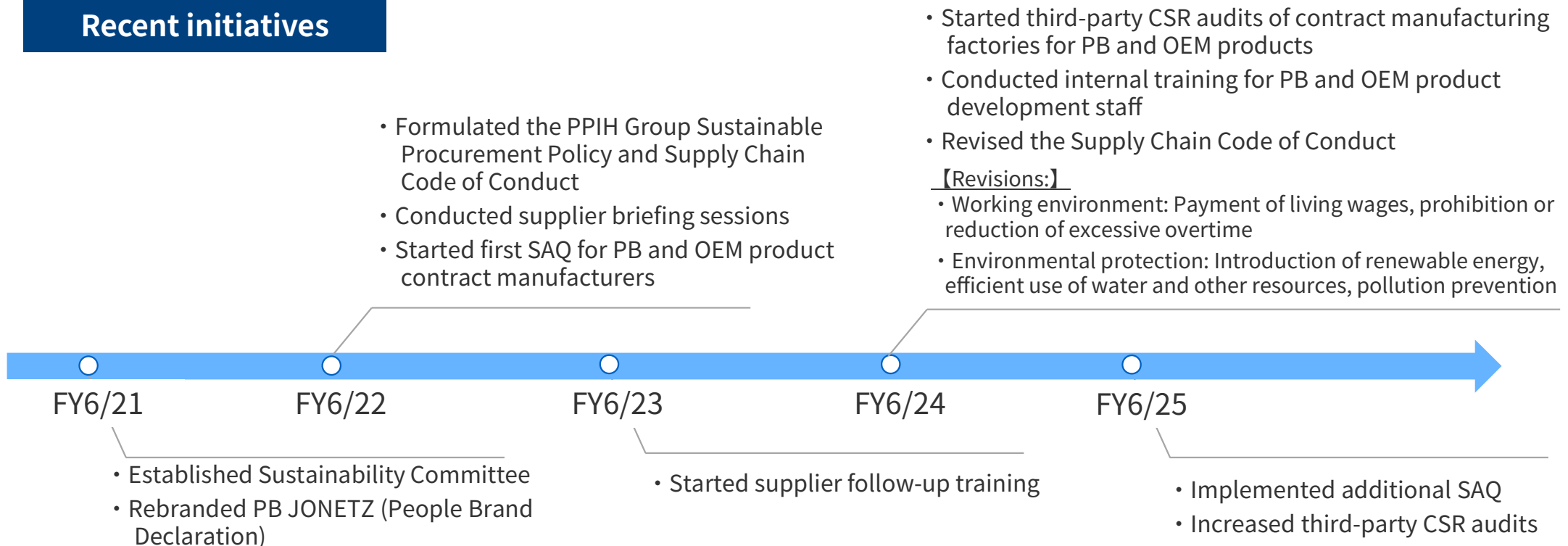
Ensure strict adherence to the PPIH Group Sustainable Procurement Policy and Supply Chain Code of Conduct to promote responsible product procurement and sales that respect human rights and the environment.

⇒ Recent initiatives:

In line with international and government guidelines, such as the UN Guiding Principles on Business and Human Rights and the Guidelines on Respecting Human Rights in Responsible Supply Chains, we have formulated various policies, implemented third-party CSR audits of contract manufacturing factories for PB and OEM products, and conducted risk assessments (checking for negative impacts) and follow-ups through SAQs.

*SAQ = Self-Assessment Questionnaire

Recent initiatives



Third-Party CSR Audits and Self-Assessment Questionnaires (SAQ)

While neither the third-party CSR audit nor the SAQs identified any serious risks related to human rights or labor, which are our top priorities, issues were discovered at some factories. To minimize these risks, we plan to hold follow-up seminars and conduct re-audits in FY6/26.

