

Progress of Initiatives for the Materiality and the Individual Issues (FY2021)

Themes	Target for FY2022	FY2021 Initiatives
1. Enhancement of business competitiveness and R&D capabilities		
Develop products and services to help solve social issues	Create new products and services that solve issues surrounding babies who need special support (such as NICU hospitalization) and their families	<ul style="list-style-type: none"> Developed "Disposable Bottle for Breast Milk Storage and Pasteurization" for safer and more hygienic storage of donor milk [Japan] *Received the Good Design Award in 2021 Held an event to mark the first anniversary of the opening of the Nihonbashi Breast Milk Bank, which was established at Pigeon's headquarters. [Japan] Published a booklet for the families of late preterm babies (A total of 7,500 copies were distributed to hospitals and government agencies.)
	Enhance activities to solve issues surrounding babies and their families	<ul style="list-style-type: none"> Supported 11,005 lactation lounges in 23 countries (As of December 31, 2021) Provided information on breastfeeding and general childcare to pre-mothers and mothers through webinars and official SNS Launch of the "Baby Friendly Future Project," an initiative that encourages the entire society to think and act together to realize a baby-friendly future. Launched an educational program for junior high school students, "Lessons to Know About Babies - For a Baby-Friendly Future," and provided free educational materials to about 130 schools for teachers to conduct the lessons. [Japan]
Increase productivity with AI and IoT	Promote the use of IT tools	<ul style="list-style-type: none"> 80% of inquiries resolved by AI Chatbots [China] Expand the scope of utilization of RPA tools for system infrastructure operations [Japan] Introduction of Chatbot for internal inquiries [Japan]
Improve productivity by streamlining the product development process	Review product development process	<ul style="list-style-type: none"> Provided guidance on management principles to each business unit and delegated some authority for the development process.
Maintain and improve product quality	Continue quality improvement activities	<ul style="list-style-type: none"> "Chemical Management" Web page newly opened Continuous quality improvement activities at each factory based on the principles of quality management
2. Sustainable reduction of environmental impact		
Articulate environmental policy and environmental vision	Articulate environmental policy and environmental vision	<ul style="list-style-type: none"> Three Sustainability Committee meetings held to discuss the environmental vision (to be completed by the end of 2022) Formulated Sustainable Development Policy
Respond to global warming	Reduce CO2 emission intensity by 10% compared with FY2018 * Scope 1 and 2 *Per unit of sales	<ul style="list-style-type: none"> Reduced CO2 emission intensity by 11.7% compared with FY2018 Reduced CO2 emissions by 16.6% compared with FY2018 Percentage of total energy used that is generated from renewable energy sources 9% Endorsement of TCFD Recommendations and Initiation of analysis of climate-related risks and opportunities for disclosure in accordance with TCFD New solar panel installation [Thailand], expansion [Indonesia] Purchased renewable energy Promoted the use of LEDs
	Reduce supply chain emissions	<ul style="list-style-type: none"> Commencement of Scope 3 calculations for Japan BU [Japan] Set Scope 3 reduction targets for Lansinoh BU (2030 target: 69% reduction from FY 2019) [Lansinoh]
Develop environment-friendly products and packaging	Create new environmentally-friendly products and packages	<ul style="list-style-type: none"> Number of products meeting Pigeon's Eco-label standards (cumulative) : 181SKU [Japan] Number of packages using certified forest paper (cumulative) : 111SKU [Japan] Promoted the use of plant-derived raw materials and forest certified paper Launch of products eligible for RSPO credits [Japan & Singapore]
Reduce plastics	Reduction of petroleum-based plastics and virgin raw materials	<ul style="list-style-type: none"> Number of packages using biomass plastics (cumulative) : 12SKU [Japan] Number of packages using recycled plastics (cumulative) : 27SKU [Japan] Joined as a member of the platform for accelerating innovation in Public-Private Partnerships to solve the marine plastic litter problem "CLOMA (Japan Clean Ocean Material Alliance)" [Japan]
	Consider plastic recycling system	<ul style="list-style-type: none"> Implemented nursing bottle recycling campaign (Collected about 17,800 bottles*) *PPSU 160ml weight equivalent [Singapore] Started collecting PPSU nursing bottles online and offline (30 baby stores) in December [China]
Prevent pollution	Reduce industrial waste volume intensity by 1% or more per year *Per unit of sales	<ul style="list-style-type: none"> Reduced industrial waste volume intensity by 35.0% compared with 2020 Improvement of the production yield
Share knowledge on reduction of environmental impact	Share knowledge on reduction of environmental impact	<ul style="list-style-type: none"> Sharing knowledge of ESG activities throughout the Group
Introduce an environmental management system	Acquire ISO 14001 certification for all production sites	<ul style="list-style-type: none"> All production sites acquired ISO 14001 (Achieved by 2020)
Coping with environmental measure costs	Promote environmental protection initiatives at each site	<ul style="list-style-type: none"> Environmental protection initiatives are in process at each site.
