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Latest Revision: April 14, 2023  
Company: Pigeon Corporation  
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An Overview of Corporate Governance at Pigeon Corporation (the “Company”) is Described Below.

## **I Basic Policy Regarding Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information**

### **1. Basic Policy**

#### **■ The Pigeon DNA and the Pigeon Way**

Our corporate philosophy “Love” and the credo “Only love can beget love” are the core of Pigeon. These are the unchanging spirit that each and every Pigeon employee and executive will uphold into the future as the Pigeon DNA, as long as Pigeon continues to exist as an essential part of society.

Our Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs” and Values and Action Principles that employees and executives should cherish to realize the Purpose are collectively called the Pigeon Way, the cornerstone of all our activities. The Pigeon Way embodies our “heart and soul” and sets the grounds for our actions to stream from this core.

We have reclassified our corporate philosophy and the credo as the Pigeon DNA, the underlying concept of the Pigeon Way. We will continue to drive our business activities toward the realization of the Purpose, positioning it as the core of the Pigeon Way. The Pigeon DNA and the Pigeon Way are defined as follows.

<Pigeon DNA> The core of Pigeon throughout its history and into the future.

Corporate Philosophy:

Love

Credo:

Only love can beget love

<Pigeon Way> The cornerstone of all our activities. It embodies our “heart and soul” and sets the grounds for our actions to stream from this core.

Purpose:

We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs

Values:

- Integrity
- Communication, Consent, Trust
- Passion

Action Principles:

- Agility
- Keep sight of consumers
- Global collaboration among competent individuals
- Leadership and logical working style
- Willingness to change

■ Establishment of Key Issues

Pigeon's Purpose "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs" cannot be achieved solely through the efforts of Pigeon Group employees and executives, but through collaboration with external stakeholders, including customers, business partners, shareholders, and local communities. We believe that by realizing our "Purpose," we can not only continue to be recognized as an essential part of society, but also contribute to the creation or realization of a sustainable society that is the basis for coexistence with our stakeholders. In this sense, our underlying Pigeon DNA and the Pigeon Way, the social and environmental challenges we must address, and the future vision we should aim for by addressing the challenges must be shared not only with Pigeon Group employees and executives, but also with our customers, business partners, shareholders, local communities, and other external stakeholders.

Therefore, the Company established the following five (5) Key Issues to be addressed and realized in the process of achieving Pigeon's Purpose "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs" so that we can share the same mindset with all stakeholders.

- Enhancing Business Competitiveness and Resilience;
- Reducing our Environmental Impact;
- Contributing to the Resolution of Social Issues;
- Managing Talent and Cultivating the Right Culture for our Purpose; and
- Establishing Solid Management Foundations

■ Pigeon's Basic Policy of Corporate Governance

Our corporate governance must be based on the Pigeon DNA and the Pigeon Way, be directed toward solving and realizing the Key Issues, contribute to the creation and realization of a sustainable society, and ultimately realizing the Purpose "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs."

Based on this approach, we define the Company's corporate governance as follows: 1) Offensive governance: a mechanism for transparent, fair, prompt and decisive decision-making to enhance Pigeon Group's sustainable growth and medium- to long-term corporate value (societal value and economic value), for the resolution and realization of the Key Issues, and ultimately the realization of the "Purpose"; and 2) Defensive governance: a mechanism for risk control through timely collection and sharing and review and verification of information aimed at prevention and prompt elimination of factors that could hamper Pigeon Group's sustainable growth and damage its corporate value, or impede the resolution and realization of the Key Issues and the realization of the "Purpose."

By continuously strengthening these mechanisms, we aim to further enhance corporate governance, increase our corporate value, and ultimately contribute to the creation and realization of a sustainable society, as well as realizing the "Purpose."

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Company implements all principles of the Corporate Governance Code (revised June 11, 2021).

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

The Company has included disclosure based on the Principles of the Corporate Governance Code revised in June 2021.

#### 1. Securing the Rights and Equal Treatment of Shareholders

(Principle 1.2 Exercise of Shareholder Rights at General Shareholder Meetings)

In recognition of the General Meeting of Shareholders as the highest decision-making body, as well as the opportunity for constructive dialogue with shareholders, the Company provides sufficient time and setting for shareholders to appropriately exercise their rights, while at the same time determining the date and location and developing an environment to facilitate shareholder attendance. Specifically, the Company is engaged in the following initiatives.

- The Company strives to prepare a convocation notice that is easy to read by using graphs, images, and plain language in its explanations.
- The Company reflects feedback from shareholders in the operation of the General Meeting of Shareholders by means such as providing a special child-care room and assistance through a sign language interpreter at the meeting venue, in order to create an environment that promotes attendance.
- Since 2021, we have conducted an online live stream so that shareholders who could not make it to the venue can watch the General Meeting of Shareholders.
- In order to provide our shareholders with sufficient time for considering proposals, the Company sends the convocation notice no later than three weeks before the date of the General Meeting of Shareholders. Prior to dispatching the convocation notice and the start date of measures for electronic provision, it also discloses information included in the notice in both Japanese and English at the Tokyo Stock Exchange, Inc. (referred to below as the “Tokyo Stock Exchange”), on the Electronic Voting Platform, and on the Company’s website, etc. no later than approximately one month before the date of the General Meeting of Shareholders.
- Bearing in mind the percentage of foreign and institutional investors, the Company, in an effort to ensure convenience of the exercise of voting rights, offers voting via the Internet and uses the Electronic Voting Platform.
- When investors who hold shares of the Company in street names express an interest in attending the General Meeting of Shareholders, the Company allows them to sit in after undergoing the necessary procedures, although it does not permit the exercise of voting rights. The necessary procedures are disclosed on the Company’s website.

(Principle 1.3 Basic Strategy for Capital Policy)

The Company’s business model is to generate profits efficiently from slim assets. We believe that the Company’s current capital structure is fully capable of underpinning the future growth of the Group’s businesses, without major reliance on outside financing.

The Company sets a WACC (weighted average cost of capital) of 5% and sets targets that greatly exceed the capital costs for PVA (Pigeon Value Added, the Company’s original performance indicator), ROIC (return on invested capital), and ROE (return on equity). The Company carries out concrete measures to achieve these targets and discloses progress in biannual results briefings. In addition, we are promoting the management of working capital based on CCC (cash conversion cycle), thus, the Pigeon Group as a whole is striving to improve its efficiency and reduce it. The 5% set for the WACC is used as the base value of the hurdle rate for investment projects.

As for dividend policy, in our Eighth Medium-Term Business Plan, our basic policy is to stably and continuously return profits to shareholders maintaining the current level of dividends, while further improving our consolidated performance and financial position.

(Principle 1.4 Cross-Shareholdings)

The Company may hold shares as cross-shareholdings, with the aim of improving relations and collaboration

with business partners. However, as of the submission date of this report, the Company holds only one stock listed overseas as a cross-shareholding. The Company discloses the purpose and holding status of these shares in the annual securities report. Regarding individual cross-shareholdings, the Company confirms the background and objectives of holding the shares, the status of transactions, and risks associated with holding the shares, etc. The Company reviews whether or not shares can continue to be held each year, as well as the number of shares to hold, and obtains approval for cross-shareholdings by the Board of Directors, as a disclosure item of the annual securities report.

Furthermore, the Pigeon Group exercises voting rights for cross-shareholdings after considering proposals from the perspective of improving the corporate value of the Pigeon Group, while paying due respect to the management policy of the company it invests in.

(Principle 1.7 Related Party Transactions)

The Company believes that the monitoring of conflicts of interest is a typical role and function expected of Outside Directors. The Company directly confirms with the Directors and Audit & Supervisory Board Members every six months the existence of important transactions between the Company and its major shareholders, competing transactions between the Company and its Directors or Audit & Supervisory Board Members, conflict-of-interest transactions (self-dealing and indirect transactions) as well as related party transactions, and reports the results to the Board of Directors. In addition, the “Board of Directors Rules” stipulate that a resolution of the Board of Directors is required when engaging in such transactions.

2. Appropriate Cooperation with Stakeholders Other Than Shareholders

(Supplementary Principle 2.4.1)

<Our Approach for Ensuring Diversity and The Current Status of Our Efforts>

The Pigeon Group believes that in order to deliver high-quality products to the world, we must create an environment that motivates employees to work, and if we do not take care of our employees, we cannot succeed in business. For this reason, in an effort to provide a rewarding workplace that encourages our employees to have pride and motivation in working for the Pigeon Group, we have set forth the following in our Corporate Ethics Policies: “Value the diversity and individuality of each employee at any time and provide for its employees a great work environment with consideration given to their health and security. Pigeon will work out to provide a workplace where its employees can achieve self-realization and feel fulfilled.”

(1) Promotion of women to management positions

In order to obtain continued support from customers for our products, we must incorporate perspectives unique to women into product planning and marketing. As a result, the hiring and promotion of women have taken root as natural processes within the company. Across the group, the ratio of female employees is 61.7%, and the percentage of management positions occupied by women is 40.2% (as of the end of December 2022).

(2) Promotion of foreign employees to management positions

As a result of the growth of our businesses overseas, the number of employees working overseas has exceeded the number of employees working in Japan, standing at 67.8% (as of the end of December 2022) of all employees across the Group. Amidst this situation, we are promoting employees regardless of nationality to management positions in the Group according to the situation at each company or location. In addition, as the potential for growth in sales is higher at our three overseas businesses (China business, Singapore business, and Lansinoh business) than in Japan, we are expecting to increase employment and promotion of foreign employees in line with the growth of our businesses overseas.

(3) Promotion of mid-career hires to management positions

The Group conducts a certain amount of mid-career recruitment annually. These employees can immediately impact our business due to the high level of expertise and practical skills that they have gained at other companies. This allows us to accelerate efforts to improve management quality and respond to the expansion in the scale of our business and changes in the business environment. Accordingly, we promote employees to core positions within the organization equally for graduate and mid-career hires without discrimination. The percentage of management positions in the Company occupied by mid-career hires stands at 46.3% (as of the

end of December 2022). In the future, due to further changes to the business environment, we predict that we will need to constantly acquire experienced professionals that possess expertise that differs from that of the Company employees. That is why we will continue to position mid-career recruitment as a measure to strengthen our human resources portfolio.

<Voluntary and measurable targets for ensuring diversity>

As stated above, various factors are at play, including the response to business characteristics requiring the promotion of women, the expansion of overseas businesses, changes in the business environment, and the acceleration of efforts to improve management quality. Amidst this backdrop, we are actively promoting employment and promotion to management positions of women, foreign employees, and mid-career hires. However, based on the basic concept that "the ratio of women, foreign employees, and mid-career hires in management positions should be the same as the ratio of women, foreign, and mid-career employees," the Company sets "41%," "2%," and "46%," respectively (as of December 31, 2022), as voluntary and measurable targets to ensure diversity in the Company. Based on this recognition, the percentages of women, foreign employees, and mid-career hires in management positions are "26.2%," "1.5%," and "46.3%," respectively (as of December 31, 2022); and we also recognize that various issues remain, particularly regarding the promotion of women to management positions in the Company. In consideration of the large discrepancy from the target, we will continue to strengthen our efforts in human resource development, etc., setting a goal to raise the ratio of female managers to 30% by the end of December 2025 under the Fourth Employer Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life.

<The human resource development and internal environment development policies to ensure diversity, and the status of these policies>

In line with the Diversity & Inclusion Policy, the Company is taking various approaches from multiple viewpoints with such keywords as "understanding and respecting diversity," "acquiring and using knowledge," and "environments and systems where employees can be themselves." The Company is concentrating its efforts on human resource development by providing ample opportunities to nurture employees' motivation and abilities so that each employee can improve their abilities and reach their full potential. Also, we are supporting the career development of each individual while respecting diverse values and perspectives. In addition, we are promoting an environment where diverse employees can work with enthusiasm.

(1) Personnel development policy

The Company has set forth a personnel development policy and is working on achieving the policy with an emphasis on the following initiatives: "Business skills and business stance development that transcends the boundaries between specific roles;" "professional development allowing employees to bring highly specialized skills and knowledge to bear on specific domains;" "development of personnel who can contribute in a global environment;" "fostering business cultures and providing opportunities with respect for diverse viewpoints and value systems;" and "fostering a mindset of individual career visualization and proactive pursuit of career opportunities." In this way, we are implementing education and training tailored to the role of each employee. In addition, we are offering opportunities to acquire diverse work styles and perspectives through training menus that include personnel development for next-generation management, global personnel development, and diversity training. Also, through the Accelerate My Career (AMC) program we offer opportunities to work outside the company, corporate-led volunteer program, and open recruitment within the company.

Further, the Company introduced a new human resource system in 2021 as a mechanism for evaluation and promotion based on individual abilities and performance, regardless of attributes such as age or gender. We are aiming to create an environment where "each employee can work as a professional," and to that end, while accepting diverse working styles and career development, we ensure the fair evaluation of employee ability and performance based on the following perspectives: 1) Increasing human resource value by developing expertise, 2) clarification of the role of each employee, 3) fair evaluation not dependent on years of service, 4) remuneration according to job grade not dependent on age, and 5) flexible response to employees' life stage.

(2) Internal environment development policy

Based on the belief that, in order to deliver higher quality products to customers, it is necessary to create an employee-friendly working environment, we are actively promoting the creation of a workplace and corporate culture in which all employees can work comfortably by improving the working environment through the enhancement of systems and changing employees' awareness. In order to realize diversity and inclusion, we are working to focus on “support for the promotion of active participation of women,” “initiatives for better understanding of LGBTQ+,” “promotion of work-life balance,” and “promotion of health management.”

As for “support for the promotion of active participation of women,” the Company regards the development of an environment where female employees can play a more active role than ever before as a particularly important issue and has set forth the “Three-Year Action Plan for Promoting the Active Participation of Women.” The three pillars of the Action Plan are “expansion of the support system for work-life balance,” “reforming awareness in the workplace” and “supporting the feelings and skills of women.” The Company is also providing support in terms of further institutional enhancement and employee mindset.

As for “initiatives for better understanding of LGBTQ+,” in order to create an environment and system that accepts diversity in sexuality and allows everyone to work as they are, regardless of whether or not they have come out, we have introduced a “familyship system” in which de facto partners (whether of the same or opposite sex) are treated like spouses in marriage, and are eligible for internal company systems and welfare programs.

In the “promotion of work-life balance,” the Company set forth a workstyle reform slogan “Smart & Smile! Work” in 2022, and is implementing measures from various aspects, such as setting the “Dash Day” to leave office without working late, encouraging employees to work efficiently by using the flextime system and the telework system, and prohibiting e-mail communication and meetings after regular work hours. A working environment is being developed at the Company where all employees can take childcare leave or family-care leave as a given, and through developing employees who have knowledge and experience of childcare, we are promoting initiatives to utilize this childcare experience in work such as product development.

Furthermore, as for “promotion of health management,” we set forth and announced the Health Management Policy in 2021, and we are working towards creating “a company where employees can work with vitality in good health.” Since 2022, we have been certified as a “Health & Productivity Management Outstanding Organization (Large Enterprise Category)” for two consecutive years.

