Corporate Governance Report

Last Update: October 13, 2026

Pan Pacific International Holdings Corporation
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https://ppih.co.jp/en/

The corporate governance of Pan Pacific International Holdings Corporation (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

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 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 investigation departments.

[Reasons for Not Adopting the Principles of Japan’s Corporate Governance Code]

The Company has implemented all of the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

Principle 1.4 Cross-Shareholdings

The Company holds investment shares for purposes other than a pure investment when it determines that it is possible to build a cooperative relationship with the investee and that it is expected to improve the corporate value of the Group, with respect to the rationality of the investment shares. In addition, the Company makes decisions on holding and selling by comprehensively taking into consideration the relationship with the investee, the transaction status, whether the investment risk is reasonable for the cost of capital, and whether the corporate value of the investee can be expected to improve.

Regarding the voting rights of investment shares held for purposes other than pure investment, we exercise these rights comprehensively, considering whether they can be expected to enhance the interests of our shareholders and the corporate value of the issuing company.

Principle 1.7 Related Party Transactions

If a Director plans to conduct a transaction that competes with the Company or represents a conflict of interest, the Director is required to receive approval from the Board of Directors as stipulated by laws and internal regulations. Furthermore, the Company requires post-fact reports to be submitted to the Board of Directors detailing the progress, results, and other material facts of said transactions and post-fact monitoring frameworks are in place.

Frameworks have also been established to ensure that the Company is aware of all related party transactions through means such as annual investigations of Directors to ascertain any involvement in applicable transactions.

When engaging in other related party transactions, the materiality of each transaction is to be assessed, and discussions are to be held among the Board of Directors as necessary to ensure that transactions do not adversely impact the interests of the Company or its shareholders.

Supplemental Principle 2.4.1 Promotion of Diversity, Including the Advancement of Women in the Workplace

(1) Approach to ensuring diversity

The PPIH Group upholds "The Customer Matters Most" as its core corporate principle and strives to operate stores that meet the diverse needs of its customers. In today's environment, where consumer values and lifestyles are increasingly diverse, a uniform perspective makes it difficult to achieve genuine customer satisfaction. To earn customer support, it is therefore essential for the Company to incorporate diverse perspectives into its business.

The Group's corporate philosophy booklet *Genryu* (The Source) also states, "Always acknowledge and respect individual diversity." Employees of different ages, genders, nationalities and values pursue customer satisfaction by drawing on their respective strengths. Creating an environment where these diverse individuals respect one another and collaborate enhances organizational flexibility and creativity, providing a foundation for sustainable growth.

In light of this, the Group has identified "Fostering Diversity and Creating an Inclusive and Fulfilling Workplace" as a materiality and promotes diversity across all Group companies. The Diversity Management Committee, chaired by the Director in charge of diversity management, plans and implements initiatives to support the active participation of diverse talent, including women, LGBTQ+ individuals and foreign nationals.

To achieve its long-term management plan, Double Impact 2035, the Group regards human resources as its most important management capital. With delegation of authority and meritocracy as its guiding principles, the Group is developing an environment where diverse talent can independently take on challenges and grow.

In appointing individuals to managerial and other key positions, the Group does not discriminate on the basis of gender, age, nationality or other attributes and actively promotes women and foreign nationals. This approach helps the Group connect with customers with diverse values and lifestyles and foster innovation. In mid-career hiring, the Group actively offers part-time employees opportunities to become regular employees and recruits individuals with diverse career backgrounds. Employees who bring skills and know-how acquired outside the Group are important human capital, and many mid-career hires serve in managerial positions.

(2) Voluntary and measurable goals and their status

More than half of the customers who shop at the Group's stores are females. The Group believes that actively incorporating ideas from a female perspective into store operations and management contributes to business growth. To strengthen female perspectives in store operations and develop and retain future female leaders in sales management, the Group has established the following two targets:

1. Increase the number of female store managers to 100 (Applicable to Japan only)
   Numerical target: 50 by FY 6/26, and 100 by FY6/30
   Progress: 46 female store managers as of June 30, 2026

2. Improve the retention rate of female employees (Applicable to Japan only)
   Numerical target (turnover rate): 8.8% by FY6/26, 5% by FY6/30
   Progress: 7.4% as of FY6/26

In addition, to further promote females' active participation, the Group signed the Women's Empowerment Principles (WEPs) in the fiscal year ended June 2026. The Group is further strengthening its diversity initiatives, including those supporting women's active participation, while working to create a rewarding workplace.

Information regarding the Group's initiatives to achieve the above targets and promote the active participation of diverse talent is available on the Group's sustainability website under "Materiality 2: Accepting Diversity and Creating a Rewarding Workplace" https://ppih.co.jp/en/sustainability/materiality2/ as well as in its Annual Securities Report, Section 2: Approach and Initiatives Related to Sustainability https://ppih.co.jp/ir/library/report/ (Japanese only).

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

The Company does not have any defined-benefit pension plans, including fund-type or contract-type schemes, nor does it participate in any welfare pension fund plans. However, the Company has

introduced a corporate-type defined contribution pension plan for all employees. In addition, the Company provides financial literacy and investment education to support employees in managing their retirement assets effectively.

Principle 3.1 Full Disclosure

(1) Company objectives (e.g., business principles), business strategies and business plans

The Company discloses information on its corporate philosophy— “The Customer Matters Most”—and on its business model and other policies, management strategies, and management plans through its various communication tools, which include investor relations information, financial results briefing materials, integrated reports, and long-term management plan available on its corporate website.

Investor relations website: https://ppih.co.jp/en/ir/

(2) Basic views and guidelines on corporate governance based on each of the principles of the Code

The Company endeavors to entrench its corporate philosophy— “The Customer Matters Most”—and enhance corporate governance and compliance while also practicing proactive disclosure to encourage a deeper understanding of Pan Pacific International Holdings Corporation as a company coexisting with society. These tasks have been positioned as important objectives for improving corporate value.

Please refer to "1. Basic Views" under "Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" in this report for more information on the Company’s basic policy on corporate governance.

(3) Board policies and procedures in determining the compensation of the senior management and directors

For the policy and procedures in determining the basic compensation for Directors (excluding Directors who are members of the Audit and Supervisory Committee) and the process for the determination, etc., please refer to 2 "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods".

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors

The Board of Directors decides on the appointment and dismissal of senior management and the nomination of candidates for Directors (excluding Directors who are members of the Audit and Supervisory Committee). In making these decisions, the Board considers the need for swift decision-making in response to a rapidly changing business environment, appropriate risk management and effective oversight of business execution. It comprehensively assesses each candidate’s abilities, experience and character to ensure that the right person is appointed to the right position.

In addition to the above, the Nomination Committee, an advisory body, deliberates on the selection of candidates for Executive Directors and submits its recommendations before the Board of Directors adopts a resolution.

The nomination of candidates for Directors who are members of the Audit and Supervisory Committee is determined by the Board of Directors following deliberation by the Nomination Committee and consultation with the Audit and Supervisory Committee. In determining such nominations, due consideration is given to candidates' character, insight and professional backgrounds to ensure a diversity of perspectives.

(5) Explanations with respect to the individual appointments/dismissals and nominations based on (4)
Information on appointments and dismissals of members of senior management is disclosed in an appropriate manner in accordance with laws and regulations.

The biographies of candidates for Directors and the reasons for their nomination are included in the reference materials for the General Meeting of Shareholders, and we will continue to enhance the content of the explanations.

