

Pigeon has identified “Enhancement of stakeholder responsiveness” as one of the materialities (key issues) in the Pigeon ESG/ SDGs Policy. Our basic approach to procurement activities is stipulated in the CSR Procurement Policy and the CSR Procurement Guidelines.

To advance procurement based on this Policy and these Guidelines, we have conducted an assessment survey of all of our key suppliers. The purpose of this survey is to grasp the status of environmental, sustainability and governance (ESG) activities among suppliers and to identify issues occurring in our supply chain. We will continue to work with our suppliers to address the issues revealed by the survey.

By conducting this survey and following it with improvement efforts, we believe we can contribute to solutions for a range of social issues in collaboration with suppliers, building stronger relationships with suppliers in the process.

Overview of the Survey

Scope of suppliers contacted

All primary suppliers to Pigeon’s Japan Business

Main suppliers to raw materials to production subsidiaries in Japan and overseas

Production subsidiaries in Japan and overseas

Number of suppliers contacted and response rate

Of 121 companies contacted, 118 companies responded. (Response rate of 97.5%)

Survey period

April to June, 2021

Survey items

The questionnaire used for the survey was the Self-assessment Questionnaire (SAQ) prepared by UN Global Compact Network Japan (GCNJ), the Japan chapter of the United Nations initiative on corporate sustainability.

A detailed description of the items queried in the questionnaire is provided in the table below. Each intermediate-level item is broken down into five sub-items: Legal interpretation, policy, organizations and responsibilities, confirmation of results of efforts and corrections. Respondents are asked to rank their own performance in each sub-item on a scale of 1 to 3.

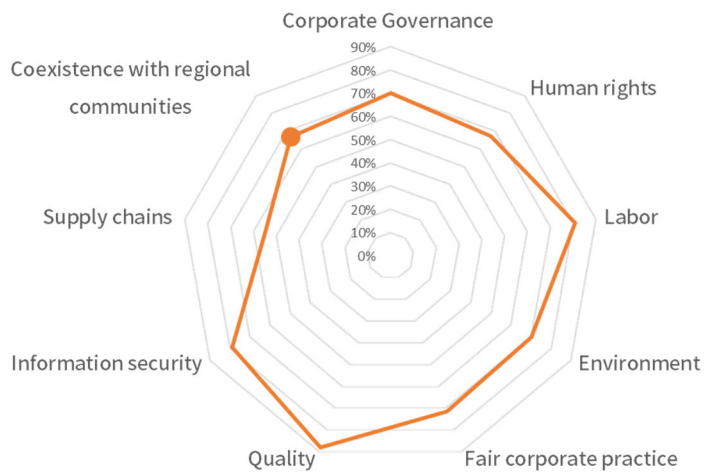
Major items	Intermediate-level items
1. Corporate governance regarding CSR	<ol style="list-style-type: none"> 1. Construction of a system for advancing CSR 2. Construction of internal control systems 3. Business continuity plan (BCP) 4. Construction of internal reporting systems 5. Internal and external disclosure of CSR information
2. Human rights	<ol style="list-style-type: none"> 1. Basic stance on human rights 2. Respect for human rights and prohibition of discrimination 3. Avoidance of complicity in (aggravation of) violations of human rights 4. Respect for the lifestyles of indigenous peoples and for regional communities
3. Labor	<ol style="list-style-type: none"> 1. Basic stance on labor practices 2. Prohibition of discrimination in hiring 3. Providing equal opportunities to employees for personnel training, career advancement, etc. 4. Prohibition of inhumane treatment 5. Payment of appropriate wages 6. Fair application of work hours, days off, paid leave, etc. 7. Prohibition of forced labor 8. Prohibition of child labor 9. Respect for the religious traditions and customs of countries and regions in which the company operates 10. Recognition of and respect for the rights of freedom of association and collective bargaining 11. Appropriate management of employees' health, safety and hygiene
4. Environment	<ol style="list-style-type: none"> 1. Basic stance on environmental efforts 2. Management of legally specified chemical substances in manufacturing processes, products and services 3. Management of wastewater, sludge and emissions and reduction of their generation 4. Sustainable and efficient use of resources (energy, water, raw materials, etc.) 5. Reduction of greenhouse-gas emissions 6. Identification, management and reduction of waste and responsible disposal and/or recycling

	7. Efforts on biodiversity
5. Fair corporate practice	<ol style="list-style-type: none"> 1. Basic stance on fair business activities 2. Building appropriate relationships with local governments and government employees where the company does business, in Japan or overseas 3. Prevention of dealing in inappropriate benefits from customers, business partners, etc. in sales, purchasing and other activities 4. Prevention of violations of competition law in sales activities, etc. 5. Elimination of relations with antisocial groups and organizations 6. Prevention of unauthorized use of intellectual property of third parties and illegal reproduction of copyrighted works 7. Contact points for complaints and requests for consultation from outside the company 8. Prohibition of insider trading 9. Prohibition of activities that create conflicts of interest
6. Quality	<ol style="list-style-type: none"> 1. Basic stance on quality and safety of products and services 2. Securing of quality and safety of products and services 3. Appropriate response to accidents and circulation of defects in products and services
7. Information security	<ol style="list-style-type: none"> 1. Basic stance on information security 2. Defenses against attacks on computer networks 3. Protection of personal data and privacy 4. Prevention of unlawful use of confidential information
8. Supply chains	<ol style="list-style-type: none"> 1. Basic stance on supply chains 2. Non-use of raw materials involved in conflict or crime (measures against conflict minerals)
9. Coexistence with regional communities	<ol style="list-style-type: none"> 1. Measures to reduce negative impacts on regional communities 2. Measures with regional communities toward sustainable development

Survey results

The average score for all respondents is 72%. Overall, respondents scored highest on quality and labor and lowest on supply chains, human rights and coexistence with regional communities.

With respect to items on which respondents scored poorly, we will provide feedback and support for improvement efforts, to help suppliers improve their scores going forward.



Item	Number of questions	Average score
1. Corporate governance regarding CSR	20	70%
2. Human rights	9	67%
3. Labor	23	81%
4. Environment	15	70%
5. Fair corporate practice	20	71%
6. Quality	7	88%
7. Information security	9	79%
8. Supply chains	7	55%
9. Coexistence with regional communities	4	67%
Total	114	72%

Efforts Toward Improvement

We will provide suppliers who responded to the questionnaire with feedback on the following topics:

- Tabulations of the content from respondents
- Average scores of all respondents
- Average scores in the industry to which the respondent belongs

For items judged to be high-risk, we will distribute constructive comments along with feedback, to encourage suppliers to move their efforts forward.

Future Survey Plans

We will continue to conduct surveys on an annual basis, supporting suppliers in improving their efforts.

Currently we are also conducting a survey of suppliers involved in the Overseas Business. We will continue to provide feedback to suppliers and disclose information regarding survey results.

We also intend to redouble our commitment as a company to measures toward improvement, conducting local surveys and interviews and offering advice on improvement based on the information obtained. Drawing on the results from the SAQ survey, we will take steps to improve efforts across the entire supply chain, by providing support to suppliers considered to be at high risk or judged to need support in improving their conditions.

Going forward, we will intensify our efforts to build strong relationships of trust with suppliers and contribute to solutions to social issues throughout our supply chain.