Please refer to our website for details:

For employees: [https://www.pigeon.com/sustainability/social\\_top/members/](https://www.pigeon.com/sustainability/social_top/members/)

Action Plan for Promoting the Active Participation of Women:

[https://www.pigeon.co.jp/about/stakeholder/action\\_plan/female/](https://www.pigeon.co.jp/about/stakeholder/action_plan/female/)

Occupational Health Management:

[https://www.pigeon.com/sustainability/social\\_top/health\\_management\\_policy/](https://www.pigeon.com/sustainability/social_top/health_management_policy/)

(Principal 2.6 Roles of Corporate Pension Funds as Asset Owners)

The Company has introduced a corporate defined contribution pension plan to support the asset formation of its employees. The Company's financial status will never be affected by the future performance of pension management. Furthermore, in order to support our employees' asset formation, we brief all new permanent employees regarding the features of the pension management institutions, managed products, and methods of selection. We are providing continuous learning to enrich our employees' knowledge regarding asset management, through education using educational tools provided by the pension management institutions and conducting in-house seminars, etc.

### 3. Ensuring Appropriate Information Disclosure and Transparency

(Principle 3.1 Full Disclosure)

(i) Corporate philosophy, credo, management strategies and business plans

- Corporate philosophy and credo  
Please refer to “Basic Policy” presented in I. 1., above.
- Management strategies and business plans  
The Company has publicized its Eighth Medium-Term Business Plan on its website.  
Please refer to the following URL:

<https://www.pigeon.com/ir/management/midplan/>

The Company also reports on its progress in IR materials, such as Integrated Reports and HEART REPORTs, which are also available on the Company's website at the following URL:

<https://www.pigeon.com/ir/library/>

(ii) Basic policy regarding corporate governance

Please refer to "Basic Policy" presented in I. 1., above.

(iii) Policies and procedures of the Board of Directors for determining remuneration for the senior management and directors

For details, please see <<Executive remuneration policy>>, below.

The retirement benefits system for Directors was abolished as of the conclusion of the 62nd Ordinary General Meeting of Shareholders, held on April 25, 2019.

Remuneration for executives is determined by the Board of Directors, following deliberations by the Voluntary Remuneration Committee, within the limit for the remuneration for Directors approved by the 62nd Ordinary General Meeting of Shareholders, held on April 25, 2019 (a maximum of 800 million yen per year (including a maximum of 100 million yen per year for Outside Directors); however, this amount does not include the employee salary portion for those Directors who serve concurrently as employees. Separate from the above remuneration, executives may be granted up to a maximum of 600 million yen over a three-fiscal-year period, as performance-linked stock remuneration.)

<<Executive remuneration policy>>

1. The Pigeon DNA and the Pigeon Way, Key Issues, and the basic policy of corporate governance  
Please refer to "Basic Policy" presented in I. 1., above.

2. Basic policy on executive remuneration

The Company's basic policy on remuneration for Directors (hereinafter referred to as "executive remuneration") shall be as follows, in accordance with the aforementioned "1. The Pigeon DNA and the Pigeon Way, Key Issues, and the basic policy of corporate governance":

- (i) It should contribute to "management that improves the corporate value" of the Group over the medium- to long-term;
- (ii) It should contribute to the hiring of talented managers toward solving the Key Issues based on the "Pigeon DNA" and the "Pigeon Way"; and
- (iii) The remuneration system should be highly independent, objective, and transparent, and accountable to stakeholders.

3. Remuneration levels

The Company determines levels of executive remuneration in accordance with the aforementioned "2. Basic policy on executive remuneration," after surveying and analyzing its business environment and the compensation levels in its peer group of companies in the same industry (manufacturing) and of the same size, through external databases, etc.

Remuneration levels for each position are listed as below (with president as 100%)

<u>Position</u>	<u>Remuneration Level</u>
President	100%
Vice president	80%
Senior managing executive officer	60%
Managing executive officer	50%
Director	40%

4. Remuneration mix

The remuneration for the Company's Directors (excluding Independent Outside Directors) consists of "basic remuneration" commensurate with position, "bonuses" provided as short-term incentives, and "stock remuneration" provided as a medium- to long-term incentive. The remuneration for Independent Outside Directors and Audit & Supervisory Board Members consists of "basic remuneration" only.

(Note) “Bonuses” and “stock remuneration is applicable to performance-based remuneration etc., “stock remuneration” is applicable to non-monetary remuneration listed in Article 98, paragraph (5) of the Regulation for Enforcement of the Companies Act.

(i) Overview of remuneration types

<Basic remuneration>

Positions are determined in accordance with roles and responsibilities of each Director in the Company’s four business departments. Monetary amounts are decided by position and paid as monthly remuneration every month.

<Bonuses>

Bonuses are paid in March every year for the purpose of granting incentives to improve the Group’s consolidated performance and to solve the Key Issues.

In principle, the amount will vary within a range from 0 to 150%, in accordance with the achievement level of targeted indicators related to consolidated performance (net sales, operating income and PVA (Pigeon Value Added, the Company’s original performance indicator)) and indicators related to the Key Issues (enhancing business competitiveness and resilience and establishing solid management foundations), based on the base amount of the bonus determined for each position. Indicators related to consolidated performance are used to drive the expansion of the scale and earnings of our main business and the creation of corporate value that exceeds the cost of capital. With regard to the indicators related to the Key Issues, in order to make the world more baby-friendly, we aim to be a company essential to society by expanding our corporate value over the medium- to long-term by building a solid system that can “create,” “produce,” and “deliver” and by working to strengthen the GHO/4SBU system and enhance corporate governance that enable employees to take on aggressive and bold challenges. We will also actively engage with shareholders and investors to ensure that they share and support these ideas, thereby building a solid management base to continue to be close to babies. To calculate the targets, we use the performance forecasts published in the summary of financial results at the beginning of each period for net sales and operating income, and in the initial fiscal-year plan for PVA and indicators related to the Key Issues (enhancing business competitiveness and resilience and establishing solid management foundations). For Executive Directors in charge of department(s), bonuses will vary within a range from 0 to 150%, in accordance with the achievement level of targets, with consolidated performance and the Key Issues accounting for 70%, and the performance of the Directors’ respective departments (net sales, operating income, and PVA) accounting for 30%.

The valuation ratio for each indicator is as follows:

<u>Indicator</u>	<u>Valuation Ratio</u>
Consolidated performance	
Net sales	50%
Operating income	30%
PVA	20%
Key Issues	
Enhancing Business Competitiveness and Resilience	10%
Establishing Solid Management Foundations	

<Stock remuneration>

Stock remuneration is paid at the time of retirement for the purpose of granting an incentive to improve the Group’s medium- to long-term company performance and corporate value, and to place Directors in the “same boat” as the shareholders (thus, giving Directors and shareholders a shared interest).

In principle, the remuneration will vary within a range from 0 to 150%, in accordance with the achievement level of targeted financial indicators related to consolidated performance set out in the Medium-Term Business Plan (EPS (Earnings Per Share), growth rate, TSR (Total Shareholder Return) and ROIC) and indicators related to the Key Issues (reducing our environmental impact, contributing to the resolution of social issues, and managing talent and cultivating the right culture for our Purpose), based on the base amount of the stock remuneration determined for each position. Financial indicators related to consolidated performance are used to further improve business profitability and efficiency, as well as to increase our corporate value over the medium- to long-term. With regard to indicators related to the Key Issues, we will



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work to contribute to social issues surrounding babies, their mothers and their families, as well as reduce factors that lead to environmental load in all countries and regions in which the Group operates, by fostering a corporate culture that allows diverse human resources to take on challenges and grow to be themselves, with the aim of making the world more baby-friendly. If there is a significant change in the targets set out in the Medium-Term Business Plan, the Board of Directors determines the appropriateness of the target values for stock remuneration, after deliberation at the Voluntary Remuneration Committee.

The valuation ratio for each indicator is as follows:

<u>Indicator</u>	<u>Valuation Ratio</u>
Consolidated performance	
EPS growth rate	30%
TSR (relative comparison)	30%
ROIC	20%
Key Issues	
Reducing our Environmental Impact	
Contributing to the Resolution of Social Issues	20%
Managing Talent and Cultivating the Right Culture for our Purpose	

The Company recommends that in principle, Directors (excluding Independent Outside Directors) hold at least one year’s worth of basic remuneration in Company shares.

Stock remuneration is allocated through a trust-based stock remuneration system. This system grants units (points) to the trustees each year, and issues shares in the Company corresponding to the number of units (points) from the trust at the time of retirement. From the same-boat perspective, the determined number of units (points) is disclosed in the Reference Documents for the General Meeting of Shareholders. Management of Company shares is entrusted to Mitsubishi UFJ Trust and Banking Corporation.

(ii) Standard model for the composition of Director (excluding Independent Outside Directors) remuneration (if the achievement level of each indicator is 100%)

<u>Type of remuneration</u>	<u>Composition Percentage</u>
Basic remuneration	60%
Bonuses	20%
Stock remuneration	20%

5. Governance

In order to increase the independence, objectivity, and transparency of the details of the executive remuneration system, a Voluntary Remuneration Committee has been established as an advisory panel to the Board of Directors, chaired by and with a majority consisting of Independent Outside Directors. In principle, the Voluntary Remuneration Committee shall meet at least four times per year, deliberate primarily on the following main agenda items regarding executive remuneration amounts, calculation methods, and policy for deciding the content of remuneration per individual, and provide advice and proposals to the Board of Directors. The Board of Directors, in turn follows such advice and proposals to the greatest extent possible in its decision-making. Please note that executive remuneration will be paid within the limit of remuneration adopted at the General Meeting of Shareholders.

In order to introduce an objective perspective from outside of the Company, as well as expertise on the executive remuneration system, the Company employs an outside consultant, with whose support it considers the details of the remuneration system, while taking into account matters such as external data, the economic environment, industry trends, management conditions, employee remuneration amount, and dividend amount.

In addition, to enhance the effectiveness of the Board of Directors, we are working to coordinate the Voluntary Nominating Committee and Remuneration Committee on activities related to director nomination and remuneration. We also evaluate the effectiveness of the Voluntary Remuneration Committee in evaluating the effectiveness of the Board of Directors.

<Main agenda items of the Voluntary Remuneration Committee>

- Governance of executive remuneration

- Whether it is necessary to revise the executive remuneration policy
- Remuneration levels of individual executives (base amount by position)
- Performance targets and evaluation table for bonuses and stock remuneration
- Performance evaluations and individual payment amounts, etc. for bonuses in the previous fiscal year
- Performance evaluations and individual payment amounts, etc. for stock remuneration in the previous fiscal year
- Status of initiatives of the Medium-Term Business Plan and the Key Issues
- Level, composition, indicators, etc. of executive remuneration using external data, etc.
- The necessity of response to executive remuneration due to changes in the external environment and business environment
- Improving the effectiveness of the Voluntary Remuneration Committee

<Remuneration limits>

Date of Resolution of the General Meeting of Shareholders	Resolution Details	Number of members on the day of resolution at the General Meeting of Shareholders*
62 <sup>nd</sup> Ordinary General Meeting of Shareholders held on April 25, 2019	Monetary remuneration Under ¥800 million per year (Under ¥100 million for Outside Directors, not including salary as an employee for Directors that are also employees)	10 (of which three are Outside Directors)
66 <sup>th</sup> Ordinary General Meeting of Shareholders held on March 30, 2023	Share remuneration Eligible parties : Directors (excluding Outside Directors) Payment limits : ¥200 million for one fiscal year Limit on shares : 65,000 points for one fiscal year (equivalent to 65,000 shares)	4

\*The number of members as of March 30, 2023, was 9 (of which five are Outside Directors) .

6. Forfeiture and return of remuneration

If the Board of Directors resolves to correct its financial statements after the disclosure, due to major accounting errors or fraud, or if the Board of Directors, etc. determines that a Director (excluding Independent Outside Directors) has violated his or her duty of care as a prudent manager or duty of loyalty, or committed other serious violations of his or her legal or contractual obligations during his or her term of office, the Voluntary Remuneration Committee, in consultation with the Board of Directors, deliberates on whether to seek forfeiture of the right to receive some or all bonuses and stock remuneration, or to seek the return of some or all bonuses and stock remuneration which have already been paid, and also provides advice and proposals to the Board of Directors regarding the results of its deliberations.

The Board of Directors shall resolve on whether to demand from the Director in question the forfeiture of the right to receive some or all bonuses and stock remuneration, or the return of some or all bonuses and stock remuneration which have already been paid, while following the advice and proposals of the Remuneration Committee to the greatest extent possible.

7. Policy on information disclosure, etc.

The Company swiftly and actively discloses the details of the executive remuneration system, based on its Disclosure Policy, through the annual securities reports, Reference Documents for the General Meeting of Shareholders, business reports, Corporate Governance Reports, Integrated Reports, websites, and other materials created and disclosed in accordance with statutory and other obligations.

The Company, led by the CEO and the Directors (including Independent Outside Directors), also actively engages with shareholders and investors. The Company positions engagement with stakeholders including customers, business partners, shareholders, local communities and other stakeholders who understand the

Pigeon DNA and the Pigeon Way as a core value. It shares the views of stakeholders gained through engagement with the Board of Directors and at other meetings, and uses these views to increase its corporate value (social and economic value).

(iv) Policies and procedures of the Board of Directors for the appointment and dismissal of senior management and the nomination of candidates for Directors and Audit & Supervisory Board Members  
<Procedures for the appointment and dismissal of senior management and the nomination of candidates for Directors >

For details, please see <<Executive nomination policy>>, below.

<<Executive nomination policy>>

1. The Pigeon DNA and the Pigeon Way, Key Issues, and the basic policy of corporate governance  
Please refer to “Basic Policy” presented in I. 1., above.

2. Human resource requirements of the Chief Executive Officer (CEO)

The ideal human qualities necessary for the role of Chief Executive Officer (CEO) of the Company are human qualities that can enhance resourcefulness and continuously increase the Company’s corporate value (social and economic value), based on the values of the “Pigeon DNA” and the “Pigeon Way.” The human resource requirements of the CEO (responsibilities and authority, main duties and expected results, and required competencies (behavioral characteristics, personality characteristics, experience and achievements, and knowledge and skills)) are determined based on “1. The Pigeon DNA and the Pigeon Way, Key Issues, and the basic policy of corporate governance,” above.

(i) Responsibilities and authority

The responsibilities and authority of the CEO are determined based on “1. The Pigeon DNA and the Pigeon Way, Key Issues, and the basic policy of corporate governance,” above.

- Responsibilities: Is responsible for processes and results that increase corporate value (social and economic value) based on the values of the “Pigeon DNA” and the “Pigeon Way”, in order to contribute to the improvement of social sustainability.
- Authority: Has the authority to make final decisions regarding the optimal allocation of management resources, in order to improve corporate value (social and economic value).

(ii) Main duties and expected results

The main duties and expected results of the CEO are determined based on “(i) Responsibilities and authority,” above.

