

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of Pigeon Corporation, which is reported to the Tokyo Stock Exchange. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Latest Revision: April 11, 2025  
Company: Pigeon Corporation  
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An Overview of Corporate Governance at Pigeon Corporation (the “Company”) is Described Below.

## **I Basic Policy Regarding Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information**

### **1. Basic Policy**

#### **■ Pigeon Group DNA and Pigeon Way**

The Pigeon Group DNA consists of our Corporate Philosophy of “Love” and Credo of “Only love can foster love” and has constituted the core of the Pigeon Group throughout its history and will remain so into the future.

The Pigeon Way consists of our Purpose of “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs,” along with our Spirit encompassing the notions of “Integrity,” “Dedication,” “Synergy,” and “Enjoy,” thereby constituting the meaning of our reason for being in society and the cornerstone of all our activities which embodies our “heart and soul.” We have positioned our Corporate Philosophy and Credo as the “Pigeon Group DNA,” which is a concept common to the Pigeon Group, and we have positioned our Purpose as the axis of the Pigeon Way to drive our business activities toward its realization. The Pigeon Group DNA and the Pigeon Way are defined as follows.

<Pigeon Group DNA> The core of Pigeon Group throughout its history and into the future.

Corporate Philosophy:

Love

Credo:

Only love can beget 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:

- Integrity
- Dedication

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- Synergy
- Enjoy

### ■ Establishment of Materiality (Key Issues)

The Pigeon Group's "Purpose" cannot be realized solely through the efforts of Pigeon Group employees, but can only be realized through collaboration with external stakeholders, including customers, business partners, shareholders, and local communities. We believe that by realizing our "Purpose," we can not only continue to exist and be recognized as an "indispensable presence in society," but also contribute to the realization of a sustainable society.

Therefore, the Pigeon Group has established the following five Key Issues to serve as priorities in its efforts to realize its "Purpose."

- Enhancing Business Competitiveness and Resilience;
- Reducing our Environmental Impact;
- Contributing to the Resolution of Social Issues;
- Managing Talent and Cultivating the Right Culture for our Purpose; and
- Establishing Solid Management Foundations

### ■ Pigeon's Basic Policy of Corporate Governance

Our corporate governance must be in line with the Pigeon Group DNA and the Pigeon Way, be directed toward solving and realizing Key Issues, contribute to the creation and realization of a sustainable society, and ultimately be directed toward realizing our "Purpose" of "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs."

Based on this Policy, we have defined corporate governance as follows: (1) Offensive governance—a mechanism for transparent, fair, prompt, and decisive decision-making to ensure the Pigeon Group's sustainable growth and medium- to long-term enhancement of corporate value (social value and economic value), the resolution and realization of Key Issues, and the realization of our "Purpose," and (2) Defensive governance—a mechanism for risk control through the timely collection and sharing of information and examination and verification, in order to prevent or promptly eliminate factors that may impede the Pigeon Group's sustainable growth, damage corporate value, or impede the resolution and realization of Key Issues or the realization of our "Purpose."

By continuously strengthening these mechanisms, the Company aims to further enhance corporate governance, increase corporate value, and ultimately contribute to the creation and realization of a sustainable society, as well as realize our "Purpose."

### [Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Company implements all principles of the Corporate Governance Code (revised June 11, 2021).

### [Disclosure Based on the Principles of the Corporate Governance Code]

In line with the purpose and spirit of the Corporate Governance Code (revised on June 11, 2021), including the principles of the Code stating that certain matters should be disclosed, the Company discloses information about its corporate governance system and measures on its corporate website and posts the table of corporate governance-related items to show relevant reference materials available on the website.

In order to access this website, please click the following link:

[https://www.pigeon.com/sustainability/governance\\_top/cgc/](https://www.pigeon.com/sustainability/governance_top/cgc/)

For reference materials about the Company's corporate governance system and mechanism including the matters that should be disclosed pursuant to the Corporate Governance Code, please check the table, which provides links for access to the materials.

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[Actions to Implement Management Approach Conscious of Cost of Capital and Share Price] [Available in English]

We are promoting internal initiatives to achieve management with an awareness of capital costs and stock prices, and are striving to further improve corporate value.

For details, please refer to the following URL :

[https://www.pigeon.com/jr/management/capital\\_costs\\_management/](https://www.pigeon.com/jr/management/capital_costs_management/)

[Status of dialogue with shareholders, etc.]

We actively engages in responsible dialogue with shareholders and other investors through IR meetings and financial results briefings, etc.

For details, please refer to the following URL :

[https://www.pigeon.com/sustainability/governance\\_top/investor/](https://www.pigeon.com/sustainability/governance_top/investor/)

## 2. Capital Structure

|                                    |                               |
|------------------------------------|-------------------------------|
| Ratio of Shares Held by Foreigners | 20% or more and less than 30% |
|------------------------------------|-------------------------------|

### [Major Shareholders]

| Name or Designation                                       | Number of Shares Held<br>(Shares) | Shareholding Ratio<br>(%) |
|---|-----------------------------------|---------------------------|
| THE MASTER TRUST BANK OF JAPAN, LTD.<br>(TRUST ACCOUNT)   | 23,263,900                        | 19.43                     |
| CUSTODY BANK OF JAPAN, LTD.<br>(TRUST ACCOUNT)            | 9,477,300                         | 7.91                      |
| THE NOMURA TRUST AND BANKING CO.,<br>LTD. (TRUST ACCOUNT) | 2,667,600                         | 2.23                      |
| BNY GCM CLIENT ACCOUNT JPRD AC<br>ISG(FE-AC)              | 2,611,412                         | 2.18                      |
| Yoichi Nakata   | 1,944,304                         | 1.62                      |
| JPMORGAN SECURITIES JAPAN CO., LTD.                       | 1,877,637                         | 1.57                      |
| Y. N Co., Ltd   | 1,678,000                         | 1.40                      |
| STATE STREET BANK AND TRUST COMPANY<br>505001             | 1,626,793                         | 1.36                      |
| STATE STREET BANK WEST CLIENT -<br>TREATY 505234          | 1,570,700                         | 1.31                      |
| THE BANK OF NEW YORK MELLON 140051                        | 1,380,600                         | 1.15                      |

|  |      |
|--|------|
| Controlling Shareholder (excluding parent company) | —    |
| Parent Company                                     | None |

### Supplementary Explanation

While the following Reports of Possession of Large Volume are open to public inspection, the Company has not been able to verify the number of shares actually held. Consequently, the above [Major Shareholders] is based on the Shareholders' Register.

- 1) Report of Possession of Large Volume (Change Report) submitted by two affiliates of Mitsubishi UFJ Financial Group, Inc. on November 18, 2024, stating that they held 4,822,000 shares
- 2) Report of Possession of Large Volume (Change Report) submitted by Nomura Securities Co., Ltd. and two of its affiliates on April 7, 2025, stating that they held 7,784,000 shares

## 3. Corporate Attributes

|   |                    |
|---|--------------------|
| Stock Exchange Listings and Market Classification | Tokyo Prime Market |
| Fiscal Year-end                                   | December           |

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|   |  |
|---|--|
| Industry  | Other products                                 |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year  | 1,000 or more                                  |
| Net Sales (Consolidated) as of the End of the Previous Fiscal Year            | ¥10 billion or more and less than ¥100 billion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | 10 or more and less than 50                    |

**4. Guideline on Protection of Minority Shareholders in Conducting Transactions with Controlling Shareholders**

\_\_\_\_\_

**5. Other Exceptional Circumstances that Might Have a Material Impact on Corporate Governance**

The Company has no parent company or listed subsidiary.