◆ FY6/25 implementation

SAQ (Additional)	Scope: Contract manufacturing factories for PB and OEM products deemed significant from a risk perspective, based on the results of the first SAQ, regardless of transaction size Number/ Response rate: 159 factories, 100% response rate
Third-party CSR audits	Scope: Contract manufacturing factories for PB and OEM products deemed particularly significant from a risk management perspective, based on factors such as transaction size, product category, and country location Number: 39 factories (22 in Japan, 17 outside Japan)

▷ FY6/25 Third-party CSR audit results

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

◆ FY6/25 Summary of third-party CSR audit and SAQ results

- ✓ The results of the third-party CSR audit and SAQs revealed no serious issues related to child labor, forced labor, or inhumane employment practices, which are our top priorities.
- ✓ However, since issues were identified at some factories, we will continue to monitor improvements and take corrective measures on an ongoing basis to enhance safety and protect human rights throughout our supply chain.
 - Third-party CSR audits revealed health and safety issues at some factories. Specifically, two factories received a D rating due to inadequate fire protection installations, among other concerns.
 - The SAQ identified 57 factories that lacked policies or guidelines to stop (prevent) child labor, forced labor, and discrimination.
 - In response, we will share these findings with the audited factories, implement follow-up measures for improvement, and conduct re-audits of factories that received a C or D rating in the third-party CSR audit in FY6/26.

Response Taken on Factories with Issues and Future Plans

Response to suppliers requiring stronger initiatives

To minimize risks, we have implemented the following initiatives and measures to support improvement among suppliers whose third-party CSR audits revealed issues requiring stronger action.

【Third-party CSR audits】 (1) Conduct audit report (2) Share issues (3) Discuss and confirm initiatives for improvement
(4) Conduct meetings to monitor progress (5) Conduct group seminars and re-audits as needed

【SAQ】

- Report SAQ results
- Conduct follow-up group seminars
- Conduct additional SAQs as needed

FY6/25 Follow-up
seminar topics

- Case studies from other companies (includes frequently cited issues in third-party CSR audits)
- Lecture on business and human rights by human rights NGOs
- Briefing and requirements on calculating GHG emissions



Short- to medium-term strategic plan for supply chain management (from FY6/26)

◆ Increase and enhance third-party CSR audits

53 third-party audits scheduled for the next fiscal year (Based on sales volume, this covers around 4% of PB and OEM product sales).

◆ Shift to risk-based management through collaboration with NGO

In collaboration with The Global Alliance for Sustainable Supply Chain (ASSC), an NGO supporting the resolution of human rights and environmental problems in corporate supply chains, we will establish a system for risk-based monitoring and accurate remediation of issues.



◆ Establish grievance mechanism

While a hotline for business partners is already in place, we will expand access to remedy for Tier 1 and upstream suppliers. This will help facilitate feedback from all stakeholders and establish a system for early issue detection and response.



◆ Support self-sustaining human rights due diligence in partner companies

We will encourage major partner companies to build independent human rights due diligence systems, while providing more individual support to small- and medium-sized partner companies to raise overall standards.

Ensuring Thorough Compliance in the Supply Chain

As a retail business, our stores carry a wide variety of products. In *The Source*, we consider our suppliers as equal partners and have strict rules in place to ensure they are treated with the utmost consideration. We have implemented the following internal initiatives to ensure that our transactions do not contribute to adverse human rights impacts.



The Source, Building Good Relationships with Business Partners

For a company like ours, which procures numerous products from external vendors, those suppliers—our business partners, as we call them—are really our lifeline, an important asset whose great value to us is the result of long years of work. It's important that we bear this mind, remembering the debt of gratitude we owe our partners, and interacting with them, in our day-to-day dealings, in a manner both polite and respectful.

◆ Compliance training for employees

Monthly compliance training for employees covers topics related to antitrust laws and abuse of dominant bargaining position about once a year.

◆ Merchandising training

This is the training for staff involved in the development of PB and OEM products. It includes briefings on the Group's procurement policy, human rights and environmental risks in the supply chain, actual case studies, and other topics, aligned with the UN Guiding Principles on Business and Human Rights and Japan's Ministry of Economy, Trade and Industry's Guidelines on Respecting Human Rights in Responsible Supply Chains.

