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March 5, 2020

To our shareholders:

Norimasa Kitazawa,  
President and CEO  
**Pigeon Corporation**  
4-4, Nihonbashi-Hisamatsu-cho,  
Chuo-ku, Tokyo

## **Notice of the 63rd Ordinary General Meeting of Shareholders**

Dear Shareholders,

Pigeon Corporation (the "Company") cordially invites you to attend the 63rd Ordinary General Meeting of Shareholders of Pigeon Corporation (the "Meeting"). The details of the Meeting are provided below.

If you are unable to attend in person, you may exercise your voting rights in writing or electronically (via the internet, etc.). After reviewing the Reference Documents for the General Meeting of Shareholders provided herewith, please exercise your voting rights through either of the methods described in page 3 by 5:15 p.m., Thursday, March 26, 2020 (JST).

- 1. Date and Time:** Friday, March 27, 2020, at 10:00 a.m. (JST)  
(The reason the date of the 63rd Ordinary General Meeting of Shareholders does not correspond to the date of the previous Ordinary General Meeting of Shareholders [April 25, 2019] is due to the decision to hold such meetings during March each year as a result of changing the Company's fiscal year to the period from January 1 to December 31.)
- 2. Place:** Royal Park Hotel, 3F, Royal Hall  
1-1, Nihonbashi-Kakigara-cho 2-chome, Chuo-ku, Tokyo
- 3. Purpose of the Meeting**  
**Matters to be reported**
  1. Business Report and Consolidated Financial Statements for the 63rd Fiscal Year (from February 1, 2019 to December 31, 2019), as well as the audit reports on the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
  2. Non-Consolidated Financial Statements for the 63rd Fiscal Year (from February 1, 2019 to December 31, 2019)

### **Matters to be resolved**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to Articles of Incorporation
- Proposal 3:** Election of Twelve (12) Directors
- Proposal 4:** Election of One (1) Audit & Supervisory Board Member

#### **4. Exercise of Voting Rights**

Please be informed that if voting rights are exercised both in writing and by the internet, etc., the contents of the votes by the internet, etc. shall be deemed valid.

If voting rights are exercised multiple times via the internet, etc., the final vote cast will be considered effective. (However, this is restricted to the votes cast before the deadline for the exercise of voting rights.)

- You are kindly requested to submit the enclosed Voting Form to the receptionist when you attend the Meeting.
- If any changes have been made to items in the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-Consolidated Financial Statements, such changes will be posted on the Company's website (<https://www.pigeon.co.jp/>).
- Pursuant to the provisions of laws and regulations and the Company's Articles of Incorporation, the following items are posted on the Company's website (<https://www.pigeon.co.jp/>) and not contained in the documents provided with this notice; however, those items were audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing the audit reports in the same manner as the documents provided with this notice.
  - (1) Notes to consolidated financial statements
  - (2) Notes to non-consolidated financial statements

## **Guidance for Methods of Exercise of Voting Rights**

### **In case you are attending the Meeting**

Please submit the enclosed Voting Form to a receptionist at the meeting venue.

**Date and time:** **Friday, March 27, 2020, at 10:00 a.m. (JST)**  
(Reception starts at 9:00 a.m.)

**Place:** **Royal Park Hotel, 3F, Royal Hall**

### **In case you are unable to attend the Meeting**

#### **Exercise of voting rights in writing**

Please indicate your approval or disapproval for each of the proposals on the enclosed Voting Form and return it to us by mail.

If you do not indicate your approval or disapproval for a proposal, you will be assumed to have approved the proposal.

**Exercise deadline:** **No later than 5:15 p.m. on Thursday, March 26, 2020 (JST)**

#### **Exercise of voting rights via the internet, etc.**

Please access <https://evote.tr.mufig.jp/>, log in using the Login ID and Temporary Password indicated on the enclosed Voting Form and indicate your approval or disapproval by following the instructions on the screen.

\* For details, please contact the Help Desk provided below.

**Exercise deadline:** **No later than 5:15 p.m. on Thursday, March 26, 2020 (JST)**

\* Please note that votes cannot be accepted daily from 2:00 a.m. to 5:00 a.m.