## **II Overview of Business Management Organization and Other Corporate Governance**

### **Systems related to Managerial Decision-Making, Business Execution, and Management Supervision**

#### **1. Items Relating to Organization Structure and Operations, etc.**

|                      |  |
|----------------------|--|
| Form of Organization | Company with Audit & Supervisory Board Members |
|----------------------|--|

#### **[Directors]**

|   |                  |
|---|------------------|
| Number of Directors Stipulated in the Articles of Incorporation         | 11               |
| Term of office of Directors Stipulated in the Articles of Incorporation | One year         |
| Chairperson of the Board of Directors                                   | Outside Director |
| Number of Directors   | 8                |
| Election of Outside Directors   | Elected          |
| Number of Outside Directors   | 5                |
| Number of Outside Directors Designated as Independent Officers          | 5                |

#### **Relationship with the Company (1)**

| Name             | Attributes           | Relationship with the Company * |   |   |   |   |   |   |   |   |   |   |
|------------------|----------------------|---------------------------------|---|---|---|---|---|---|---|---|---|---|
|                  |                      | a                               | b | c | d | e | f | g | h | i | j | k |
| Rehito Hatoyama  | From another company |                                 |   |   |   |   |   |   |   |   |   |   |
| Chiaki Hayashi   | From another company |                                 |   |   |   |   |   |   |   |   |   |   |
| Eriko Yamaguchi  | From another company |                                 |   |   |   |   |   |   |   |   |   |   |
| Yumiko Miwa      | Academic             |                                 |   |   |   |   |   |   |   |   |   |   |
| Hidegori Nagaoka | From another company |                                 |   |   |   |   |   |   |   |   |   |   |

\* Selection criteria regarding relationship with the Company

\* “○” if the individual in question “presently/recently” falls under each item; “△” if he/she had “in the past” fallen under each item.

\* “●” if a close relative of the individual in question “presently/recently” falls under each item; “▲” if he/she had “in the past” fallen under each item.

- A person who executes business of the Company or its subsidiary
- A person who executes business or a non-executive director of the parent of the Company
- A person who executes business of a fellow subsidiary of the Company
- A person/entity for which the Company is a major business partner or a person who executes business for such person/entity
- A major business partner of the Company or a person who executes business for such business partner
- A consultant, accounting expert or legal expert who receives large amounts of cash or other assets in addition to remuneration for directors and audit & supervisory board members from the Company
- A major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- A person who executes business for a business partner of the listed company (excluding persons categorized as any of d, e or f above) (relates exclusively to the individual in question)
- A person who executes business for another company holding cross-directorship/cross-auditorship with the Company (relates exclusively to the individual in question)
- A person who executes business for an entity receiving contributions from the Company (relates exclusively to the individual in question)
- Others

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## Relationship with the Company (2)

| Name            | Independent Officer | Supplementary Explanation relating to These Items  | Reason for Election   |
|-----------------|---------------------|--|---|
| Rehito Hatoyama | ○                   | Designated as an Independent Officer<br><br>(Significant Concurrent Positions)<br>CEO of Hatoyama Soken Corporation,<br>Outside Director of transcosmos inc. | He has abundant experience and a wealth of knowledge regarding management in terms of international business strategy and execution of such strategy in operating companies, corporate governance, etc. Moreover, he has been further enhancing the effectiveness of the Board of Directors in part by facilitating active discussions and managing the proceedings in serving as Chairman of the Board of the Company since March 2023. We have elected him as an Outside Director because of the useful advice and recommendations that he can give based on the aforementioned experience, as well as of the leadership that he has demonstrated as the Chairman of the Board.<br><br>Furthermore, the Company has designated him as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders. |

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| Name           | Independent Officer | Supplementary Explanation relating to These Items  | Reason for Election  |
|----------------|---------------------|--|--|
| Chiaki Hayashi | ○                   | Designated as an Independent Officer<br><br>(Significant Concurrent Positions)<br>Representative Director of Q0 Inc.,<br>Director of Loftwork Inc.,<br>Chief Executive Officer of Hidakuma Co., Ltd,<br>Outside Director of JINS HOLDINGS Inc. | She co-founded Loftwork Inc., which deals with various design projects, and has abundant project management experience (online, physical spaces, community, and business). She is also proactively involved in MTRL, a platform for creators and manufacturers that seeks new possibility for materials. She also has abundant experience in co-creation as the Assistant Director at the MIT Media Lab and has won various creative awards. While driving business as an entrepreneur, she serves as a member of various committees including METI's Industrial Structure Council. We have elected her as an Outside Director because of the useful advice and recommendations for the management of business in the product development field of the Company she offers, which advocates a Design Driven company, by leveraging her wealth of knowledge and experience. Furthermore, the Company has designated her as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders. |

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| Name            | Independent Officer | Supplementary Explanation relating to These Items  | Reason for Election   |
|-----------------|---------------------|--|---|
| Eriko Yamaguchi | ○                   | Designated as an Independent Officer<br><br>(Significant Concurrent Positions)<br>CEO of MOTHERHOUSE Co., Ltd.,<br>Managing Director of MATRIGHOR Limited,<br>Director of MOTHERHOUSE TAIWAN Co., Ltd. | <p>She established MOTHERHOUSE Co., Ltd., which operates under the philosophy of “we spotlight the potential of developing countries through our products to establish an international brand” and conducts business that aims to “manufacture products in developing countries that truly satisfy customers.” In addition to business management, she also drives business as the head of product design. She cultivates local production in developing countries and enriches those regions by creating brands that pursue the possibilities of local natural material, thereby promoting the circulation of consumer activities there. With such activities recognized, she won various awards both in Japan and overseas as a globally active female entrepreneur. We have elected her as an Outside Director because of the useful advice and recommendations for the management of business including business strategy of the Company, which advocates a Design Driven company aiming to further expand overseas business, she provides by leveraging her wealth of experience and high level knowledge.</p> <p>Furthermore, the Company has designated her as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.</p> |



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| Name        | Independent Officer | Supplementary Explanation relating to These Items   | Reason for Election  |
|-------------|---------------------|---|--|
| Yumiko Miwa | ○                   | <p>Designated as an Independent Officer</p> <p>(Significant Concurrent Positions)<br/> Professor, School of Commerce, Meiji University<br/> Representative Director of I-O Wealth Advisors, Inc.<br/> Member, Fund Management Committee, National Federation of Mutual Aid Associations for Municipal Personnel<br/> Outside Director of Eisai Co., Ltd.<br/> Member, Pension Asset Management Review Committee, The Mutual Aid Association of Prefectural Government Personnel</p> | <p>She is an expert in ESG and corporate governance, having conducted research related to the development of institutional investors and corporate governance, engagement of institutional investors, and ESG investment. In addition, she has knowledge of finance and accounting, and as a manager of a company engaged in the asset management education business, she has a high level of insight into management and supervisory ability with a focus on finance and accounting. ESG and corporate governance initiatives are becoming more important today, we have elected her as an Outside Director because of the useful advice and recommendations for the management strategy and the improvement of corporate governance of the Company, which advocates a Design Driven company, by leveraging her high level knowledge and wealth of experience. Furthermore, the Company has designated her as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.</p> |

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| Name             | Independent Officer | Supplementary Explanation relating to These Items  | Reason for Election  |
|------------------|---------------------|--|--|
| Hidenori Nagaoka | ○                   | Designated as an Independent Officer<br><br>(Significant Concurrent Positions)<br>Director of CARTA HOLDINGS, INC.<br>President & CEO of CARTA VENTURES, Inc.<br>Director of Research Panel, Inc.<br>Outside Director of MedPeer, Inc. | He has a wealth of knowledge in corporate management nurtured through extensive experience from serving at a management consulting company to launching a venture enterprise and currently serving as Director CFO. We have elected him as an Outside Director because of the useful advice and recommendations that he can give based on his extensive experience and advanced knowledge as mentioned above. Furthermore, the Company has designated him as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders. |

|   |     |
|---|-----|
| Presence or Absence of a Voluntary Committee Equivalent to a Nominating Committee or Remuneration Committee | Yes |
|---|-----|

## Status of Voluntary Committees, Composition of Members, and Attributes of Chairperson

|  | Name of Committee      | Total Members | Standing Members | Internal Directors | Outside Directors | Outside Experts | Others | Chairperson      |
|--|------------------------|---------------|------------------|--------------------|-------------------|-----------------|--------|------------------|
| Voluntary Committee Equivalent to a Nominating Committee   | Nominating Committee   | 5             | 0                | 2                  | 3                 | 0               | 0      | Outside Director |
| Voluntary Committee Equivalent to a Remuneration Committee | Remuneration Committee | 5             | 0                | 2                  | 3                 | 0               | 0      | Outside Director |

## Supplementary Explanation

At the meetings of the Board of Directors held on December 3, 2018 and September 2, 2019, the Board resolved to establish a Voluntary Remuneration Committee and a Voluntary Nominating Committee, respectively. Both are advisory bodies to the Board of Directors, and are voluntary committees chaired by an Independent Outside Director, with a majority consisting of Independent Outside Directors. Please refer to the executive remuneration policy

([https://www.pigeon.com/sustainability/files/pdf/Executive\\_Remuneration\\_Policy\\_e\\_202503.pdf](https://www.pigeon.com/sustainability/files/pdf/Executive_Remuneration_Policy_e_202503.pdf)) and the executive nomination policy

([https://www.pigeon.com/sustainability/files/pdf/Executive\\_Nomination\\_Policy\\_e\\_202503.pdf](https://www.pigeon.com/sustainability/files/pdf/Executive_Nomination_Policy_e_202503.pdf)) for the purview of each committee and other details.