企業による人権への取組の成果	
人権に関する取組の事業影響	
人権に関する取組の不足は、事業に様々な負の影響をもたらします	
人権に関する取組の不足によるネガティブな影響（例）	
人権に関する取組の不足によるネガティブな影響	人権に関する取組の不足によるネガティブな影響
	人権に関する取組の不足によるネガティブな影響
人権に関する取組の不足によるネガティブな影響	商品等の差別的な取扱いや差別による
	(1) 差別による事業停止・事業撤退
人権に関する取組の不足によるネガティブな影響	(2) 従業員問題による業務停止・事業撤退
	(3) 消費者問題や政府との取引停止
人権に関する取組の不足によるネガティブな影響	(4) 不買運動の発生
	(5) 罰金の発生
人権に関する取組の不足によるネガティブな影響	(6) 訴訟・紛争の発生
	(7) 労務力・人材定着率の低下（技術力の喪失）
人権に関する取組の不足によるネガティブな影響	(8) プラント価値の毀損
	(9) 株価の下落
人権に関する取組の不足によるネガティブな影響	(10) ダイベストメント（投資引揚げ）

◆ Centralized contact point for price increase negotiations

While store employees have the authority to purchase products, all inquiries from partner companies regarding price adjustments due to rising costs are handled centrally by headquarters.

Environmental Management

Executive Officer
Sustainability Committee Chairperson

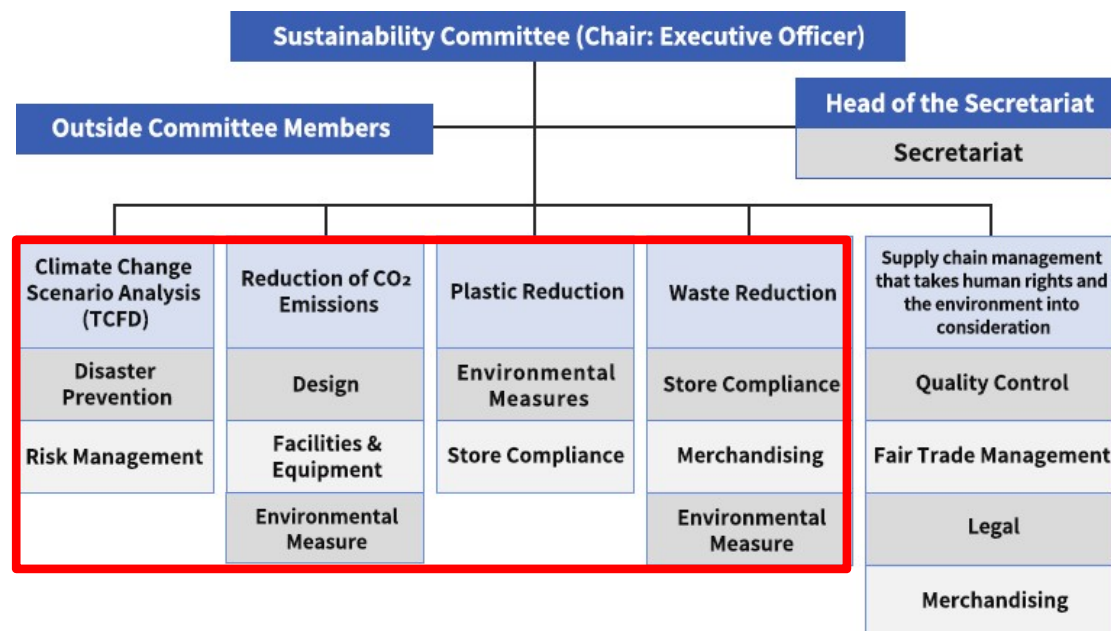
Keiji Hayakawa

Our Approach and Governance Framework

We recognize that addressing climate change is a pressing issue for the realization of a sustainable society, as well as one of our social responsibilities. Through our core business of general retailing, we are committed to continuously improving our environmental protection efforts, providing safe and reliable products and services with minimal environmental impact, and promoting sustainable store development.

Governance Framework

The Sustainability Committee, chaired by an Executive Officer, has established subcommittees to plan and conduct scenario analysis in line with the TCFD framework, consider countermeasures for identified risks and opportunities, reduce CO2 emissions, reduce waste, reduce plastic use, and other activities. These initiatives are applied across the business activities of our Group companies.