Key Issues	Main duties	Expected results
Enhancing Business Competitiveness and Resilience	Build a business model and strategy to become essential to society.	Establishes a business model that achieves sustainable growth and improves corporate value over the medium- to long-term.
Reducing our Environmental Impact	Build frameworks that promote the sustainable reduction of environmental impact to leave the Earth favorable for the future of babies born tomorrow.	Sets numerical targets for each separate challenge, and executes measures to achieve these targets.
Contributing to the Resolution of Social Issues	Build a mechanism to encourage the development of next-generation businesses and products to resolve social issues that affect babies and families.	Carries out the development of next-generation businesses and products that help solve social issues, with consideration for the entire value chain.
Managing Talent and Cultivating the Right Culture for our Purpose	Cultivating the right culture in which diverse human resources are motivated to take on	Promotes diversity and work-life balance, and carries out initiatives toward diverse work

	challenges and grow to be themselves to make the world more baby-friendly.	styles. Ensures that there are future CEO candidates for the next and following generations.
Establishing Solid Management Foundations	Build a management base that enables employees to take on challenges in order to increase corporate value over the medium to long term.	Carries out both proactive and reactive measures to strengthen the management base.  Meticulously provides information to stakeholders, engages in two-way communication with them, and gets them on board with the Company's plans and actions.

(iii) Required competencies

Item		Details
Behavioral characteristics	Innovative leadership	Has foresight and leads reform personally, without being hindered by past success or common knowledge.
	Develops and spreads our vision and corporate culture	Promotes the wide adoption of the "Pigeon DNA" and the "Pigeon Way" as well as a healthy corporate culture through strategic engagement with stakeholders.
	Envisioning, planning, and execution of strategies	Proposes management strategies and a grand design that reflects our corporate culture, and allocates management resources in an optimal manner.
	Development of human resources and the organization	Develops successors to the CEO and other management positions, and develops an organization that is accepting of diversity, in order to ensure sustainable growth over the medium- to long-term.
	Building corporate governance	Increases the quality and speed of management by building a proactive and reactive governance system.
Personality characteristics	Interest and curiosity	Has a strong interest in and diverse perspectives regarding the Company's products and services, and displays an attitude of learning through a cycle of "creating, making, and delivery."
	Passion and romanticism	Has the courage to pursue dreams and take on challenges, and a strong commitment and passion to persevere until success is achieved.
	Sensitivity and empathy	Carries out two-way communication with stakeholders, displays sensitivity, and focuses energy on having empathy.
	Sensibility and ingenuity	Continually develops sensibility, and devises ways to carefully consider, and carry out what is not being done by others.
	Sincerity and trustworthiness	Is sincere, achieves missions in the proper way, and is trusted by employees.
Experience and achievements		Has a record of contributing to the improvement of corporate value (social and economic value) in the top management of Group subsidiaries. Has created new value by inventing new businesses,

	products, and services.
	Has managed multiple functions, regions, or locations.
	Has experience conducting management under chaotic conditions, including startups, reorganization, rehabilitation, and restructuring.
Knowledge and skills	Has knowledge of all businesses, customers, and market trends.
	Has management knowledge (marketing, accounting, management strategy, finance, human resource and organizational strategy, governance, business management, etc.)
	Has the English-language ability to converse directly with global stakeholders.

3. Standards for appointment and dismissal

The policy for appointing senior management shall be to make appointments from an objective perspective, based on “2. Human resource requirements of the Chief Executive Officer (CEO),” above, and with reference to external assessments and other information. The appointment is referred to the Board of Directors to be decided, after deliberation by the committee.

The appointment of Directors and the CEO is referred to the Board of Directors to be decided, after deliberation by the Voluntary Nominating Committee, based on “2. Human resource requirements of the Chief Executive Officer (CEO),” above.

If a Director or the CEO meets the criteria for dismissal defined below, or there is a concern that they have taken actions that meet these criteria, the Voluntary Nominating Committee shall swiftly seek advice from the Board of Directors, and deliberate based thereupon.

- a) Suspected misconduct, inappropriate actions, or disloyalty
- b) Recognized illegal or otherwise disqualifying actions
- c) It has been determined that the process or results of carrying out duties are inadequate, and it is no longer appropriate for the individual to continue his or her current duties
- d) ROE is below 5% for three consecutive fiscal years (CEO only)

4. Successor plans

Successor plans for the CEO are deliberated by the Voluntary Nominating Committee, in accordance with “2. Human resource requirements of the Chief Executive Officer (CEO),” above. Namely, the results and content of outside assessments of training for the development and selection of the next generation of management human resources for CEO candidates, evaluation regarding personnel, and career planning are deliberated. The Board of Directors oversees successor plans to verify that they are conducted appropriately, based on reports on deliberations by the Voluntary Nominating Committee.

5. Term of office

The term of office of Directors (including Independent Outside Directors) shall be one year.

6. Governance

In order to increase the independence, objectivity, and transparency of the determination process for appointment, dismissal, and nomination of Directors, a Voluntary Nominating Committee has been established as an advisory panel to the Board of Directors, chaired by and with a majority consisting of Independent Outside Directors. In principle, the Voluntary Nominating Committee shall meet at least four times per year, deliberate on issues including the standards for appointment and dismissal of Directors as well as CEO successor plans, and provide advice and proposals to the Board of Directors. The Board of Directors, in turn follows such advice and proposals to the greatest extent possible in its decision-making. In order to introduce an objective perspective from outside of the Company, as well as expertise on nominations, the Company employs an outside consultant, with whose support it considers the details of the standards for appointment and dismissal of Directors as well as CEO successor plans and other issues,

taking into account matters such as external data, the economic environment, industry trends, and management conditions. In addition, to enhance the effectiveness of the Board of Directors, we are working to coordinate the Voluntary Nominating Committee and Remuneration Committee on activities related to Director nomination and remuneration. We also evaluate the effectiveness of the Voluntary Nominating Committee in evaluating the effectiveness of the Board of Directors.

<Main agenda of the Nominating Committee>

- Executive nomination policy
- Roles of the Chairman of the Board
- Skill matrix of the Board of Directors
- Personnel requirements for CEO
- Succession planning for CEO and management
- Candidates for Directors
- Standards for the appointment and dismissal of Directors
- Term of office and tenure for Directors
- Succession planning for Independent Outside Directors
- Improving the effectiveness of the Voluntary Nominating Committee

7. Policy on information disclosure, etc.

The Company swiftly and actively discloses information such as the details of the standards for appointing and dismissing Directors as well as CEO successor plans, based on its Disclosure Policy, through the annual securities reports, Reference Documents for the General Meeting of Shareholders, business reports, Corporate Governance Reports, Integrated Reports, websites, and other materials created and disclosed in accordance with statutory and other obligations.

The Company, led by the CEO and the Directors (including Independent Outside Directors), also actively engages with shareholders and investors. The Company positions engagement with stakeholders including customers, business partners, shareholders, local communities and other stakeholders who understand the Pigeon DNA and the Pigeon Way as a core value. It shares the views of stakeholders gained through engagement with the Board of Directors and at other meetings, and uses these views to increase its corporate value (social and economic value).

<Procedures for nominating candidates for Audit & Supervisory Board Members>

Candidates for Audit & Supervisory Board Members are nominated by the Board of Directors and deliberated by the Audit & Supervisory Board. After obtaining the consent of the Audit & Supervisory Board, they are proposed for election by the General Meeting of Shareholders. For Outside Audit & Supervisory Board Members, individuals with high perception of corporate activities such as finance and law shall be nominated as candidates. The majority of these individuals shall be CPAs and lawyers.

(v) Board of Directors' explanations with respect to individual appointments and dismissals of senior management and nominations of candidates for Directors and Audit & Supervisory Board Members based on (iv) above

Regarding individual reasons for the election of Directors and Audit & Supervisory Board Members, please refer to the Notice of the 66th Ordinary General Meeting of Shareholders (Reference Documents for the General Meeting of Shareholders) (URL:

[https://www.pigeon.com/ir/assets/pdf/230227e\\_syousyu.pdf](https://www.pigeon.com/ir/assets/pdf/230227e_syousyu.pdf)) posted on the Company's website.

If a senior management is dismissed, the Company shall disclose the dismissal in a timely and appropriate manner.

(Supplementary principle 3.1.3)

(1) Information disclosure of efforts concerning sustainability

We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs. In order to realize the Purpose, we have identified issues to be addressed over the medium- to long-term from the two perspectives of achieving social and environmental sustainability

and achieving sustainability in our business, and have established five Key Issues (Materiality). Among the Key Issues, we have established medium- to long-term quantitative targets as the Pigeon Green Action Plan as we have to make long-term efforts to reduce our environmental impact, including addressing climate change. The Five Key Issues, including the Pigeon Green Action Plan, have been incorporated into our three-year action plan and also into the Eighth Medium-Term Business Plan.

We disclose the targets and results for the Seventh Medium-Term Business Plan period with respect to Key Issues, plans for initiatives in the Eighth Medium-Term Business Plan, and the Pigeon Green Action Plan, internal promotion system for sustainability, and various other information and performance data on sustainability on the Company's website.

Medium-Term business plan: <https://www.pigeon.com/ir/management/midplan/>

Key Issues (Materiality): <https://www.pigeon.com/sustainability/policy/#headline-1581391283>

Sustainability: <https://www.pigeon.com/sustainability/>

ESG data book: <https://www.pigeon.com/sustainability/databook/>

Recognizing that climate change, among Key Issues, is a challenge that must be addressed globally, in 2021 we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in order to understand the risks and opportunities that climate change poses to the business of the Company group and the financial impact that climate change may cause, as well as to properly manage our material risks and opportunities. In 2021, we started analyzing and assessing climate-related risks and opportunities for our nursing bottle and nipple and skin care businesses in Japan and China, which are relatively large in terms of sales among the Group's core products. The results of the qualitative analysis are disclosed in the "Pigeon Group TCFD Report 2022" and on the Company's website.

Responding to climate change: [https://www.pigeon.com/sustainability/environment\\_top/warming/](https://www.pigeon.com/sustainability/environment_top/warming/)

### (2) Information disclosure regarding human capital

The Company believes that it cannot succeed if it doesn't take care of its employees. In order to realize the Purpose the Group upholds, we are striving to make our company a place where each and every employee can shine in his or her own way. One of our Corporate Ethics Policies is to "respect the human rights and individuality of each employee at all times and ensure an equal and rewarding work environment free from discrimination, which allows for self-realization based on fair evaluations." Under this policy, we welcome motivated and capable employees regardless of nationality, gender, age, disability, gender identify and sexual orientation and ensure a work environment in which employees can fully demonstrate their abilities even if they are facing various situations such as childcare, nursing care, or illness. Also, we are providing all employees with opportunities for training, learning, and developing their skills. We are continuously implementing "training course for selected next-generation managerial human resources" to develop human resources who will lead management in the future.

We disclose information on initiatives that contribute to improving the value of human capital in the Company and Group companies, various information and performance data in the Integrated Report and on our corporate website.

For employees: [https://www.pigeon.com/sustainability/social\\_top/members/](https://www.pigeon.com/sustainability/social_top/members/)

ESG data book: <https://www.pigeon.com/sustainability/databook/>

### (3) Information disclosure regarding intellectual capital

We are proactively implementing investment in intellectual property as we believe that this is essential to contribute to the development of a sustainable society and improve our corporate value. In particular, we are aiming to increase our brand value. Accordingly, we renewed the Pigeon Brand Guidelines in 2020, promoting related activities. We uphold "Celebrate babies the way they are" as our Brand Promise, which is a promise by Pigeon to society, and the various points of contact with our customers, we are promoting and enhancing a globally consistent Pigeon brand. We publish our initiatives regarding the Pigeon brand in the integrated report and on our website.

Celebrate Babies in Action:

<https://www.pigeon.com/celebrate/>

In addition, the Intellectual Property Department is promoting business expansion and improvement in management quality by securing the creations—such as design and naming—of R&D Departments in Japan and overseas as intellectual property. In addition, as for the imitation Pigeon products which have been found in China and other Asian countries in recent years, the Department is taking measures leveraging the intellectual property rights we have secured to embody our brand promise, as we believe that inferior goods inhibit the healthy growth of the end-users, babies.

#### 4. Responsibilities of the Board

(Supplementary Principle 4.1.1)

The Company's Board of Directors makes decisions or reports on matters that are to be solely determined by the Board of Directors, pursuant to laws and regulations and the Articles of Incorporation, as well as important matters stipulated in the "Board of Directors Rules." The "Board of Directors Rules" and other internal rules specifically stipulate matters to be resolved by the Board of Directors and matters to be reported thereto. Furthermore, the Company has structured its corporate governance by means of the Voluntary Remuneration Committee, Voluntary Nominating Committee and the Governance Committee, which are advisory panels for the Board of Directors, as well as the meetings of the Management Committee with the President and CEO acting as chairperson and an internal audit system, in addition to a Board of Directors and Audit & Supervisory Board System. The Board of Directors, which includes Internal Directors and Outside Directors who do not concurrently serve as executive officers and Audit & Supervisory Board Members, responds promptly and appropriately to changes in the business environment and strives to make management decisions rationally and effectively to establish sustained growth and a solid operating foundation, while seeking mutual partnership between decision-making/management functions and execution of business. Under such circumstances, expectations are high for the role of Outside Directors in the supervising functions for the execution of business. Accordingly, the Board of Directors operates in a way that elicits lively opinions from Outside Directors, who give advice, etc., on the Company's management strategies, and from March 2023, an Outside Director has been serving as the Chairman of the Board. Outside Directors take the role of enhancing corporate governance and supervising the appropriateness of decision-making. The four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, in accordance with the audit policy, the division of audit work, etc., conduct rigorous supervision and auditing through measures such as attending important meetings including those of the Board of Directors, carrying out interviews with the Directors, reviewing important resolution documents and other documentation, and investigating the status of operations and property.

(Supplementary Principle 4.2.2)

<Formulation of a basic policy regarding initiatives concerning sustainability>

The Group's fundamental approach to sustainability is "continuing to exist as an integral part of society" by improving social and economic value, and in turn, enhancing the sum of these values, corporate value. Also, the Company has set forth the Pigeon Sustainable Action, and by reducing our environmental impact and solving social issues, we are pursuing initiatives for sustainable corporate growth.

#### Pigeon Sustainable Action

"We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs. In order to create a baby-friendly future, we aim for sustainable growth as a company essential to society, by reducing environmental impacts and solving social issues surrounding babies and mothers in all countries and regions where we conduct our business activities and taking on the challenge of starting new businesses."

In striving to improve the Group's corporate value and promoting initiatives regarding sustainability from the perspective of "continuing to exist as an integral part of society," we consider that the standpoints of 1) the



sustainable growth of the Group, and 2) the realization of a sustainable society are essential, and that 3) enhancement of corporate governance at the Company is vital to support 1) and 2). As basic policies to realize the above, we set forth the below three policies after receiving approval from the Board of Directors and have published them on the Company's website.

Medium-Term business plan: <https://www.pigeon.com/ir/management/midplan/>

Pigeon ESG/SDGs Policy: <https://www.pigeon.com/sustainability/policy/>

Basic policy concerning corporate governance:

[https://www.pigeon.com/sustainability/governance\\_top/governance/](https://www.pigeon.com/sustainability/governance_top/governance/)

In addition to implementing measures based on the above policies, we have established the Corporate Governance Committee as an advisory panel to the Board of Directors. We are conducting discussions based on diverse and long-term viewpoints regarding a wide range of topics related to corporate governance, such as the role of the Board of Directors and committees, and organizational design to further demonstrate the capabilities of the Board of Directors. Also, we have established the Sustainability Committee as an executive organization. Here we set medium- to long-term objectives and identify and periodically review Key Issues (Materiality) related to the environment and society. We also conduct progress reviews of initiatives to solve Key Issues (Materiality) and report the status of these activities to the Board of Directors.