#### **Inquiries related to systems, etc.**

##### **Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Division (Help Desk)**

Phone: 0120-173-027 (toll-free, within Japan)

Hours: 9:00 a.m. to 9:00 p.m. (JST)

## Reference Documents for the General Meeting of Shareholders

### Proposal 1: Appropriation of Surplus

The Company hereby makes the following proposal on the appropriation of surplus:

#### Year-end dividends

The Company views the return of profits to shareholders as an important management priority. Our basic policy is to proactively return profits to shareholders through distribution of dividends from surplus and other means, while reinforcing our financial position by taking into consideration the medium-term changes in business conditions and the Pigeon Group's business strategies. Pursuant to our Sixth Medium-Term Business Plan (from the year ended January 31, 2018 through the year ended December 31, 2019), we have listed "year-on-year increases in cash dividends in each fiscal period" and "a total shareholder return ratio of 55% on a consolidated basis" as our goals.

Based on the above policy, we propose the appropriation of surplus for the current fiscal year as described below.

#### 1) Type of dividend property:

Cash

#### 2) Dividend property allotment and total amount thereof

Dividend per common share of the Company: ¥35

Total amount of dividends: ¥4,191,623,100

#### 3) Effective date of distribution of dividends from surplus:

March 30, 2020

<Reference>

Record date	Dividend per share		
	Interim dividend	Year-end dividend	Annual dividend
January 31, 2019	¥34	¥34	¥68
December 31, 2019	¥35	¥35	¥70

\* The annual dividend per share for the year ended December 31, 2019 is ¥70, an increase of ¥2 compared to the previous year.

## Proposal 2: Partial Amendments to Articles of Incorporation

### 1. Reasons for the proposal

- (1) To streamline management by slimming the Company's Board of Directors, the number of Directors established in Article 18 of the current Articles of Incorporation will be reduced by two (2), from up to fifteen (15) Directors to up to thirteen (13) Directors.
- (2) So that the Directors and Audit & Supervisory Board Members can sufficiently exercise their expected roles, Article 27 and Article 35 of the current Articles of Incorporation will be changed to newly establishing a rule to release Directors, through a resolution by the Board of Directors, from responsibility within the scope established by laws and regulations, and to allow the conclusion of limited liability contracts with Directors who are not executive directors and Audit & Supervisory Board Members who are not Outside Audit & Supervisory Board Members. The Audit & Supervisory Board Members have agreed to the changes to Article 27.

### 2. Details of amendments

Details of the amendments are stated below.

(Amendments underlined)

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 18. (Number of Directors) The number of Directors of the Company shall be <u>fifteen (15)</u> or less.</p> <p>Article 27. (<u>Limited Liability Contract for Outside Directors</u>) (Newly established)</p> <p>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may conclude a contract with <u>Outside Directors</u> to limit liability for damages attributable to their negligence in carrying out duties; provided, however, the limit of liability pursuant to the contract shall be the aggregate sum of the amounts prescribed in each item in Article 425, paragraph (1) of the same Act.</p>	<p style="text-align: center;">CHAPTER 4. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 18. (Number of Directors) The number of Directors of the Company shall be <u>thirteen (13)</u> or less.</p> <p>Article 27. (<u>Exemption from liability of Directors</u>)</p> <p><u>1. Pursuant to the provisions of Article 426, paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Directors (including persons who were formerly Directors) from their liability for damages as provided for in Article 423, paragraph (1) of the same Act, to the extent permitted by laws and regulations.</u></p> <p><u>2. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may conclude a contract with <u>Directors who are not executive directors, etc.</u> to limit liability for damages attributable to their negligence in carrying out duties; provided, however, the limit of liability pursuant to the contract shall be the aggregate sum of the amounts prescribed in each item in Article 425, paragraph (1) of the same Act.</u></p>