3. Enhancement of stakeholder responsiveness		
Promote CSR procurement	Formulate CSR Procurement Policy	<ul style="list-style-type: none"> Conducted CSR procurement assessment (223 companies responded, 94.9% response rate) Disclosed assessment survey results on our website
Respond in a responsible manner to consumers	Enhance VOC (Voice of Customer) activities	<ul style="list-style-type: none"> Disclosure of the status of activities based on consumer-focused voluntary declaration [Japan] Received the Minister of State Commendation at the 2021 Selection of Consumer-Oriented Companies for Best Practice held by Japan's Consumer Affairs Agency. [Japan] Enhanced knowledge management of customer's voice and feedback [China]
Engage in social contribution activities	Promote social contribution activities	<ul style="list-style-type: none"> Support for premature babies (Gold sponsor of Japan Human Milk Bank Association [Japan], A main partner of Cunmiao Foundation [China], Provision of pasteurizers to human milk banks [Indonesia]) Support for children with cleft lip and palate (donation of specially designed feeding bottles and support through collaboration with NGOs) Supported 11,005 lactation lounges in 23 countries (As of December 31, 2021) Held tree planting campaign Support for safety education in schools [Thailand] Cleanup activities around the office Donations to maternity hospital to support group Start company-led volunteer programs (19 employees participated, totaling 75 volunteer hours) [Japan]
Engage in dialogue with shareholders and investors in a responsible manner	More than 300 IR meetings per year	<ul style="list-style-type: none"> 370 IR meetings (Total for FY2021)
4. Improvement in quality of human resources		
Articulate HR development policy	Formulate HR Development Policy	<ul style="list-style-type: none"> Formulated a Personnel Development Policy with five key points: "We will provide each and every member of the company with the development opportunities they need to contribute as autonomous professionals through highly specialized skills and knowledge, continuously raising their value as human resources." [Pigeon]
Promote HR development and hiring on a global basis	Create global human resource development program	<ul style="list-style-type: none"> Selection of "globally competent personnel candidates" to contribute to the Group's global expansion and to continuously develop human resources to drive the business forward. Provided business skill improvement and language training. [Pigeon]
Reinforce expertise of each department	Develop an education system that strengthens expertise	<ul style="list-style-type: none"> Professional skills and education systems are being developed to match the changed roles and functions of the organization as a result of the 2021 reorganization. [Pigeon]
5. Creation of an ideal working environment		
Promote diversity	Promote diversity	<ul style="list-style-type: none"> Received "Forbes JAPAN WOMEN AWARD 2021" as a company that actively create work environments that are more welcoming to women. [Pigeon] Return-to-work rate from childcare leave: 100% [Pigeon]
	Increase the ratio of female managers	<ul style="list-style-type: none"> FY2019/1 16.9%, FY2019/12 19.7%, FY2020/12 21.3%, FY2021/12 23.9% [Pigeon]
	Maintain 100% of men and women taking childcare leave for at least one month [Pigeon]	<ul style="list-style-type: none"> Continue to acquire 100% of eligible employees from FY2016 (FY2021: 14 employees in total) [Pigeon]
Take initiatives toward diverse working styles	Implement systems to promote diverse working styles	<ul style="list-style-type: none"> Telecommuting systems have taken root, with flexible work schedules and staggered work hours being utilized. [Pigeon] Number of taking "Life Design Leave and Temporary Retirement": 1 employee [Pigeon] Number of taking "Nursing Care Leave": 1 employee [Pigeon]
Promote work-life balance	Paid leave acquisition rate 70% or more [Pigeon]	<ul style="list-style-type: none"> Paid leave acquisition rate 70.2% (FY2020: 63.6%) [Pigeon]
	Promote health management	<ul style="list-style-type: none"> Formulated Occupational Health Management Policy [Pigeon]
6. Establishment of a solid management base		
Introduce a new personnel system	Introduce a new personnel system	<ul style="list-style-type: none"> Started a new HR system with grades, evaluations, and rewards commensurate with the role definitions required for each role [Pigeon]
Put risk management in place	Strengthen risk response capabilities	<ul style="list-style-type: none"> Implemented risk reduction measures at each business unit Reviewed and updated risk maps and scenarios for the entire Pigeon Group Held a Group Risk Management Committee meeting to identify priority risks and discuss how to manage them across the Group.
Strengthen compliance	Implementation of measures to enhance compliance	<ul style="list-style-type: none"> Formulated Compliance Policy ("Anti-bribery and Corruption", "Antitrust Compliance" and "Information Management") Based on the results of the compliance monitoring conducted in the previous fiscal year for all Pigeon Group employees, implemented compliance training, reviewed the design of the whistleblower system, and provided guidance on the current system, etc.
Strengthen brand power	Implement actions to strengthen Corporate brand	<ul style="list-style-type: none"> Conducted planning and execution of various inner and outer branding projects and supported actions in each business unit Reflected the new brand concepts and visual-identity elements in various contents and items as well as company buildings Conducted regular meetings with group companies to share branded actions and related information Communicate the brand promise to Group employees through the Group's internal newsletter, along with the president's message.
Enhance ESG responsiveness	Promote ESG initiatives	<ul style="list-style-type: none"> Held four Sustainability Committee meetings Set non-financial KPIs and implemented PDCA to resolve issues Awarded as a winner of the Tokyo Financial Award in the ESG Investment Category (SDGs Category) Enhanced disclosure of non-financial information on the website (23 articles on the "Our Sustainable Actions" page introducing Group-wide initiatives) To promote ESG awareness among employees, published a monthly ESG-themed internal newsletters to all Group employees.