Pigeon has identified "enhancement of stakeholder responsiveness" as one of the materialities (key issues) in the Pigeon Basic Policy on ESG and the SDGs. Our basic approach to procurement activities is stipulated in the CSR Procurement Policy and the CSR Procurement Guidelines.

To advance procurement based on this Policy and these Guidelines, we recently conducted an assessment survey of all of its suppliers. The purpose of this assessment is to grasp the status of environmental, sustainability and governance (ESG) activities among suppliers and to recognize issues occurring in our supply chain. We look forward to working with suppliers to correct the issues revealed by the assessment.

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

Overview of the Assessment

Suppliers Assessed

All primary suppliers to Pigeon's China Business Unit (except Group companies)

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

Number of suppliers contacted and response rate

Of 107 companies contacted, 99 companies responded. (Response rate of 92.5%)

Assessment period

May to July, 2021

Assessed items

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

A detailed description of the items queried in the questionnaire is provided in the table below. Each intermediate-level item is broken down into five subitems: Legal awareness, Policy, System and responsibilities, Collective actions. Respondents are asked to rank their own performance in each subitem on a scale of 1 to 3.

Major items		Intermediate-level items
1. Corporate		1. Construction of a system for advancing CSR
governanc	e	2. Construction of internal control systems
regarding	CSR	3. Business continuity plan (BCP)
		4. Construction of internal reporting systems
		5. Internal and external disclosure of CSR information
2. Human rig	rights 1. Basic stance on human rights	
		2. Respect for human rights and prohibition of discrimination
		3. Avoidance of complicity in (aggravation of) violations of human rights
		4. Respect for the lifestyles of indigenous peoples and for regional
		communities
3. Labor		1. Basic stance on labor practices
		2. Prohibition of discrimination in hiring
		3. Providing impartial opportunities to employees for personnel
		training, career advancement, etc.
		4. Prohibition of inhumane treatment
		5. Payment of appropriate wages
		6. Fair application of work hours, days off, paid leave, etc.
		7. Prohibition of forced labor
		8. Prohibition of child labor
		9. Respect for the religious traditions and customs of countries and
		regions in which the company operates
		10. Recognition of and respect for the rights of freedom of association
		and collective bargaining
		11. Appropriate management of employees' health, safety and hygiene
4. Environme	ent	1. Basic stance on environmental efforts
		2. Management of legally specified chemical substances in
		manufacturing processes, products and services
		3. Management of wastewater, sludge and emissions and reduction of
		their generation
		4. Sustainable and efficient use of resources (energy, water, raw
		materials, etc.)
		5. Reduction of greenhouse-gas emissions
		6. Identification, management and reduction of waste and responsible
		disposal and/or recycling
		7. Efforts on biodiversity
5. Fair corpo	rate	1. Basic stance on fair business activities
practice		2. Building appropriate relationships with local governments and

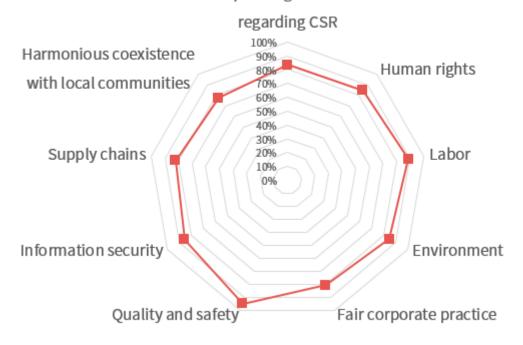
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		government employees where the company does business, in Japan or
		overseas
		3. Prevention of dealing in inappropriate benefits from customers,
		business partners, etc. in sales, purchasing and other activities
		4. Prevention of violations of competition law in sales activities, etc.
		5. Elimination of relations with antisocial forces and organizations
		6. Prevention of unauthorized use of intellectual property of third
		parties and illegal reproduction of copyrighted works
		7. Contact points for complaints and requests for consultation from
		outside the company
		8. Prohibition of insider trading
		9. Prohibition of activities that create conflicts of interest
6. Quality and safety		1. Basic stance on quality and safety of products and services
		2. Securing of quality and safety of products and services
		3. Appropriate response to accidents and circulation of defects in
		products and services
7.	Information	1. Basic stance on information security
	security	2. Defenses against attacks on computer networks
		3. Protection of personal data and privacy
		4. Prevention of unlawful use of confidential information
8.	Supply chains	1. Basic stance on supply chains
		2. Non-use of raw materials involved in conflict or crime (measures
		against conflict minerals)
9.	Harmonious	Measures to reduce negative impacts on regional communities
	coexistence with	2. Measures with regional communities toward sustainable
	local communities	development

Assessment results

The average score is 84.8%. Overall, respondents scored highest on Quality and safety and on Labor and lowest on Harmonious coexistence with local communities, Fair corporate practice and Supply chains.

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

Corporate governance



Item	Number of questions	Average score rate
Corporate governance Corporate governance	20	83.3%
regarding CSR		
2. Human rights	9	84.8%
3. Labor	23	88.7%
4. Environment	15	85.2%
5. Fair corporate practice	20	80.8%
6. Quality and safety	7	94.8%
7. Information security	9	86.0%
8. Supply chains	7	82.2%
Harmonious coexistence with local communities	4	77.6%
Total	114	84.8%

Note: Questions answered with "Not applicable" are deducted from the denominator when calculating the supplier's score.

Efforts Toward Improvement

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

- Their own tabulation results
- Average scores

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

Future Plans

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

We also intend to redouble its commitment to measures for improvement, including through advisory efforts. Drawing on the results from the SAQ assessment, we will take steps to improve efforts across the entire supply chain, by providing support to suppliers considered to be at high risk or judged to need support in improving their conditions.

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