<Notices of convocation of the General Meeting of Shareholders>
https://ppih.co.jp/en/ir/stock/meeting/

Supplemental Principle 3.1.3 Disclosure of Sustainability Initiatives
Based on the corporate principle of "The Customer Matters Most," the PPIH Group places first priority on supporting the daily lives of local customers and providing them with the pleasure of shopping. Through its core business of general retailing, the Group aims to address environmental and social issues while enhancing corporate value. By consistently adhering to the corporate philosophy and action guidelines set forth in its corporate philosophy booklet, *Genryu* (The Source), and contributing to customers and society through its business activities, the Group strives to achieve sustainable growth.

The Group also pursues its growth strategies to achieve its long-term management plan, Double Impact 2035. With "the environment," "human capital" and "supply chain management that respects human rights and the environment" designated as priority areas, the Group works to address sustainability-related risks and create business opportunities. The Group has identified the following five materialities :

■ The PPIH Group's Important Issues (Materiality)
- Reduce the environmental impact of our business activities
- Accepting diversity and creating a rewarding workplace
- Sustainable procurement and responsible sales
- Resolving social issues through coexistence with local communities
- Solid governance system

Under the oversight of the executive officers responsible, the Sustainability Committee, the Diversity Management Committee and the respective headquarters and divisions plan and develop sustainability initiatives, which are implemented across the Group. Important matters are regularly reported to the Board

of Directors, and policies, targets and key initiatives are developed and implemented under the Board's supervision.

In the area of "the environment," the Group continues to disclose information based on the TCFD recommendations while preparing to comply with the SSBJ Climate-related Disclosure Standard. The Group also analyzes and discloses nature-related risks and opportunities with reference to the TNFD framework.

In the area of "human capital," the Group pursues a human resource strategy centered on delegation of authority and meritocracy to encourage individuals to grow independently and take on challenges. Key priorities include promoting the active participation of diverse talent, including women, and developing the next generation of leaders.

In the area of "supply chain management that respects human rights and the environment," the Group promotes the development of a responsible supply chain under the "PPIH Group Supply Chain Code of Conduct." These efforts include CSR audits conducted by third-party organizations and engagement with business partners.

The Group also reports ESG rating agencies' assessments and the content of its dialogue with institutional investors to the Board of Directors and uses this feedback to improve its sustainability initiatives.

■ Related links
Company Sustainability Initiatives;
https://ppih.co.jp/en/sustainability/

Climate change (information disclosure based on TCFD recommendations);
https://ppih.co.jp/en/sustainability/materiality1/climate_change/

TNFD-Aligned Disclosure;
https://ppih.co.jp/en/sustainability/materiality1/tnfd/

Integrated Report;
https://ppih.co.jp/en/ir/library/annual/

Annual Securities Report (Section: Approach and Initiatives Related to Sustainability);
https://ppih.co.jp/ir/library/report/ (Japanese Only)

Supplementary Principle 4.1.1 Scope of Delegation of Authority to Management from the Board of Directors
As the body responsible for making management decisions, the Board of Directors is tasked with making decisions on matters requiring decision by the Board of Directors as stipulated by law or the Company's

Articles of Incorporation as well as on important matters as defined by the regulations for the Board of Directors (establishment of important management policies; establishment, revision, or abolishment of important regulations or management systems; capital investment plans; etc.). In addition, the Board of Directors is also responsible for setting Group-wide management policies in light of the role of the Company as a holding company.

Following a resolution at the 36th Ordinary General Meeting of Shareholders held on September 28, 2016, the Company transitioned to the Company with an Audit and Supervisory Committee structure described in the Companies Act of Japan. In conjunction with this transition, the Board of Directors resolved to partially or entirely transfer authority for certain important operational execution decisions to Directors.

The primary business of the Group is retail. A great deal of authority is delegated to frontline operations in order to facilitate swift and flexible responses to the ever-changing operating environment of the retail industry. However, the Company has also established regulations regarding the limits of authority that stipulate the matters for which authority should be delegated to Directors, other managers, and members of senior management based on materiality, transaction amounts, and other factors. Guided by these regulations, the Company strives to enhance governance in business operations.

Principle 4.8 Appointment of Multiple Independent Outside Directors

At present, 6 of the Company's 16 Directors are Outside Directors. All 6 Outside Directors are independent of the Company and have been registered as Independent Directors with the Tokyo Stock Exchange. The Company believes that its Outside Directors fulfill the roles necessary for appropriate decision-making and management oversight by providing useful opinions from an independent perspective at meetings of the Board of Directors and so forth.

Principle 4.9 Independence Standards and Qualification for Independent Directors

The Company selects candidates for the position of Outside Director to be designated as Independent Directors based on the conditions for Outside Directors defined by the Companies Act of Japan and the requirements for Independent Directors stipulated by the Tokyo Stock Exchange. Candidates must not present the risk of conflicts of interest with general shareholders and are also expected to possess the extensive insight and personality required to effectively fulfill the function of overseeing management from an impartial perspective as an Outside Director to be designated as an Independent Director.

Supplemental Principle 4.10.1 Use of Optional Approach

The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors. The Nomination Committee is responsible for matters related to the nomination of Directors and Executive Officers, while the Compensation Committee handles matters related to the compensation of Directors. These committees are designed to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes, thereby strengthening the Company's corporate governance framework.

Each committee consists of 3 or more members, with a majority being Independent Outside Directors. The chairperson of each committee is elected from among the Independent Outside Directors by resolution of the Board of Directors.

The matters deliberated and reported by each committee in response to consultations from the Board of Directors are as follows;

Nomination Committee

- Nomination and dismissal of Directors
- Appointment and removal of Representative Directors
- Other matters referred by the Board of Directors

Compensation Committee

- Compensation of Directors and Executive Officers
- Other matters referred by the Board of Directors

Supplementary Principle 4.11.1 Policy and Procedures for Election of Directors

The Company's Board of Directors shall appoint Directors who are not only of excellent character, but also respect diversity, including gender, age, career background, and internationality, and have a wealth of knowledge, experience, and ability in various businesses, including the Company's core retail business. In order to ensure the Company's continued growth and increase in corporate value, and for the Board of Directors to make decisions in a timely and rational manner, the Company's Board of Directors nominates candidates for Directors at the General Meeting of Shareholders and appoints an appropriate number of Directors.

In addition, the Company appoints an appropriate number of Outside Directors from among those who have held important positions, managers, and experts in various fields, etc., in order to monitor the Company's management from a fair and neutral perspective.

A skill matrix identifying the skills of the Directors and the reason for their appointment is disclosed in the notice of convocation of the General Meeting of Shareholders.

≪Convocation Notice of the General Meeting of Shareholders≫
"Convocation Notice of the General Meeting of Shareholders and reference documents"
https://ppih.co.jp/en/ir/stock/meeting/

≪Website≫ (Skill Matrix only)
Directors section in Corporate Governance
https://ppih.co.jp/en/ir/governance/officer/

Supplementary Principle 4.11.2 Concurrent Positions Held by Directors

Information on concurrent positions, including positions as officers at listed companies and other important positions, held by Directors or Director candidates are disclosed each year in reference materials for the General Meeting of Shareholders, business reports, and annual securities reports.