Current Articles of Incorporation	Proposed amendments
<p style="text-align: center;">CHAPTER 5. AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</p> <p>Article 35. (<u>Limited Liability Contract for Outside Audit &amp; Supervisory Board Members</u>) (Newly established)</p> <p>Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may conclude a contract with <u>Outside Audit &amp; Supervisory Board Members</u> to limit liability for damages attributable to their negligence in carrying out duties; provided, however, the limit of liability pursuant to the contract shall be the aggregate sum of the amounts prescribed in each item in Article 425, paragraph (1) of the same Act.</p>	<p style="text-align: center;">CHAPTER 5. AUDIT &amp; SUPERVISORY BOARD MEMBERS AND AUDIT &amp; SUPERVISORY BOARD</p> <p>Article 35. (<u>Exemption from liability of Audit &amp; Supervisory Board Members</u>)</p> <p>1. Pursuant to the provisions of Article 426, <u>paragraph (1) of the Companies Act, the Company may, by resolution of the Board of Directors, exempt Audit &amp; Supervisory Board Members (including persons who were formerly Audit &amp; Supervisory Board Members) from their liability for damages as provided for in Article 423, paragraph (1) of the same Act, to the extent permitted by laws and regulations.</u></p> <p>2. Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company may conclude a contract with <u>Audit &amp; Supervisory Board Members</u> to limit liability for damages attributable to their negligence in carrying out duties; provided, however, the limit of liability pursuant to the contract shall be the aggregate sum of the amounts prescribed in each item in Article 425, paragraph (1) of the same Act.</p>

### Proposal 3: Election of Twelve (12) Directors

The terms of office of all ten (10) existing Directors will expire as of the conclusion of the Meeting. To further enhance corporate governance and improve corporate value, the Company has decided to increase the number of Outside Directors by two (2), and hereby proposes the election of twelve (12) Directors.

The candidates for Director are as follows:

No.		Name		Current Position in the Company
1	Reappointment	Yoichi Nakata		Executive Advisor and Member of the Board
2	Reappointment	Shigeru Yamashita		Chairman of the Board
3	Reappointment	Norimasa Kitazawa		President and CEO
4	Reappointment	Eiji Akamatsu		Director, Senior Managing Executive Officer
5	Reappointment	Tadashi Itakura		Director, Managing Executive Officer
6	Reappointment	Yasunori Kurachi		Director, Managing Executive Officer
7	Reappointment	Kevin Vyse-Peacock		Director, Junior Managing Executive Officer
8	Reappointment	Takayuki Nitta	Outside Independent	Director
9	Reappointment	Rehito Hatoyama	Outside Independent	Director
10	Reappointment	Erika Okada	Outside Independent	Director
11	New appointment	Chiaki Hayashi	Outside Independent	-
12	New appointment	Eriko Yamaguchi	Outside Independent	-

Reappointment	Reappointed candidate for Director
New appointment	Newly appointed candidate for Director
Outside	Candidate for Outside Director
Independent	Candidate for independent director based on provisions of the Tokyo Stock Exchange

Candidate  
No.

1

## Yoichi Nakata

(May 11, 1942)

Reappointment

### Career Summary, Position and Responsibility in the Company

Apr. 1967	Joined Mizuguchi Shoji Co., Ltd.
Mar. 1969	Joined the Company, Vice President and Director
May 1977	Vice President and Representative Director
May 1983	President and CEO
Apr. 2000	Chairman of the Board
Apr. 2007	Executive Advisor and Member of the Board (current position)

Number of the  
Company's common  
shares held:  
1,942,093 shares

(Number of shares  
scheduled to be  
delivered based on  
stock remuneration  
system: 3,289 shares)

### Notable Concurrent Positions

None.

### Reasons for Nomination as Candidate for Director

Mr. Yoichi Nakata has led operations as a Director or representative director for more than 30 years from 1969 until 2007. His accomplishments include formulating the Company's Corporate Philosophy, establishing the Joso Laboratory (now Central Laboratory) which acts as an R&D center for Pigeon Group, and establishing overseas manufacturing centers. He was also instrumental in making the Company public and making its transition from a privately held company. This experience and knowledge in corporate management, as well as his advice in terms of leading the Company in the right direction, are needed by the Company to pursue initiatives that involve achieving the targets of the Seventh Medium-Term Business Plan and other future business activities. Therefore, the Company has nominated him as a candidate to continue serving as Director.