At the Company, through the Governance Committee and Sustainability Committee, we promote initiatives related to sustainability, such as the medium- to long-term improvement of corporate value and the solution of issues concerning society and the environment.

Also, during the formulation of the medium-term business plan, we review the allocation of management resources such as investment into human capital and intellectual property and strategy related to the business portfolio. These matters are then reflected in the medium-term business plan, and oversight is conducted by confirming the progress of the medium-term business plan at the Board of Directors.

(Principle 4.9 Independence Standards and Qualification for Independent Directors)

The Company stipulates the standards for the independence of its Outside Directors and Outside Audit & Supervisory Board Members ("outside officers"), as follows.

(i) Relationships with the Company and its subsidiaries (hereinafter collectively referred to as "Pigeon Group")

An outside officer shall not be currently acting and shall not have acted in the past 10 years as a director, auditor or employee of Pigeon Group.

(ii) Relationships with business partners

An outside officer shall not be currently acting and shall not have acted in the past three years as either of the following:

- 1) A major business partner of Pigeon Group (Note 1) (or in cases where the major business partner is a corporation, a director, auditor or employee thereof)
- 2) A business partner who has major transactions with Pigeon Group (Note 2) (or in cases where the party is a corporation, a director, auditor or employee thereof)

(iii) Relationships with shareholders

An outside officer shall not currently be or shall not have been in the past three years a major shareholder of the Company (Note 3) (or in cases where the major shareholder is a corporation, a director, auditor or employee thereof).

(iv) Relationships with advisors and consultants

An outside officer shall not be currently acting and shall not have acted in the past three years as either of the following:

- 1) A proper employee, partner or employee of Pigeon Group's Independent Auditor or a proper employee, partner or employee of a certified public accountant or an audit firm that provides advice to Pigeon Group on accounting matters
- 2) A person who does not fall under any of the above, but is a certified public accountant, tax accountant, attorney or other consultant (or in cases where the person is a corporation, association or other entity, a proper employee, partner or employee thereof) and who gains from Pigeon Group a substantial amount of

cash (Note 4) or other assets other than remuneration for Directors and Audit & Supervisory Board Members

(v) Relationships with donation recipients

An outside officer shall not be currently acting and shall not have acted in the past three years as director, auditor or employee of a corporation or other entity that receives substantial donations (Note 5) from Pigeon Group.

(vi) Relationships involving close relatives

An outside officer shall not be a close relative (Note 6) of any person mentioned in (i) to (v) above (excluding immaterial person).

(Note 1) A “major business partner of Pigeon Group” refers to a business partner with respect to which the Pigeon Group’s business transactions with such business partner in the most recent fiscal year amount to 2% or more of annual consolidated net sales of Pigeon Group.

(Note 2) A “business partner who has major transactions with Pigeon Group” refers to a business partner with respect to which such business partner’s business transactions with Pigeon Group in the most recent fiscal year amount to 2% or more of annual consolidated net sales of the business partner.

(Note 3) A “major shareholder” refers to a shareholder who holds 10% or more of the voting rights in the Company (including indirect shareholdings).

(Note 4) A “substantial amount of cash” refers to an amount of cash over the past three years averaging 10 million yen or more per year in the case of an individual, or averaging 2% or more of consolidated net sales or total revenues in the case of an entity.

(Note 5) “Substantial donations” refers to average donations over the past three years of 10 million yen or more annually, or exceeding 2% of an entity’s consolidated net sales or its total revenues, whichever is higher.

(Note 6) A “close relative” refers to a spouse or a relative who is within the second degree of kinship.

(Supplementary Principle 4.10.1)

In order to ensure a high degree of independence, objectivity, and transparency in the decision-making process for the selection, dismissal, and nomination of Directors and in the design and operation of the executive remuneration system, the Company established a Voluntary Nominating Committee and Remuneration Committee as advisory panels to the Board of Directors. In addition, we believe that it is important to have a system that reflects the opinions and intentions of Independent Outside Directors by having a majority of the committee members consisting of Independent Outside Directors and by having the committee deliberate in an advisory panel independent of the Board of Directors, prior to decisions by the Board of Directors regarding the nomination of Director candidates and compensation of individual Directors, in order to exercise appropriate supervision over individual Directors and the Board of Directors. Based on this concept, the Voluntary Nominating Committee and Remuneration Committee are composed of at least five members, the majority of whom are Independent Outside Directors. In addition, the members of both committees are determined by resolution of the Board of Directors, and the chairpersons of the committees are nominated from among the committees’ members who are Independent Outside Directors and determined by resolution of the committees. The Voluntary Nominating Committee and Remuneration Committee deliberate in consultation with the Board of Directors and provide advice and recommendations to the Board of Directors. For more specific matters to be deliberated on, refer to the main agenda of the above I. [Disclosure Based on the Principles of the Corporate Governance Code] and 3.(3) <<Executive remuneration policy>> and (4) <<Executive nomination policy>>.

(Principle 4.11 Prerequisites for ensuring the effectiveness of the Board of Directors and the Audit & Supervisory Board)

#### 1. Skill Matrix

To ensure the effectiveness of the Company’s Board of Directors and Audit & Supervisory Board, we believe clarifying the expertise of every Director and Audit & Supervisory Board Members that make up each collegial body is an essential prerequisite.

Accordingly, the below skills matrix clarifies their expertise.

	Name	Position	Expertise demanded of the Board of Directors (*1)											Committee members ○chairman ○member		
			Management and business strategies	Experience in the Company and industry experience	Global business	Design, R&D, product development	SCM (*2)	Marketing, branding	Human capital, corporate culture	Finance and accounting	Law, compliance, risk management	Solving societal issues	Nominating	Remuneration	Governance	
Director	Norimasa Kitazawa	President and CEO	○	○	○	○		○						○	○	○
	Tadashi Itakura	Director, Senior Managing Executive Officer				○	○		○	○	○			○	○	○
	Kevin Vyse -Peacock	Director, Junior Managing Executive Officer	○	○	○	○		○								
	Ryo Yano	Director, Junior Managing Executive Officer	○	○	○			○	○							○
	Rehito Hatoyama	Outside Director and Chairman of the Board	○		○					○	○					◎
	Takayuki Nitta	Outside Director	○							○	○			◎	◎	
	Chiaki Hayashi	Outside Director	○			○		○	○			○			○	○
	Eriko Yamaguchi	Outside Director	○		○	○		○				○		○		
	Yumiko Miwa	Outside Director							○	○		○		○	○	
Audit & Supervisory Board Member	Hiroshi Nishimoto	Audit & Supervisory Board Member		○			○									
	Koji Ishigami	Audit & Supervisory Board Member	○	○					○							
	Koichi Otsu	Outside Audit & Supervisory Board Member								○	○					○
	Atsuko Taishido	Outside Audit & Supervisory Board Member									○	○				○

(\*1) A maximum of five main areas of expertise are presented for each person.

(\*2) SCM: Supply Chain Management

2. Story of how we set the expertise for the skill matrix (the underlined sections below respond to each item of the “Expertise demanded of the Board of Directors.”)

(1) Connection between Pigeon DNA, Pigeon Way, Purpose, and Key Issues (Materiality)

The Company positions its corporate philosophy “Love” and the credo “Only love can beget love” as the Pigeon DNA, which is the core of Pigeon and will be upheld into the future as an unchanging spirit. Our Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs” is positioned as the core of the Pigeon Way, the cornerstone of all our activities. The Pigeon Way embodies our “heart and soul” and sets the grounds for our actions to stream from this core. We believe that by realizing the “Purpose” through collaboration with our external stakeholders, including customers, business partners, shareholders, and local communities, we can continue to be recognized as essential to society and also contribute to the creation and realization of a sustainable society that is the basis for coexistence with our stakeholders.

Therefore, we have established five Key Issues that must be resolved and realized in the process of realizing the “Purpose”.

As listed below, each area of expertise outlined in the skills matrix is necessary to address these priority materialities.

By solving and realizing the Key Issues through the demonstration of the expertise listed in the skills matrix, we intend to achieve sustainable growth as the Pigeon Group, increase our corporate value (social value and economic value), contribute to the creation and realization of a sustainable society, and thereby fulfill our “Purpose”.

1) Enhancing Business Competitiveness and Resilience

The Company has developed basic research, including early development research and nursing research, behavior observation, and design capabilities through focusing on babies’ natural state and thoroughly investigating their development process.

We have ensured design quality based on the “Pigeon Quality Standard (PQS),” Pigeon’s own standard that strives for safety, durability, and usability. Also, we have ensured manufacturing quality based on “Pigeon Productive Management (PPM).” Building upon PQS and PPM, the core of the Company that has been cultivated until now is the manufacture and provision of products that use raw materials that are safe for babies (supply chain management).

By further strengthening and enhancing the core, we will build a robust product supply system. Based on the

product supply system, we will focus our efforts on support for breastfeeding for babies and healthy skin to meet our customers' expectations as a manufacturer of childcare products.

In addition, in order to launch products that exceed our customers' expectations, we will continue to listen carefully to our customers' opinions and pursue designs and products that express Pigeon's view and unique characteristics based on the knowledge gained from our business and industry experience and through marketing. We will actively create new businesses to develop them as global businesses, especially in untapped markets of developing countries and regions, including Africa.

Through these efforts, we aim to become essential to society by expanding our corporate value over the medium- to long-term.

## 2) Reducing our Environmental Impact

Pigeon is committed to “environmentally-friendly manufacturing” as a responsibility that we must fulfill because we are “committed to understanding and addressing babies' unique needs.” Based on ensuring high design quality based on PQS and manufacturing quality based on PPM, we plan and develop environmentally-friendly products, achieve recycling-oriented manufacturing that reduces plastic use, reduce greenhouse gas emissions (Scopes 1, 2, and 3), which is a common environmental issue worldwide, and implement other initiatives unique to Pigeon to reduce our own environmental impact in a sustainable manner.

## 3) Contributing to the Resolution of Social Issues

To realize the Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs,” we provide products and services to babies and their families to support the growth of each and every baby. It is also essential to promote environmentally and socially responsible procurement (CSR procurement) for these products and services throughout the supply chain.

It is also necessary to promote community involvement and other forms of support for the problems (social issues in childcare) that babies and families in different countries around the world are facing, which we have realized and faced, because we have always been “committed to understanding and addressing babies' unique needs.”

We are convinced that Pigeon's unique contribution to society is helping to resolve social issues surrounding babies and families and pursuing a society in which everyone can raise their children with peace of mind into the future.

## 4) Managing Talent and Cultivating the Right Culture for our Purpose

With the corporate philosophy “Love” and the credo “Only love can beget love” as the Pigeon DNA, it is an unchanging spirit and responsibility into the future for Pigeon's employees and executives to make the Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs” the cornerstone of all our activities and the grounds for our “heart and soul” and actions.

In response to this responsibility, we are committed to cultivating the right culture in which each and every employee can continue to take on challenges while shining in his or her own way.

This means being a company where each and every employee and executive feels rewarded and can achieve self-fulfillment and growth by fostering an organizational culture that allows employees to take on various challenges, including global business operations without regard to nationality or place of residence, and by enhancing our human capital through increased investment in human resources. In doing so, we must pay sufficient attention to work-life balance and health management and maintenance and the actions should be based on our corporate culture, centered on the Pigeon DNA and the Pigeon Way.

In addition, when Pigeon employees and executives recognize and respect each other's differences in race, gender, nationality, etc., as they are, that it is the achievement of diversity & inclusion, the creation of new value through tolerance for diversity based on global and international sense, and care for other people. This is love, our corporate philosophy and DNA. We cherish and promote this value.

## 5) Establishing Solid Management Foundations

In order to resolve and realize the Key Issues of “enhancing business competitiveness and resilience,” “reducing our environmental impact,” “contributing to the resolution of social issues,” and “managing talent and cultivating the right culture for our Purpose,” we need to establish solid management foundations to underpin them. As the base for this, we will establish a system that enables us to aggressively and boldly take on challenges to improve our corporate value over the medium- to long-term.

Specifically, we will improve profitability and capital productivity through sound and appropriate corporate

finance (finance and accounting); enhance corporate governance (legal affairs, compliance, and risk management); and adopt and implement management and business strategies backed by the strength of the Pigeon's brand that is built on our commitment to address babies' unique needs. In doing this, we will incorporate various opinions from outside the Company based on sufficient experience concerning the business and the industry to which the Company belongs, and place importance on dialogue with stakeholders to build a strong management base for sustainable growth, with the aim of strengthening our group governance, compliance, and risk management.

(2) Connection with the Eighth Medium-Term Business Plan

When setting the expertise for the skill matrix, we considered the key strategies of the Seventh Medium-Term Business Plan in addition to the Pigeon DNA, the Pigeon Way, our Purpose and Key Issues. This is because for company executives to realize the Pigeon DNA, the Pigeon Way, our Purpose, and Key Issues, promotion of the key strategies of the Seventh Medium-Term Business Plan matches the intention of not only the Company but also the shareholders who have nominated the executives.

From this perspective:

Premise: Building on sufficient experience concerning the business and the industry to which the Company belongs, management and business strategy that is backed by solid corporate finance (finance and accounting) that realizes sustainable growth, corporate governance (law, compliance, and risk management) and brand, along with the fostering of human capital and corporate culture of employees who play the leading role in development and implementation of each strategy as a common foundation:

In order to realize the theme: For Sustainable Growth: Restructuring our business structure in response to global economic, political and environmental changes, we have set the following strategies:

- 1) Brand strategy: By portraying “the world more baby-friendly” in the Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs” as a vision of the future society we aim to create, we will promote business activities to realize the Purpose and accelerate the integration of our branding and business strategies. In addition, we will focus on improving our brand strength through our products by highlighting the unique characteristics of Pigeon, providing a consistent brand experience, and through co-creation with customers and society.
- 2) Product strategy: We will strengthen “monozukuri” (manufacturing) and stable supply of products based on Pigeon's strengths in design, R&D, product development and supply chain management, and concentrate on core categories (nursing bottles and baby skincare). We will also explore new business areas with an eye to global expansion including entry into untapped countries and regions as well as the development of new products that contribute to solving social issues identified in the Key Issues.
- 3) Regional strategy: We will strengthen our self-sufficiency system in each business, focusing on management and business strategies, as well as the enhancement of the human capital, finance and accounting, legal affairs and risk management. We will also actively improve efficiency and profitability through innovations in production and sales systems tailored to market characteristics, stabilize supply chains, and prepare for expansion into new markets.

Through the above, by the Company's executives holistically possessing the expertise listed in the skills matrix, we will be able to respond to the above three key strategies of the Eighth Medium-Term Business Plan.

(Supplementary Principle 4.11.1)

Please refer to I. [Disclosure Based on the Principles of the Corporate Governance Code], 3. (iv) <<Executive nomination policy>>, above.