◆ DRR /Risk Management

Respond to natural disasters, incidents, accidents, and other crises, as well as analyze, plan, and execute countermeasures

◆ Design/Facilities & Equipment

Design and plan new store openings, and oversee maintenance and repair of existing facilities and equipment

◆ Environmental Measures

Manage and operate waste-related contracts in general for waste generated at each store, headquarters, and office

◆ Store Compliance

Ensure thorough enforcement, auditing, and guidance of relevant laws, regulations, and company management regulations at each store

◆ Merchandising

Oversee product selection for purchasing, planning, production, and sales management of PB products

Initiatives to Reduce CO₂ Emissions



CO₂ emissions reduction goals and target

Reduce CO₂ emissions from domestic stores and offices by 50% by 2030, and to zero by 2050

⇒ (Progress in FY6/24) Reduced 26% of CO₂ emissions (compared to 2013 / Emission intensity per million yen of sales)

Focus Areas to Achieve Targets

(1) Improving power efficiency and reducing energy consumption through the use of energy-saving equipment and other measures

- ✓ Introduced LED lighting at all stores in Japan
- ✓ Installed energy-saving equipment (air conditioning, refrigerators/freezers, and LED dimming systems)
- ✓ Distributed energy-saving operation manuals to employees

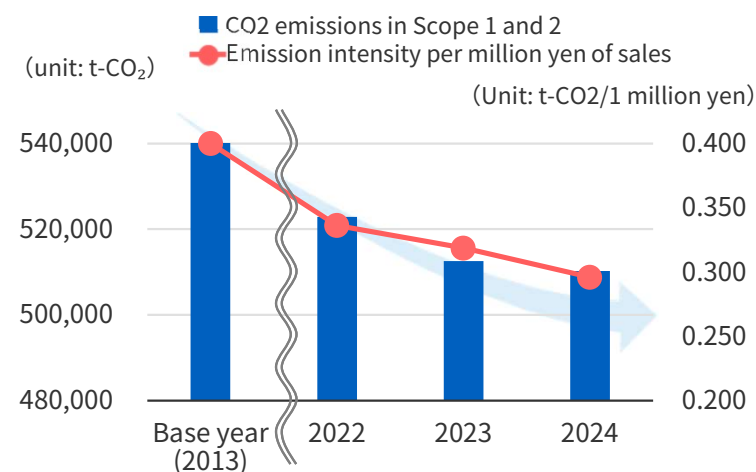
(2) Using renewable energy sources for electricity, such as solar power generation

- ✓ Utilized 3,269,089 kWh annually across 22 stores and 1 site (as of end of June 2024)



(3) Reducing CO₂ emissions through the use of non-fossil fuel certificates

▷ Changes in CO₂ emissions



Future Developments

In addition to the 3 initiatives above, we will advance efforts in the following areas: (1) addressing Scope 3 emissions, (2) collecting emissions data from subsidiaries outside Japan, and (3) providing disclosure in line with SSBJ standards.

Addressing Scope 3 emissions: Recent initiatives

- ✓ Disclosed Scope 3 emissions for all high-impact categories (Japan)
- ✓ Launch initiatives addressing Scope 3 from FY6/25
 - Interview business partners on GHG emissions data collection trends
 - Hold business partner briefings for collecting primary data on their GHG emissions

Initiatives to Reduce Plastic Use



Plastic reduction target

Reduce plastic usage in customer service from domestic stores by 70% by 2030

⇒(Progress in FY6/24) Reduced 65.8% of plastic usage (compared to 2019 / Emission intensity per million yen of sales)

Initiatives to Achieve Target

We have set the scope to reduce plastics not only in store operations but also in collaboration with customers.

*Items covered: plastic shopping bags, laminated film for store displays and product advertising, plastic food bags, cutlery (spoons and straws), and umbrella bags

Current efforts

- Use of thinner laminated film for in-store product advertising
- Switched material of takeout spoons and straws from plastic to wood, and introduced a fee
- Posted signage discouraging the use of plastic shopping bags and food bags



Other Initiatives

Environmental measures in PB and OEM products

We are reducing plastic use and transitioning to more environmentally responsible materials by using thinner containers, biomass blends, and recycled materials.



Discontinued shopping bags in stores outside Japan

Gelson's Markets in North America and select DON DONKI stores in Asia have stopped providing or selling disposable plastic shopping bags. Customers who request takeout bags are offered reusable eco-bags made of non-woven fabric or paper bags made with Sustainability Forest Initiative (SFI) -certified materials.