## [Audit &amp; Supervisory Board Members]

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|   |     |
|---|-----|
| Establishment of the Audit & Supervisory Board  | Yes |
| Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation | 4   |
| Number of Audit & Supervisory Board Members   | 4   |

#### Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

Audit & Supervisory Board Members, the Internal Audit Department, and Accounting Auditors mutually collaborate by holding regular debriefing sessions and, at any time as necessary, exchanging information and opinions.

Audit & Supervisory Board Members attend meetings of both the Board of Directors and the Management Committee, where they deploy their experience in the field to swiftly resolve issues. In addition to enhancing the supervisory function through expression of opinions and the like, Audit & Supervisory Board Members listen to Directors, view important resolution documents, examine the current status of business and financial assets, and otherwise conduct meticulous supervision and oversight particularly in accordance with audit policy and segregation of duties. They also meet regularly with the President and CEO, receive reports on matters such as important company issues, and carry out frank exchanges of opinions.

Furthermore, an Audit Department under the direct control of the President and CEO was established as the Internal Audit Department, which regularly implements internal audits on the Company and its domestic and overseas Group companies from the perspective of confirming operational effectiveness, efficiency, compliance, and asset preservation. Audit results are reported to all Directors and Audit & Supervisory Board Members, and suggestions for improvement and follow-ups are implemented.

|  |         |
|--|---------|
| Election of Outside Audit & Supervisory Board Members                                  | Elected |
| Number of Outside Audit & Supervisory Board Members                                    | 2       |
| Number of Outside Audit & Supervisory Board Members designated as Independent Officers | 1       |

#### Relationship with the Company (1)

| Name            | Attributes           | Relationship with the Company * |   |   |   |   |   |   |   |   |   |   |   |   |
|-----------------|----------------------|---------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
|                 |                      | a                               | b | c | d | e | f | g | h | i | J | k | l | m |
| Koichi Otsu     | From another company |                                 |   |   |   |   |   |   |   |   |   |   | △ |   |
| Atsuko Taishido | Attorney             |                                 |   |   |   |   |   |   |   |   |   |   |   |   |

\* Selection criteria regarding relationship with the Company

\* “○” if the individual in question “presently/recently” falls under each item; “△” if he/she had “in the past” fallen under each item.

\* “●” if a close relative of the individual in question “presently/recently” falls under each item; “▲” if he/she had “in the past” fallen under each item.

- A person who executes business of the Company or its subsidiary
- A non-executive director or a “Kaikei-Sanyo” (accounting advisor) of the Company or its subsidiary
- A person who executes business or a non-executive director of the parent of the Company
- An Audit & Supervisory Board Member of the parent of the Company
- A person who executes business of a fellow subsidiary of the Company
- A person/entity for which the Company is a major business partner or a person who executes business for such person/entity
- A major business partner of the Company or a person who executes business for such business partner
- A consultant, accounting expert or legal expert who receives large amounts of cash or other assets in addition to remuneration for directors and audit & supervisory board members from the Company
- A major shareholder of the Company (in cases where the shareholder is a corporation, a person who

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executes business of the corporation)

- j. A person who executes business for a business partner of the listed company (excluding persons categorized as any of f, g or h above) (relates exclusively to the individual in question)
- k. A person who executes business for another company holding cross-directorship/cross-auditorship with the Company (relates exclusively to the individual in question)
- l. A person who executes business for an entity receiving contributions from the Company (relates exclusively to the individual in question)
- m. Others

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## Relationship with the Company (2)

| Name        | Independent Officer | Supplementary Explanation relating to These Items   | Reason for Election   |
|-------------|---------------------|---|---|
| Koichi Otsu | ○                   | <p>Mr. Otsu is a part-time lecturer at Waseda Business School (Graduate School of Business and Finance), and while the Company donated an annual amount of two million yen to the university (for the fiscal year ended January 31, 2019), this donation amount is small, as stated above. Accordingly, he has been judged to have no risk of a conflict of interest occurring with general shareholders, and has been designated as an independent officer.</p> <p>(Significant Concurrent Positions)<br/>President of Otsu International, Inc.,<br/>Visiting Professor,<br/>Graduate school of Business<br/>Breakthrough University</p> | <p>He has professional expertise and deep foresight in the realm of accounting and finance, as well as sufficient experience in providing recommendations and proposals regarding management from a broad perspective and teaching corporate finance at a variety of educational institutions. He is currently executing his duties appropriately as an Outside Audit &amp; Supervisory Board Member through advice and proposals based on his professional expertise and abundant knowledge and experience. Therefore, the Company has appointed him as an Outside Audit &amp; Supervisory Board Member.</p> <p>Furthermore, the Company has designated him as an independent officer because it is judged that, although he falls under Rule 211, Paragraph 4, Item 6, Clause j of the Enforcement Rules for Securities Listing Regulations in the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, the involved amount is small, as indicated at left, and thus there is no risk of a conflict of interest occurring with general shareholders.</p> |

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| Name            | Independent Officer | Supplementary Explanation relating to These Items   | Reason for Election  |
|-----------------|---------------------|---|--|
| Atsuko Taishido |                     | <p>It is judged that there is no risk of a conflict of interest occurring between Ms. Taishido and general shareholders, as she does not fall under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations.</p> <p>However, in accordance with the rules set by Mori Hamada &amp; Matsumoto, to which she belongs, the Company has not designated or registered her as an independent officer.</p> <p>(Significant Concurrent Positions)<br/> Partner of Mori Hamada &amp; Matsumoto,<br/> Outside Audit &amp; Supervisory Board Member of JCOM Co., Ltd,<br/> Outside Director and Audit and Supervisory Board Member of T&amp;D Holdings, Inc.</p> | <p>She has professional expertise as an attorney and high-level insight regarding various risks in global corporate management. In addition, she also possesses abundant experience in solving corporate management problems of many companies as an attorney, particularly in the realm of corporate governance and internal control. She is currently executing her duties appropriately as an Outside Audit &amp; Supervisory Board Member through advice and proposals based on her professional expertise and abundant knowledge and experience. Therefore, the Company has appointed her as an Outside Audit &amp; Supervisory Board Member.</p> |

## [Independent Officers]

|                                |   |
|--------------------------------|---|
| Number of Independent Officers | 6 |
|--------------------------------|---|

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### Other Information on Independent Officers

The main activities of the Independent Directors/Audit & Supervisory Board Members during the fiscal year ended December 31, 2024 (the fiscal year from January 1, 2024 to December 31, 2024) are as follows.

#### Rehito Hatoyama

Mr. Hatoyama attended all seven meetings of the Board of Directors and all six meetings of the Governance Committee held during the fiscal year. As the Chairman of the Board, he leads proactive discussions at Board meetings. Also, based on his abundant experience and wealth of knowledge on management and corporate governance, etc., in establishing and executing overseas business strategy in operating companies, he gives his opinions and asks questions about the Company's management, business and human resource strategies as well as about governance when carrying out assessment of new businesses; human capital; results of the survey conducted on the case of misconduct that had occurred at an overseas subsidiary of the Company and reoccurrence prevention measures; progress of the Eighth Medium-term Business Plan; and others at meetings of the Board and on other occasions. He thus fulfills the roles expected of him in an appropriate manner. In addition, he expresses his opinions that will lead to the improvement of corporate governance based on the aforementioned knowledge and experience at the meetings of the Governance Committee.