(Supplementary Principle 4.11.2)

The Company discloses the notable concurrent positions of Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, in the convocation notice of the Ordinary General Meeting of Shareholders each year and the annual securities report. No limit on the number of concurrent positions allowed is formally set, since the practical manner in which each individual is involved in the roles and responsibilities of a Director or Audit & Supervisory Board Member of the Company is more

important. The Company instead indicates the number of meetings of the Board of Directors to be held each year in advance, and schedules the meetings so that members are able to attend.

(Supplementary Principle 4.11.3)

The Company conducts an annual evaluation of the effectiveness of the Board of Directors in order to strengthen it and improve its governance. The summary of the results for FY2022 is disclosed below.

1. Regarding issues identified at the FY2021 evaluation

In FY2022, the Company addressed the role and function of the Board of Directors and collaboration with both Outside Directors and auditors that were identified in the FY2021 evaluation.

Specifically, the meeting time of the Board of Directors was extended and the reporting time was reviewed, and each advisory panel to the Board of Directors reported its annual activity plan and results, etc. In addition, Outside Directors participated in the reporting meetings hosted by each audit organization to confirm the contents of the reports and exchange opinions.

2. Regarding the effectiveness evaluation and analysis methods implemented in FY2022

Based on the review and discussions by the Governance Committee, an advisory panel to the Board of Directors and individual interviews with all Directors and Audit & Supervisory Board Members were conducted in FY2022, in addition to a self-evaluation questionnaire as conducted previously.

(1) Implementation period: Oct. to Nov. 2022

(2) Respondents: Directors and Audit & Supervisory Board Members (total 14 people)

(3) Implementation procedure:

i) Conducted a self-evaluation questionnaire for Directors and Audit & Supervisory Board Members  
(Response Format: Five-stage evaluation and free comment)

ii) Questionnaire collection

iii) Conducted individual interviews with Directors and Audit & Supervisory Board Members based on the results of the questionnaire

iv) Questionnaire and interview analysis

v) Review and discussion at the Governance Committee based on the results of the questionnaire and interview

vi) Deliberations at the Board of Directors based on recommendations from the Governance Committee

(4) Questionnaire items

The main items of the effectiveness evaluation questionnaire are as below.

i) The role and function of the Board of Directors

ii) The composition and size of the Board of Directors

iii) Operation of the Board of Directors

iv) Coordination with auditors

v) Communication with management

vi) Engagement with shareholders and investors

vii) Advisory panels (the Voluntary Nominating Committee, Voluntary Remuneration Committee and Governance Committee)

3. Results of the evaluation

The results of the self-evaluation questionnaire and individual interviews confirmed that the Company's Board of Directors and advisory panels make appropriate decisions through open and active discussions, taking advantage of the diverse expertise, values, and perspectives of its Outside Directors and other members, and that they play an effective role in enhancing corporate value over the medium- to long-term. In addition, it was confirmed that the issues identified at the FY2021 evaluation have been improved through the efforts in "1." above.

At the same time, issues that should be addressed in the future were identified, including continuous operational improvements aimed at further invigorating discussions by the Board of Directors so that its effectiveness can be further enhanced. This could be realized by strengthening discussions and progress checks on Key Issues (Materiality) that needs to be resolved to realize the Purpose of the Pigeon Way.

#### 4. Future efforts

With regard to operation of the Board of Directors, which is the core issue identified in the FY2022 evaluation, we will clarify important management issues that need to be discussed, including materiality, and strengthen discussions on such issues and confirmation of their progress, and we will work on maintaining and improving the effectiveness of the Board of Directors in order to improve medium- to long-term corporate value and sustainable growth.

##### (Supplementary Principle 4.14.2)

In order to appropriately fulfill their expected roles and responsibilities, Directors and Audit & Supervisory Board Members will make an effort to acquire the knowledge required to perform their duties. They will do this by undergoing training through joining the Japan Association of Corporate Directors and the Japan Audit & Supervisory Board Members Association, gathering the latest information and attending seminars, etc., held by both associations as well as various outside seminars.

Also, particularly for Directors who have been in office for a short period of time, the Company is focusing on corporate governance and finance training. The Company is also providing books as well as holding internal study sessions.

#### 5. Dialogue with Shareholders

##### (Principle 5.1 Policy for Constructive Dialogue with Shareholders)

In accordance with the Company's Disclosure Policy, the Company strives to disclose fair, timely, and appropriate information to its shareholders and investors.

The Business Strategy Department has been established as the department in charge of IR, and the responsible person in charge is the Business Strategy Division Manager. The Company holds second quarter and annual results briefings as well as Medium-Term Business Plan briefings, which are attended by the President and CEO, and others. With a view toward increasing the transparency and reliability of operating information, domestic and overseas IR activities are considered and carried out with the attendance of the Director in charge of the IR Department, the President and CEO, other Internal Directors, and Outside Directors, based on meeting content and necessity.

For details regarding IR activities, please refer to III. "2. Investor Relations Activities," below.

##### (Supplementary Principle 5.2.1)

The Company recognizes that the appropriate allotment of management resources is vital for sustainable growth and improving medium- to long-term corporate value. Accordingly, we will conduct an annual review of the business portfolio at a meeting of the Board of Directors held in February or March after the settling of accounts. Each business is evaluated using the three following evaluation criteria: 1. Purpose of the Pigeon Way; (does this business contribute to realizing Purpose?); 2. Economic value (can this business produce profit exceeding the cost of capital?); 3. Social value (does this business contribute to solving social issues?). Based on these criteria, we confirm our basic stances of "investment and growth," "maintain the status quo," "restructure," and "reduction and withdrawal" for each business.

[Translation for Reference and Convenience Purposes Only]

Pigeon Corporation

CORPORATE GOVERNANCE

2. Capital Structure

Ratio of Shares Held by Foreigners	30% or more
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[Major Shareholders]

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	21,830,900	17.94
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	7,282,100	5.98
BNYMSANV RE MIL RE FIRST SENTIER INVESTORS ICVC - STEWART INVESTORS ASIA PACIFIC LEADERS SUSTAINABILITY FUND	5,168,900	4.24
SMBC NIKKO SECURITIES INC.	3,340,400	2.74
THE BANK OF NEW YORK MELLON 140051	3,169,100	2.60
RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS-CLIENTS ACCOUNT-MIG	2,783,800	2.28
STATE STREET BANK CLIENT OMNIBUS OM04	2,432,935	1.99
Y. N Co., Ltd	2,378,000	1.95
JPMORGAN SECURITIES JAPAN CO., LTD.	2,030,108	1.66
Yoichi Nakata	1,944,304	1.59

Controlling Shareholder (excluding parent company)	—
Parent Company	None

Supplementary Explanation

While the following Reports of Possession of Large Volume are open to public inspection, the Company has not been able to verify the number of shares actually held. Consequently, the above [Major Shareholders] is based on the Shareholders' Register.

- 1) Report of Possession of Large Volume (Change Report) submitted by three affiliates of Morgan Stanley MUFG Securities Co., Ltd. on February 22, 2022, stating that they held 5,202,000 shares
- 2) Report of Possession of Large Volume (Change Report) submitted by eight affiliates of Mitsubishi UFJ Financial Group, Inc. on November 7, 2022, stating that they held 13,544,000 shares
- 3) Report of Possession of Large Volume (Change Report) submitted by Baillie Gifford & Co. and one of its affiliates on January 10, 2023, stating that they held 12,155,000 shares
- 4) Report of Possession of Large Volume (Change Report) submitted by two affiliates of Nomura Securities Co., Ltd. on February 6, 2023, stating that they held 10,275,000 shares
- 5) Report of Possession of Large Volume (Change Report) submitted by two affiliates of the Sumitomo Mitsui Trust Bank, Limited on February 21, 2023, stating that they held 6,150,000 shares



**3. Corporate Attributes**

Stock Exchange Listings and Market Classification	Tokyo Prime Market
Fiscal Year-end	December
Industry	Other products
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and less than 50

**4. Guideline on Protection of Minority Shareholders in Conducting Transactions with Controlling Shareholders**

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**5. Other Exceptional Circumstances that Might Have a Material Impact on Corporate Governance**

The Company has no parent company or listed subsidiary.

**II Overview of Business Management Organization and Other Corporate Governance**  
**Systems related to Managerial Decision-Making, Business Execution, and Management**  
**Supervision**

**1. Items Relating to Organization Structure and Operations, etc.**

Form of Organization	Company with Audit & Supervisory Board Members
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**[Directors]**

Number of Directors Stipulated in the Articles of Incorporation	11
Term of office of Directors Stipulated in the Articles of Incorporation	One year
Chairperson of the Board of Directors	Outside Director
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Outside Directors Designated as Independent Officers	5

**Relationship with the Company (1)**

Name	Attributes	Relationship with the Company *										
		a	b	c	d	e	f	g	h	i	j	k
Takayuki Nitta	From another company											
Rehito Hatoyama	From another company											
Chiaki Hayashi	From another company											
Eriko Yamaguchi	From another company											
Yumiko Miwa	Academic											

\* Selection criteria regarding relationship with the Company

\* “○” if the individual in question “presently/recently” falls under each item; “△” if he/she had “in the past” fallen under each item.

\* “●” if a close relative of the individual in question “presently/recently” falls under each item; “▲” if he/she had “in the past” fallen under each item.

- a. A person who executes business of the Company or its subsidiary
- b. A person who executes business or a non-executive director of the parent of the Company
- c. A person who executes business of a fellow subsidiary of the Company
- d. A person/entity for which the Company is a major business partner or a person who executes business for such person/entity
- e. A major business partner of the Company or a person who executes business for such business partner
- f. A consultant, accounting expert or legal expert who receives large amounts of cash or other assets in addition to remuneration for directors and audit & supervisory board members from the Company
- g. A major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. A person who executes business for a business partner of the listed company (excluding persons categorized as any of d, e or f above) (relates exclusively to the individual in question)
- i. A person who executes business for another company holding cross-directorship/cross-auditorship with the Company (relates exclusively to the individual in question)
- j. A person who executes business for an entity receiving contributions from the Company (relates exclusively to the individual in question)
- k. Others

Relationship with the Company (2)

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election
Takayuki Nitta	○	Designated as an Independent Officer  (Significant Concurrent Positions) Senior Managing Director of Misaki Capital Inc.	He has a wealth of knowledge in corporate management nurtured through extensive experience at a management consulting company and investment management companies. We have elected him as an Outside Director because of the useful advice and recommendations on the Company's management strategy he is able to offer based on an investor's viewpoint by leveraging his knowledge. Furthermore, the Company has designated him as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.

CORPORATE GOVERNANCE

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election
Rehito Hatoyama	○	<p>Although the Company and transcosmos inc., at which Mr. Hatoyama has a significant concurrent position, have a transactional relationship, the transaction amount was 193 million yen (for the fiscal year ended December 31, 2022), which comprises less than 1% of the Company's consolidated net sales. Accordingly, he has been judged to have no risk of a conflict of interest occurring with general shareholders, and has been designated as an Independent Officer.</p> <p>(Significant Concurrent Positions)                      CEO of Hatoyama Soken Corporation,                      Outside Director of transcosmos inc.                      Outside Director and Audit and Supervisory Committee Member of Z Holdings Corporation</p>	<p>He has abundant experience and a wealth of knowledge on management and corporate governance, etc., in establishing and executing overseas business strategy in operating companies. We have elected him as an Outside Director because of the useful advice and recommendations on the Company's management strategy he provides by leveraging his knowledge. Furthermore, the Company has designated him as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.</p>

CORPORATE GOVERNANCE

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election
Chiaki Hayashi	○	<p>Designated as an Independent Officer</p> <p>(Significant Concurrent Positions)                      Representative Director of Q0 Inc.,                      Director of Loftwork Inc.,                      Chief Executive Officer of Hidakuma Co., ltd,                      Outside Director of JINS HOLDINGS Inc.</p>	<p>She co-founded Loftwork Inc., which deals with various design projects, and has abundant project management experience (online, physical spaces, community, and business). She is also proactively involved in MTRL, a platform for creators and manufacturers that seeks new possibility for materials. She also has abundant experience in co-creation as the Assistant Director at the MIT Media Lab and has won various creative awards. While driving business as an entrepreneur, she serves as a member of various committees including METI's Industrial Structure Council. We have elected her as an Outside Director because of the useful advice and recommendations for the management of business in the product development field of the Company she offers, which advocates a Design Driven company, by leveraging her wealth of knowledge and experience. Furthermore, the Company has designated her as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.</p>

CORPORATE GOVERNANCE

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election
Eriko Yamaguchi	○	<p>Designated as an Independent Officer</p> <p>(Significant Concurrent Positions)                      CEO of MOTHERHOUSE Co., Ltd.,                      Managing Director of MATRIGHOR Limited,                      Director of MOTHERHOUSE TAIWAN Co., Ltd.</p>	<p>She established MOTHERHOUSE Co., Ltd., which operates under the philosophy of “we spotlight the potential of developing countries through our products to establish an international brand” and conducts business that aims to “manufacture products in developing countries that truly satisfy customers.” In addition to business management, she also drives business as the head of product design. She cultivates local production in developing countries and enriches those regions by creating brands that pursue the possibilities of local natural material, thereby promoting the circulation of consumer activities there. With such activities recognized, she won various awards both in Japan and overseas as a globally active female entrepreneur. We have elected her as an Outside Director because of the useful advice and recommendations for the management of business including business strategy of the Company, which advocates a Design Driven company aiming to further expand overseas business, she provides by leveraging her wealth of experience and high level knowledge.</p> <p>Furthermore, the Company has designated her as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.</p>

CORPORATE GOVERNANCE

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election
Yumiko Miwa	○	Designated as an Independent Officer  (Significant Concurrent Positions) Professor, School of Commerce, Meiji University Representative Director of I-O Wealth Advisors, Inc. Member, Fund Management Committee, National Federation of Mutual Aid Associations for Municipal Personnel Outside Director of Eisai Co., Ltd. Member, Pension Asset Management Review Committee, The Mutual Aid Association of Prefectural Government Personnel	She is an expert in ESG and corporate governance, having conducted research related to the development of institutional investors and corporate governance, engagement of institutional investors, and ESG investment. In addition, she has knowledge of finance and accounting, and as a manager of a company engaged in the asset management education business, she has a high level of insight into management and supervisory ability with a focus on finance and accounting. ESG and corporate governance initiatives are becoming more important today, we have elected her as an Outside Director because of the useful advice and recommendations for the management strategy and the improvement of corporate governance of the Company, which advocates a Design Driven company, by leveraging her high level knowledge and wealth of experience. Furthermore, the Company has designated her as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.

Presence or Absence of a Voluntary Committee Equivalent to a Nominating Committee or Remuneration Committee	Yes
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Status of Voluntary Committees, Composition of Members, and Attributes of Chairperson

	Name of Committee	Total Members	Standing Members	Internal Directors	Outside Directors	Outside Experts	Others	Chairperson
Voluntary Committee Equivalent to a Nominating Committee	Nominating Committee	5	0	2	3	0	0	Outside Director
Voluntary Committee Equivalent to a Remuneration Committee	Remuneration Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

**[Translation for Reference and Convenience Purposes Only]**

**Pigeon Corporation**

**CORPORATE GOVERNANCE**

At the meetings of the Board of Directors held on December 3, 2018 and September 2, 2019, the Board resolved to establish a Voluntary Remuneration Committee and a Voluntary Nominating Committee, respectively. Both are advisory bodies to the Board of Directors, and are voluntary committees chaired by an Independent Outside Director, with a majority consisting of Independent Outside Directors. Please refer to I. [Disclosure Based on the Principles of the Corporate Governance Code], 3. (iii) <<Executive remuneration policy>>, and 3. (iv) <<Executive nomination policy>>, above for the purview of each committee and other details.