Appendix : Status of Corporate Governance

※The information presented is current as of October 2024.

※For more information on our corporate governance, please visit our website.

<https://ppih.co.jp/en/ir/governance/>

Appendix : Corporate Governance (1)

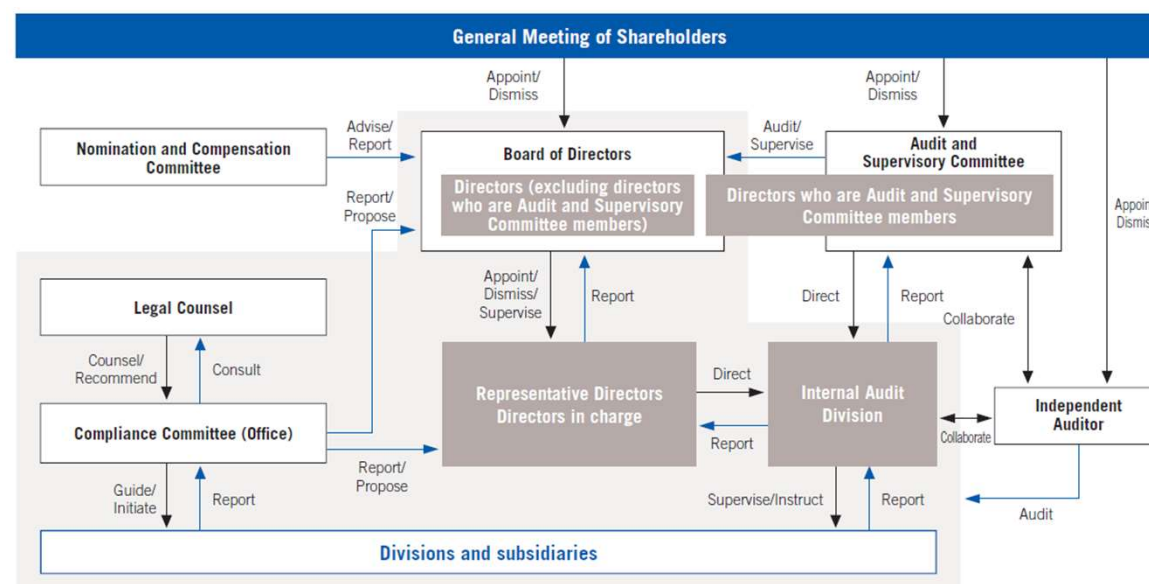
Basic policy on corporate governance

The Company firmly adheres to its corporate philosophy of “the Customer Matters Most” and strives to enhance corporate governance and compliance while actively carrying out disclosure practices and encouraging a deeper understanding of Pan Pacific International Holdings Corporation as a company coexisting with society.

This commitment is integral to enhancing corporate value and is thus a top management priority. Business activities based on a high standard of ethics are crucial to the ongoing survival of a company. With this conviction, we will build and maintain our in-house structures to expedite problem-solving and, when necessary, seek advice from outside experts to establish and support internal controls and ensure that operations are conducted lawfully and properly. In regard to compliance, the Company will strive to foster an even stronger organizational framework and advance corporate activities while seeking to entrench and enhance initiatives for heightening compliance awareness and reinforcing the accounting, internal audit, monitoring, and auditing departments.

Our corporate governance structure

Institution	A group with an Audit and Supervisory Committee
Number of directors	15 (number of independent outside directors in parentheses : 5)
Number of Audit and Supervisory Committee members	5 (number of independent outside directors in parentheses : 4)
Term of office of directors	1 year (2 years for Audit and Supervisory Committee members)
Remuneration structure for directors	(1) Basic remuneration (2) Performance-based monetary remuneration (3) Share-based compensation stock options (excluding directors who are Audit and Supervisory Committee members)
Number of meetings held by the Board of Directors	13 (Average rate attended by directors : 94.2%)
Independent auditor	UHY Tokyo & Co.



Evaluation of effectiveness of the Board of Directors

The Board of Directors shall evaluate the effectiveness of the Board of Directors at least once a year.