Supplementary Principle 4.11.3 Analyses and Evaluations of Effectiveness of the Board of Directors

The Board of Directors evaluates its effectiveness at least once a year. In the fiscal year ended June 2026, the Company assessed the effectiveness of the Board of Directors through the following process. The results confirmed that the Board of Directors effectively contributes to enhancing corporate value over the medium to long term through appropriate and prompt decision-making based on active discussions that fully reflect the management philosophy, together with progress in strengthening internal control systems and coordination among audit functions. Furthermore, the Board was positively evaluated for its balanced composition, open discussions and active oversight by Outside Directors. At the same time, the assessment identified room for further improvement in strengthening oversight of talent development and investment in human capital, enriching medium- to long-term discussions, and enhancing discussions on the development of the next generation of management talent.

The Company engages an external organization to prepare and collect the questionnaires and conduct part of the analysis, thereby enhancing the transparency of the evaluation and ensuring its effectiveness.

<Main Initiatives to Enhance the Functioning of the Board of Directors>

The Company implemented the following initiatives to further enrich discussions and strengthen the supervisory functions of the Board of Directors.

For important agenda items, the Company provided opportunities for advance briefings to Outside Directors and enhanced the information provided on matters submitted to the Board. These efforts supported Outside Directors in exercising their supervisory functions and facilitated more substantive Board discussions.

In addition to reporting on the progress of ESG initiatives, the Company regularly reported to the Board on discussions and activities of the Sustainability Committee, the Diversity Management Committee and the Compliance Committee. These reports helped enrich discussions and strengthen oversight of sustainability, human capital and risk management.

Furthermore, IR Division regularly reported to the Board on dialogue with institutional investors, key views and areas of interest expressed by the market, and market assessments of the Company. These efforts helped enrich the Board's discussions by incorporating shareholder and investor perspectives.

<Process of Evaluation of Effectiveness of the Board of Directors>

(1) Preparation of questionnaires regarding the effectiveness of the Board of Directors based on advice from a third-party institution

(2) Collection of questionnaires from all Directors by a third-party institution

(3) Analysis of the effectiveness of the Board of Directors based on questionnaires
(4) Discussions and determination of evaluation at meetings of the Board of Directors

<Overview of the Evaluation of Effectiveness of the Board of Directors>
[Strengths of the Board of Directors]
- Balanced composition of the Board with diverse skills, knowledge, and experience
- Environment that enables Outside Directors to fully exercise their supervisory functions
- Well-developed internal control systems and coordination arrangements for audit functions

[Issues identified within the Board of Directors]
- Further enhancement of discussions on medium- to long-term management strategies
- Stronger oversight of talent development and investment in human capital
- Further enhancement of discussions on the development of the next generation of management talent

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.

Supplementary Principle 4.14.2 Policies for Training Directors
The Company appoints Directors that possess the prerequisite insight and experience pertaining to legal affairs, finance, accounting, and a wide variety of other fields and that are thereby able to effectively fulfill their roles and responsibilities. In addition, frameworks are in place to ensure that information is reported and supplied to Directors as necessary after appointment, and Directors are provided with opportunities to receive explanations directly from lawyers, accountants, and other specialists. We also hold training sessions as needed and appropriate.

Principle 5.1 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) In order for the IR Executive Officer and the person responsible for handling information reported to the Tokyo Stock Exchange to be aware of important information within the Company, a structure will be established to consolidate information in a coordinated manner with the said officer. The IR division works with Legal, Finance, Accounting, Sales, Property Development and other divisions as necessary to ensure appropriate disclosure of information.

(2) The Executive Officer and division responsible for IR respond appropriately to requests for meetings from analysts and institutional investors and hold 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 only available in Japanese).

(3) The valuable input received from shareholders and other investors is regularly shared with the Board of Directors and senior management and reflected in the management of the Company.

(4) The Company observes a set quiet period prior to the announcement of financial results during which it will not respond to any questions related to financial results. In addition, the Company complies with laws and regulations pertaining to undisclosed information (insider information), defines internal regulations for preventing insider trading, and practices rigorous management of this information.

[Initiatives to Promote Management Conscious of Capital Cost and Stock Price]

Content of Disclosure	Disclosure of Initiatives (Update)
English Disclosure	Available
Date of Update	October 13, 2026

Description

The Company promotes management practices that are conscious of capital cost and stock price, with the aim of enhancing corporate value over the medium to long term. Under its long-term management plan, Double Impact 2035, the Company has set targets of 4.2 trillion yen in net sales and 330 billion yen in operating income. In addition, based on its capital allocation policy, the Company is working to achieve an appropriate balance between growth investments and shareholder returns while maintaining financial discipline, as well as to improve profitability and capital efficiency.

The Company's approach to capital allocation is available in the "Fourth Quarter Presentation Slides for Financial Results Briefing" in the IR Library section of the Company's website;
https://ppih.co.jp/en/ir/library/earnings/

In the fiscal year ended June 2026, supported by sustainable profit growth and improved productivity, the Company maintained an ROE of over 16%, exceeding the cost of equity recognized by the Company. The Company also maintained a PBR of over 3x. Looking ahead, the Company will continue to pursue returns on growth investments that exceed its cost of capital and improve capital efficiency, while remaining conscious of its cost of equity and WACC. The Company will also consider appropriate shareholder returns, including share repurchases, by comprehensively taking into consideration growth investment opportunities, free cash flow, financial soundness, stock price levels, and other factors.

In addition, the Company will enhance the disclosure of information on its business strategies, growth investments, and the results of such investments, while further promoting active dialogue between management and shareholders and investors and enhancing IR events, annual integrated reports, ESG briefings, English-language disclosures, and

other initiatives. The Company will also reflect feedback from capital markets obtained through such dialogue in discussions by the Board of Directors and in its management, thereby further enhancing corporate value.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
DQ WINDMOLEN B. V.	670,140,000	22.41
The Master Trust Bank of Japan, Ltd. (Trust Account)	323,226,200	10.81
Anryu Shoji Co., Ltd.	165,600,000	5.54
FamilyMart Co., Ltd.	165,286,920	5.53
Custody Bank of Japan, Ltd. (Trust Account)	159,993,500	5.35
GOVERNMENT OF NORWAY	82,383,848	2.75
Yasuda Scholarship Foundation	72,000,000	2.41
STATE STREET BANK AND TRUST COMPANY 505001	61,912,853	2.07
STATE STREET BANK AND TRUST COMPANY 505223	58,844,653	1.97
JP MORGAN CHASE BANK 385781	45,957,050	1.54

Controlling Shareholder (except for Parent Company)	–
Parent Company	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	June
Type of Business	Retail Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Net Sales (consolidated) as of the End of the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

The Company's voting rights in Kanemi Co., Ltd. reached 40.54% following the company's acquisition of a portion of its own shares. Although the ownership ratio remains below 50%, effective control is exercised by the Company, and Kanemi Co., Ltd. is classified as a consolidated subsidiary.

Kanemi Co., Ltd., listed on the Tokyo Stock Exchange Standard Market, maintains autonomous management as a listed company while pursuing corporate value enhancement through collaboration with the Company.

The presence of a listed subsidiary provides the Company with market evaluation while enabling independent management decisions and flexible business operations, which is considered highly significant. Effective governance of the listed subsidiary is ensured through the establishment of an appropriate management framework, including measures to protect minority shareholders' interests.

