

Story of how we set the expertise for the skill matrix

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

(1) Connection between Pigeon DNA, Pigeon Way, Purpose, and Key Issues (Materiality)

The Company positions its corporate philosophy “Love” and the credo “Only love can beget love” as the Pigeon DNA, which is the core of Pigeon and will be upheld into the future as an unchanging spirit. Our Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs” is positioned as the core of the Pigeon Way, the cornerstone of all our activities. The Pigeon Way embodies our “heart and soul” and sets the grounds for our actions to stream from this core. We believe that by realizing the “Purpose” through collaboration with our external stakeholders, including customers, business partners, shareholders, and local communities, we can continue to be recognized as essential to society and also contribute to the creation and realization of a sustainable society that is the basis for coexistence with our stakeholders.

Therefore, we have established five Key Issues that must be resolved and realized in the process of realizing the “Purpose”.

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

By solving and realizing the Key Issues through the demonstration of the expertise listed in the skills matrix, we intend to achieve sustainable growth as the Pigeon Group, increase our corporate value (social value and economic value), contribute to the creation and realization of a sustainable society, and thereby fulfill our “Purpose”.

1) Enhancing Business Competitiveness and Resilience

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**).

By further strengthening and enhancing the core, we will build a robust product supply system. Based on the product supply system, we will focus our efforts on support for breastfeeding for babies and healthy skin to meet our customers’ expectations as a manufacturer of childcare products.

In addition, in order to launch products that exceed our customers’ expectations, we will continue to listen carefully to our customers’ opinions and pursue **designs** and **products** that express Pigeon's view and unique characteristics based on the **knowledge gained from our business and industry experience** and through **marketing**. We will actively create new businesses to develop them as **global businesses**, especially in

untapped markets of developing countries and regions, including Africa.

Through these efforts, we aim to become essential to society by expanding our corporate value over the medium- to long-term.

2) Reducing our Environmental Impact

Pigeon is committed to “environmentally-friendly manufacturing” as a responsibility that we must fulfill because we are “committed to understanding and addressing babies’ unique needs.” Based on ensuring high design quality based on PQS and manufacturing quality based on PPM, we **plan and develop** environmentally-friendly products, achieve recycling-oriented manufacturing that reduces plastic use, reduce greenhouse gas emissions (Scopes 1, 2, and 3), which is a **common environmental issue worldwide**, and implement other initiatives unique to Pigeon to reduce our own environmental impact in a sustainable manner.

3) Contributing to the Resolution of Social Issues

To realize the Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs,” we provide products and services to babies and their families to support the growth of each and every baby. It is also essential to promote environmentally and socially responsible procurement (CSR procurement) for these products and services throughout the supply chain.

It is also necessary to promote community involvement and other forms of support for the problems (social issues in childcare) that babies and families in different countries around the world are facing, which we have realized and faced, because we have always been “committed to understanding and addressing babies’ unique needs.”

We are convinced that Pigeon’s unique contribution to society is helping to **resolve social issues** surrounding babies and families and pursuing a society in which everyone can raise their children with peace of mind into the future.

4) Managing Talent and Cultivating the Right Culture for our Purpose

With the corporate philosophy “Love” and the credo “Only love can beget love” as the Pigeon DNA, it is an unchanging spirit and responsibility into the future for Pigeon’s employees and executives to make the Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs” the cornerstone of all our activities and the grounds for our “heart and soul” and actions.

In response to this responsibility, we are committed to cultivating the right culture in which each and every employee can continue to take on challenges while shining in his or her own way.

This means being a company where each and every employee and executive feels rewarded and can achieve self-fulfillment and growth by fostering an organizational culture that allows employees to take on various challenges, including **global** business operations without regard to nationality or place of residence, and by

enhancing our **human capital** through increased investment in human resources. In doing so, we must pay sufficient attention to work-life balance and health management and maintenance and the actions should be based on our **corporate culture**, centered on the Pigeon DNA and the Pigeon Way.

In addition, when Pigeon employees and executives recognize and respect each other's differences in race, gender, nationality, etc., as they are, that it is the achievement of diversity & inclusion, the creation of new value through tolerance for diversity based on **global** and international sense, and care for other people. This is love, our corporate philosophy and DNA. We cherish and promote this value.

5) Establishing Solid Management Foundations

In order to resolve and realize the Key Issues of “enhancing business competitiveness and resilience,” “reducing our environmental impact,” “contributing to the resolution of social issues,” and “managing talent and cultivating the right culture for our Purpose,” we need to establish solid management foundations to underpin them. As the base for this, we will establish a system that enables us to aggressively and boldly take on challenges to improve our corporate value over the medium- to long-term.

Specifically, we will improve profitability and capital productivity through sound and appropriate corporate finance (**finance and accounting**); enhance corporate governance (**legal affairs, compliance, and risk management**); and adopt and implement management and business strategies backed by the strength of the Pigeon’s **brand** that is built on our commitment to address babies’ unique needs. In doing this, we will incorporate various opinions from outside the Company based on **sufficient experience concerning the business and the industry to which the Company belongs**, and place importance on dialogue with stakeholders to build a strong management base for sustainable growth, with the aim of strengthening our group governance, compliance, and risk management.

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

In order to realize the theme: For Sustainable Growth: Restructuring our business structure in response to **global** economic, political and environmental changes, we have set the following strategies:

1) **Brand strategy**: By portraying “the world more baby-friendly” in the Purpose “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs” as a vision of the future society we aim to create, we will promote business activities to realize the Purpose and accelerate the integration of our branding and business strategies. In addition, we will focus on improving our **brand strength** through our products by highlighting the unique characteristics of Pigeon, providing a consistent brand experience, and through co-creation with customers and society.

2) **Product strategy**: We will strengthen “monozukuri” (manufacturing) and stable supply of products based on Pigeon's strengths in **design, R&D, product development and supply chain management**, and concentrate on core categories (nursing bottles and baby skincare). We will also explore new business areas with an eye to **global** expansion including entry into untapped countries and regions as well as the **development of new products** that contribute to **solving social issues** identified in the Key Issues.

3) **Regional strategy**: We will strengthen our self-sufficiency system in each business, focusing on **management and business strategies**, as well as the enhancement of the **human capital, finance and accounting, legal affairs and risk management**. We will also actively improve efficiency and profitability through innovations in production and sales systems tailored to **market** characteristics, stabilize **supply chains**, and prepare for expansion into new markets.

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 Eighth Medium-Term Business Plan.