- Notes:
1. There is no special interest between the candidate and the Company.
  2. If this proposal is approved and adopted, and the candidate takes office as Director, the Company plans to appoint him as a Director who does not execute business. The Company plans to enter into a limited liability contract with the candidate which limits his liability for damages prescribed in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act, provided that Proposal 2 "Partial Amendments to Articles of Incorporation" is approved and adopted as originally proposed. The limit of liability for damages 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.



Candidate

No.

2

## Shigeru Yamashita

(February 14, 1958)

Reappointment

### Career Summary, Position and Responsibility in the Company

Mar. 1981	Joined the Company	
Feb. 1997	President of Pigeon Industries (Thailand) Co., Ltd.	Number of the Company's common shares held:
July 2004	President and CEO of Lansinoh Laboratories, Inc.	91,722 shares
Apr. 2007	Managing Officer	
Apr. 2009	Director	(Number of shares scheduled to be delivered based on stock remuneration system: 4,386 shares)
Apr. 2011	Managing Director	
Apr. 2012	Director and Managing Executive Officer	
Apr. 2013	President and CEO	
Apr. 2019	Chairman of the Board (current position)	

### Notable Concurrent Positions

None.

### Reasons for Nomination as Candidate for Director

Mr. Shigeru Yamashita has abundant experience and accomplishments in building the growth platforms of manufacturing centers and sales companies overseas. Since taking up the position of President and CEO in April 2013, he has enhanced the cohesiveness of the entire Pigeon Group by striving to achieve "world class business excellence," by establishing "Pigeon Way" and by actively talking about this concept so that this concept permeates in Pigeon Group. He has also further increased the Company's corporate value by taking various measures to help improve the quality of management, including the introduction of unique Pigeon Value Added (PVA) management benchmarks, which enabled the Company to receive the Grand Prix of the Corporate Value Improvement Award presented by the Tokyo Stock Exchange and the Porter Prize. This experience and knowledge in corporate management are needed by the Company to pursue initiatives that involve achieving the targets of the Seventh Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the managerial talent necessary to act as the Chairman of the Board to spearhead efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.

Note: There is no special interest between the candidate and the Company.

Candidate

No.

3

**Norimasa Kitazawa**

(January 20, 1956)

Reappointment

**Career Summary, Position and Responsibility in the Company**

Apr. 1979	Joined Aster Corporation	
Sept. 1983	Joined the Company	
Apr. 1998	President of Pigeon Singapore Pte. Ltd.	Number of the Company's common shares held:
May 2002	President of Pigeon (Shanghai) Co., Ltd.	30,683 shares
Jan. 2008	Managing Officer of the Company	
Mar. 2011	Senior Managing Officer	(Number of shares scheduled to be delivered based on stock remuneration system: 5,483 shares)
Apr. 2012	Director, Junior Managing Executive Officer	
Apr. 2013	Director, Managing Executive Officer	
Apr. 2014	Director, Senior Managing Executive Officer	
Mar. 2016	Vice President and Director	
Apr. 2019	President and CEO (current position)	

**Notable Concurrent Positions**

None.

**Reasons for Nomination as Candidate for Director**

Mr. Norimasa Kitazawa has long played a leadership role in the management by acting as the representative director of overseas companies of Pigeon Group. He has promoted strategic market development of the Company in foreign countries, in which the Company is a new entrant, and particularly in China, he has successfully established business models to establish a sales company and two (2) manufacturing companies. Furthermore, after being appointed as President and CEO in April 2019, he implemented policies to enhance the Company's corporate value further, including revising the Pigeon Way and changing the Company's brand. This experience and knowledge in corporate management are needed by the Company to pursue initiatives that involve achieving the targets of the Seventh Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the talent necessary as the President and CEO to spearhead efforts that enable the Company to maximize its corporate value. Therefore, the Company has nominated him as a candidate to continue serving as Director.

Note: There is no special interest between the candidate and the Company.

Candidate

No.

