

Executive nomination policy

1. Pigeon’s Philosophy, Key Issues, and the basic Policy of corporate governance

■ The Pigeon Group DNA and the Pigeon Way

The Pigeon Group DNA consists of our Corporate Philosophy of “Love” and Credo of “Only love can foster love” and has constituted the core of the Pigeon Group throughout its history and will remain so into the future.

The Pigeon Way consists of our Purpose of “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs,” along with our Spirit encompassing the notions of “Integrity,” “Dedication,” “Synergy,” and “Enjoy,” thereby constituting the meaning of our reason for being in society and the cornerstone of all our activities which embodies our “heart and soul.” We have positioned our Corporate Philosophy and Credo as the “Pigeon Group DNA,” which is a concept common to the Pigeon Group, and we have positioned our Purpose as the axis of the Pigeon Way to drive our business activities toward its realization. The Pigeon Group DNA and the Pigeon Way are defined as follows.

Pigeon Group DNA The core of Pigeon Group throughout its history and into the future

Corporate Philosophy The essence and core of our company

Love

Pigeon group’s products and services embody the idea of “Love.” Just as a mother’s love forms the foundation of how she cares for her child, we must uphold that idea in everything we do.

Credo Our fundamental belief based on the corporate philosophy

Only love can foster love

Pigeon Way Our reason for being in society and the cornerstone of all our activities which embodies our “heart and soul”



■ Establishment of Materiality (Key Issues)

The Pigeon Group’s “Purpose” cannot be realized solely through the efforts of Pigeon Group employees, but can only be realized 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 exist and be recognized as an “indispensable presence in society,” but also contribute to the realization of a sustainable society.

Therefore, the Pigeon Group has established the following five Key Issues to serve as priorities in its efforts to realize its “Purpose.”



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



Establishing Solid
Management
Foundations

■ Pigeon's Basic Policy of Corporate Governance

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

Based on this Policy, we have defined corporate governance as follows: (1) Offensive governance—a mechanism for transparent, fair, prompt, and decisive decision-making to ensure the Pigeon Group’s sustainable growth and medium- to long-term enhancement of corporate value (social value and economic value), the resolution and realization of Key Issues, and the realization of our “Purpose,” and (2) Defensive governance—a mechanism for risk control through the timely collection and sharing of information and examination and verification, in order to prevent or promptly eliminate factors that may impede the Pigeon Group’s sustainable growth, damage corporate value, or impede the resolution and realization of Key Issues or the realization of our “Purpose.”

By continuously strengthening these mechanisms, the Company aims to further enhance corporate governance, increase corporate value, and ultimately contribute to the creation and realization of a sustainable society, as well as realize our “Purpose.”

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 Group 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 “The Pigeon Group 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 Group 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 Group 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 “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 challenges and grow to be themselves to make the world more baby-friendly.	Promotes diversity and work-life balance, and carries out initiatives toward diverse work 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 Group 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 of senior management, Directors and the CEO

The policy for appointing senior management shall be to make appointments from an objective perspective, based on “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 “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. Deliberation on the reappointment or non-reappointment of the CEO

Based on “Human resource requirements of the Chief Executive Officer (CEO),” above, the Voluntary Nominating Committee shall annually evaluate and verify whether the CEO has achieved the expected results, including the status of medium- to long-term initiatives, and deliberate on the reappointment or non-reappointment of the CEO. In particular, the Committee places importance on building a resilient management team for the realization of the Value Creation Story.

5. Successor plans for the CEO

Successor plans for the CEO are deliberated by the Voluntary Nominating Committee, in accordance with “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.

6. Term of office of Directors

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

7. Governance of appointment, dismissal, and nomination of Directors

In order to support the realization of the Value Creation Story and 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 (Human Resources Governance Leaders Co., Ltd.), 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 Voluntary Nominating Committee>

- Executive nomination policy
- Roles of the Chairman of the Board
- Skill and competency matrix of the Board of Directors
- Human Resource Requirements of the CEO
- Evaluation of the CEO
- Standards for the reappointment or non-reappointment of the CEO
- Tenure of the CEO
- Succession planning for CEO and management
- Standards for the appointment and dismissal of the 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

8. 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 Group 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).