



# Partnership Book for Achieving Responsible Procurement

Pigeon Corporation

1st ed.

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## Introduction

The Pigeon Group (“the Group”) has established the Pigeon Group DNA and the Pigeon Way as a philosophy valued by each and every employee, and engages in business aimed at the realization of its Purpose, “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs,” and the sustainable improvement of both social and financial corporate value.

In recent years, the sustainability issues faced by society have diversified. To address challenges around social issues like the environment, human rights, and occupational health and safety, we are expected to take action not alone but in coordination with our entire supply chain. The Group considers all suppliers who help Pigeon as it strives to realize its philosophy valued partners.

Pigeon Corporation (“the Company”) has signed the UN Global Compact and supports its Ten Principles. The Company has identified “Contribution to the resolution of social issues” as one of its Key Issues (Materiality) to be addressed in the medium to long term, and promotes responsible procurement (CSR procurement). Furthermore, the Group has established a CSR Procurement Policy and Guidelines to be followed as it strives alongside its suppliers (“partners”) to live up to its social responsibility.

Expectations of corporations around responsible procurement (CSR procurement) are rising, with particularly emphasis placed on preventing and rectifying human rights and labor problems across the entire supply chain. We have worked on this together with our partners in the past, but in order to clarify to society our thinking on responsible procurement (CSR procurement), we have created this booklet, “Partnership Book for Achieving Responsible Procurement,” and partly updated our CSR Procurement Policy and Guidelines.

The Group considers the CSR Procurement Policy and Guidelines highly important for business relationships, so we ask all partners to read this document closely and offer understanding and cooperation as we strive to promote responsible procurement.

Ryo Yano  
President and CEO  
Pigeon Corporation

## Pigeon's Philosophy

The Pigeon Group DNA and Pigeon Way is our company philosophy, valued by each and every employee.

The Pigeon Group DNA consists of our Corporate Philosophy and Credo, the core of Pigeon Group throughout its history and into the future.

The Pigeon Way consists of our Purpose and Spirit, our reason for existing in society and the cornerstone of all our activities, embodying our "heart and soul."

### 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"

#### Purpose

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

#### Spirit

- Pursuing Our Purpose -

##### Integrity

We will earn the trust of our stakeholders through honesty, openness, and accountability in everything we do.

##### Dedication

We will identify the essential challenges facing society, build products and solutions reflecting our vision and embrace new approaches with agility and enthusiasm.

##### Synergy

We will unite as a company to create greater value, inspiring each other to new heights of excellence through spirited debate over how we can help build the future.

##### Enjoy

We will pursue work that is meaningful and resonates with our customers.

# CSR Procurement Policy • CSR Procurement Guidelines

## CSR Procurement Policy

The Pigeon Group DNA and Pigeon Way express the philosophy that each and every Pigeon Group employee upholds in the course of their duties.

To better embody the Pigeon Group DNA and Pigeon Way and to make the world more baby-friendly, we have established a CSR Procurement Policy (“the Policy”). This outlines our basic thinking on procurement and the initiatives we undertake to fulfill our social responsibilities in order to continue contributing to the development of a sustainable society as described in the Pigeon ESG/SDGs Policy.

Based on the Policy, we have also established CSR Procurement Guidelines (“the Guidelines”). We will continue to engage in responsible procurement, pursuing a stable supply of high-quality products and materials and building win-win relationships with suppliers as we strive to reduce our environmental impact and maintain fair business practices with strict compliance and a strong ethical outlook.

### 1. Social responsibility

- (1) Quality and safety
- (2) Stable procurement and stable supply
- (3) Respect for human rights
- (4) Respect for labor
- (5) BCPs
- (6) Safety measures
- (7) Promoting sustainable procurement of raw materials

### 2. Reduction of environmental impact

- (1) Promoting environmental preservation
- (2) Promoting efficient use of resources and resource-saving practices
- (3) Reduction of waste
- (4) Reduction of emissions of global-warming substances
- (5) Control of chemicals used in manufacturing processes and products
- (6) Biodiversity

### 3. Fair business practices

- (1) Respect for social norms
- (2) Compliance
- (3) Fair competition
- (4) Prohibition of corruption and bribery
- (5) Prohibition of misuse of dominant position
- (6) Building relationships of trust
- (7) Information management and security

### **CSR Procurement Guidelines**

The Guidelines define points on which we, the Pigeon Group (“the Group”), must work together with our suppliers to fulfill our social responsibilities in accordance with global guidance like the Ten Principles of the UN Global Compact as well as the Pigeon DNA and Pigeon Way.

