

Executive nomination policy

1. Basic policy regarding corporate governance

The Company has developed the “Pigeon Way,” as described below, comprising its Purpose, Values, Action Principles and Vision, under its Corporate Philosophy of “Love” and its Credo of “Only love can beget love,” as the basis of its spirit and actions to be shared by all Pigeon Group employees, both in Japan and abroad.

The “Pigeon Way” is more than a mere slogan. The Company believes that having all employees become strongly aware of the “Pigeon Way” and putting it into action will inevitably improve corporate value, and that its corporate value encompasses both social and economic value. We are aiming to achieve the goal of improving social value mainly by becoming an indispensable part of society, while delivering joy and happiness to our target customers, by providing solutions and new value. The Company established the following six (6) priority materialities (Key Issues) to be addressed in terms of Sustainable Development Goals (SDGs) and Environmental, Social, and Governance (ESG): 1) enhancement of business competitiveness and R&D capabilities; 2) sustainable reduction of environmental impact; 3) enhancement of stakeholder support capability; 4) improvement of the quality of human resources; 5) creation of comfortable working environment; and 6) development of a solid management base, all of which will be incorporated into our business strategies. Meanwhile, we are aiming to achieve the goal of improving economic value mainly by increasing free cash flow consistently, efficiently, and strategically, as we move into the future.

Based on this approach, the Company defines corporate governance as “the system that pays due respect to the views of our employees, customers, business partners, shareholders and local communities, and that ensures transparent and fair as well as prompt and bold decision-making” and the purpose of corporate governance as the means to achieving “the Company’s sustained growth and the improvement of corporate value in the medium- to long-term.”

The Company will continue to further strengthen this system in accordance with the above definition and make efforts to continuously enhance its corporate governance in pursuit of further improving its corporate value.

Pigeon Way



Corporate Philosophy

Love

Credo

Only love can beget love

Vision

To be the baby product manufacturer most trusted by the world's babies and families, "Global Number One"

Purpose

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

Values

- Integrity
- Communication, Consent, Trust
- Passion

Action Principles

- Agility
- Keep sight of consumers
- Global collaboration among competent individuals
- Leadership and logical working style
- Willingness to change

2. Human resource requirements of the Chief Executive Officer (CEO)

The ideal human qualities necessary for the role of Chief Executive Officer (CEO) of the Company are "Human qualities that can enhance resourcefulness and continuously increase the Company's corporate value (social and economic value), based on the values of the Pigeon Way." The human resource requirements of the CEO (responsibilities and authority, main duties and expected results, and required competencies (behavioral characteristics, personality characteristics, experience and achievements, and knowledge and skills)) are determined based on "1. Basic policy regarding corporate governance," above.

(i) Responsibilities and authority

The responsibilities and authority of the CEO are determined based on "1. Basic policy regarding corporate governance," above.

- Responsibilities: Is responsible for processes and results that increase corporate value (social and economic value) based on the values of the Pigeon Way, in order

to contribute to the improvement of social sustainability.

- Authority: Has the authority to make final decisions regarding the optimal allocation of management resources, in order to improve corporate value (social and economic value).

(ii) Main duties and expected results

The main duties and expected results of the CEO are determined based on “(i) Responsibilities and authority,” above.

	Item	Main duties	Expected results
Social value	Enhancement of business competitiveness and R&D capabilities	Build frameworks that promote the development of next-generation businesses and products that help solve social issues.	Carries out the development of next-generation businesses and products that help solve social issues, with consideration for the entire value chain.
	Sustainable reduction of environmental impact	Build frameworks that promote the sustainable reduction of environmental impact.	Sets numerical targets for each separate challenge, and executes measures to achieve these targets.
	Enhancement of stakeholder support capability	Build win-win relationships with stakeholders, rather than following the Company’s interests in a one-sided manner, in order to continue to be loved by our stakeholders (e.g., employees, customers, business partners, shareholders, and local	Meticulously provides information to stakeholders, engages in two-way communication with them, and gets them on board with the Company’s plans and actions.

		communities).	
	Improvement of the quality of human resources	Develop professional human resources who can participate actively on the global stage, and develop the next generation of management human resources.	Ensures global human resources by clearly stating the personnel development policy and enhancing the development program. Ensures that there are future CEO candidates for the next and following generations.
	Creation of comfortable working environment	Thoroughly create workplaces that make our employees desire to continue working at Pigeon, because employees need comfortable working environments in order to provide higher-quality products and services to the world.	Promotes diversity and work-life balance, and carries out initiatives toward diverse work styles.
	Development of a solid management base	Build a solid management base that supports sustainable growth.	Carries out both proactive and reactive measures to strengthen the management base.
Economic value	Setting vision and management objectives	Define future visions for business and the organization, and define management objectives	The Company is recognized by customers and the markets as the “Global

		in order to continue to grow free cash flow efficiently and strategically into the future.	Number One,” and wins the number-one market share for our core products (nursing bottles and nipples, breast pumps, oral care, and skincare).
	Creating business models	Build business models and strategies to make the world more baby-friendly.	Establishes a business model that achieves sustainable growth and improves corporate value over the medium- to long-term.
	Overseeing management resources	Prioritize the allocation of management resources and carry out strategic investment focused on both efficient returns and sustainable growth, with an awareness of sustainability management (SDGs and ESG).	Drives a strategic and active approach in the market by making effective use of management resources.