#### Chiaki Hayashi

Ms. Hayashi attended all seven meetings of the Board of Directors, five of the six meetings of the Governance Committee and all six meetings of the Voluntary Remuneration Committee held during the fiscal year. Based mainly on her management experience of an operating company and wealth of knowledge and experience on design and manufacturing products, she gives her opinions and asks questions about the Company's management, business and human resource strategies as well as about governance when carrying out assessment of new businesses; human capital; results of the survey conducted on the case of misconduct that had occurred at an overseas subsidiary of the Company and reoccurrence prevention measures; progress of the Eighth Medium-term Business Plan; and others at meetings of the Board and on other occasions. She thus fulfills the roles expected of her in an appropriate manner. In addition, she provides her opinions about officers' remuneration from an independent and objective perspective at meetings of the Voluntary Remuneration Committee, and as chairperson of the Governance Committee, she expresses her opinions that will lead to the improvement of corporate governance based on the aforementioned knowledge and experience and fulfills her responsibility as the chairperson of the Committee by leading members of the Committee to reach a consensus. Ms. Hayashi took over the position of the chairperson from Mr. Hatoyama during the fiscal year and attended all meetings of the Committee held subsequently.

#### Eriko Yamaguchi

Ms. Yamaguchi attended all seven meetings of the Board of Directors and all seven meetings of the Voluntary Nominating Committee held during the fiscal year. Also, based mainly on her wealth of experience and high level of knowledge cultivated through conducting business that aimed to manufacture products and create brands in developing countries, she gives her opinions and asks questions about the Company's management, business and human resource strategies as well as about governance when carrying out assessment of new businesses; human capital; results of the survey conducted on the case of misconduct that had occurred at an overseas subsidiary of the Company and reoccurrence prevention measures; progress of the Eighth Medium-term Business Plan; and others at meetings of the Board and on other occasions. She thus fulfills the roles expected of her in an appropriate manner. In addition, at meetings of the Voluntary Nominating Committee, she expresses her opinions about the appointment of officers from an independent and objective standpoint.

#### Yumiko Miwa

Ms. Miwa attended all seven meetings of the Board of Directors, all six meetings of the Voluntary Remuneration Committee, and all seven meetings of the Voluntary Nominating Committee held during



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the fiscal year. Also, based mainly on her high level of knowledge and wealth of experience as an expert in ESG and corporate governance, she gives her opinions and asks questions about the Company's management, business and human resource strategies as well as about governance when carrying out assessment of new businesses; human capital; results of the survey conducted on the case of misconduct that had occurred at an overseas subsidiary of the Company and reoccurrence prevention measures; progress of the Eighth Medium-term Business Plan; and others at meetings of the Board and on other occasions. She thus fulfills the roles expected of her in an appropriate manner. In addition, she expresses her opinions at meetings of the Voluntary Remuneration Committee and the Voluntary Nominating Committee from an independent and objective standpoint and fulfills her roles as the chairperson of the Committees by leading members of the Committees to reach a consensus.

Hidegori Nagaoka

Mr. Nagaoka attended all five meetings of the Board of Directors, all four meetings of the Voluntary Remuneration Committee, and all five meetings of the Voluntary Nominating Committee held after he had assumed the post of Outside Director on March 28, 2024. Based mainly on his high level of knowledge and wealth of experience regarding corporate management, he gives his opinions and asks questions about the Company's management, business and human resource strategies as well as about governance when carrying out assessment of new businesses; human capital; results of the survey conducted on the case of misconduct that had occurred at an overseas subsidiary of the Company and reoccurrence prevention measures; progress of the Eighth Medium-term Business Plan; and others at meetings of the Board and on other occasions. He thus fulfills the roles expected of him in an appropriate manner. In addition, he expresses his opinions about the remuneration and appointment of officers at meetings of the Voluntary Remuneration Committee and the Voluntary Nominating Committee from an independent and objective standpoint.

Koichi Otsu

Mr. Otsu attended all seven meetings of the Board of Directors, all nine meetings of the Audit & Supervisory Board, and all six meetings of the Governance Committee held during the fiscal year. While receiving reports on the Company's and the Group companies' audits, he provides advice and recommendations to ensure the appropriateness and suitability of the decision-making of the Board of Directors by offering his opinions, taking advantage of his experience in management consulting focused on the realm of accounting and finance, and as a professor and lecturer at a variety of educational institutions. In addition, at the Governance Committee meetings, he expresses his opinions that lead to the improvement of corporate governance based on the aforementioned abundant experience.

Atsuko Taishido

Ms. Taishido attended all seven meetings of the Board of Directors, all nine meetings of the Audit & Supervisory Board, and five of the six meetings of the Governance Committee held during the fiscal year. While receiving reports on the Company's and the Group companies' audits, she provides advice and recommendations to ensure the appropriateness and suitability of the decision-making of the Board of Directors by primarily offering her opinions from the professional standpoint of an attorney. In addition, at the Governance Committee meetings, she expresses her opinions that lead to the improvement of corporate governance based on her knowledge and experience as an attorney.

**[Incentives]**

|   |  |
|---|--|
| Status of Implementation of Measures to Grant Incentives to Directors | Introduction of the performance-linked remuneration system |
|---|--|

**Supplementary Explanation Relating to These Items**

For the Company's Directors (excluding Outside Directors), the Company has introduced a system of "bonuses" as incentives linked to short-term business performance and "stock remuneration" as incentive



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linked to medium- to long-term business performance. For details regarding this system, please refer to the “Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration,” below, and the executive remuneration policy posted on the Company’s corporate website ([https://www.pigeon.com/sustainability/files/pdf/Executive\\_Remuneration\\_Policy\\_e\\_202503.pdf](https://www.pigeon.com/sustainability/files/pdf/Executive_Remuneration_Policy_e_202503.pdf))

## Grantees of Stock Options

## Supplementary Explanation Relating to These Items

## [Directors’ Remuneration]

## Disclosure Status

(of Individual Directors’ Remuneration)

Partial disclosure

## Supplementary Explanation Relating to These Items

The total amount of remuneration, etc., paid to the Company’s Directors in the 68th fiscal year (the fiscal year ended December 31, 2024) is as follows (including a Director who retired at the conclusion of the 67th Ordinary General Meeting of Shareholders held on March 28, 2024). This information is also disclosed in the business report and the annual securities report.

10 Directors: 322 million yen (including six Outside Directors: 66 million yen)

Directors with total remuneration equal to or exceeding 100 million yen are also disclosed individually in the annual securities report.

## Policy for Deciding the Amounts or Calculation Method of Remuneration

Yes

## Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration

Please refer to the executive remuneration policy posted on the Company’s corporate website ([https://www.pigeon.com/sustainability/files/pdf/Executive\\_Remuneration\\_Policy\\_e\\_202503.pdf](https://www.pigeon.com/sustainability/files/pdf/Executive_Remuneration_Policy_e_202503.pdf)) for details. The retirement benefits system for Directors was abolished as of the conclusion of the 62nd Ordinary General Meeting of Shareholders, held on April 25, 2019.

## [Support System for Outside Directors (Outside Audit &amp; Supervisory Board Members)]

Materials regarding the agenda of the meeting of the Board of Directors are sent in advance to Outside Directors and Outside Audit & Supervisory Board Members, and they are also provided with necessary explanations in advance.

The minutes of the meetings of the Management Committee are shared among Outside Directors and Outside Audit & Supervisory Board Members. In addition, as necessary, the Standing Audit & Supervisory Board Members provide to the Outside Audit & Supervisory Board Members explanations of the Management Committee agenda and the contents, etc., of audit debriefing sessions.