4

**Eiji Akamatsu**

(October 3, 1958)

Reappointment

**Career Summary, Position and Responsibility in the Company**

Mar. 1982	Joined the Company	
May 2002	President of Pigeon Will Co., Ltd.	
Aug. 2006	General Manager of Child Care Service Business Div. of the Company and President of Pigeon Hearts Co., Ltd.	
Mar. 2007	Managing Officer and Division Manager of Child Care Service Business Div. of the Company and President of Pigeon Hearts Co., Ltd.	
Apr. 2011	Director, Division Manager of Child Care Service Business Div. and Supervision of Accounting & Finance Div.	Number of the Company's common shares held: 38,889 shares
Apr. 2012	Director, Junior Managing Executive Officer, Division Manager of Human Resources & General Affairs Div. and Supervision of Accounting & Finance Div. and Child Care Service Business Div.	
Apr. 2013	Director, Managing Executive Officer and Supervision of Corporate Administration Div., Accounting & Finance Div. and Human Resources & General Affairs Div.	(Number of shares scheduled to be delivered based on stock remuneration system: 3,289 shares)
Apr. 2014	Director, Senior Managing Executive Officer and Supervision of Corporate Administration Div., Accounting & Finance Div., Human Resources & General Affairs Div. and Audit Dept.	
Jan. 2019	Director, Senior Managing Executive Officer and Head of Japan Operations (Supervision of Human Resources & General Affairs Div., Domestic Baby & Mother Care Business Div., Health & Elder Care Business Div., Child Care Service Business Div. and Logistics Div.)	
Dec. 2019	Director, Senior Managing Executive Officer and Head of Japan Operations (Supervision of Administration Div., Domestic Baby & Mother Care Business Div. and Related Business Div.) (current position)	

**Notable Concurrent Positions**

None.

**Reasons for Nomination as Candidate for Director**

Mr. Eiji Akamatsu has acted as the representative director of two (2) Pigeon Group companies in Japan and has played a leadership role in promoting corporate governance and upgrading the Company's internal control systems since assuming the position of Director, Senior Managing Executive Officer in 2014. He has also achieved the introduction of new accounting systems and the development of global human resources strategy to facilitate the management of Pigeon Group, among other things. Since January 2019, using his abundant experience and knowledge, as the Head of Japan Operations, he has led a range of policies and reforms in both sales strategy and human resources. This experience and knowledge in corporate management are needed by the Company to pursue initiatives that involve achieving the targets of the Seventh Medium-Term Business Plan and other future business activities, and building business platforms. Moreover, the Company deems that he has the talent necessary to spearhead efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.

Note: There is no special interest between the candidate and the Company.

Candidate

No.

5

**Tadashi Itakura**

(January 5, 1964)

Reappointment

**Career Summary, Position and Responsibility in the Company**

Apr. 1987	Joined the Company	
Jan. 2008	General Manager of Human Resources & General Affairs Dept., Administration Div.	
Jan. 2009	Managing Officer and Division Manager of Human Resources & General Affairs Div.	
Apr. 2012	Managing Officer of the Company and President of Thai Pigeon Co., Ltd.	Number of the Company's common shares held: 9,761 shares
Jan. 2014	Managing Officer and Division Manager of Research & Development Div.	
Apr. 2014	Director, Junior Managing Executive Officer and Division Manager of Research & Development Div.	(Number of shares scheduled to be delivered based on stock remuneration system: 2,741 shares)
Jan. 2015	Director, Junior Managing Executive Officer and Supervision of Research & Development Div., Quality Control Div. and Customer Service Center	
Apr. 2016	Director, Junior Managing Executive Officer and Division Manager of Quality Control Div. and Supervision of Research & Development Div., Logistics Div. and Customer Service Center	
Mar. 2017	Director, Managing Executive Officer and Supervision of Customer Communication Div., Research & Development Div., Quality Control Div. and Logistics Div.	
Jan. 2019	Director, Managing Executive Officer and General Manager of Global Head Office (Supervision of Business Strategy Div., Accounting & Finance Div. and Audit Dept.) (current position)	

**Notable Concurrent Positions**

None.

**Reasons for Nomination as Candidate for Director**

Mr. Tadashi Itakura has experience in the fields of accounting, human resources, and general affairs, and has also played a leadership role in management by acting as the representative director of overseas manufacturing companies. As the Division Manager of the Research & Development Division, he has also promoted initiatives to strengthen development and quality control which constitute the Company's core competencies. Since January 2019, as the General Manager of Global Head Office, he has managed and promoted policies to strengthen group governance from the standpoints of the brand, ESG, and risk management. This experience and knowledge in corporate management are needed by the Company to pursue initiatives that involve achieving the targets of the Seventh Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the talent necessary to contribute to efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.