In the fiscal year ended June 2024, the Company assessed the effectiveness of the Board of Directors through the following process. The results showed the members of the Board of Directors play an effective role in improving the corporate value over the medium- and long-term by making appropriate and prompt decisions through active discussions based on the management philosophy, and by exercising strict supervisory functions including monitoring of the internal control system. While the balanced composition of the Board of Directors, the environment that fosters open discussions, and the active initiatives related to diversity are positively recognized, there is a need for further enhancement in the discussions on certain topics. This includes reviewing the methods of presenting agenda items and improving the reporting of outcomes, as well as enriching discussions from a company-wide perspective.

In the preparation, collection, and partial analysis of the questionnaire, we use an external organization to increase the transparency of the evaluation and ensure its effectiveness.

Evaluation process



Overview of the evaluation of effectiveness of the Board of Directors for FY6/24

Strengths

- Balanced composition of the Board of Directors based on diverse skills and expertise
- Environment for open discussions fostered by the integration of the corporate philosophy *The Source*
- Enhancement of discussions related to gender and diversity initiatives

Issues to be addressed

- Further enhancement of discussions on the medium- to long-term management strategies and talent development
- Improvement of outcome reports concerning previously discussed matters, such as investment projects

Going forward, the Company will implement measures to address issues identified based on the evaluation in order to increase the effectiveness of the Board of Directors while enhancing the Company's corporate governance structure.

Policy for constructive dialogue with shareholders

As part of its efforts to realize sustainable growth and improved corporate value over the medium- to long-term, the Company engages in constructive dialogue with shareholders and other investors through investor relations activities to ensure that its management policies and performance are accurately understood.

- (1) The director overseeing IR and the information officer registered with the Tokyo Stock Exchange will establish a structure to consolidate information in coordination with the director to be aware of important information within the Company. The IR division works with Legal, Finance, Accounting, Sales, Property Development and other divisions as necessary to ensure appropriate disclosure of information.
- (2) The director overseeing IR and IR division responds appropriately to requests for meetings from analysts and institutional investors and holds quarterly financial results briefings. The President and Representative Director also take part in the financial results briefings. Furthermore, the investor relations section of the Company's corporate website (<https://ppih.co.jp/en/ir/>) provides timely disclosure information, financial information, and other reference materials (financial summaries, annual securities reports, annual integrated reports, PPIH reports, monthly sales reports, etc.). The Company strives to support the investment decisions of shareholders and other investors (some information is available only in Japanese).
- (3) The valuable input received from shareholders and other investors is shared with the Board of Directors and management as necessary to incorporate this input into the Company's management.
- (4) The Company designates a quiet period before the announcement of financial results, during which no comments on the results are made. Additionally, undisclosed material information (insider information) is strictly managed in compliance with laws and regulations, and an insider trading prevention policy is in place.

Strategic management focused on capital costs and stock price optimization

To enhance corporate value, the Company aims to achieve the quantitative target of 200 billion yen in operating income for the fiscal year ending June 2030, as outlined in our medium- to long-term management plan "Visionary 2030". We strive to improve corporate value through strategic management focused on capital costs and stock prices by maintaining growth investments, stabilizing ROE at a high level through improved profitability, and strengthening dividend policies.

In the fiscal year ended June 2024, we achieved the operating income target of 120 billion yen a year ahead of schedule which was initially set for "Visionary 2025". This resulted in an ROE exceeding capital costs and a PBR significantly above 1. The management and leaders will actively engage in dialogue with the market. Additionally, we will continue to issue integrated reports, enhance English disclosures, and expand our disclosure and IR activities, including responding to various evaluation agencies.

IR Inquiries

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Cautionary Statement Regarding Forward-Looking Statements

The purpose of this document is solely to provide information to investors, and does not constitute a solicitation to buy or sell securities. The forward-looking statements set out in this document are based on targets and forecasts, and do not provide any commitments or guarantees. While forward-looking statements are prepared based on various data that we consider to be reliable, we do not provide any guarantees on their accuracy or safety. This document is presented based on the premise that it will be used at the discretion and responsibility of the investor, regardless of purpose of use, and Pan Pacific International Holdings Corporation bears no responsibility in any circumstances.



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