

The environment surrounding us is changing rapidly.
The sustainable growth of a company means to keep
taking on challenges without fearing change.
I believe that a sustainable society is formed through
unflagging efforts to rise above challenges.

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Aiming to develop together with society through community-based management

Issues, such as the declining birthrate and aging population, labor shortage, concentration of the population into cities, environmental issues, and respect for human rights, that modern society faces and the rapid change into a digital society present a variety of challenges to the Group. In order to open a path to the future and ensure sustainability as a company, we are required to act from a multifaceted perspective more than ever before.

After management integration, we became determined to continue creating value with the spirit of "Everyday IMPROVE." To this end, each and every employee is

committed to thinking on their own, nurturing mutual respect, and joining forces with one another to generate the greatest synergy. We aim to realize sustainable growth together with people of local communities by turning the expansion of the scale into streamlining and the enrichment of quality and by conducting business while paying attention to details through meeting the needs of local communities.

Placing a particular focus on the securing of human resources and the development of products and services that meet the diverse needs of each community

For sustainable management, it is essential to secure

human resources. In the face of a labor shortage, we promote the continued employment of female workers, actively accept senior citizens and foreigners, and develop a workplace friendly to every worker. Since we are an aggregate of different cultures due to repeated management integrations, we have developed a deep understanding of the significance of accepting different values and differences and the need for diversity in the truest sense of the word. At the same time, we have learned that people's mindsets cannot be changed easily and that it is tough to take specific actions. In order to achieve "IMPROVE" against such a backdrop, we need to have the power to change the ways of working that are familiar to us through challenging trial and error.

In an environment marked by various social issues, not

only workstyles and the flow of information and products but also consumer needs have been changing. In the midst of the increasing significance of *koto* consumption (consumption of intangible values), we need to incorporate the needs of consumers who are sensitive to lifestyle changes and change ourselves so that we can avoid self-absorbed thinking and accept different views.

In light of the change in shopping hours resulting from women's participation in society and consumer awareness of environmental issues, we have adopted green packaging and enriched the lineup of prepared food, Mother's Kitchen by achieving an extension of the expiration date via cutting-edge technology. Moreover, we also promote the development of stores that meet the needs of each community where customers can find daily necessities and services when they need them. In an effort to become a trusted brand for everyday life that customers continue using, we will continue enhancing the quality of each store.

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Continuing to take on challenges toward the realization of a sustainable society from a long-term perspective

As a retail business and group of companies that play a role in the development of the local economy, we fully understand the significance of the development of a sustainable society and agree to the UN Global Compact initiative. Currently, international society accelerates its efforts toward the achievement of SDGs in 2030. The Group will also accelerate its efforts by assigning higher priority to the materialities set last year.

Especially, the countermeasures against global warming and the plastic waste issue are the themes we cannot overlook in the midst of ever-tightening regulatory control. In my view, the entire industry needs to address the issue of plastic food containers and shopping bags by a collective effort while leveraging our wisdom to break established customs. In addition, a reduction of food loss is another serious issue. While it stands to reason that strict standards are required for food quality and safety control, we understand that there are criticisms that many food, which is still good enough to eat, is thrown away. We have been making constant efforts not only to reduce waste in the manufacturing process of products, but also to extend the expiration date while maintaining the freshness of food. Despite our efforts to enrich a good selection of those products, in the event that food is expired at stores as a somewhat inevitable result, we promote a system to recirculate them.

Moreover, as a community-based company, we are required more than ever to provide functions as social and lifestyle infrastructure. If the diversification of needs by the community accelerates in response to changes in the social structure, such as the declining birth rate, aging population,

and compact cities, we need to shift from a one-size-fits-all business model to a decentralized management model that reflects the characteristics of each community. This approach also applies to the achievement of SDGs, and we believe that in our efforts to resolve community issues, our stores should serve as safe, reliable bases where people of local communities come to communicate with one another and that our store operation should contribute to the vitalization of local communities.

In an effort to meet the increasingly sophisticated and diversified needs and continue answering consumer expectations, we need to actively roll out new products and services that go beyond the bounds of business categories while leveraging the collective strengths of the Group to continue providing products and services whose safety and reliability are secured throughout the entire supply chain. For the issues of risks, such as disasters, environment, and human rights, it is essential for us to build and maintain consumer trust through the stable supply of products in collaboration with suppliers.

In order to achieve them, I believe that the promotion of true diversity, such as the acceptance of people with different views and cultural backgrounds, the attitude to address issues from a new perspective, and the development of a corporate climate that tolerates different values, is indispensable. In an effort to change each person's awareness, we aim to achieve cultural fusion while sharing the values to achieve our goals.

The retail business model may change drastically over the coming ten years due to the evolution of technology and the issues of population structure and environment, and it may take a totally different form 30 years from now. In order for each of us to grow in a sustainable manner and contribute to the realization of a sustainable society by resolving social issues, we will continue taking up and rising above future challenges.