Note: There is no special interest between the candidate and the Company.

Candidate

No.

6

**Yasunori Kurachi**

(December 25, 1959)

Reappointment

**Career Summary, Position and Responsibility in the Company**

Mar. 1982	Joined the Company	
Oct. 2004	Block Manager of North Japan Block, Domestic Sales Div.	
Jan. 2006	Managing Officer and Division Manager of Marketing Div.	
Jan. 2008	Managing Officer and Deputy Division Manager of Domestic Baby & Mother Care Business Div.	
Jan. 2011	Managing Officer and Division Manager of Domestic Baby & Mother Care Business Div.	
Apr. 2013	Director, Junior Managing Executive Officer and Supervision of Domestic Baby & Mother Care Business Div. and Child Care Service Business Div.	Number of the Company's common shares held: 19,241 shares
Apr. 2014	Director, Junior Managing Executive Officer and Supervision of Domestic Baby & Mother Care Business Div., Health & Elder Care Business Div. and Child Care Service Business Div.	(Number of shares scheduled to be delivered based on stock remuneration system: 2,741 shares)
Jan. 2016	Director, Junior Managing Executive Officer and Division Manager of Health & Elder Care Business Div. of the Company and President of Pigeon Tahira Co., Ltd. and Supervision of Domestic Baby & Mother Care Business Div. and Child Care Service Business Div. of the Company	
Jan. 2018	Director, Junior Managing Executive Officer and Division Manager of Health & Elder Care Business Div. and Supervision of Domestic Baby & Mother Care Business Div. and Child Care Service Business Div.	
Jan. 2019	Director, Managing Executive Officer, Deputy Head of Japan Operations (Supervision of Research & Development Div., Quality Control Div. and Customer Communication Div.)	
Dec. 2019	Director, Managing Executive Officer, Deputy Head of Japan Operations (Supervision of Research & Development Div., Quality Control Div., Customer Communication Div. and Logistics Div.) (current position)	

**Notable Concurrent Positions**

None.

**Reasons for Nomination as Candidate for Director**

Mr. Yasunori Kurachi has abundant experience in the realm of sales and marketing in the domestic childcare product business. He has also played a leadership role in brand development and has achieved results, including strengthening the Company's marketing capabilities and consolidating business operations. Since January 2019, as the Deputy Head of Japan Operations, he has been promoting initiatives to strengthen development and quality control which constitute the Company's core competences. This experience and knowledge in corporate management are needed by the Company to pursue initiatives that involve achieving the targets of the Seventh Medium-Term Business Plan and other future business activities. Moreover, the Company deems that he has the talent necessary to contribute to efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.

Note: There is no special interest between the candidate and the Company.

Candidate

No.

7

## Kevin Vyse-Peacock

(May 25, 1967)

Reappointment

### Career Summary, Position and Responsibility in the Company

Sept. 1989	Joined Croda UK Ltd	
July 1993	Earned an MBA from Leeds University	Number of the Company's common shares held:
Apr. 1996	Sales and marketing director healthcare of Croda UK Ltd	2,192 shares
Apr. 2001	Established Lansinoh Laboratories, Inc.-UK branch President of the UK branch of Lansinoh Laboratories, Inc.	
Feb. 2010	President and CEO of Lansinoh Laboratories, Inc.	(Number of shares scheduled to be delivered based on stock remuneration system: 2,192 shares)
Apr. 2016	Director, Junior Managing Executive Officer of the Company, and President and CEO of Lansinoh Laboratories, Inc.	
Jan. 2018	Director, Junior Managing Executive Officer and Division Manager of Lansinoh Business Div. of the Company and President and CEO of Lansinoh Laboratories, Inc. (current position)	

### Notable Concurrent Positions

President and CEO of Lansinoh Laboratories, Inc.