**[Audit & Supervisory Board Members]**

Establishment of the Audit & Supervisory Board	Yes
Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

**Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department**

Audit & Supervisory Board Members, the Internal Audit Department, and Accounting Auditors mutually collaborate by holding regular debriefing sessions and, at any time as necessary, exchanging information and opinions.

In accordance with the audit policy, the division of work, etc., the four Audit & Supervisory Board Members, which includes two Outside Audit & Supervisory Board Members, conducts rigorous auditing through measures such as attending important meetings including those of the Board of Directors, giving an audience to the Directors, viewing important resolution documents and other documentation, and investigating the status of operations and property. In addition, Audit & Supervisory Board Members regularly holds meetings with the Representative Directors and, by receiving reports on matters such as important company issues and giving feedback from the Audit & Supervisory Board Members regarding information and the like heard from within the company, it carries out exchanges of opinions. Furthermore, the Company has established an Audit Department which is an independent organization in charge of internal audit under the direct control of the President and CEO. The Audit Department annually formulates audit plans and conducts internal audits of the Company and its domestic and overseas Group companies based on risk-based auditing. Audits are conducted focusing on operational effectiveness, efficiency, reliability of financial reporting, compliance, and asset preservation, and recommendations and points to be improved are proposed as necessary. Audit results are reported at the audit debriefing sessions and shared with all Directors and Audit & Supervisory Board Members.

Election of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members	2
Number of Outside Audit & Supervisory Board Members designated as Independent Officers	1

**Relationship with the Company (1)**

Name	Attributes	Relationship with the Company *													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Koichi Otsu	From another company													△	
Atsuko Taishido	Attorney														

\* Selection criteria regarding relationship with the Company

\* “○” if the individual in question “presently/recently” falls under each item; “△” if he/she had “in the past” fallen under each item.

\* “●” if a close relative of the individual in question “presently/recently” falls under each item; “▲” if he/she



had “in the past” fallen under each item.

- a. A person who executes business of the Company or its subsidiary
- b. A non-executive director or a “Kaikai-Sanyo” (accounting advisor) of the Company or its subsidiary
- c. A person who executes business or a non-executive director of the parent of the Company
- d. An Audit & Supervisory Board Member of the parent of the Company
- e. A person who executes business of a fellow subsidiary of the Company
- f. A person/entity for which the Company is a major business partner or a person who executes business for such person/entity
- g. A major business partner of the Company or a person who executes business for such business partner
- h. A consultant, accounting expert or legal expert who receives large amounts of cash or other assets in addition to remuneration for directors and audit & supervisory board members from the Company
- i. A major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. A person who executes business for a business partner of the listed company (excluding persons categorized as any of f, g or h above) (relates exclusively to the individual in question)
- k. A person who executes business for another company holding cross-directorship/cross-auditorship with the Company (relates exclusively to the individual in question)
- l. A person who executes business for an entity receiving contributions from the Company (relates exclusively to the individual in question)
- m. Others

CORPORATE GOVERNANCE

Relationship with the Company (2)

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election
Koichi Otsu	○	<p>Mr. Otsu is a part-time lecturer at Waseda Business School (Graduate School of Business and Finance), and while the Company donated an annual amount of two million yen to the university (for the fiscal year ended January 31, 2019), this donation amount is small, as stated above. Accordingly, he has been judged to have no risk of a conflict of interest occurring with general shareholders, and has been designated as an independent officer.</p> <p>(Significant Concurrent Positions)                      President of Otsu International, Inc.,                      Visiting Professor, Graduate school of Business Breakthrough University</p>	<p>He has professional expertise and deep foresight in the realm of accounting and finance, as well as sufficient experience in providing recommendations and proposals regarding management from a broad perspective and teaching corporate finance at a variety of educational institutions. He is currently executing his duties appropriately as an Outside Audit &amp; Supervisory Board Member through advice and proposals based on his professional expertise and abundant knowledge and experience. Therefore, the Company has appointed him as an Outside Audit &amp; Supervisory Board Member.</p> <p>Furthermore, the Company has designated him as an independent officer because it is judged that, although he falls under Rule 211, Paragraph 4, Item 6, Clause j of the Enforcement Rules for Securities Listing Regulations in the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, the involved amount is small, as indicated at left, and thus there is no risk of a conflict of interest occurring with general shareholders.</p>

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election
Atsuko Taishido		<p>It is judged that there is no risk of a conflict of interest occurring between Ms. Taishido and general shareholders, as she does not fall under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations.</p> <p>However, in accordance with the rules set by Mori Hamada &amp; Matsumoto, to which she belongs, the Company has not designated or registered her as an independent officer.</p> <p>(Significant Concurrent Positions)                      Partner of Mori Hamada &amp; Matsumoto,                      Outside Audit &amp; Supervisory Board Member of JCOM Co., Ltd,                      Outside Director and Audit and Supervisory Board Member of T&amp;D Holdings, Inc.</p>	<p>She has professional expertise as an attorney and high-level insight regarding various risks in global corporate management. In addition, she also possesses abundant experience in solving corporate management problems of many companies as an attorney, particularly in the realm of corporate governance and internal control. She is currently executing her duties appropriately as an Outside Audit &amp; Supervisory Board Member through advice and proposals based on her professional expertise and abundant knowledge and experience. Therefore, the Company has appointed her as an Outside Audit &amp; Supervisory Board Member.</p>

[Independent Officers]

Number of Independent Officers	6
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Other Information on Independent Officers

The main activities of the Independent Directors/Audit & Supervisory Board Members during the fiscal year ended December 31, 2022 (the fiscal year from January 1, 2022 to December 31, 2022) are as follows.

Takayuki Nitta

Mr. Nitta attended all seven meetings of the Board of Directors, all six meetings of the Voluntary Remuneration Committee, and all six meetings of the Voluntary Nominating Committee held during the fiscal year. When formulating the Eighth Medium-term Business Plan and revising the Pigeon Way and Key Issues (Materiality), etc. at the Board of Directors meetings and other meetings, Mr. Nitta has provided opinions and asked questions about the Company's management strategies and policies, and business strategies. His opinions and questions are based mainly on his high level of knowledge on corporate management he has cultivated through his experience at investment management companies, etc., and he appropriately fulfills the expected role. In addition, as chairman of the Voluntary Remuneration Committee and the Voluntary Nominating Committee, he provides opinions from an independent and objective standpoint regarding the compensation and nomination of Directors and officers, collects the opinions of each committee member, and fulfills his responsibilities as chairman of these committees.

Rehito Hatoyama

Mr. Hatoyama attended all seven meetings of the Board of Directors and all five meetings of the Governance Committee held during the fiscal year. When formulating the Eighth Medium-term Business Plan and revising the Pigeon Way and Key Issues (Materiality), etc. at the Board of Directors meetings and other meetings, Mr. Hatoyama has provided opinions and asked questions about the Company's management strategies and policies, and business strategies. His opinions and questions are based mainly on his wealth of knowledge and experience on global business strategy and corporate governance, etc., that he cultivated at operating companies, and he appropriately fulfills the expected role. In addition, as chairman of the Governance Committee, he expresses his opinions that will lead to the improvement of corporate governance based on the aforementioned knowledge and gathers the opinions of each committee member, and fulfills his responsibilities as chairman.

Chiaki Hayashi

Ms. Hayashi has attended all seven meetings of the Board of Directors and all five meetings of the Governance Committee held during the fiscal year. When formulating the Eighth Medium-term Business Plan and revising the Pigeon Way and Key Issues (Materiality), etc. at the Board of Directors meetings and other meetings, Ms. Hayashi has provided opinions and asked questions about the Company's management strategies and policies, and business strategies. Her opinions and questions are based mainly on her management experience of an operating company and wealth of knowledge and experience on design and manufacturing products, and she appropriately fulfills the expected role. In addition, at meetings of the Governance Committee, she expresses her opinions that will lead to the improvement of corporate governance based on the aforementioned knowledge.

Eriko Yamaguchi

Ms. Yamaguchi has attended all seven meetings of the Board of Directors, all six meetings of the Voluntary Remuneration Committee, and all six meetings of the Voluntary Nominating Committee held during the fiscal year. When formulating the Eighth Medium-term Business Plan and revising the Pigeon Way and Key Issues (Materiality), etc. at the Board of Directors meetings and other meetings, Ms. Yamaguchi has provided opinions and asked questions about the Company's management strategies and policies, and business strategies. Her opinions and questions are based mainly on her wealth of experience and high level of knowledge cultivated through conducting business that aimed to manufacture products and create brands in developing countries, and she appropriately fulfills the expected role. In addition, she expresses her opinions at meetings of the Voluntary Remuneration Committee and the Voluntary Nominating Committee from an independent and objective standpoint.

Yumiko Miwa

Ms. Miwa has attended four of the five meetings of the Board of Directors, all five meetings of the Voluntary Remuneration Committee, and all five meetings of the Voluntary Nominating Committee that have been held since she took office on March 30, 2022. When formulating the Eighth Medium-term Business Plan and revising the Pigeon Way and Key Issues (Materiality), etc. at the Board of Directors meetings and other meetings, Ms. Miwa has provided opinions and asked questions about the Company's management strategies and policies, and business strategies. Her opinions and questions are based mainly on her high level of knowledge and wealth of experience as an expert in ESG and corporate governance. In addition, she expresses her opinions at meetings of the Voluntary Remuneration Committee and the Voluntary Nominating Committee from an independent and objective standpoint.

Koichi Otsu

Mr. Otsu attended all seven meetings of the Board of Directors, all eight meetings of the Audit & Supervisory Board, and all five meetings of the Governance Committee held during the fiscal year. While receiving reports on the Company's and the Group companies' audits, he provides advice and recommendations to ensure the appropriateness and suitability of the decision-making of the Board of Directors by offering his opinions, taking advantage of his experience in management consulting focused on the realm of accounting and finance, and as a professor and lecturer at a variety of educational institutions. In addition, at the Governance Committee meetings, he expresses his opinions that lead to the improvement of corporate governance based on the aforementioned abundant experience.

Atsuko Taishido

Ms. Taishido attended all seven meetings of the Board of Directors, all eight meetings of the Audit & Supervisory Board, and all five meetings of the Governance Committee held during the fiscal year. While receiving reports on the Company's and the Group companies' audits, she provides advice and recommendations to ensure the appropriateness and suitability of the decision-making of the Board of Directors by primarily offering her opinions from the professional standpoint of an attorney. In addition, at the Governance Committee meetings, she expresses her opinions that lead to the improvement of corporate governance based on her knowledge and experience as an attorney.

[Incentives]

Status of Implementation of Measures to Grant Incentives to Directors	Introduction of the performance-linked remuneration system
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Supplementary Explanation Relating to These Items

For the Company's Directors (excluding Outside Directors), the Company has introduced a system of "bonuses" as incentives linked to short-term business performance and "stock remuneration" as incentive linked to medium- to long-term business performance. For details regarding this system, please refer to the "Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration," below, and I. [Disclosure Based on the Principles of the Corporate Governance Code], 3. (iii) <<Executive remuneration policy>>, above.

Grantees of Stock Options	
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Supplementary Explanation Relating to These Items

[Directors' Remuneration]

Disclosure Status (of Individual Directors' Remuneration)	Partial disclosure
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Supplementary Explanation Relating to These Items

The total amount of remuneration, etc., paid to the Company's Directors in the 66th fiscal year (the fiscal year ended December 31, 2022) is as follows (including three Directors (including one Outside Director) who retired at the conclusion of the 65th Ordinary General Meeting of Shareholders held on March 30, 2022). This information is also disclosed in the business report and the annual securities report.  
13 Directors: 318 million yen (including six Outside Directors: 62 million yen)

Directors with total remuneration equal to or exceeding 100 million yen are also disclosed individually in the annual securities report.

Policy for Deciding the Amounts or Calculation Method of Remuneration	Yes
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Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration

Please refer to I. [Disclosure Based on the Principles of the Corporate Governance Code], 3. (iii) <<Executive remuneration policy>>, above for details. The retirement benefits system for Directors was abolished as of the conclusion of the 62nd Ordinary General Meeting of Shareholders, held on April 25, 2019.

[Support System for Outside Directors (Outside Audit & Supervisory Board Members)]

Materials regarding the agenda of the meeting of the Board of Directors are sent in advance to Outside Directors, and the Business Strategy Division, which serves as the secretariat of the Board of Directors, or the responsible department provides explanations, as necessary.

Upon meetings of the Audit & Supervisory Board, etc., and as necessary, the Standing Audit & Supervisory Board Members provide to the Outside Audit & Supervisory Board Members explanations of the Management Committee agenda and the contents, etc., of audit debriefing sessions.

Furthermore, in the Company's internal rules, it is provided that the Audit & Supervisory Board Members may request that the Board of Directors assign an employee to assist with the duties of the Audit & Supervisory Board Members.

**2. Items relating to Functions of Business Execution, Audit and Supervision, Nomination, and Decision on Remuneration, etc. (Outline of the Current Governance System)**

(1) Management Structure Overview and Personnel Composition

The Company adopts the system of a company with audit & supervisory board members and has made rigorous legal audits by auditors the basis of compliance management. The primary management structures (meeting bodies) are: The Board of Directors comprised of 9 members (six men, three women; eight Japanese nationals, one foreign national) including five Independent Outside Directors; the Audit & Supervisory Board comprised of four members (three men, one woman; four Japanese nationals) including two Outside Audit & Supervisory Board Members; Management Committee headed by the President and CEO and comprised of standing Directors and Senior Managing Officers. The Company is working to enhance the diversity of each of the meeting bodies. In addition, the Company adopts a mandatory executive officer system to provide for mutual partnership between decision-making and oversight (governance) with business execution and to clarify the operating responsibilities of Directors.

(2) Board of Directors and Advisory Panel

The Board of Directors makes decisions on matters (management objectives and important business-execution strategies such as the management strategy) prescribed in laws and regulations, the articles of incorporation, and the "Board of Directors Rules" based on its authority to supervise the execution of duties of directors and managing officers. The Board of Directors actively elicits the opinions of Outside Directors and Audit & Supervisory Board Members, and the supervisory function of the Board of Directors has been further strengthened by having an Independent Outside Director serve as Chairman of the Board from March 2023.

Also, in addition to the Voluntary Nominating and Remuneration Committees chaired by and with a majority consisting of Independent Outside Directors, we established the Governance Committee in 2021 as an advisory panel to the Board of Directors. The Governance Committee is headed by an Independent Outside Director and is comprised of a majority of Outside Directors and Audit & Supervisory Board Member.

(3) Management Committee

As a general rule, the Management Committee holds a meeting about twice a month, with the President and CEO acting as chairperson. In this manner, we strive to find early solutions to problems from the viewpoint of our work sites. With Audit & Supervisory Board Members attending this committee meeting and stating their opinions, etc., we are striving to improve the supervision function.