## 2. Items relating to Functions of Business Execution, Audit and Supervision, Nomination, and Decision on Remuneration, etc. (Outline of the Current Governance System)

### (1) Management Structure Overview and Personnel Composition

The Company adopts the system of a company with audit & supervisory board members and has made rigorous legal audits by auditors the basis of compliance management. The primary management structures (meeting bodies) are: The Board of Directors comprised of 8 members (five men, three women; seven Japanese nationals, one foreign national) including five Independent Outside Directors; the Audit & Supervisory Board comprised of four members (three men, one woman; four Japanese nationals) including

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two Outside Audit & Supervisory Board Members; Management Committee headed by the President and CEO and comprised of standing Directors and Senior Managing Officers. The Company is working to enhance the diversity of each of the meeting bodies. In addition, the Company adopts a mandatory executive officer system to provide for mutual partnership between decision-making and oversight (governance) with business execution and to clarify the operating responsibilities of Directors.

### (2) Board of Directors and Advisory Panel

The Board of Directors makes decisions on matters (management objectives and important business-execution strategies such as the management strategy) prescribed in laws and regulations, the articles of incorporation, and the “Board of Directors Rules” based on its authority to supervise the execution of duties of directors and managing officers. The Board of Directors actively elicits the opinions of Outside Directors and Audit & Supervisory Board Members, and the supervisory function of the Board of Directors has been further strengthened by having an Independent Outside Director serve as Chairman of the Board from March 2023. Further, apart from Board meetings, we hold a meeting on future strategies biannually to eliminate information asymmetry among Directors and Audit & Supervisory Board Members and for them to discuss the Group’s management issues and strategies from a medium- to long-term viewpoint. Also, in addition to the Voluntary Nominating and Remuneration Committees chaired by and with a majority consisting of Independent Outside Directors, we established the Governance Committee as an advisory panel to the Board of Directors. The Governance Committee is headed by an Independent Outside Director and is comprised of a majority of Outside Directors and Audit & Supervisory Board Member.

### (3) Management Committee

As a general rule, the Management Committee holds a meeting about twice a month, with the President and CEO acting as chairperson. In this manner, we strive to find early solutions to problems from the viewpoint of our work sites.

### (4) Audit Department

1) Audit & Supervisory Board Members attend meetings of both the Board of Directors and the Management Committee. In addition to enhancing the supervisory function through expression of opinions and the like, Audit & Supervisory Board Members listen to Directors, view important resolution documents, examine the current status of business and financial assets, and otherwise conduct meticulous supervision and oversight particularly in accordance with audit policy and segregation of duties. They also meet regularly with the President and CEO, receive reports on matters such as important company issues, and carry out frank exchanges of opinions.

2) The Audit & Supervisory Board Members, the Audit Department, and the Accounting Auditors mutually collaborate through measures including regular debriefing sessions and, at any time as necessary, exchanges of information and opinions. Certified public accountants who performed accounting or audit work for the Company for the 68th fiscal year (the fiscal year ended December 31, 2024) are Chie Ukai, Engagement Partner, and Shinya Hiraoka, Engagement Partner, both of PricewaterhouseCoopers Japan LLC.

3) As an internal audit function, an Audit Department under the direct control of the President and CEO was established as the Internal Audit Department, which regularly implements internal audits on the Company and its domestic and overseas Group companies from the perspective of confirming operational effectiveness, efficiency, compliance, and asset preservation. Audit results are reported to all Directors and Audit & Supervisory Board Members, and suggestions for improvement and follow-ups are implemented. Furthermore, the Audit Department has established the J-SOX Secretariat, which conducts assessment tests on company-wide internal controls and the process of financial settlement based on the basic plan for internal control over financial reporting under the Financial Instruments and Exchange Act, and monitors the adequacy of maintenance and operation.

### (5) Limitation of liability of Directors and Audit & Supervisory Board Members

The Company has entered into a limited liability contract with Directors (excluding executive directors) and Audit & Supervisory Board Members which limits their liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The limit of liability for damages of Directors (excluding executive directors) or Outside Audit & Supervisory Board Members pursuant to the limited liability contract is the aggregate sum of the amounts prescribed in each item in Article 425, Paragraph 1 of the Companies Act.

**3. Reason for Adopting the Current Governance System**

Because the Company have hitherto grown steadily since its public listing, the Company judges that this system has been functioning effectively. In addition, the Company has been working to improve corporate governance by expanding the diversity of the Board of Directors through the appointment and increase of Outside Directors since 2015, strengthening the supervisory function of the Board of Directors by appointing an Outside Director as the Chairman of the Board from March 2023, establishing advisory panels to the Board of Directors, and active demonstration of supervisory functions by Audit & Supervisory Board Members.

**III Status of Implementation of Measures related to Shareholders and Other Stakeholders****1. Measures toward Revitalization of the General Meeting of Shareholders and Facilitation of Exercise of Voting Rights**

|   | Supplementary Explanation   |
|---|---|
| Prompt Delivery of Convocation Notice of General Meeting of Shareholders  | We forward the Convocation Notice three weeks prior to the date of the General Meeting of Shareholders  |
| Allowing the Electronic Exercise of Voting Rights   | The exercise of voting rights using a PC, smartphone or mobile phone is available by accessing the Internet voting website of the Administrator of Shareholders' Register designated by the Company.  |
| Participation in the Electronic Voting Platform and Other Efforts to Enhance the Environment for the Exercise of Voting Rights by Institutional Investors | In order to enhance the environment for the exercise of voting rights by institutional investors, the Company has participated in the Electronic Voting Platform for institutional investors operated by ICJ, Inc.  |
| Provision of a Summarized Convocation Notice of the General Meeting of Shareholders in English  | We provide the Convocation Notice (summary) in English on the respective websites of the Company and the Tokyo Stock Exchange, etc.   |
| Other   | <p>We post the Convocation Notice (in Japanese and English) on the respective websites of the Company and the Tokyo Stock Exchange approximately one month before the date of the General Meeting of Shareholders, and disclose the results of voting at the General Meeting of Shareholders (in Japanese and English) on the Company's website.</p> <p>When investors who hold shares of the Company in street names express an interest in attending the General Meeting of Shareholders, the Company allows them to sit in after undergoing the necessary procedures. The necessary procedures are disclosed on the Company's website.</p> <p>Furthermore, we organize the General Meeting of Shareholders in a manner that enables the attendance of as many shareholders as possible, by means such as providing assistance through a sign language interpreter and setting up a temporary daycare center during the Meeting.</p> <p>In addition, we have conducted a live streaming online so that shareholders who could not make it to the venue could watch the General Meeting of Shareholders.</p> |

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## 2. Investor Relations Activities

|  | Supplementary Explanation  | Explanation by Representative |
|--|--|-------------------------------|
| Establishment and Publication of Disclosure Policies               | Available via the Company Website.<br>Please refer to the following URL.<br><a href="https://www.pigeon.com/ir/management/disclosure/">https://www.pigeon.com/ir/management/disclosure/</a>  |                               |
| Holding Regular Briefings for Analysts and Institutional Investors | The Company holds a results briefing twice a year, after the end of the second quarter and after the end of the fiscal year, with participation by the President and CEO. The Company also holds, under the leadership of its staff in charge of IR, teleconferences at the end of the first and third quarters, in order to provide results briefings and hold question and answer sessions. In addition, the Company holds small meetings and individual meetings as needed, with the participation of the President and CEO, etc.   | Yes                           |
| Holding Regular Briefings for Foreign Investors                    | The Company attends conferences, etc. sponsored by securities companies in Japan and overseas several times a year. The President and CEO attends on occasion.   | Yes                           |
| Posting Investor Relations Materials on the Company Website        | On the webpages created to provide investors with relevant information, the Company discloses IR materials in Japanese ( <a href="https://www.pigeon.co.jp/ir/">https://www.pigeon.co.jp/ir/</a> ) and English ( <a href="https://www.pigeon.com/ir/">https://www.pigeon.com/ir/</a> ).<br>Available IR materials include Summaries of financial results, results briefing materials, Integrated Reports, Investors' Guides, Fact Sheets, timely disclosure materials other than financial results information, annual securities reports, semiannual securities reports, quarterly securities reports, general shareholders' meeting materials, this report, etc. |                               |
| Establishment of Investor Relations Department (Liaison)           | The Company has established a Business Strategy Department through which it promotes IR activities. The responsible person in charge is a senior managing officer and the division manager of the Business Strategy Division.  |                               |