A business alliance agreement was concluded in March 2023 to create synergies in the prepared foods business by integrating the management resources and expertise of both companies. Future initiatives will focus on leveraging the strengths of the PPIH Group and Kanemi Co., Ltd. to build an integrated "Food SPA system" covering development, procurement, and sales, thereby enhancing corporate value for both companies.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	27
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Representative Director other than the Chairperson or President
Number of Directors	16
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yasunori Yoshimura	Academic											
Jumpei Nishitani	Academic											

Masaharu Kamo	Comes from other company								○			
Takaki Ono	Comes from other company					△						
Naoko Kishimoto	Lawyer											
Kiyoshi Kanazashi	Comes from other company											

* Categories for "Relationship with the Company"
* "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past
* "●" when a close relative of the Director presently falls or has recently fallen under the category; "▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company Outside Directors/Audit and Supervisory Board members are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Audit and Supervisory Committee	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yasunori Yoshimura		○	–	Mr. Yasunori Yoshimura has been appointed as an Outside Director, leveraging his extensive experience and broad insights gained from holding key positions in the fields of education and medicine, including serving as a special advisor to the Cabinet and a university professor. We believe he will perform his duties as an Outside Director appropriately from an objective standpoint. Additionally, we have designated him as an Independent Officer, as we believe he poses no risk of

				conflict of interest with our general shareholders and is suitable for the role.
Jumpei Nishitani	○	○	–	Mr. Jumpei Nishitani has been appointed as an Outside Director, leveraging his advanced expertise and extensive experience in accounting and economics as a professor in the Faculty of Business Administration at a university. We believe he will perform his duties as an Audit and Supervisory Committee member appropriately from an objective standpoint. Additionally, we have designated him as an Independent Officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.
Masaharu Kamo	○	○	Mr. Masaharu Kamo, an Outside Director who serves as an Audit and Supervisory Committee member, is the Representative Director of OFFICE KAMO Co., Ltd. Our company has a service contract with OFFICE KAMO for providing instructors and other services for new business planning training and training for young management candidates. The training covers the basic knowledge and concepts required of managers and leaders, basic knowledge and concepts related to new businesses, and risk management. Developing the next generation of leaders is a critical issue for any company, and this training aims to address that need. Given Mr. Kamo's experience working at consulting firms and serving in executive positions at business companies, he is considered an ideal instructor for this training. The relatively small size of this service contract, which is approximately 9 million yen and represents less than 0.01% of the Company's consolidated sales and SG&A expenses, supports the view that Mr. Kamo maintains sufficient independence from the Company.	Mr. Masaharu Kamo has been appointed as an Outside Director, leveraging his extensive experience and broad insights in corporate management and planning, gained from holding key positions in consulting firms and business companies. We believe he will perform his duties as an Audit and Supervisory Committee member appropriately from an objective standpoint. Additionally, we have designated him as an Independent Officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.
Takaki Ono	○	○	Mr. Takaki Ono, an Outside Director who serves as an Audit and Supervisory Committee member, resigned from his position as Advisor of Sumitomo Mitsui Banking Corporation on August 31, 2024. While the bank is one of our principal lenders, a sufficient period	Mr. Takaki Ono has been appointed as an Outside Director, leveraging his extensive experience and broad insights in the finance and banking sectors, gained from holding key positions at financial institutions. We expect that he will provide

			has passed since his resignation, and transactions with the bank do not exert any direct influence on our management decisions. Based on these factors, Mr. Ono is considered to have sufficient independence from the Company.	oversight and advice on overall management by drawing on his extensive experience and broad insights, and that he will perform his duties appropriately from an objective standpoint. Additionally, we have designated him as an Independent Officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.
Naoko Kishimoto	○	○	–	Ms. Naoko Kishimoto has been appointed as an Outside Director, leveraging her advanced expertise and extensive experience as a qualified lawyer, along with her insights from working with companies engaged in global transactions. We expect that she will provide valuable advice on strengthening the Company's legal and compliance framework by drawing on her experience and professional expertise as a lawyer and her global perspective, and that she will perform her duties appropriately from an objective standpoint. Additionally, we have designated her as an Independent Officer, as we believe she poses no risk of conflict of interest with our general shareholders and is suitable for the role.
Kiyoshi Kanazashi	○	○	–	Mr. Kiyoshi Kanazashi has been appointed as an Outside Director, leveraging his extensive business experience and broad insights into corporate management gained from holding key positions at listed companies and serving for many years as President and Representative Director and Chairman of the Board. We believe he will perform his duties as an Audit and Supervisory Committee member appropriately from an objective standpoint. Additionally, we have designated him as an Independent Officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.

[Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Supervisory Committee	5	0	0	5	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

(1) The Company established an office of the Audit and Supervisory Committee (Auditors' Office) with staff exclusively dedicated to assisting the Audit and Supervisory Committee in its duty as required.

(2) Any personnel matters (including treatment and disciplinary action) pertaining to Auditors' Office staff must be reported first to the Audit and Supervisory Committee.

(3) If a staff member of the Auditors' Office concurrently performs administrative tasks in another division, priority shall be given to requests from the Audit and Supervisory Committee when the instructions are deemed necessary in the course of auditing activities. In addition, the supervisor in the other division where the individual with concurrent duties is assigned will extend the necessary support if requests are made to facilitate the implementation of the Audit and Supervisory Committee's instructions.

Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Division

(1) The Internal Audit Division provides the Audit and Supervisory Committee with timely and accurate updates on the implementation of internal controls.

(2) Directors and employees of the Company and Group companies (excluding directors who are Audit and Supervisory Committee members) shall promptly inform the Audit and Supervisory Committee of any important issues that impact, or may impact, the operations of the Company or any Group company.

(3) Directors and employees of the Company and Group companies (excluding directors who are Audit and Supervisory Committee members) must respond promptly when requested by the Audit and Supervisory Committee or the Auditors' Office to provide information about the status of operations, assets, or other corporate matters.

(4) The Company prohibits unfavorable treatment of anyone on the basis of a report given to the Audit and Supervisory Committee concerning information related to the aforementioned matters.

[Voluntary Establishment of Nomination/Compensation Committee]

Voluntary Establishment of Committee(s) Corresponding to the Nomination Committee or Compensation Committee	Established

Establishment of voluntary committees, the composition of members, and attributes of the chair (chairperson)

	Name	All Committee Members	Full-time Member	Inside Director	Outside Director	Outside Experts	Other	Chairperson
Corresponding to Nomination Committee	Nomination Committee	5	1	2	3	0	0	Outside Director
Corresponding to Compensation Committee	Compensation Committee	5	2	2	3	0	0	Outside Director

Supplementary Explanation

The Nomination Committee and the Compensation Committee are voluntary advisory bodies of the Board of Directors, established to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the nomination and compensation of directors and other executives, thereby strengthening the corporate governance system.

The roles of the Nomination Committee and the Compensation Committee are to deliberate and provide recommendations accordingly. In addition, the policy for determining individual compensation for directors is verified for appropriateness by the Compensation Committee before being decided by the Board of Directors.

Each committee consists of 3 or more members, with a majority being Independent Outside Directors. The chairperson of each committee is elected from among the Independent Outside Directors by resolution of the Board of Directors.