We view the Guidelines as central to our interactions with suppliers, and regularly monitor the status of relevant supplier initiatives through CSR assessments and other means.

#### **1. Social responsibility**

##### **(1) Quality and safety**

The Group procures products and materials that are safe and durable through development activities based on the Pigeon Design Philosophy and the internally developed Pigeon Quality Standards (PQS).

##### **(2) Stable procurement and stable supply**

The Group places great value on stable procurement and stable supply, so that it can always deliver excellent products and services to customers. We work with suppliers to achieve stable procurement and share information with them on risk preparedness. We ask suppliers to prepare against risks to stable supply and to notify us immediately if supply must be suspended or delayed for any reason. In this way the Group and its suppliers take responsibility for supply by mutual agreement.

Other factors the Group stresses in its procurement activities are the procurement of products and materials that are economical and of confirmed quality as well as sufficient manufacturing and supply capacity to satisfy the Group’s needs.

##### **(3) Respect for human rights**

In carrying out its procurement activities, the Group focuses keenly on respect for human rights, prohibiting discrimination of all kinds. Our approach is one of respect and acceptance of all

people regardless of nationality, sex, age, creed, ability/disability, social status, sexual identity and sexual orientation. We require our suppliers to adhere to the Pigeon Group Human Rights Policy and carry out efforts to instill respect for human rights, to prevent negative impact on or belittling of human rights in the course of business activities related to suppliers' products and services.

#### (4) Respect for labor

As part of our efforts to ensure decent work in our supply chain, we require our suppliers to:

- Prohibit the use of child labor, forced labor and illegal labor, and strive to develop a sufficient awareness of inhumane labor practices and promote appropriate hiring.
- Comply with labor-related laws and regulations and mandated labor conditions, provide safe and hygienic work environments, guarantee minimum wages and prevent excessive work hours.
- Respect freedom of association and accept the effective exercise of collective-bargaining rights, along with prohibiting discrimination in hiring and treatment of employees and undertaking measures to prevent unfair treatment in the workplace, including harassment in all its forms.

#### (5) BCPs

In preparation for risks such as natural disasters, accidents, terrorism, bankruptcy and cessation of supply due to management problems, the Group proposes business continuity plans (BCPs) and makes efforts to reduce risk on that basis. To support the BCPs, the Group agrees with suppliers to a policy of mutual disclosure and transparency.

#### (6) Safety measures

Above all things, the Pigeon Group prizes the peace of mind, satisfaction and trust of the babies and their families who use our products. The Group therefore discloses the composition of its products, including the inclusion of chemicals that the Group regards as harmful, in all processes from development through manufacturing and sale to after-sale follow-up. Complying strictly with the laws, regulations, safety standards and other requirements of each country, the Group works hard to secure the quality and safety of its products.

The Group also recognizes the movement to eliminate animal testing as an important worldwide demand. We are striving constantly to make the elimination of animal testing a reality.

#### (7) Promoting sustainable procurement of raw materials

We promote sustainable procurement of palm oil-derived products, paper, and other products associated with grave environmental, human rights, or labor risks.

## 2. Reduction of environmental impact

### (1) Promoting environmental preservation

The Group understands the importance of preserving the environment. We work with our suppliers to restrain and reduce the environmental impact caused by emissions of harmful substances activities, such as air, water and soil pollution generated by business activities.

### (2) Promoting efficient use of resources and resource-saving practices

The Group works with suppliers to accomplish sustainable and efficient use of resources (energy, water, raw materials, etc.) and to reduce resource consumption (reduce, reuse, recycle).

### (3) Reduction of waste

The Group identifies, manages and reduces waste and disposes of it responsibly. We also work with suppliers to reduce waste.

### (4) Reduction of emissions of global-warming substances

The Group is pursuing further development of environmental management systems. In particular, we are striving to identify and reduce emissions of global-warming substances. We also keep appropriate records related to reduction of CO2 emissions.

### (5) Control of chemicals used in manufacturing processes and products

To ensure that the management of chemicals included in products and used in manufacturing processes complies with the environmental laws, regulations, bylaws and arrangements of each country, the Group requires all suppliers to examine and understand the information about the chemicals they use and to conduct the necessary compliance.