### 3. Measures to Respect the Position of Stakeholders

|  | Supplementary Explanation  |
|--|--|
| Provisions of Internal Regulations to Respect the Position of Stakeholders | <p>The Company has established universal Corporate Ethics Policies for putting into practice compliance (observance of laws and regulations and corporate ethics) management, and the provisions are clearly stated in them.</p> <p>Corporate Ethics Policies</p> <p>PIGEON IS COMMITTED TO:</p> <ol style="list-style-type: none"> <li>1. Possess high ethical standards constantly, promote management with priority given to compliance, and fulfill its social responsibilities as a company in every aspect of corporate activities under the Pigeon Group DNA and the Pigeon Way.</li> <li>2. Pursue customers' delight, happiness, and excitement, provide safe, useful, and high-quality products and services, and strive for sustainable economic growth and social issue resolution.</li> <li>3. Respect community cultures, aim for harmony with society, and extensively promote contribution to society as a good corporate citizen.</li> <li>4. Give consideration to the limited global environment and be proactive in environmental management.</li> <li>5. Carry out actions that respect human rights of every person in all its corporate activities.</li> <li>6. Value the diversity and individuality of each employee at any time and provide for its employees a great work environment with consideration given to their health and security. Pigeon will work out to provide a workplace where its employees can achieve self-realization and feel fulfilled.</li> <li>7. Participate in fair and open competition and carries out fair transactions and responsible procurement in its corporate activities for sound growth. Pigeon will maintain a healthy relationship with politics and the administration of government.</li> <li>8. Appropriately control and utilize corporate information and promote efficient management.</li> <li>9. Continue constructive dialogues with every stakeholder, use stakeholders' opinions for improvement and development of products and services or raising corporate value, and at the same time, disclose the corporate information positively, appropriately at the right time, and fairly.</li> <li>10. Bring the present Corporate Ethics Policies into reality with all members of the Group united, and build, maintain, and develop an effective corporate governance to this end.</li> </ol> |

|  | Supplementary Explanation   |
|--|---|
| Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities | <p>Under the Pigeon Group DNA and the Pigeon Way, the Pigeon Group has established Key Issues (materiality) that must be addressed in order to build foundations for value creation, transform into a business that creates both economic value and social value, and realize the “Purpose”.</p> <p>We disclose information about our environmental conservation and CSR activities on our corporate website.</p> <p>Key Issues: <a href="https://www.pigeon.com/sustainability/materiality/">https://www.pigeon.com/sustainability/materiality/</a></p> <p>Sustainability: <a href="https://www.pigeon.com/sustainability/">https://www.pigeon.com/sustainability/</a></p>   |
| Establishment of Policy Concerning Disclosure of Information to Stakeholders                       | <p>The Company states its approach to disclosure of information to stakeholders in the Code of Conduct, which has been established based on the aforementioned Corporate Ethics Policies, as per the following:</p> <ol style="list-style-type: none"> <li>1) The Company discloses information in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other related regulations, in a timely and appropriate manner.</li> <li>2) The Company strives to disclose information, excluding trade secrets held by the Company and information subject to confidentiality agreements, to stakeholders in an accurate and timely manner and maintain the transparency of its corporate activities.</li> <li>3) The Company strives to always maintain positive communication with society through its public relations activities, while at the same time taking criticism of and comments on the disclosed information seriously and applying them to its corporate activities.</li> </ol> |



#### **IV Basic Policy and Status of Implementation of the Internal Control System**

##### **1. Basic Policy and Status of Implementation of the Internal Control System**

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company shall determine a basic policy on construction of an internal control system, as follows.

- (i) System to ensure that duties performed by our Company's Directors and employees, and Directors and employees of subsidiaries comply with laws, regulations and articles of incorporation
  - (1) We have established the "Pigeon Group DNA" and "Pigeon Way" as the corporate philosophy that each and every employee holds dear. The Pigeon Group DNA, which consists of the Corporate Philosophy and Credo, is the core of Pigeon Group throughout its history and into the future. The Pigeon Way consists of "Purpose" and "Spirit," and it is our reason for being in society and the cornerstone of all our activities which embodies our "heart and soul". We shall determine compliance-related regulations for the corporate ethics framework made up of our ethical guidelines and Code of Conduct based on the corporate philosophy. The directors and employees of the Pigeon Group shall strictly comply not only with the law but also the standards and spirit of the communities they serve. We shall position the Pigeon Way as our standard for action with a strong ethical outlook.
  - (2) The Risk Management Committee, chaired by the Director in charge of the Global Head Office (GHO), appoints a division to manage compliance and a person in charge of compliance in order to appropriately and smoothly promote compliance within the Group. The division to manage compliance is responsible for establishing and maintaining compliance rules and other frameworks, as well as leading and promoting compliance education and other awareness-raising activities. In the event of a compliance-related incident or other problem, the division responds to the problem in cooperation with the Risk Management Committee and, depending on the nature and content of the case, consults external lawyers as appropriate.
  - (3) In an effort to ensure early detection of any wrongdoings, we shall establish a speak-up desk as an internal reporting system and a Pigeon Partners Line as a reporting system for our business partners. For in which problems are detected inside or outside of the company, sufficient consideration shall be given to protection for the reporting/consulting individual, an investigation of the facts is performed. Based on the results of the investigation, etc., the Risk Management Committee determines the department to be responsible for resolving the problem, and together with the department, determines whether or not action or corrective measures are required and the details thereof, and leads the implementation of such measures. Applicable contents shall be reported to upper-level organizations (the Management Committee or Board of Directors).
  - (4) Rejection of relationships with antisocial forces shall be specified in the Code of Conduct. In addition to conducting education and training, we shall develop and thoroughly implement an internal system for practical application, such as appointing staff in charge of preventing false claims.
- (ii) System related to saving and managing information pertaining to the performance of duties by Directors
  - Information pertaining to the performance of duties by Directors shall be recorded and saved in written documents or electromagnetic format in accordance with Rules for Document Control and Management, Management of Confidential Information, and IT Management. These documents and other formats shall always be available for review by Directors and Audit & Supervisory Board Members.
- (iii) Rules and other systems related to our Company and subsidiaries' risk management for losses
  - (1) Based on Risk Management Rules which systematically define our group's risk management response and under supervision of the President and CEO, the GHO Risk Management Committee shall be established, chaired by the Director in charge of GHO and includes general managers of our business segments (Japan Business, China Business, Singapore Business, and Lansinoh Business) and the Business Strategy Division Manager. as members. The Committee shall comprehensively collect, analyze, and evaluate risk information of the Group as a whole, centering on the priority risk categories listed in (2), which are aggregated from each business segment, and shall consider and implement countermeasures by



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itself or through business segments. In addition, each business segment shall establish its own Risk Management Committee, chaired by the general manager of that business segment, and under supervision of the GHQ Risk Management Committee. Each committee shall collect, analyze, and evaluate risk information related to that business segment, including risk information relating to subsidiaries in that segment, and review and implement responses.

(2) The Group shall set “compliance,” “finance,” “information security,” “SCM (supply chain management),” and “customer complaint” and “human rights” as priority risk categories, and the GHQ Risk Management Committee and the risk management divisions appointed by the GHQ Risk Management Committee will take the lead in managing and responding to such priority risk categories, especially across the Group.

(3) Auditing the status of risk management in each department and subsidiary shall be performed through cooperation with the Internal Auditing Department, the Business Strategy Department, the Accounting & Finance Department, the Legal Department, and the Human Resources & General Affairs Department.

(4) The Risk Management Committee shall be convened promptly based on Risk Management Rules and business continuity plan (BCP) in the case that a large-scale disaster or other risk to our group occurs. The Committee shall work to minimize losses and effect recovery.