<Nomination Committee>
Chairperson (Outside Director)　Yasunori Yoshimura
Member (Outside Director)　Jumpei Nishitani
Member (Outside Director)　Kiyoshi Kanazashi
Member (Representative Director)　Naoki Yoshida
Member (Director)　Yusaku Yasuda

(Matters for Consultation)
- Nomination and dismissal of Directors
- Appointment and removal of Representative Directors
- Other matters referred by the Board of Directors

<Compensation Committee>
Co-Chairperson (Outside Director)　Takaki Ono
Co-Chairperson (Outside Director)　Masaharu Kamo
Member (Outside Director)　Naoko Kishimoto
Member (President and Representative Director)　Hideki Moriya
Member (Representative Director)　Kosuke Suzuki

(Matters for Consultation)

- Compensation of Directors and Executive Officers
- Other matters referred by the Board of Directors

[Independent Directors]

Number of Independent Directors	6

Matters relating to Independent Directors

All Outside Officers who meet the qualifications of Independent Officers are designated as Independent Officers.

[Incentives]

Incentive Policies for Directors	Introduction of performance-linked remuneration system and stock option plan

Supplementary Explanation

・Performance-Linked Compensation Plan

Please refer to "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" of this report.

・Stock Option Plan

Following a resolution at the 34th Ordinary General Meeting of Shareholders held on September 26, 2014, the Company abolished its retirement benefits plan for Directors and Audit and Supervisory Board members. At the same time, share-based stock options were introduced for Directors (excluding those who are Audit and Supervisory Committee members) with an exercise price of 1 yen, and has issued these options 7 times to date. This move was aimed at heightening the Directors' motivation and desire to contribute to the Company's medium- to long-term performance and corporate value, by aligning their interests with those of shareholders through the sharing of both the benefits of share price increases and the risks of share price decreases. In addition, approval was received at the same meeting to set an upper limit of 400 million yen annually for share-based stock options, which is to be separate from existing monetary compensation.

Recipients of Stock Options	Directors / Outside Directors / Parent Company's Employee / Subsidiaries' Directors / Subsidiaries' Employee

Supplementary Explanation

The Company has been issuing stock options to Directors and employees since 1998 with the aim of heightening their motivation and desire to contribute to improved performance and thereby increasing shareholder value. Individuals eligible to receive stock options include the Company's Directors, employees of the Company including Executive Officers, Directors of the Company's affiliates in Japan and overseas, and employees of the Company's affiliates in Japan and overseas.

Following a resolution at the 34th Ordinary General Meeting of Shareholders held on September 26, 2014, the Company abolished its retirement benefits plan for Directors and Audit and Supervisory Board members. At the same time, share-based stock options were introduced for Directors (excluding those that are Audit and Supervisory Committee members) with an exercise price of 1 yen. This move was aimed at heightening Directors' motivation and desire to contribute to improved medium- to long-term performance and corporate value of the Company by having Directors share both the benefits of share price increases and the risks of share price decreases with shareholders.

[Director Compensation]

Disclosure of Individual Directors' Compensation	Some of them are disclosed individually.

Supplementary Explanation

For the fiscal year ended June 2026, a total of 355 million yen was paid as compensation to 7 Directors (excluding Directors who are Audit and Supervisory Committee members), and a total of 49 million yen was paid to 5 Directors who are Audit and Supervisory Committee members.

Additionally, individuals with total consolidated compensation of 100 million yen or more are disclosed individually in the securities report.

Policy on Determining Compensation Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

1. Basic Policy
The Company's basic policy is to set compensation for Directors in consideration of shareholder interests so that the compensation system functions as an incentive to increase corporate value continuously, and to set the compensation of individual Directors at an appropriate level based on the responsibilities of their positions.

2. Structure of the Compensation System for the Company's Directors
The compensation system for the Company's Directors (excluding Outside Directors and Directors who are members of the Audit and Supervisory Committee) consists of the following; the base remuneration as monthly fixed monetary compensation, performance-linked monetary remuneration as short-term incentive (annual bonus), and share-based stock options (non-monetary compensation) for the purpose of sharing shareholder interests. In light of their roles, the Company's Outside Directors receive only base remuneration. The compensation system for Directors who are members of the Audit and Supervisory Committee of the Company also consists of base remuneration only, in consideration of their roles.

The base remuneration is monthly fixed monetary compensation and is determined based on the position and responsibilities of each Director, taking into consideration the level of compensation for Directors at other

companies of the same size as the Company, as well as the level of employee salaries, and a comprehensive range of factors.

The performance-linked cash remuneration (annual bonus) as a short-term incentive for the Representative Director shall be linked to the Company's performance for a single fiscal year. In the Company, the performance-linked KPI shall be 'consolidated operating income' from the perspective of improving earnings in the core business. The KPI target for "consolidated operating income" for the fiscal year ended June 2026 was 170.0 billion yen, and the actual result was 174.8 billion yen.

The amount to be paid shall be determined based on the degree of achievement of that budget and shall vary in a ratio of 0% to 150% depending on the degree. Furthermore, for Directors other than the Representative Director, 50% of their remuneration will be linked to the Company’s performance, similar to the Representative Director. Additionally, 50% will be linked to individual performance.

The individual performance-linked portion will be assessed based on budget target achievement, reviewed by the Compensation Committee, and the final payment rate, ranging from 0% to 150%, will be determined by the President and Representative Director.

Since the Company determines the necessity of granting share-based compensation on a case-by-case basis, taking into consideration the past results of stock option grants, etc., the Company does not clearly stipulate the ratio of share-based stock options or the timing of their payment. However, the Company will continue to consider the frequency of granting share-based stock options in the future in the context of an appropriate executive compensation system.

The composition of our remuneration structure for the Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) shall be designed based on 70% fixed remuneration as basic compensation and 30% performance-linked remuneration (annual bonus) as short-term incentive compensation.

Regarding the timing of remuneration payments, the fixed remuneration as basic compensation is paid monthly, while the performance-linked remuneration (annual bonus) as short-term incentive compensation is paid after the Company’s performance is confirmed and following the conclusion of the annual general meeting of shareholders.

3. Policy on Determination of Individual Compensation

The Company consults its Compensation Committee regarding the determination of individual Director compensation, etc., and the Board of Directors adopts a resolution based on the Nomination and Compensation Committee's report.

However, with respect to base remuneration for Directors other than the President and Representative Director, the Company delegates to the President and Representative Director the authority to determine the final amount of such remuneration, taking into consideration the roles and responsibilities of each individual Director, within

the maximum and minimum amounts separately determined by the Board of Directors. The Company also delegates to the President and Representative Director the authority to determine the final payment rate of the performance-linked cash remuneration (annual bonus) for the individual performance-linked portion. To ensure that the delegated authority is properly exercised, the President and Representative Director must fully consult with the Independent Outside Directors through the Compensation Committee.

[Supporting System for Outside Directors]

6 of the Company's 16 Directors are Outside Directors, and 5 Outside Directors are Audit and Supervisory Committee members. The Board of Directors' Secretariat and the Audit and Supervisory Committee Secretariat assist Outside Directors in performing their duties as requested.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

The activities of the Directors (number of meetings held, attendance of individual Directors, etc.) are published on our website (https://ppih.co.jp/en/ir/governance/system/).

(1) Board of Directors

The Board of Directors, chaired by the Representative Director and Executive Counsel, meets at least once a month to discuss and determine important matters concerning the execution of operations. The Board of Directors consists of a total of 16 members: 11 Directors (excluding Directors who are Audit and Supervisory Committee members), including 1 Outside Director, and 5 directors who are Audit and Supervisory Committee members, all of whom are Outside Directors.