### (6) Biodiversity

The Group asks its suppliers to examine their impact on ecosystems, both direct and indirect, to protect biodiversity and use resources sustainably.

## 3. Fair business practices

### (1) Respect for social norms

In every aspect of its procurement activities, the Group maintains high standards of ethics. We promote compliance-focused activities and eliminate profit that depends on violations of laws, regulations and corporate ethics.

### (2) Compliance

We comply strictly with the laws and regulations of the countries and regions in which it does business, fully mindful of its social purpose. We adhere to our Corporate Ethics Guidelines and



other internal regulations and practice thorough compliance, refraining from actions that violate this principle or may cause misunderstanding.

Naturally, we refuse all relations with anti-social forces. If faced with an inappropriate request, we firmly refuse and contact to the appropriate authorities, dealing with the issue in a systematic fashion.

### (3) Fair competition

In procurement, as with other business activities, the Group aims to grow as an enterprise through fair, transparent and free commerce and competition, thereby contributing to sound economic development. We therefore comply strictly with domestic and international competition laws. Taking these laws into consideration, we establish suitable methods of doing business, working closely with suppliers to establish responsible procurement.

Intellectual property must be managed and used appropriately, as it is a vital wellspring of competitiveness in enterprise activity. The Group recognizes the importance of its intellectual property rights, including patent rights, utility model rights, trademark rights, design rights and copyrights. We correctly establish rights to and carefully protect our research and development results. By the same token, we take great care in handling the intellectual property rights of third parties, so as not to infringe them.

### (4) Prohibition of corruption and bribery

The Group never gives to or receives from suppliers entertainments, gifts, monies or other benefits for the purpose of obtaining or holding illicit gains or favors.

### (5) Prohibition of misuse of dominant position

We comply strictly with the laws and regulations of the countries and regions in which it does business, fully mindful of its social purpose. We never misuse any position of dominance we may enjoy, striving to maintain fair and equitable relations with all suppliers.

### (6) Building relationships of trust

Through the trading of products and materials that enjoy the peace of mind, satisfaction and trust of babies and their families, the Group builds relations of mutual trust with its suppliers. The Group strives to achieve mutual business development and improvement of business results, exchanging necessary information with suppliers, engaging in mutual, rigorous evaluation of terms of trade and each other's actions.

### (7) Information management and security

In the conduct of its procurement activities, the Group manages confidential and personal information with the strictest care. We take prudent steps to prevent the unlawful use of

confidential and other sensitive information.

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## Reporting System

**The Pigeon Partners Line (Contact point for the use of business partners to report or seek consultation on compliance)**

We have established the Pigeon Partners Line so that any business partner or other person who suspects that a Pigeon Group employee, in the course of business activities with the Pigeon Group, may commit or is committing a violation of corporate ethics, etc. (compliance violation), or has caused suspicion even if the act was not a violation, can use it to report or seek consultation about the issue.

Two contact points are available: An in-house contact point (to the Legal Department) and an outside contact point (to a legal adviser). Our in-house regulations protect whistleblower confidentiality and prohibit the handling of reporting and consultation in ways disadvantageous to whistleblowers or their companies (our business partners).

### **How to report or consult about violations using the Pigeon Partners Line**

[Points to note, etc.]

Information received will be reviewed and investigated from a fair and equitable standpoint, and the results of the investigation reported to the reporting individual. To make this possible, please ensure that when using the Pigeon Partners Line you provide your name and contact details.

Please refrain from reporting information that defames or denigrates an individual who is not connected with a compliance violation.

Personal information concerning a reporting individual is disclosed to only the minimum number of persons who need to know in order to verify and investigate the reported information, and is not disclosed to any other persons. Also, unless the reporting individual's consent is received, the reporting individual's personal information shall be used only when making further inquiries of the reporting individual and providing a response to the reporting individual. Please report or consult with us if you agree with the Personal Information Utilizing Guidelines(<https://www.pigeon.com/privacy/>).

The Company shall reply only to the reporting individual. However, this does not apply where it is evident that contact has been made on behalf of the reporting individual's employer.

The Company shall not disadvantage a reporting individual or the reporting individual's employer on the grounds of having provided information.

## Related Policies

### **Pigeon Group Human Rights Policy**

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

### **Sustainable Palm Oil Procurement Policy**

[https://www.pigeon.com/sustainability/environment\\_top/environmental\\_policy\\_/](https://www.pigeon.com/sustainability/environment_top/environmental_policy_/)