(iv) System for ensuring efficient performance of duties by Directors

(1) By formulating a Medium-Term Management Plan and management plans for each individual fiscal year, we shall clarify goals to be achieved by our company and steadily implement priority management items.

(2) The Board of Directors shall make management decisions rationally and efficiently, and our Company appoints Outside Directors for the purpose of receiving advice regarding management strategies and making objective decisions and improving corporate governance. Moreover, our Company shall practice management that elicits lively opinions from internal and Outside Directors and audit & supervisory board members, including issues presented by Outside Directors, and shall strengthen the management function for execution of business. Furthermore, through a mandatory executive officer system and an executive officer system, we shall seek mutual partnership between decision-making/management functions and execution of business, and shall clarify the operating responsibilities of Directors.

(3) As a general rule, a Management Committee with attendance from all standing Directors and Senior Managing Officers shall be held about twice a month in order to strengthen and enhance the function of the Board of Directors. Through the committee, the Board of Directors shall seek to quickly resolve issues through expeditious execution of business and decision-making for important policies.

(v) System for ensuring proper operation in our company and corporate groups composed of subsidiaries

(1) The Company shall stipulate the rules for the division of duties and authority, clearly defining the scope of duties of each department, and the approval process for each duty. Directors and employees shall conduct operations in accordance with such rules. The Company shall also stipulate the matters at the Company’s subsidiaries which need approval by and reporting to the Company, in the Rules for Management of the Group Companies. The Company’s subsidiaries shall conduct operations after seeking approval from or reporting to the Company as necessary, based on the rules.

(2) The division managers shall confirm the state of execution of business by Directors of the subsidiaries they manage, and shall report on the performance of the subsidiaries and the execution of business to our Company’s Board of Directors each quarter.

(3) In addition to periodically auditing the execution of business by Directors of subsidiaries, audit & supervisory board members shall also cooperate with audit & supervisory board members at subsidiaries in order to develop internal controls and monitor the operation of such controls. Our Company and subsidiaries’ audit & supervisory board members shall hold audit & supervisory board meetings as necessary.

(4) The Internal Auditing Department shall audit the level of appropriateness and efficiency during the execution of business throughout our group.

(5) In order to ensure the reliability and appropriateness of financial reporting, our company and group companies shall comply with the Financial Instruments and Exchange Act. We shall strive to ensure a

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healthy internal controls environment, to strengthen control activities on a company-wide level, to construct an internal controls system which is capable of effective and valid evaluation, and to perform appropriate operation of that system.

- (vi) Items pertaining to applicable employees when an Audit & Supervisory Board Member has requested appointment of an employee aid and items pertaining to independence of that employee from directors and the effectiveness of instructions from Audit & Supervisory Board Members

Aids shall be appointed according the requests of audit & supervisory board members. In the case that an aid is appointed, the opinion of audit & supervisory board members shall be respected when making personnel decisions related to the aid. Moreover, the Audit & Supervisory Board Member's instructions to the aid shall be given independently from Directors and the aid shall engage in such work based on instructions from audit & supervisory board members.

- (vii) Systems for reporting to Audit & Supervisory Board Members by our Company's Directors or employees, and Directors, Audit & Supervisory Board Members, etc. or employees of subsidiaries, and other systems pertaining to reporting to audit & supervisory board members

(1) Directors and employees shall promptly report to audit & supervisory board members any item other than laws and regulations which will have a major impact on our company and our group, the status of internal controls, and the status of reporting using the speak-up desk

(2) In addition to meetings of the Board of Directors, audit & supervisory board members shall attend Management Committees and shall be able to provide opinions when requested or when necessary in regards to items being discussed.

(3) The Business Strategy Department shall notify audit & supervisory board members every time regarding an overview of proceedings and results for meetings of the Board of Directors and Management Committees.

(4) Our Company's Directors and employees, and Directors and Audit & Supervisory Board Members, etc. and employees of subsidiaries or persons who have received reports from such parties may make reports directly to audit & supervisory board members via the speak-up desk on matters that have a significant affect on our Company group, matters that cause significant damage to our Company group and important compliance matters. Informants shall not be treated disadvantageously.

(5) Our Company shall promptly handle demands if demands are made by audit & supervisory board members or the audit & supervisory board for reasonable expenses or refunds incurred with regard to the performance of duties by audit & supervisory board members.

- (viii) Other systems for ensuring effective auditing by audit & supervisory board members

The individuals with high perception of corporate activities such as finance and law shall be recruited as external audit & supervisory board members. The majority of these individuals shall be CPAs and lawyers. In addition to enhancing the auditing environment of audit & supervisory board members, external audit & supervisory board members shall seek the execution of appropriate and effective auditing services through a partnership with the Internal Auditing Department.

## 2. Basic Policy and Status of Implementation of Efforts towards Exclusion of Antisocial Forces

In addition to prescribing rejection of relationships with antisocial forces in the Code of Conduct and conducting education and training, the Company shall develop and thoroughly implement an internal system for practical application of the Basic Policy, such as appointing a person in charge of preventing false claims.

## V Others

### 1. Presence or Absence of Introduction of Takeover Defense

|                                  |    |
|----------------------------------|----|
| Introduction of Takeover Defense | No |
|----------------------------------|----|

#### Supplementary Explanation Relating to These Items

At the meeting of the Board of Directors held on March 6, 2008, with the goal of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders, the Company prescribed a basic policy on the Company's corporate control (referred to below as "the Basic Policy"). In light of the Basic Policy, as a measure to prevent inappropriate persons from controlling decisions on the Company's financial and business policies, by resolution at the 51st Ordinary General Meeting of Shareholders held on April 28, 2008, the Company obtained approval for and introduced Measures for the Large-Scale Purchase of Company Shares (Anti-Takeover Measures) (referred to below as "the Plan"). However, taking into consideration that procedures on large-scale purchases of company shares were partly put in place as a result of revisions, etc., of the legal system, the Company judged that the steady execution of the Medium-Term Management Plan leads to ensuring and enhancing the corporate value of the Company and thus the common interests of the shareholders. Therefore, by resolution of the Board of Directors at its meeting held on March 7, 2011, as of the conclusion of the 54th Ordinary General Meeting of Shareholders held on April 27, 2011, the Basic Policy was discontinued and the Plan expired.

Furthermore, even after expiration of the Plan, if the Company recognizes a situation where there are transactions and transfers of the Company's shares, and if a person who performs the act of a large-scale purchase of company shares (referred to below as "large-scale purchaser") appears, after carefully considering the opinions, etc., of the Company's Outside Audit & Supervisory Board Members and external experts, the Company shall assess the contents of the proposal from the large-scale purchaser and, as necessary, hold negotiations with the said large-scale purchaser. Likewise, when it is rationally judged that, if prompt measures are not taken, there is a risk that the Company's corporate value and the common interests of the shareholders will be damaged, as a proper duty of the Company's Board of Directors, to which management was entrusted by the shareholders, the Board of Directors shall actively request to the large-scale purchaser that the large-scale purchaser disclose information, and it shall strive to secure information and time for the shareholders to make an appropriate decision. In addition, as necessary, the Board of Directors shall promptly determine the necessity and contents, etc., of concrete countermeasures, which is considered to be the most appropriate within the scope permitted by the Companies Act, the Financial Instruments and Exchange Act, and the related laws or regulations, and, by taking steps to execute the countermeasures, it will strive to ensure the Company's corporate value and the common interests of the shareholders.

### 2. Other Items Relating to Corporate Governance System, etc.

- Status of Implementation of the Internal Control System

At the meeting of the Board of Directors held on May 22, 2006, the Company resolved to establish a system (Basic Internal Control Policy) to ensure that the duties performed by the Directors comply with laws, regulations and the Articles of Incorporation, as well as to ensure the appropriateness of other operations of the Company, based on the Companies Act and the Ordinance for Enforcement of the Companies Act. The Board of Directors of the Company conducts reviews as necessary and makes continual improvements to the Policy. Additionally, the Audit Department, in cooperation with the Accounting & Finance Division and other related departments, are engaged in the development of internal controls over financial reporting and other measures based on the Financial Instruments and Exchange Act.