The Audit and Supervisory Committee is composed entirely of 5 Outside Directors. It audits the execution of duties by Directors and collaborates with the accounting auditor as necessary to ensure effective audits.

Additionally, all the 6 Outside Directors are appointed as Independent Officers. This allows for the incorporation of a broad range of perspectives from an independent standpoint, free from conflicts of interest with general shareholders, on important matters related to the management of the Company, including the formulation of overall corporate strategies. We believe this structure enables appropriate management decisions.

(2) Compliance Committee

The Compliance Committee is responsible for planning fraud prevention, planning inspections and investigations, verifying the results of inspections and investigations, and sharing and verifying cases of fraud at other companies.

The Committee consists of 9 members: Naoko Kishimoto (Director and Audit & Supervisory Committee Member) as the chairperson, Shinichiro Akagi (Representative Director, Senior Managing Director), Yuji Ishii (Representative Director, Managing Executive Director), and Executive Officers from related departments. Naoko Kishimoto is an Outside Director.

(3) Nomination Committee

The Nomination Committee is established as a voluntary advisory body of the Board of Directors to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the nomination of Directors, thereby strengthening the corporate governance system. The majority of its members are Outside Directors.

The role of the Nomination Committee is to deliberate and make recommendations in response to consultations from the Board of Directors regarding the appointment and dismissal of Directors, the selection and removal of Representative Directors, and other matters consulted by the Board of Directors. The Nomination Committee consists of 5 members: Yasunori Yoshimura (Director) as the chairperson, Jumpei Nishitani (Director and Audit & Supervisory Committee Member), Kiyoshi Kanazashi (Director and Audit & Supervisory Committee Member), Naoki Yoshida (Representative Director), and Yusaku Yasuda (Director). Yasunori Yoshimura, Jumpei Nishitani, and Kiyoshi Kanazashi are Outside Directors.

(4) Compensation Committee

The Compensation Committee is established as a voluntary advisory body of the Board of Directors to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the compensation of Directors and other executives, thereby strengthening the corporate governance system. The majority of its members are Outside Directors.

The role of the Compensation Committee is to deliberate on matters concerning the compensation of Directors and other executives, as well as other matters consulted by the Board of Directors, and to provide recommendations accordingly. The Committee consists of 5 members: Takaki Ono (Director and Audit & Supervisory Committee Member) and Masaharu Kamo (Director and Audit & Supervisory Committee Member) as co-chairpersons, Naoko Kishimoto (Director and Audit & Supervisory Committee Member), Hideki Moriya (President and Representative Director), and Kosuke Suzuki (Representative Director). Takaki Ono, Masaharu Kamo, and Naoko Kishimoto are Outside Directors.

(5) Outside Directors

The Company has 6 Outside Directors. The Outside Directors are appointed with the expectation that they will provide opinions and suggestions on management from an external perspective, based on their specialized knowledge and experience in management, thereby enhancing the soundness and transparency of management. Additionally, all the 6 Outside Directors are designated as Independent Officers in accordance with the regulations of the Tokyo Stock Exchange and have been registered with the Exchange.

The Company has no clear-cut criteria or policies regarding the independence of individuals appointed as Outside Directors. However, in appointing Outside Directors, the Company ensures that they can provide opinions and suggestions regarding management from an outside perspective based on their expertise and experience in management, thereby improving the soundness and transparency of the Company's management. The Company's judgment is based on the premise that the appointment of an Outside Director is sufficiently independent of the Company's management team to enable them to perform their duties as an Outside Director.

(6) Internal Audit Division

The Internal Audit Division, under the direct authority of the Board of Directors, is independent of divisions that execute operations. Based on the audit plan, the Internal Audit Division audits the legality, effectiveness and efficiency of the operations of each department and the Group's subsidiaries and evaluates the internal control over financial reporting. In addition, important matters are reported to the Audit and Supervisory Committee as well as to the Board of Directors as appropriate to ensure organizational cooperation. Furthermore, the Company has established regular information-sharing opportunities with the accounting auditors with regard to the maintenance and assessment of the operational status of internal control over financial reporting, to ensure accurate and efficient internal control audits.

The Internal Audit Division consists of 10 employees.

(7) Others

The Legal Department holds Legal Consultation Days to provide opportunities for receiving advice directly from legal counsel with regard to the legal conformity of important matters. These days are held on a regular basis to reinforce and entrench compliance.

The Independent Auditor, in addition to conducting standard accounting audits, reviews specific matters in advance to confirm their legality and compliance with applicable accounting standards from the perspective of ensuring timely and accurate disclosure, and provides advice when necessary.

3. Reasons for Adoption of the Current Corporate Governance System

At the 36th Ordinary General Meeting of Shareholders held on September 28, 2016, a resolution was passed to amend the Company's Articles of Incorporation to allow for a transition to the Company with an Audit and Supervisory Committee structure described in the Companies Act of Japan. The Company thus transitioned from the prior Company with a Board of Company Auditors structure to the Company with an Audit and Supervisory Committee structure effective September 28, 2016. In conjunction with the transition, the Audit and Supervisory Committee was established and Directors that are Audit and Supervisory Committee members were granted voting rights at meetings of the Board of Directors. The purpose of these changes was to strengthen the monitoring and oversight functions of the Board of Directors to facilitate enhancements to corporate governance and improvements to corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Dispatch of Convocation Notice	For the 46th Ordinary General Meeting of Shareholders held on September 29, 2026, the convocation notice was sent 4 days prior to the statutory date of dispatch. We will make every effort to send the convocation notice as early as possible from next year onward.

Scheduling AGMs Avoiding the Peak Day	The fiscal year-end of the Company is June 30, and the Ordinary General Meeting of Shareholders is held in late September of each year.
Allowing Electronic Exercise of Voting Rights	An electronic voting rights exercise system is employed through a website developed by a securities agency.
Participation in Electronic Voting Platform	The electronic voting rights exercise platform for institutional investors operated by ICJ, Inc., is employed.
Providing Convocation Notice in English	Notices of convocation (summaries) in English are prepared and made available on the Company's corporate website for the convenience of overseas investors. Furthermore, starting from the 45th Ordinary General Meeting of Shareholders, we have simultaneously disclosed both the Japanese and English summary versions of the Notice of Convocation (summaries), thereby providing foreign shareholders with smooth access to information.
Other	The General Meeting of Shareholders is positioned as a forum for communication between shareholders and the Company, and sales reports employing visual representations and other methods are utilized to ensure interactive meetings.