### Reasons for Nomination as Candidate for Director

Mr. Kevin Vyse-Peacock joined Lansinoh Laboratories, Inc. in 2001 and has led business management as President of the UK branch of Lansinoh Laboratories, Inc. as well as President and CEO of Lansinoh Laboratories, Inc. He has realized expansion into global markets through various efforts including expanding the Lansinoh brand in Europe and the U.S.A., commencement of deployment of nursing bottles and nursing bottle nipples, which are two (2) of Pigeon's mainstay products, in Europe and the U.S.A., as well as establishing sales companies in various countries. This experience and knowledge in corporate management will be needed in promoting the globalization of the Company, as well as in achieving the targets of the Seventh Medium-Term Business Plan and in other future business activities. Moreover, the Company deems that he has the talent necessary to contribute to efforts that enable the Company to maximize its corporate value and therefore nominated him as a candidate to continue serving as Director.

Note: There is no special interest between the candidate and the Company.

Candidate

No.

8

**Takayuki Nitta**

(November 8, 1970)

Reappointment

Outside

Independent

**Career Summary, Position and Responsibility in the Company**

Apr. 1995	Participated in Japan Overseas Cooperation Volunteers of Japan International Cooperation Agency (JICA) (later changed from a special public institution to an independence administrative institution under the same English name)	Number of the Company's common shares held: 2,500 shares
Mar. 1999	Joined Corporate Directions, Inc.	Attendance at Board of Directors meetings: 8/8
June 2005	Joined Asuka Corporate Advisory Co., Ltd.	Attendance at voluntary Remuneration Committee meetings: 3/3
Feb. 2009	Executive Director of Asuka Corporate Advisory Co., Ltd.	Attendance at voluntary Nomination Committee meetings: 2/2
Oct. 2013	Established Misaki Consulting (currently known as Misaki Capital Inc.) Partner of Misaki Capital Inc. (current position)	
Apr. 2015	Outside Director of the Company (current position)	

**Notable Concurrent Positions**

Partner of Misaki Capital Inc.

**Reasons for Nomination as Candidate for Outside Director**

Mr. Takayuki Nitta is a candidate for Outside Director as provided for in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act. He has a wealth of knowledge in corporate management nurtured through extensive experience at a management consulting company and investment management companies, and through providing advice, etc. on the Company's management strategy from a management perspective that is focused on shareholders by keeping in mind the capital efficiency, he has been appropriately executing his duties as an Outside Director to enhance corporate governance. Therefore, the Company has nominated him as a candidate who will continue to serve as an Outside Director.

- Notes:
1. There is no special interest between the candidate and the Company.
  2. Although the candidate is a partner of Misaki Capital Inc., it has been confirmed that the said company (including the funds it manages) has not made any investment in the Company and will not do so until the end of the candidate's term as an Outside Director of the Company. Therefore, it has been concluded that there is no risk of conflict of interest between the candidate and our general shareholders.
  3. The candidate has been designated as an independent director/auditor as specified in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (TSE) and the Company notified the TSE to that effect. In addition, if the reappointment of the candidate is approved, the Company plans to continue to designate the candidate as independent director and notify TSE to that effect.
  4. The candidate is currently an Outside Director of the Company. The period for which he has held the position of Outside Director will be four (4) years and eleven (11) months as of the conclusion of the Meeting.
  5. To appoint appropriate personnel with high independence as Outside Director, current Articles of Incorporation of the Company provide that the Company may enter into a limited liability contract with an Outside Director which limits the Outside Director's liability for damages prescribed in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act. Pursuant to such provision, the Company has entered into the limited liability contract with the candidate. In addition, upon the approval of reappointment of the candidate, the Company plans to continue the limited liability contract. The limit of liability for damages 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.

Candidate

No.

9

**Rehito Hatoyama**

(January 12, 1974)

Reappointment

Outside

Independent

**Career Summary, Position and Responsibility in the Company**

Apr. 1997	Joined Mitsubishi Corporation	Number of the Company's common shares held: 2,000 shares
May 2008	Joined Sanrio Company, Ltd.	
June 2008	Earned an MBA from Harvard Business School	
June 2010	Director of Sanrio Company, Ltd.	Attendance at Board of Directors meetings: 8/8
Apr. 2013	Managing Director of Sanrio Company, Ltd.	
June 2013	Outside Director of DeNA Co., Ltd.	Attendance at voluntary Remuneration Committee meetings: 3/3
June 2015	CEO of Sanrio Media & Pictures Entertainment, Inc.	
Mar. 2016	Outside Director of LINE Corporation (current position)	
Apr. 2016	Director of Sanrio Company, Ltd.	
Apr. 2016	Outside Director of the Company (current position)	Attendance at voluntary Nomination Committee meetings: 2/2
June 2016	Outside Director of transcocosmos inc. (current position)	
July 2016	Established Hatoyama Soken Corporation Representative Director of Hatoyama Soken Corporation (current position)	