- Risk Management

In accordance with the Risk Management Policy and the Risk Management Regulations that were formulated

and applied to Pigeon Group companies, the GHO Risk Management Committee, chaired by the Director in charge of GHO, has been established under the President and CEO, and the Risk Management Committee, chaired by the general managers of respective business segments, has been established for each business segment under the GHO Risk Management Committee. This enables us to aggregate risk information related to the Group as a whole as well as to manage risks, and take quick responses in each business segment. The GHO Risk Management Committee comprehensively collects, analyzes, and evaluates risk information for the Group as a whole, with risk information aggregated from business segments as its core, and examines and implements countermeasures by itself or through business segments. In particular, the GHO Risk Management Committee and risk management divisions appointed by the GHO Risk Management Committee play a central role in aggregating information and examining and implementing measures across the Group with respect to compliance, financial, information security, SCM (supply chain management), customer information and human rights, which are set as priority risk categories. The Risk Management Committee of each business segment collects, analyzes, and evaluates risk information related to each business segment, including risk information related to Group companies under the same segment, and examines and implements countermeasures.

In addition to the measures taken in normal times, in the event of a crisis for the Group, such as a large-scale disaster, the Risk Management Committee is convened promptly in accordance with the Risk Management Regulations or the Business Continuity Plan (BCP) to minimize losses and effect recovery. The GHO Risk Management Committee compiles information on the Group's risks and reports it to the Board of Directors once a year. The GHO Risk Management Committee also reports to the Board of Directors, as appropriate, on the details of incidents that have occurred and the results of the response.

● Compliance

The Group has been implementing compliance-related measures with a focus on (1) compliance-related rules (systems and mechanisms), (2) compliance education and (3) compliance monitoring. We are examining and implementing these measures to 1) prevent compliance violations and 2) to detect and resolve compliance violations as soon as possible.

The Group's compliance-related activities are reported annually to the Board of Directors.

(1) Compliance-related rules (systems and mechanisms)

Based on the Pigeon Group DNA and the Pigeon Way, the Group has established a basic policy on compliance called the "Corporate Ethics Guidelines." The Corporate Ethics Guidelines have two components: corporate ethics policies, which comprise the ethical sensibility we must hold to continue to earn the trust and support of society, and a code of conduct, which comprises guidelines that spell out how each employee embodies the corporate ethics policies in business activities. Based on the Corporate Ethics Guidelines, the Group is committed to ensuring that each and every employee complies with all laws, regulations, social norms and their spirit and takes actions with the highest sense of ethics and integrity, thereby earning more trust and support from stakeholders. Moreover, in the three areas that are considered to pose a particularly high risk in the entire Group: "anti-bribery and corruption," "antitrust compliance," and "information management," we have established a "Compliance Policy" that outlines specific actions to be taken and the necessary systems and mechanisms.

Further, in order to detect and resolve compliance violations, we have the following internal reporting systems in place: "Speak-up Desk" (for Pigeon Group employees to make reports through three contact points: the Audit & Supervisory Board Members, the Legal Department, and a corporate attorney) and the "Pigeon Partners Line" (for customers to make reports through two contact points: the Legal Department and a corporate attorney). For the Speak-up Desk, we launched a multilingual reporting system that ensures anonymity in 2023. In the event that a problem is found in or outside the Company, the person in charge of the internal reporting system, such as Audit & Supervisory Board Members, investigates the facts and responds to the report, giving due consideration to the protection of the person who made the report, and the Risk Management Committee takes measures to prevent recurrence as necessary. When responding to the reports made through the systems, we consult with a corporate attorney as necessary to ensure the legality of our responses and solutions. In FY2024, there were 10 Speak Up Desk reports and 0 Pigeon Partners Line reports.

(2) Compliance education

The Group aims to raise the compliance awareness of all Group employees by providing them with compliance education based on the Pigeon DNA and the Pigeon Way, Corporate Ethics Guidelines, Compliance Policy, the internal reporting system and others at the Company and Group companies in Japan and overseas.

In 2024, we provided employees with training, by revising the content to increase the effectiveness of our compliance education based on the results of compliance monitoring conducted in 2023. Specifically, we clearly showed the management team's commitment to always giving priority to compliance to all Group employees through a video message and also made explanations about compliance in an easier-to-understand manner by using case studies to help employees address compliance with ownership. After the training, participants were asked to reply to a questionnaire survey, and the results have been utilized to improve the content of our compliance education and training. In addition, we circulated the monthly "Pigeon Compliance Communication" newsletter that focuses on the Corporate Ethics Guidelines, related laws and regulations and internal rules to employees of the Company and all domestic Group companies, with an eye to instilling the compliance that employees should practice in their daily work.

(3) Compliance monitoring

In addition, by regularly conducting compliance monitoring for all domestic and overseas Group employees, we identify and analyze compliance risks in the Group. We then reflect the results in the compliance rules and education described above, aiming to reduce compliance risks of the Group and raise awareness toward compliance of all Group employees.

In 2024, as stated above, we enhanced the content of the training in reference to the results of compliance monitoring conducted in 2023, gave feedback on the results to each department of the Company and each Group company, thereby helping the departments and Group companies identify issues and formulate and implement measures to solve the issues.

● Personal Information and Information Security

In providing customers with products, services and information, the Pigeon Group considers information security and personal information protection to be an important task. The Risk Management Committees cooperate to review and devise responses to risks to both of these, and strive to strengthen the management of information security and personal information by adopting a system in which such measures are implemented by the Information Security Department, Legal Department, or other departments in charge. Furthermore, with regard to its personal information protection system, as evidence of its being an enterprise that handles personal information appropriately in conformity with JIS Q 15001:1999, the "Requirements for compliance program on personal information protection" (currently JIS Q15001:2006, "Personal information protection management systems"), the Company received PrivacyMark certification from the Japan Information Processing Development Corporation, an incorporated foundation that operates the PrivacyMark® System, in July 2005. In addition, the Company has renewed the certification in every two years until 2023.

● Sustainability

In order to further promote the Group's sustainability-oriented management from a medium- to long-term viewpoint, we established the "Sustainability Committee," with the Director in charge of GHO, who promotes Groupwide ESG as chairperson, and managing officers from each department and the management strategy managing officer as members. The Committee meets at least twice a year to set medium- and long-term goals for the Company's ESG issues, identify and periodically review Key Issues (Materiality), and review the progress of efforts to resolve Key Issues, thereby fostering sustainability throughout the Group.

● Investor Relations Activities

In its IR activities, the Company holds second quarter and annual results briefings, first and third quarter results briefings via teleconferences, and Medium-Term Business Plan briefings, participates in events held for individual investors, and strives to improve its website (both the Japanese and English versions), etc. The Company actively promotes IR activities aimed at all shareholders including institutional investors, thus striving for prompt and accurate information disclosure and strengthening communication, with a view toward increasing the transparency and reliability of operating information through domestic and overseas IR activities, with attendance of the Director in charge of the IR Department, the President and CEO, other

## CORPORATE GOVERNANCE

Internal Directors, and Outside Directors.

- Overview of Timely Disclosure System

1. Internal System for Timely Disclosure

The Company has established a Disclosure Policy that summarizes the Pigeon Group's fundamental policy on information disclosure, and it publicizes the Disclosure Policy mainly on its Website (<https://www.pigeon.com/disclosure/>).

In order to realize the spirit of this policy, we have established and operate the timely disclosure system centered on the Business Strategy Department in charge of IR so that important financial, social and environmental information will be disclosed fairly, timely and appropriately.

2. Checking Function of the Internal System for Timely Disclosure

The Company has established, as its Internal Audit Department, an Audit Department with authority over the Company's internal control development and internal audits. The Audit Department develops the internal control and improves the internal audit system of each Group company.

To verify whether fair, timely, and appropriate corporate information disclosure is made to all stakeholders including shareholders, investors, and local communities, the Audit Department regularly conducts internal audits of internal control of information disclosure processes in the Pigeon Group. Audit results are reported at the audit debriefing sessions and shared with all Directors and Audit & Supervisory Board Members.