(4) Audit Department

1) In accordance with the audit policy, the division of audit work, etc., the four Audit & Supervisory Board Members, which includes two Outside Audit & Supervisory Board Members, conducts rigorous auditing through measures such as attending the Management Committee, which aims for the swift resolution of issues based on frontline perspectives, and will strive to enhance supervisory functions through actions such as stating their opinion. The four Audit & Supervisory Board Members, which includes two Outside Audit & Supervisory Board Members will also attend important meetings including those of the Board of Directors, giving an audience to the Directors, viewing important resolution documents and other documentation, and investigating the status of operations and property. In addition, the Audit & Supervisory Board regularly holds meetings with the President and CEO, and, by receiving reports on matters such as important company issues and carries out frank exchanges of opinions.

2) The Audit & Supervisory Board Members, the Audit Department, and the Accounting Auditors mutually collaborate through measures including regular debriefing sessions and, at any time as necessary, exchanges of information and opinions. Certified public accountants who performed accounting or audit work for the Company for the 66th fiscal year (the fiscal year ended December 31, 2022) are Takeshi Shioya, Engagement Partner, and Shinya Hiraoka, Engagement Partner, both of PricewaterhouseCoopers Aarata LLC.

3) As an internal audit function, the Company has established an Audit Department which is an independent organization in charge of internal audit under the direct control of the President and CEO. The Audit Department annually formulates audit plans and conducts internal audits of the Company and its domestic and overseas Group companies based on risk-based auditing. Audits are conducted focusing on operational effectiveness, efficiency, reliability of financial reporting, compliance, and asset preservation, and recommendations and points to be improved are proposed as necessary. Audit results are reported at the audit debriefing sessions and shared with all Directors and Audit & Supervisory Board Members. Furthermore, the Audit Department has established the J-SOX Secretariat, which conducts assessment tests on company-wide internal controls and the process of financial settlement based on the basic plan for internal control over financial reporting under the Financial Instruments and Exchange Act, and monitors the adequacy of maintenance and operation.

(5) Limitation of liability of Directors and Audit & Supervisory Board Members

The Company has entered into a limited liability contract with Directors (excluding executive directors) and Audit & Supervisory Board Members which limits their liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The limit of liability for damages of Directors (excluding executive directors) or Outside Audit & Supervisory Board Members pursuant to the limited liability contract is the aggregate sum of the amounts prescribed in each item in Article 425, Paragraph 1 of the Companies Act.

### 3. Reason for Adopting the Current Governance System

Because the Company have hitherto grown steadily since its public listing, the Company judges that this system has been functioning effectively. In addition, the Company is working to improve corporate governance by expanding the diversity of the Board of Directors through the appointment and increase of Outside Directors since 2015, strengthening the supervisory function of the Board of Directors by appointing an Outside Director as the Chairman of the Board from March 2023, establishing advisory panels to the Board of Directors, and active demonstration of supervisory functions by Audit & Supervisory Board Members.

**III Status of Implementation of Measures related to Shareholders and Other Stakeholders****1. Measures toward Revitalization of the General Meeting of Shareholders and Facilitation of Exercise of Voting Rights**

	Supplementary Explanation
Prompt Delivery of Convocation Notice of General Meeting of Shareholders	We forward the Convocation Notice three weeks prior to the date of the General Meeting of Shareholders
Allowing the Electronic Exercise of Voting Rights	The exercise of voting rights using a PC, smartphone or mobile phone is available by accessing the Internet voting website of the Administrator of Shareholders' Register designated by the Company.
Participation in the Electronic Voting Platform and Other Efforts to Enhance the Environment for the Exercise of Voting Rights by Institutional Investors	In order to enhance the environment for the exercise of voting rights by institutional investors, the Company has participated in the Electronic Voting Platform for institutional investors operated by ICJ, Inc.
Provision of a Summarized Convocation Notice of the General Meeting of Shareholders in English	We provide the Convocation Notice (summary) in English on the respective websites of the Company and the Tokyo Stock Exchange, etc.
Other	<p>We post the Convocation Notice (in Japanese and English) on the respective websites of the Company and the Tokyo Stock Exchange approximately one month before the date of the General Meeting of Shareholders, and disclose the results of voting at the General Meeting of Shareholders (in Japanese and English) on the Company's website.</p> <p>When investors who hold shares of the Company in street names express an interest in attending the General Meeting of Shareholders, the Company allows them to sit in after undergoing the necessary procedures. The necessary procedures are disclosed on the Company's website.</p> <p>Furthermore, we organize the General Meeting of Shareholders in a manner that enables the attendance of as many shareholders as possible, by means such as providing assistance through a sign language interpreter and setting up a temporary daycare center during the Meeting.</p> <p>In addition, since 2021, we have conducted a live streaming online so that shareholders who could not make it to the venue could watch the General Meeting of Shareholders.</p>



2. Investor Relations Activities

	Supplementary Explanation	Explanation by Representative
Establishment and Publication of Disclosure Policies	Available via the Company Website. Please refer to the following URL. <a href="https://www.pigeon.com/ir/management/disclosure/">https://www.pigeon.com/ir/management/disclosure/</a>	
Holding Regular Briefings for Analysts and Institutional Investors	The Company holds a results briefing twice a year, after the end of the second quarter and after the end of the fiscal year, with participation by the President and CEO. The Company also holds teleconferences at the end of the first and third quarters, in order to provide results briefings and hold question and answer sessions. In addition, the Company holds small meetings and individual meetings as needed, with the participation of the President and CEO, etc.	Yes
Holding Regular Briefings for Foreign Investors	The Company attends conferences sponsored by securities companies in Japan and overseas several times a year. The President and CEO attends on occasion.	Yes
Posting Investor Relations Materials on the Company Website	On an IR site that it has prepared on its Website, the Company discloses IR materials in Japanese ( <a href="https://www.pigeon.co.jp/ir/">https://www.pigeon.co.jp/ir/</a> ) and English ( <a href="https://www.pigeon.com/ir/">https://www.pigeon.com/ir/</a> ). Available IR materials include Summaries of financial results, results briefing materials, Integrated Reports, Investors' Guides, Fact Sheets, timely disclosure materials other than financial results information, annual securities reports, quarterly securities reports, general shareholders' meeting materials, this report, etc.	
Establishment of Investor Relations Department (Liaison)	The Company has established a Business Strategy Department through which it promotes IR activities. The responsible person in charge is a managing officer and the division manager of the Business Strategy Division.	

**3. Measures to Respect the Position of Stakeholders**

Provisions of Internal Regulations to Respect the Position of Stakeholders	Supplementary Explanation
	<p>The Company has established universal Corporate Ethics Policies for putting into practice compliance (observance of laws and regulations and corporate ethics) management, and the provisions are clearly stated in them.</p> <p>Corporate Ethics Policies PIGEON IS COMMITTED TO:</p> <ol style="list-style-type: none"> <li>1. Possess high ethical standards constantly, promote management with priority given to compliance, and fulfill its social responsibilities as a company in every aspect of corporate activities under the Pigeon DNA and the Pigeon Way.</li> <li>2. Pursue customers' delight, happiness, and excitement, provide safe, useful, and high-quality products and services, and strive for sustainable economic growth and social issue resolution.</li> <li>3. Respect community cultures, aim for harmony with society, and extensively promote contribution to society as a good corporate citizen.</li> <li>4. Give consideration to the limited global environment and be proactive in environmental management.</li> <li>5. Carry out actions that respect human rights of every person in all its corporate activities.</li> <li>6. Value the diversity and individuality of each employee at any time and provide for its employees a great work environment with consideration given to their health and security. Pigeon will work out to provide a workplace where its employees can achieve self-realization and feel fulfilled.</li> <li>7. Participate in fair and open competition and carries out fair transactions and responsible procurement in its corporate activities for sound growth. Pigeon will maintain a healthy relationship with politics and the administration of government.</li> <li>8. Appropriately control and utilize corporate information and promote efficient management.</li> <li>9. Continue constructive dialogues with every stakeholder, use stakeholders' opinions for improvement and development of products and services or raising corporate value, and at the same time, disclose the corporate information positively, appropriately at the right time, and fairly.</li> <li>10. Bring the present Corporate Ethics Policies into reality with all members of the Group united, and build, maintain, and develop an effective corporate governance to this end.</li> </ol>

	Supplementary Explanation
Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities	<p>Under the Pigeon DNA and the Pigeon Way, the Pigeon Group has established Key Issues (materiality) that must be addressed in order to build foundations for value creation, transform into a business that creates both economic value and social value, and realize the “Purpose”.</p> <p>During the period of the Seventh Medium-Term Business Plan, we established six Key Issues (materiality), including “enhancement of business competitiveness and R&amp;D capabilities,” “sustainable reduction of environmental impact,” “enhancement of stakeholder support capability,” and “creation of comfortable working environment,” and worked to resolve these issues. From 2023, we have reviewed the Key Issues in light of major changes in the social environment and redefined five Key Issues as materiality: “enhancing business competitiveness and resilience,” “reducing our environmental impact,” “contributing to the resolution of social issues,” “managing talent and cultivating the right culture for our Purpose,” and “establishing solid management foundations.” The Eighth Medium-Term Business Plan incorporates an action plan to resolve these five Key Issues.</p> <p>The results of our efforts on Key Issues during the Seventh Medium-Term Business Plan period and the sustainability-related activities being implemented by the Group are disclosed on our corporate website.</p> <p>Key Issues: <a href="https://www.pigeon.com/sustainability/policy/#headline-1581391283">https://www.pigeon.com/sustainability/policy/#headline-1581391283</a></p> <p>Sustainability: <a href="https://www.pigeon.com/sustainability/">https://www.pigeon.com/sustainability/</a></p>
Establishment of Policy Concerning Disclosure of Information to Stakeholders	<p>The Company states its approach to disclosure of information to stakeholders in the Code of Conduct, which has been established based on the aforementioned Corporate Ethics Policies, as per the following:</p> <ol style="list-style-type: none"> <li>3) The Company discloses information in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other related regulations, in a timely and appropriate manner.</li> <li>4) The Company strives to disclose information, excluding trade secrets held by the Company and information subject to confidentiality agreements, to stakeholders in an accurate and timely manner and maintain the transparency of its corporate activities.</li> <li>5) The Company strives to always maintain positive communication with society through its public relations activities, while at the same time taking criticism of and comments on the disclosed information seriously and applying them to its corporate activities.</li> </ol>

## IV Basic Policy and Status of Implementation of the Internal Control System

### 1. Basic Policy and Status of Implementation of the Internal Control System

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company shall determine a basic policy on construction of an internal control system, as follows.

- (i) System to ensure that duties performed by our Company's Directors and employees, and Directors and employees of subsidiaries comply with laws, regulations and articles of incorporation
  - (1) Together, the Pigeon DNA and the Pigeon Way comprise the Pigeon's philosophy that each and every Pigeon employee upholds in the performance of their duties. The Pigeon DNA, made up of our corporate philosophy and credo, has been the core of Pigeon throughout its history and will remain so into the future. The Pigeon Way, made up of our Purpose, Values, and Action Principles, is the cornerstone of all Group employees and executives' activities. It embodies our "heart and soul" and sets the grounds for our actions to stream from this core. Based on the Pigeon DNA and the Pigeon Way, we stipulate our compliance-related regulations, including our Corporate Ethics Guidelines, which consists of our Corporate Ethics Policies and Code of Conduct. The Directors and employees of the Pigeon Group strictly comply not only with the laws and regulations but also the standards and spirit of the communities they serve. We position the Pigeon Way as our standard for action with a strong ethical outlook.
  - (2) The Risk Management Committee, chaired by the Director in charge of the Global Head Office (GHO), appoints a division to manage compliance and a person in charge of compliance in order to appropriately and smoothly promote compliance within the Group. The division to manage compliance is responsible for establishing and maintaining compliance rules and other frameworks, as well as leading and promoting compliance education and other awareness-raising activities. In the event of a compliance-related incident or other problem, the division responds to the problem in cooperation with the Risk Management Committee and, depending on the nature and content of the case, consults external lawyers as appropriate.
  - (3) In an effort to ensure early detection of any wrongdoings, we shall establish a speak-up desk as an internal reporting system and a Pigeon Partners Line as a reporting system for our business partners. For in which problems are detected inside or outside of the company, sufficient consideration shall be given to protection for the reporting/consulting individual, an investigation of the facts is performed. Based on the results of the investigation, etc., the Risk Management Committee determines the department to be responsible for resolving the problem, and together with the department, determines whether or not action or corrective measures are required and the details thereof, and leads the implementation of such measures. Applicable contents shall be reported to upper-level organizations (the Management Committee or Board of Directors).
  - (4) Rejection of relationships with antisocial forces shall be specified in the Code of Conduct. In addition to conducting education and training, we shall develop and thoroughly implement an internal system for practical application, such as appointing staff in charge of preventing false claims.
- (ii) System related to saving and managing information pertaining to the performance of duties by Directors
  - Information pertaining to the performance of duties by Directors shall be recorded and saved in written documents or electromagnetic format in accordance with Rules for Document Control and Management, Management of Confidential Information, and IT Management. These documents and other formats shall always be available for review by Directors and Audit & Supervisory Board Members.
- (iii) Rules and other systems related to our Company and subsidiaries' risk management for losses
  - (1) Based on Risk Management Rules which systematically define our group's risk management response and under supervision of the President and CEO, the GHO Risk Management Committee shall be established, chaired by the Director in charge of GHO and includes general managers of our business segments (Japan Business, China Business, Singapore Business, and Lansinoh Business) and the Business Strategy Division Manager. as members. The Committee shall comprehensively collect, analyze, and evaluate risk information of the Group as a whole, centering on the priority risks listed in (2), which are

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aggregated from each business segment, and shall consider and implement countermeasures by itself or through business segments. In addition, each business segment shall establish its own Risk Management Committee, chaired by the general manager of that business segment, and under supervision of the GHO Risk Management Committee. Each committee shall collect, analyze, and evaluate risk information related to that business segment, including risk information relating to subsidiaries in that segment, and review and implement responses.

(2) The Group shall set “compliance risks,” “financial risks,” “information security risks,” “SCM (supply chain management) risks,” and “customer complaint risks” as priority risks, and the GHO Risk Management Committee and the risk management divisions appointed by the GHO Risk Management Committee will take the lead in managing and responding to such priority risks, especially across the Group.

(3) Auditing the status of risk management in each department and subsidiary shall be performed through cooperation with the Internal Auditing Department, the Business Strategy Department, the Accounting & Finance Department, the Legal Department, and the Human Resources & General Affairs Department.

(4) The Risk Management Committee shall be convened promptly based on Risk Management Rules and business continuity plan (BCP) in the case that a large-scale disaster or other risk to our group occurs. The Committee shall work to minimize losses and effect recovery.

(iv) System for ensuring efficient performance of duties by Directors

(1) By formulating a Medium-Term Management Plan and management plans for each individual fiscal year, we shall clarify goals to be achieved by our company and steadily implement priority management items.