2. IR Activities

	Supplementary Explanations	Explanations from the representative
Regular Investor Briefings for Individual Investors	The Company is also focusing on IR activities for individual investors to enhance dialogue with shareholders and investors. Through initiatives such as holding IR Day and participating in IR events for individual investors hosted by securities companies, the Company continuously provides information on its management policies and business strategies.	No
Regular Investor Briefings for Analysts and Institutional Investors	In the fiscal year ended June 2026, quarterly briefings for analysts and institutional investors were held to explain financial results and management strategies, with the President and Representative Director and the Executive Officer responsible for IR providing explanations on business strategies, etc.	Yes
Regular Investor Briefings for Overseas Investors	We respond to meeting requests from overseas investors in regions such as North America, Asia and Europe as needed. Additionally, we participate in conferences for overseas investors hosted by securities companies.	Yes
Posting of IR Materials on the Website	Financial summaries, earnings presentation materials, timely disclosure materials other than earnings information,	

	securities reports, semiannual reports, and other IR materials are available on our website (https://ppih.co.jp/en/ir/) to help investors gain a better understanding of our company. Additionally, we actively engage in English disclosures to assist foreign investors.
Establishment of Department and/or Manager in Charge of IR	The IR Division within the IR Headquarters (ir@ppih.co.jp) is designated as the department responsible for investor relations.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	**Approach to Stakeholder Engagement** We aim to contribute to the realization of a sustainable society and enhance corporate value by recognizing issues through communication with our stakeholders and fulfilling our social responsibilities while building relationships of trust and collaboration. We place importance on proactive "stakeholder engagement" and reflect the interests, expectations and requests identified in the process of stakeholder engagement in our management and business activities. Under the long-term management plan, Double Impact 2035, we aim to achieve both the resolution of environmental and social issues and business growth. Based on the insights gained through dialogue with stakeholders, we are working to further enhance our initiatives addressing these material issues. We also recognize the development of a workplace environment in which employees can work with peace of mind as an important management issue. As part of these efforts, we have established a Basic Policy on Customer Harassment to respect the dignity and human rights of employees and to build sound and positive relationships with customers. Information about stakeholders and the main method of engagement is available on our website at; https://ppih.co.jp/en/sustainability/stakeholder/ Various policies related to sustainability are available on our website at; https://ppih.co.jp/en/sustainability/basic_policy/

Implementation of Environmental Activities, CSR Activities etc.	**Basic Approach to Sustainability Activities** The Company promotes various social contribution activities, including donations and fundraising activities for local communities and initiatives to support and nurture the next generation, with the aim of coexisting and prospering with local communities and creating a society where children of the next generation can live healthy lives. In addition, under its long-term management plan, Double Impact 2035, the Company is working to achieve both the resolution of environmental and social issues and business growth. On the environmental front, the Company is working to reduce CO_2 emissions and food waste and promote resource recycling. The Company is also advancing information disclosure based on the TCFD recommendations and identifying and disclosing nature-related risks and opportunities with reference to the TNFD framework. On the social front, the Company is working to create a workplace environment in which diverse talent can play an active role. In addition, while seeking to expand private brand (PB) and original equipment manufacturer (OEM) products, the Group has identified Procuring Sustainable Products and Promoting Responsible Sales Practices as one of its material issues and is working to build a supply chain that takes human rights and the environment into consideration and to ensure product safety. Information on donations, fundraising, and community contribution activities is available at; https://ppih.co.jp/en/sustainability/materiality4/charity_and_donation/ Information on activities to support and nurture the next generation is available at; https://ppih.co.jp/en/sustainability/materiality4/next_generation/ Information on product safety initiatives is available at; https://ppih.co.jp/en/sustainability/materiality3/product_safety/ Information on sustainability initiatives including environmental conservation activities is available at; https://ppih.co.jp/en/sustainability/

Establishment of policies related to the disclosure of information to stakeholders	The Company firmly adheres to its corporate philosophy of "The Customer Matters Most" and strives to enhance corporate governance and compliance while actively disclosing information to promote constructive dialogue with shareholders, investors and other stakeholders. In addition, to enhance sustainability-related disclosures, the Company strives to proactively disclose information on key topics of significant interest to stakeholders, including climate change, human rights, human capital and supply chain management, as well as product safety and responses to customer harassment. Under the philosophy that business activities in accordance with high ethical standards are a prerequisite for the survival of a company, the Company ensures the legality of its corporate governance system and its operations by establishing an internal early response system and seeking advice from outside experts. The concept of corporate governance is available at https://ppih.co.jp/en/ir/governance/basic_views/

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company's internal control structure was established and is maintained under the Companies Act of Japan and the Ordinance for Enforcement of the Companies Act to ensure the appropriateness of the Company's business operations.

1. System ensuring the execution of duties by Directors complies with the Company's Articles of Incorporation and prevailing laws and regulations

(1) Directors must consistently ensure that the Company's management is undertaken in compliance with laws and regulations and must take the initiative to promote awareness of compliance practices at the Company and at its subsidiaries.

(2) To ensure the appropriate execution of duties by Directors, the Company continues to appoint Outside Directors to its Board of Directors and strives to enhance the supervision of duties executed by Directors. In addition, the Audit and Supervisory Committee, which has the participation of Outside Directors, conducts thorough audits that ensure impartiality and transparency from a position independent of the influence of Directors (excluding those that are Audit and Supervisory Committee members).

(3) The Company establishes a Compliance Committee to oversee matters related to compliance (legal compliance) and internal control. In addition, the Compliance Committee collaborates with lawyers and other

outside experts to ensure that business activities are conducted in accordance with high ethical standards and to ensure the legality of the corporate governance system and its operation.

2. System for storing and managing information related to the execution of duties by Directors

(1) The minutes of shareholders' meetings, Board of Directors meetings, and other important meetings along with any related materials are stored and managed by a designated department and retained for a period of 10 years under conditions that facilitate examination whenever necessary.

(2) The Company utilizes tools to improve the security of in-house information networks and performs careful and timely reviews of its Rules for Information Security Management. Concurrently, the Company encourages information sharing within the organization and maintains systems to prevent leaks of confidential information.

3. Rules and system for managing the risk of loss

(1) The Compliance Committee analyzes and evaluates lateral risks from a compliance standpoint for the entire Group of companies and examines potential measures for dealing with such risks.

(2) Efforts are made to swiftly and accurately systemize rules and instruction manuals, and standardize business practices to minimize operational risks.

(3) Organizational and operating structures are swiftly and effectively established to control risks associated with procedures, including financial accounting, purchasing, sales, store operation, and legal issues, which serve to minimize operational risks.

4. System ensuring the efficient execution of duties by Directors

(1) Rules relating to organizational structures are reviewed and updated in a timely and appropriate manner to clarify the division of Directors' duties and respective oversight authority.

(2) Organizational and administrative systems are revised when necessary to meet changes in the business environment.

5. System ensuring the execution of duties by employees complies with the Company's Articles of Incorporation and prevailing laws and regulations

(1) The Compliance Committee promotes compliance and ensures thorough adherence to stated practices in accordance with resolutions by the Board of Directors.

(2) The Compliance Committee, through coordination with the Compliance Officer, formulates plans that include education on issues related to compliance, and the Compliance Office handles the administrative aspect of these activities based on instructions from the Compliance Committee.

(3) The Company maintains a whistle-blower system, dubbed "the Compliance Hotline", which enables employees and business partners of the Group to directly report questionable conduct—which are possible violations of the law, regulations, or in-house rules—directly to an outside entity or an in-house point of contact with complete confidentiality. Concerted efforts are made to promote awareness of this system to ensure that it continues to function effectively. The Company makes it a top priority to protect individuals who report an actual or possible violation from any sort of disadvantage for bringing potential infractions to light.

6. System ensuring the appropriateness of operations at the Company and its subsidiaries

(1) The status of the execution of business by each Group company must be reported to the Board of Directors of the Company in a timely and appropriate manner.

(2) To confirm the proper execution of operations at Group companies, the Internal Audit Division works with each company to determine progress in establishing internal controls. To further improve the internal control system, the Compliance Committee provides instruction and support as required based on a shared understanding of internal control measures within the Group.

(3) To confirm the proper execution of operations at Group companies, the Company has prepared the Rules for the Management of Affiliated Companies. These rules provide guidelines for monitoring business activities at Group companies.

