CSR Procurement Assessment Report 2022
(China Business)

Pigeon Corporation
November 21, 2022

Celebrate babies the way they are

Pigeon has identified "enhancement of stakeholder responsiveness" as one of the materialities (key issues) in the Pigeon ESG/ SDGs Policy. 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 conducted an assessment survey of all of our 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 them in the process.

Overview of the Assessment

Assessed Suppliers

All primary external suppliers of Pigeon (Shanghai) Co., Ltd.
Main suppliers of production subsidiaries in China

Number of suppliers contacted and response rate

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

Assessment period

April to June, 2022

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 sub items: Legal awareness, Policy, System and responsibilities, Collective actions and Correction.

Respondents are asked to rank their own performance in each sub item on a scale of 1 to 3.

Major items	Intermediate-level items
1. Corporate governance regarding CSR	1. Construction of a system for advancing CSR
	2. Construction of internal control systems
	3. Business continuity plan (BCP)
	4. Construction of internal reporting systems
	5. Internal and external disclosure of CSR information

2. Human 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. Environment	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 corporate practice	1. Basic stance on fair business activities
	2. Building appropriate relationships with local governments and 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 security	1. Basic stance on information 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 coexistence with local communities	1. Measures to reduce negative impacts on regional communities
	2. Measures with regional communities toward sustainable development

Assessment results

Compared to the previous year, the overall average score rate increased 7.0 points to 91.8%, with "Quality and Safety", "Labor" and "Human rights" being advanced, while " Harmonious coexistence with local communities" is the challenge.

Corporate governance regarding CSR
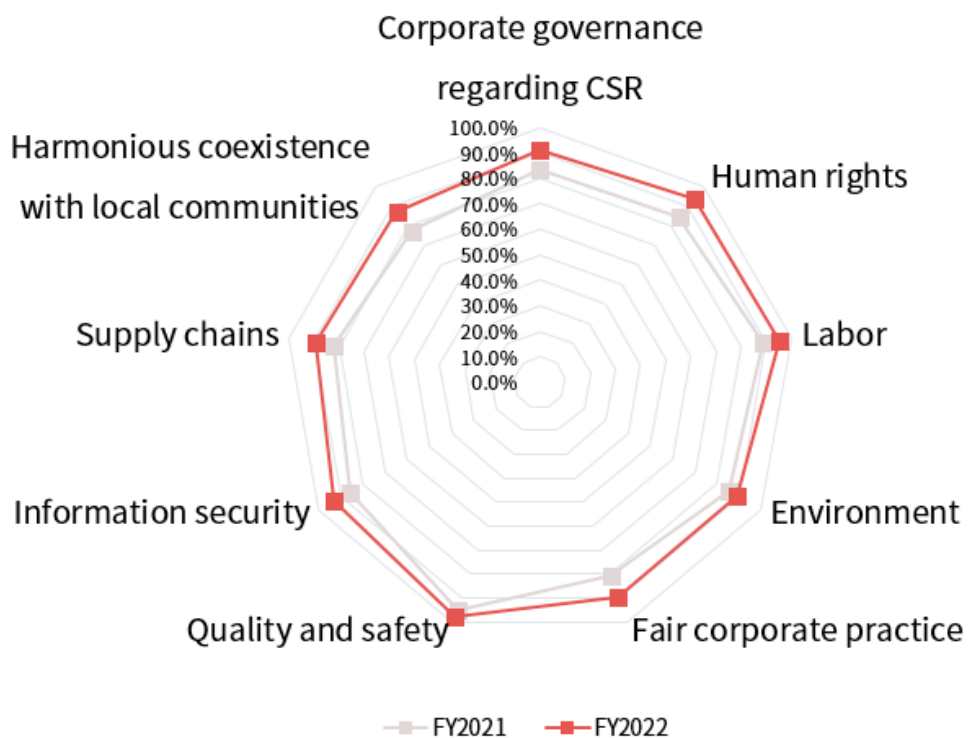
— FY2021   — FY2022

Item	Number of questions	Average score rate		
		FY 2021	FY 2022	Diff.
1. Corporate governance regarding CSR	20	83.3%	90.8%	7.5 pt.
2. Human rights	9	84.8%	94.2%	9.4 pt.
3. Labor	23	88.7%	95.0%	6.3 pt.
4. Environment	15	85.2%	89.4%	4.2 pt.
5. Fair corporate practice	20	80.8%	89.3%	8.5 pt.
6. Quality and safety	7	94.8%	98.0%	3.2 pt.
7. Information security	9	86.0%	93.2%	7.2 pt.
8. Supply chains	7	82.2%	89.1%	6.9 pt.
9. Harmonious coexistence with local communities	4	77.6%	87.3%	9.7 pt.
Total	114	84.8%	91.8%	7.0 pt.

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

Efforts Toward Improvement

We will provide suppliers who responded to the questionnaire with feedback on the following topics:
- Their own tabulation results
- Average score rates

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 SAQ assessments and redouble our commitment to measures for improvement by providing support, such as offering advice on improvement, to suppliers considered to be at high risk or judged to need support in improving their conditions.

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