(2) The Board of Directors shall make management decisions rationally and efficiently, and our Company appoints Outside Directors for the purpose of receiving advice regarding management strategies and making objective decisions and improving corporate governance. Moreover, our Company shall practice management that elicits lively opinions from internal and Outside Directors and audit & supervisory board members, including issues presented by Outside Directors, and shall strengthen the management function for execution of business. Furthermore, through a mandatory executive officer system and an executive officer system, we shall seek mutual partnership between decision-making/management functions and execution of business, and shall clarify the operating responsibilities of Directors.

(3) As a general rule, a Management Committee with attendance from all standing Directors and Senior Managing Officers shall be held about twice a month in order to strengthen and enhance the function of the Board of Directors. Through the committee, the Board of Directors shall seek to quickly resolve issues through expeditious execution of business and decision-making for important policies.

(v) System for ensuring proper operation in our company and corporate groups composed of subsidiaries

(1) The Company shall stipulate the rules for the division of duties and authority, clearly defining the scope of duties of each department, and the approval process for each duty. Directors and employees shall conduct operations in accordance with such rules. The Company shall also stipulate the matters at the Company’s subsidiaries which need approval by and reporting to the Company, in the Rules for Management of the Group Companies. The Company’s subsidiaries shall conduct operations after seeking approval from or reporting to the Company as necessary, based on the rules.

(2) The division managers shall confirm the state of execution of business by Directors of the subsidiaries they manage, and shall report on the performance of the subsidiaries and the execution of business to our Company’s Board of Directors each quarter.

(3) In addition to periodically auditing the execution of business by Directors of subsidiaries, audit & supervisory board members shall also cooperate with audit & supervisory board members at subsidiaries in order to develop internal controls and monitor the operation of such controls. Our Company and subsidiaries’ audit & supervisory board members shall hold audit & supervisory board meetings as necessary.

(4) The Internal Auditing Department shall audit the level of appropriateness and efficiency during the execution of business throughout our group.

(5) In order to ensure the reliability and appropriateness of financial reporting, our company and group

companies shall comply with the Financial Instruments and Exchange Act. We shall strive to ensure a healthy internal controls environment, to strengthen control activities on a company-wide level, to construct an internal controls system which is capable of effective and valid evaluation, and to perform appropriate operation of that system.

- (vi) Items pertaining to applicable employees when an Audit & Supervisory Board Member has requested appointment of an employee aid and items pertaining to independence of that employee from directors and the effectiveness of instructions from Audit & Supervisory Board Members

Aids shall be appointed according the requests of audit & supervisory board members. In the case that an aid is appointed, the opinion of audit & supervisory board members shall be respected when making personnel decisions related to the aid. Moreover, the Audit & Supervisory Board Member's instructions to the aid shall be given independently from Directors and the aid shall engage in such work based on instructions from audit & supervisory board members.

- (vii) Systems for reporting to Audit & Supervisory Board Members by our Company's Directors or employees, and Directors, Audit & Supervisory Board Members, etc. or employees of subsidiaries, and other systems pertaining to reporting to audit & supervisory board members

(1) Directors and employees shall promptly report to audit & supervisory board members any item other than laws and regulations which will have a major impact on our company and our group, the status of internal controls, and the status of reporting using the speak-up desk

(2) In addition to meetings of the Board of Directors, audit & supervisory board members shall attend Management Committees and shall be able to provide opinions when requested or when necessary in regards to items being discussed.

(3) The Business Strategy Department shall notify audit & supervisory board members every time regarding an overview of proceedings and results for meetings of the Board of Directors and Management Committees.

(4) Our Company's Directors and employees, and Directors and Audit & Supervisory Board Members, etc. and employees of subsidiaries or persons who have received reports from such parties may make reports directly to audit & supervisory board members via the speak-up desk on matters that have a significant affect on our Company group, matters that cause significant damage to our Company group and important compliance matters. Informants shall not be treated disadvantageously.

(5) Our Company shall promptly handle demands if demands are made by audit & supervisory board members or the audit & supervisory board for reasonable expenses or refunds incurred with regard to the performance of duties by audit & supervisory board members.

- (viii) Other systems for ensuring effective auditing by audit & supervisory board members

The individuals with high perception of corporate activities such as finance and law shall be recruited as external audit & supervisory board members. The majority of these individuals shall be CPAs and lawyers. In addition to enhancing the auditing environment of audit & supervisory board members, external audit & supervisory board members shall seek the execution of appropriate and effective auditing services through a partnership with the Internal Auditing Department.

## **2. Basic Policy and Status of Implementation of Efforts towards Exclusion of Antisocial Forces**

In addition to prescribing rejection of relationships with antisocial forces in the Code of Conduct and conducting education and training, the Company shall develop and thoroughly implement an internal system for practical application of the Basic Policy, such as appointing a person in charge of preventing false claims.

**V Others**

**1. Presence or Absence of Introduction of Takeover Defense**

Introduction of Takeover Defense	No
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Supplementary Explanation Relating to These Items
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At the meeting of the Board of Directors held on March 6, 2008, with the goal of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders, the Company prescribed a basic policy on the Company’s corporate control (referred to below as “the Basic Policy”). In light of the Basic Policy, as a measure to prevent inappropriate persons from controlling decisions on the Company’s financial and business policies, by resolution at the 51st Ordinary General Meeting of Shareholders held on April 28, 2008, the Company obtained approval for and introduced Measures for the Large-Scale Purchase of Company Shares (Anti-Takeover Measures) (referred to below as “the Plan”). However, taking into consideration that procedures on large-scale purchases of company shares were partly put in place as a result of revisions, etc., of the legal system, the Company judged that the steady execution of the Medium-Term Management Plan leads to ensuring and enhancing the corporate value of the Company and thus the common interests of the shareholders. Therefore, by resolution of the Board of Directors at its meeting held on March 7, 2011, as of the conclusion of the 54th Ordinary General Meeting of Shareholders held on April 27, 2011, the Basic Policy was discontinued and the Plan expired.

Furthermore, even after expiration of the Plan, if the Company recognizes a situation where there are transactions and transfers of the Company’s shares, and if a person who performs the act of a large-scale purchase of company shares (referred to below as “large-scale purchaser”) appears, after carefully considering the opinions, etc., of the Company’s Outside Audit & Supervisory Board Members and external experts, the Company shall assess the contents of the proposal from the large-scale purchaser and, as necessary, hold negotiations with the said large-scale purchaser. Likewise, when it is rationally judged that, if prompt measures are not taken, there is a risk that the Company’s corporate value and the common interests of the shareholders will be damaged, as a proper duty of the Company’s Board of Directors, to which management was entrusted by the shareholders, the Board of Directors shall actively request to the large-scale purchaser that the large-scale purchaser disclose information, and it shall strive to secure information and time for the shareholders to make an appropriate decision. In addition, as necessary, the Board of Directors shall promptly determine the necessity and contents, etc., of concrete countermeasures, which is considered to be the most appropriate within the scope permitted by the Companies Act, the Financial Instruments and Exchange Act, and the related laws or regulations, and, by taking steps to execute the countermeasures, it will strive to ensure the Company’s corporate value and the common interests of the shareholders.

**2. Other Items Relating to Corporate Governance System, etc.**

- Status of Implementation of the Internal Control System

At the meeting of the Board of Directors held on May 22, 2006, the Company resolved to establish a system (Basic Internal Control Policy) to ensure that the duties performed by the Directors comply with laws, regulations and the Articles of Incorporation, as well as to ensure the appropriateness of other operations of the Company, based on the Companies Act and the Ordinance for Enforcement of the Companies Act. The Board of Directors of the Company conducts reviews as necessary and makes continual improvements to the Policy. Additionally, the Audit Department, in cooperation with the Accounting & Finance Division and other related departments, are engaged in the development of internal controls over financial reporting and other measures based on the Financial Instruments and Exchange Act.

- Risk Management

In accordance with the Risk Management Regulations, which systematically define the Group's risk

management response, the GHO Risk Management Committee, chaired by the Director in charge of GHO, has been established under the President and CEO, and the Risk Management Committee, chaired by the general managers of respective business segments, has been established for each business segment under the GHO Risk Management Committee. This enables us to aggregate risk information related to the Group as a whole as well as to manage risks, and take quick responses in each business segment. The GHO Risk Management Committee comprehensively collects, analyzes, and evaluates risk information for the Group as a whole, with risk information aggregated from business segments as its core, and examines and implements countermeasures by itself or through business segments. In particular, the GHO Risk Management Committee and risk management divisions appointed by the GHO Risk Management Committee play a central role in aggregating information and examining and implementing measures across the Group with respect to compliance risks, financial risks, information security risks, SCM (supply chain management) risks, and customer information risks, which are set as priority risks. The Risk Management Committee of each business segment collects, analyzes, and evaluates risk information related to each business segment, including risk information related to Group companies under the same segment, and examines and implements countermeasures.

In addition to the measures taken in normal times, in the event of a crisis for the Group, such as a large-scale disaster, the Risk Management Committee is convened promptly in accordance with the Risk Management Regulations or the Business Continuity Plan (BCP) to minimize losses and effect recovery. The GHO Risk Management Committee compiles information on the Group's risks and reports it to the Board of Directors once a year. The GHO Risk Management Committee also reports to the Board of Directors, as appropriate, on the details of incidents that have occurred and the results of the response.

● Compliance

Based on the "Pigeon DNA" and the "Pigeon Way," the Group has established a basic policy on compliance called the "Corporate Ethics Guidelines." The Corporate Ethics Guidelines have two components: corporate ethics policies, which comprise the ethical sensibility we must hold to continue to earn the trust and support of society, and a code of conduct, which comprises guidelines that spell out how each employee embodies the corporate ethics policies in business activities. The Corporate Ethics Guidelines are intended to serve as guidelines for Pigeon to earn the trust and support of all stakeholders involved in Pigeon's compliance practices in its corporate activities. In order to ensure that each and every employee is strongly aware of the "Pigeon DNA" and the "Pigeon Way" and our commitment to compliance, we believe it is important to continue to communicate our corporate philosophy and the values of our management to all employees of our Group. To achieve this, all of our Directors, including the President and CEO, are taking the initiative to ensure that the spirit of the "Pigeon Way" is thoroughly understood. In the three areas that are considered to pose a particularly high-risk in the entire Group: "anti-bribery and corruption," "antitrust compliance," and "information management," we have established a "Compliance Policy" that outlines specific actions to be taken and the necessary systems and mechanisms.

Regarding compliance education, we aim to raise awareness of compliance for all Group employees, using material such as the Pigeon DNA and the Pigeon Way, Corporate Ethics Guidelines, and the internal whistle-blowing system, etc., and by conducting the education at the Company and Group companies in Japan and overseas. In 2022, we circulated the monthly "Pigeon Compliance Communication" newsletter to employees of the Company and all domestic Group companies on the theme of the Corporate Ethics Guidelines and the Group's internal whistle-blowing system. In addition, as compliance training, all Group employees were informed of the importance of compliance through a video message from the President and CEO.

Furthermore, the Pigeon DNA and the Pigeon Way, the Corporate Ethics Guidelines (including anti-corruption and compliance with antitrust laws), and the internal whistle-blowing system were explained based on our own materials, in order to instill the compliance that employees should practice in their daily work. After the training, a questionnaire was sent to the participants, which was used to improve the content.

In addition, by regularly conducting compliance monitoring for all employees and executives of the Group, we identify and analyze compliance risks in the Group, and reflect the results in the compliance system, framework and education described above, to reduce compliance risks of the Group and raise awareness toward compliance of the employees and executives of the Group.

Concerning internal reporting systems, a "Speak-up Desk" (the contact point for executives and employees of



the v (including those employees who have retired within one year) is standing Audit & Supervisory Board Members, the Legal Department, or a legal adviser) and a “Pigeon Partners Line” (the contact point for our business partners is the Legal Department or a legal adviser) have been established respectively. For the in-house whistle-blowing system, a reporting system that ensures anonymity and provides language support was introduced in 2023. In the event that a problem is found in or outside the Company, the Risk Management Committee or the person in charge of the internal reporting system, such as Audit & Supervisory Board Members, investigate the facts and respond to the report, giving due consideration to the protection of the person who made the report, and the Risk Management Committee takes measures to prevent recurrence as necessary. In responding to reports, the level of appropriateness is also ensured by consulting with a corporate attorney, as necessary.

In FY2022, there were 5 Speak Up Desk reports and 1 Pigeon Partners Line reports.

The details of the compliance education and the reports received via the internal reporting system are reported to the Board of Directors and the Audit & Supervisory Board each year.

- Personal Information and Information Security

In providing customers with products, services and information, the Pigeon Group considers information security and personal information protection to be an important task. The Risk Management Committees cooperate to review and devise responses to risks to both of these, and strive to strengthen the management of information security and personal information by adopting a system in which such measures are implemented by the Information Security Department, Legal Department, or other departments in charge. Furthermore, with regard to its personal information protection system, as evidence of its being an enterprise that handles personal information appropriately in conformity with JIS Q 15001:1999, the “Requirements for compliance program on personal information protection” (currently JIS Q15001:2006, “Personal information protection management systems”), the Company received PrivacyMark certification from the Japan Information Processing Development Corporation, an incorporated foundation that operates the PrivacyMark® System, in July 2005. In addition, the Company has renewed the certification in 2007, 2009, 2011, 2013, 2015, 2017, 2019, and 2021.

- Sustainability

For further promotion of ESG activities, the Company established the “Sustainability Committee,” with the Director in charge of GHO, who promotes Groupwide ESG as chairperson, and managing officers from each department and the management strategy managing officer as members. The Committee meets at least twice a year to set medium- and long-term goals for the Company's ESG issues, identify and periodically review Key Issues (Materiality), and review the progress of efforts to resolve Key Issues, thereby advancing initiatives to promote the resolution of issues throughout the Group.

- Investor Relations Activities

In its IR activities, the Company holds second quarter and annual results briefings, first and third quarter results briefings via teleconferences, and Medium-Term Business Plan briefings, and strives to improve its website (both the Japanese and English versions), etc. The Company actively promotes IR activities aimed at all shareholders including institutional investors, thus striving for prompt and accurate information disclosure and strengthening communication, with a view toward increasing the transparency and reliability of operating information through domestic and overseas IR activities, with attendance of the Director in charge of the IR Department, the President and CEO, other Internal Directors, and Outside Directors.

- Overview of Timely Disclosure System

1. Internal System for Timely Disclosure

The Company has established a Disclosure Policy that summarizes the Pigeon Group’s fundamental policy on information disclosure, and it publicizes the Disclosure Policy mainly on its Website (<https://www.pigeon.com/disclosure/>).

In order to realize the spirit of this policy, we have established and operate the timely disclosure system centered on the Business Strategy Department in charge of IR so that important financial, social and environmental information will be disclosed fairly, timely and appropriately.

2. Checking Function of the Internal System for Timely Disclosure

The Company has established, as its Internal Audit Department, an Audit Department with authority over the Company's internal control development and internal audits. The Audit Department develops the internal control and improves the internal audit system of each Group company.

To verify whether fair, timely, and appropriate corporate information disclosure is made to all stakeholders including shareholders, investors, and local communities, the Audit Department regularly conducts internal audits of internal control of information disclosure processes in the Pigeon Group. Audit results are reported at the audit debriefing sessions and shared with all Directors and Audit & Supervisory Board Members.