7. Issues pertaining to employees that assist the Audit and Supervisory Committee when such assistance is required

The Company established an office of the Audit and Supervisory Committee (Auditors' Office) with staff exclusively dedicated to assisting the Audit and Supervisory Committee in its duty as required.

8. Matters related to the independence of employees that are to assist the Audit and Supervisory Committee with its duty from Directors (excluding those that are Audit and Supervisory Committee members) and matters related to ensuring the effectiveness of instruction from the Audit and Supervisory Committee to such employees

(1) Any personnel matters (including treatment and disciplinary action) pertaining to Auditors' Office staff must be reported first to the Audit and Supervisory Committee.

(2) If a staff member of the Auditors' Office concurrently performs administrative tasks in another division, priority shall be given to requests from the Audit and Supervisory Committee when the instructions are deemed necessary in the course of auditing activities. In addition, the supervisor in the other division where the

individual with concurrent duties is assigned will extend the necessary support if requests are made to facilitate the implementation of the Audit and Supervisory Committee's instructions.

9. System for submitting reports to the Audit and Supervisory Committee, which includes the system for Directors and employees to report to the Audit and Supervisory Committee

(1) The Internal Audit Division provides the Audit and Supervisory Committee with timely and accurate updates on the implementation of internal controls.

(2) Directors and employees of the Company and Group companies shall promptly inform the Audit and Supervisory Committee of any important issues that impact, or may impact, the operations of the Company or any Group company.

(3) Directors and employees of the Company and Group companies must respond promptly when asked by the Audit and Supervisory Committee or the Auditors' Office to provide information about the status of operations, assets, or other corporate matters.

(4) The Company prohibits unfavorable treatment of anyone on the basis of a report given to the Audit and Supervisory Committee concerning information related to the aforementioned matters.

10. Other: Systems for ensuring the effectiveness of audits by the Audit and Supervisory Committee

(1) Opportunities are provided for the Audit and Supervisory Committee to communicate with Directors (excluding those that are Audit and Supervisory Committee members) of the Company as well as the Directors and Audit and Supervisory Board members of Group companies to make audits as effective as possible. The Audit and Supervisory Committee keeps close ties with the Internal Audit Division and looks over internal audit reports to complement standard audits performed in line with in-house rules. Also, when the Independent Auditor submits an audit report, the Audit and Supervisory Committee confirms the appropriateness of the content therein.

(2) The Audit and Supervisory Committee is informed regularly of how the Compliance Hotline is operating.

(3) Payments of costs incurred in the process of executing the required duties of a Director that is an Audit and Supervisory Committee member shall be addressed promptly upon submission of a payment request.

2. Basic Views on Eliminating Anti-Social Forces

The Group has defined the following policies for non-association with antisocial forces and has established internal systems in this regard.

(1) Neither the Company nor any Group company will respond to inappropriate requests or any other form of a request from antisocial forces and will cancel business dealings if the counterparty is found to be an individual, business, organization, or any other type of entity with ties to antisocial forces.

(2) To guarantee a firm response to any inappropriate requests by antisocial forces, the Company has established the Risk Management Division to respond to inappropriate requests from antisocial forces, implement in-house training, and address any questionable activities.

(3) The Risk Management Division collects information through coordination with the police, legal counsel, and other external organizations. In addition, a special position has been set up within the Company to deal with inappropriate requests and an internal structure is in place, along with an intranet, to expedite responses in the event a situation arises.

V. Others

1. Adoption of Anti-Takeover Measures

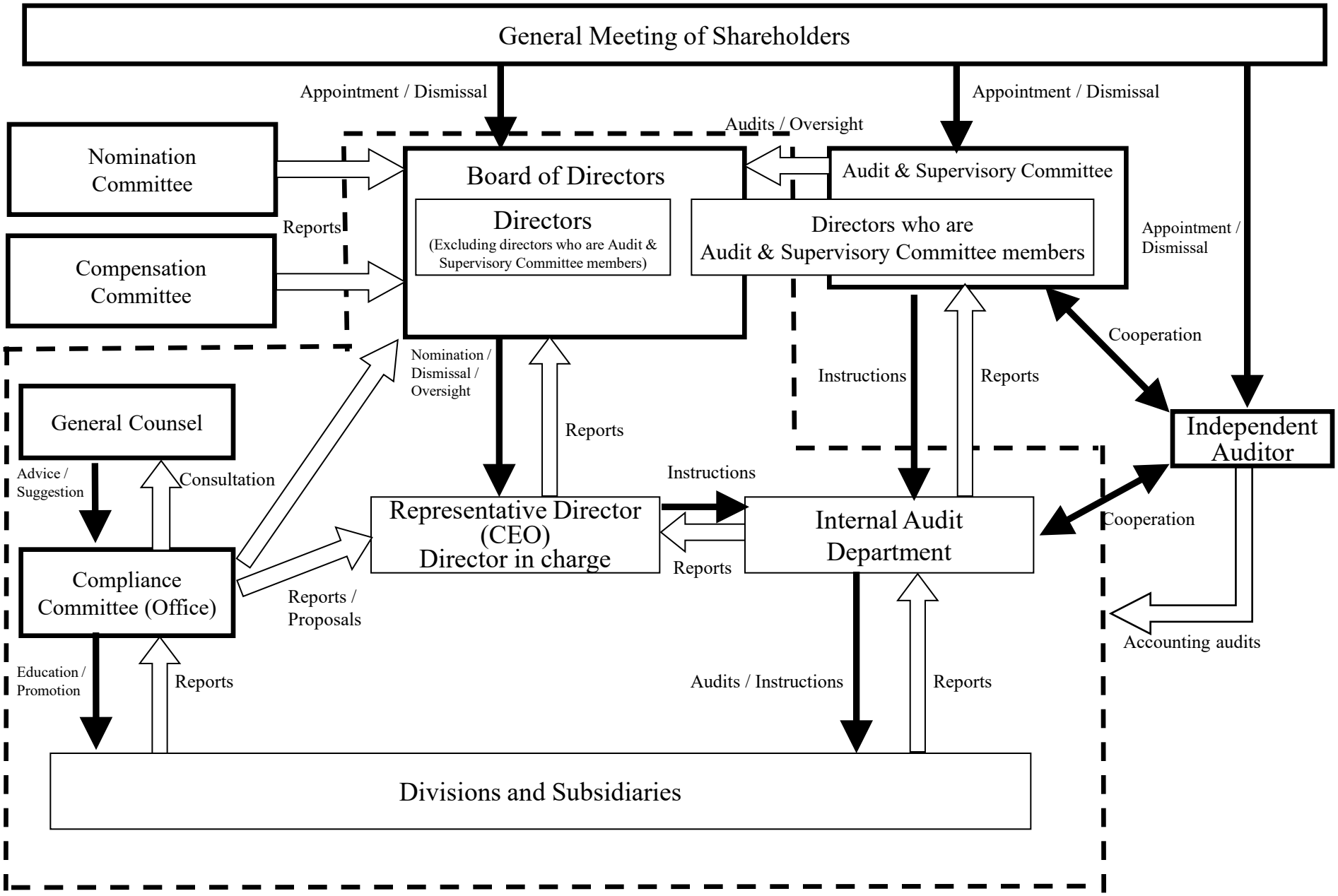
Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
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2. Other Matters Concerning to Corporate Governance System

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< Corporate Governance Structure >



< Timely Disclosure System >

