

Story of how we set the expertise for the skill matrix

*The sections highlighted in red below respond to each item of the “Expertise demanded of the Board of Directors.”

(1) Connection between Pigeon Way, Purpose, and Materiality

The Company sets forth the Pigeon Way, which is the cornerstone of all our activities and has our corporate philosophy “Love” at its core. Within this, we have set our Purpose, in other words, “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs”

To bring about the Pigeon Way and our Purpose, we established the six priority materialities (Key Issues) to address Sustainable Development Goals (SDGs) and Environmental, Social, and Governance.

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

We will achieve the priority materialities by demonstrating expertise. As a result, we will contribute to developing a sustainable society by increasing corporate value (societal value and economic value).

1) Enhancement of business competitiveness and R&D capabilities

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)**.

In addition, in order to realize our Purpose, “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs,” we must strive to **solve social issues** affecting babies and mothers and work towards a society where anyone can raise children with peace of mind. We believe this is Pigeon’s unique contribution to society.

To fulfill this societal contribution, in addition to the Company’s core strengths, we must further strengthen Pigeon’s strong brand (**branding**) that we have built by

understanding and addressing babies' unique needs. We must also **globally** expand **product development** and **marketing** that embodies our dedication to babies, particularly in the untapped markets of developing nations, including Africa.

Through the above, the creation and implementation of systems that promote the development of next-generation businesses that solve social issues and consider the entire value chain will be possible. This will also cause the Company's business competitiveness and development capabilities to improve.

2) Sustainable Reduction of Environmental Impact

The Company will achieve Pigeon's unique, sustainable reduction in environmental impact to "preserve abundant earth for the future of babies that will be born tomorrow," an objective that Pigeon should achieve as a company that continues to understand and address babies' needs. The Company will do so through **supply chain management** that brings about environmentally-friendly products, packaging **R&D**, reducing plastic, and builds upon design quality based on PQS and manufacturing quality based on PPM.

3) Enhancement of Stakeholder Support Capability

The Company's most important stakeholders are its employees. **Developing professional human resources** who can play an active role **globally** outlined in 4) and creating an environment and fostering a **corporate culture** where employees want to keep working at Pigeon set out in 5) can become something of value to Pigeon only when there is not one-way communication where the Company gives orders to employees, but two-way communication where we sincerely listen to employees' demands and expectations, accept them, and give it our all to make them a reality.

Also, mothers who closely support the growth of babies and their families are customers whom the Company must place utmost importance. We value two-way communication with mothers and their families, put ourselves in the position of mothers and their families, take their opinions seriously, and reflecting these opinions in the **design and R&D** of the products provided by the Company and in **management and business strategy, marketing and branding** is essential for the Company.

As such, without placing unnecessary emphasis on the one-sided pursuit of the Company's profits, we will sincerely consider benefits for stakeholders (employees, customers, business partners, shareholders and the local community etc.). This will make it possible for us to continue to be "loved" by stakeholders through the detailed provision of information and valuing two-way communication to create win-win relationships.

4) Improvement of the Quality of Human Resources

Improvement of the quality of our employees who support the human element of the Company's sustainable growth is a top priority for the Company to realize the Pigeon Way and our Purpose and to globally bring about a society where anyone can raise children with peace of mind. Therefore, it is necessary to **develop professional human resources** who can play an active role **globally** and whose perspective is not limited to Japan and countries where we have existing businesses, but also includes expanding into untapped countries and regions.

5) Creation of a Comfortable Working Environment

So that the Company can deliver products and services of a higher quality to market through employees fully demonstrating their abilities and nature, it is necessary to realize a working environment and **corporate culture** where many employees have a spark in their eyes and feel like they want to continue to work at Pigeon. In doing so, we will adequately consider diversity, work-life balance, the management and maintenance of employee health, and take into account the expectations and demands of employees as well as the intentions of the Board of Directors and management.

6) Development of a Solid Management Base

It is necessary to develop a solid management base that will bring about sustainable growth based on **sufficient experience concerning the business and the industry to which the Company belongs** while incorporating various opinions from outside the Company. Namely, **management and business strategy** backed by Pigeon's **brand** that is built on our commitment to address babies' unique needs and is developing further as well as sound and appropriate corporate finance (**finance and accounting**) and corporate governance (**law, compliance, risk management**) is necessary.

(2) Connection with the Seventh 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 Way, our Purpose and priority materialities. This is because for company executives to realize the Pigeon Way, our Purpose, and priority materialities, 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 **corporate culture and human resource development** of employees who play the leading role in development and implementation of each strategy as a common foundation:

- 1) Brand strategy: We will focus on the child-care issues that the important customers of the Company, mothers and their families face, and by promoting **design, R&D, and product development** to solve these issues and **supply chain management** that builds upon design quality based on PQS, and manufacturing quality based on PPM, through child-care, a free and joyful future will be created where diverse values resonate and each babies' curiosity and strength to grow is respected. As a result, our **brand** promise, "Celebrate babies the way they are," will be fulfilled, and we will be able to develop a brand "chosen by consumers who buy into a business" rather than a brand "chosen by customers who buy a product."
- 2) Product strategy: Focusing on the Company's core products of nursing bottles and nipples, breast pumps, oral care, and skincare, by promoting **branding and marketing** and **product manufacturing and sales** with a view to **global** expansion including to untapped regions and countries and that also pursues the needs of the important customers of the Company, mothers and their families, we will be able to accelerate growth in our core products which we can have a unique competitive advantages in global market.
- 3) Regional strategy: Agile Implementation will be possible by constructing **supply chains** that are suited to the characteristics of the market of each country and region through the **marketing** of products and services, **procurement of raw materials, manufacture, and sales of products** that build upon **branding** that is based on an understanding of the conditions of **global business** that includes untapped countries and regions.

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 Seventh Medium Term Business Plan.