(iii) Required competencies

Item		Details
Behavioral characteristics	Innovative leadership	Has foresight and leads reform personally, without being hindered by past success or common knowledge.
	Develops and spreads our vision and corporate	Promotes the wide adoption of the Pigeon Way as well as a healthy corporate culture through strategic engagement with

	culture	stakeholders.
	Envisioning, planning, and execution of strategies	Proposes management strategies and a grand design that reflects our corporate culture, and allocates management resources in an optimal manner.
	Development of human resources and the organization	Develops successors to the CEO and other management positions, and develops an organization that is accepting of diversity, in order to ensure sustainable growth over the medium- to long-term.
	Building corporate governance	Increases the quality and speed of management by building a proactive and reactive governance system.
Personality characteristics	Interest and curiosity	Has a strong interest in and diverse perspectives regarding the Company's products and services, and displays an attitude of learning through a cycle of "creating, making, and selling."
	Passion and romanticism	Has the courage to pursue dreams and take on challenges, and a strong commitment and passion to persevere until success is achieved.
	Sensitivity and empathy	Carries out two-way communication with stakeholders, displays sensitivity, and focuses energy on having empathy.
	Sensibility and ingenuity	Continually develops sensibility, and devises ways to carefully consider, and carry out what is not being done by others.
	Sincerity and trustworthiness	Is sincere, achieves missions in the proper way, and is trusted by employees.
Experience and achievements		Has a record of contributing to the

	improvement of corporate value (social and economic value) in the top management of Group subsidiaries.
	Has created new value by inventing new businesses, products, and services.
	Has managed multiple functions, regions, or locations.
	Has experience conducting management under chaotic conditions, including startups, reorganization, rehabilitation, and restructuring.
Knowledge and skills	Has knowledge of all businesses, customers, and market trends.
	Has management knowledge (marketing, accounting, management strategy, finance, human resource and organizational strategy, governance, business management, etc.)
	Has the English-language ability to converse directly with global stakeholders.

3. Standards for appointment and dismissal

The policy for appointing senior management shall be to make appointments from an objective perspective, based on “2. Human resource requirements of the Chief Executive Officer (CEO),” above, and with reference to external assessments and other information. The appointment is referred to the Board of Directors to be decided, after deliberation by the committee.

The appointment of Directors and the CEO is referred to the Board of Directors to be decided, after deliberation by the Nominating Committee, based on “2. Human resource requirements of the Chief Executive Officer (CEO),” above.

If a Director or the CEO meets the criteria for dismissal defined below, or there is a concern that they have taken actions that meet these criteria, the Nominating

Committee shall swiftly seek advice from the Board of Directors, and deliberate based thereupon.

- a) Suspected misconduct, inappropriate actions, or disloyalty
- b) Recognized illegal or otherwise disqualifying actions
- c) It has been determined that the process or results of carrying out duties are inadequate, and it is no longer appropriate for the individual to continue his or her current duties
- d) ROE is below 5% for three consecutive fiscal years (CEO only)

4. Successor plans

Successor plans for the CEO are deliberated by the Nominating Committee, in accordance with “2. Human resource requirements of the Chief Executive Officer (CEO),” above. Namely, the results and content of outside assessments of training for the development and selection of the next generation of management human resources for CEO candidates, evaluation regarding personnel, and career planning are deliberated. The Board of Directors oversees successor plans to verify that they are conducted appropriately, based on reports on deliberations by the Nominating Committee.

5. Term of office

The term of office of Directors (including Independent Outside Directors) shall be one year.

6. Governance

In order to increase the independence, objectivity, and transparency of the determination process for appointment, dismissal, and nomination of Directors, a Nominating Committee has been established as an advisory panel to the Board of Directors, chaired by and with a majority consisting of Independent Outside Directors. In principle, the Nominating Committee shall meet at least four times per year, deliberate on issues including the standards for appointment and dismissal of Directors as well as CEO successor plans, and provide advice and proposals to the Board of Directors. The Board of Directors, in turn follows such advice and proposals

to the greatest extent possible in its decision-making.

In order to introduce an objective perspective from outside of the Company, as well as expertise on nominations, the Company employs an outside consultant (Human Resources Governance Leaders Co., Ltd.), with whose support it considers the details of the standards for appointment and dismissal of Directors as well as CEO successor plans and other issues, taking into account matters such as external data, the economic environment, industry trends, and management conditions. In addition, to enhance the effectiveness of the Board of Directors, we are working to coordinate the Nominating Committee and Remuneration Committee on activities related to Director nomination and remuneration. We also evaluate the effectiveness of the Nominating Committee in evaluating the effectiveness of the Board of Directors.

<Main agenda of the Nominating Committee>

- Executive nomination policy
- Skill matrix of the Board of Directors
- Personnel requirements for CEO
- Succession planning for CEO and management
- Candidates for Directors
- Standards for the appointment and dismissal of Directors

7. Policy on information disclosure, etc.

The Company swiftly and actively discloses information such as the details of the standards for appointing and dismissing Directors as well as CEO successor plans, based on its Disclosure Policy, through the annual securities reports, Reference Documents for the General Meeting of Shareholders, business reports, Corporate Governance Reports, Integrated Reports, websites, and other materials created and disclosed in accordance with statutory and other obligations.

The Company, led by the CEO and the Directors (including Independent Outside Directors), also actively engages with shareholders and investors. The Company positions engagement with shareholders and investors who understand the Pigeon Way as a core value. It shares the views of shareholders and investors gained through engagement with the Board of Directors and other meetings, and uses these views to increase its corporate value (social and economic value).