**Notable Concurrent Positions**

Representative Director of Hatoyama Soken Corporation  
 Outside Director of LINE Corporation  
 Outside Director of transcocosmos inc.

**Reasons for Nomination as Candidate for Outside Director**

Mr. Rehito Hatoyama is a candidate for Outside Director as provided for in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act. 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, and through providing advice, etc. on management strategy, he has been appropriately executing his duties as an Outside Director to enhance corporate governance. Therefore, the Company has nominated him as a candidate who will continue to serve as an Outside Director.

- Notes:
1. There is no special interest between the candidate and the Company.
  2. The Company has no transactional relationship with Hatoyama Soken Corporation or LINE Corporation, at which the candidate has concurrent positions. Furthermore, although the candidate is an Outside Director of transcocosmos inc., and the Company and transcocosmos inc. have a transactional relationship of ¥61 million (for the fiscal year ended December 2019), the value of the transactions comprises less than 1% of the Company's and transcocosmos inc.'s net sales. Therefore, it has been concluded that there is no risk of conflict of interest between the candidate and our general shareholders.
  3. The candidate has been designated as an independent director/auditor as specified in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (TSE) and the Company notified the TSE to that effect. In addition, if the reappointment of the candidate is approved, the Company plans to continue to designate the candidate as independent director and notify TSE to that effect.
  4. The candidate is currently an Outside Director of the Company. The period for which he has held the position of Outside Director will be three (3) years and eleven (11) months as of the conclusion of the Meeting.
  5. To appoint appropriate personnel with high independence as Outside Director, current Articles of Incorporation of the Company provide that the Company may enter into a limited liability contract with an Outside Director which limits the Outside Director's liability for damages prescribed in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act. Pursuant to such provision, the Company has entered into the limited liability contract with the



candidate. In addition, upon the approval of reappointment of the candidate, the Company plans to continue the limited liability contract. The limit of liability for damages 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.

Candidate  
No.  
**10**

**Erika Okada**  
(August 18, 1965)

Reappointment

Outside

Independent

### Career Summary, Position and Responsibility in the Company

Aug. 1987	Joined Merrill Lynch	Number of the Company's common shares held: 300 shares
June 1989	Joined The Long-Term Credit Bank of Japan, Limited (currently known as Shinsei Bank, Limited)	
Aug. 1992	Joined GE Capital	Attendance at Board of Directors meetings: 8/8
Aug. 1999	Assistant Professor at Olin Business School, Washington University	
Aug. 2007	Associate Professor at Shidler College of Business, University of Hawai'i	Attendance at voluntary Remuneration Committee meetings: 3/3
June 2013	Visiting Associate Professor at The Wharton School, The University of Pennsylvania	
May 2014	Professor at The Graduate School of International Corporate Strategy (ICS), Hitotsubashi University (current position)	Attendance at voluntary Nomination Committee meetings: 2/2
June 2015	Outside Corporate Auditor of Kakaku.com, Inc.	
June 2016	Outside Director of Resona Bank, Limited (current position)	
Apr. 2018	Outside Director of the Company (current position)	

### Notable Concurrent Positions

Professor at ICS, Hitotsubashi University  
Outside Director of Resona Bank, Limited

### Reasons for Nomination as Candidate for Outside Director

Ms. Erika Okada is a candidate for Outside Director as provided for in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act. Although she has never been involved in corporate management other than serving as an Outside Director or Outside Corporate Auditor, she has experience in investment bank operations and finance operations at banks and companies, has engaged in research on consumer behavior for many years at universities and graduate schools, and thereby possesses a high level of specialized expertise regarding marketing. By capitalizing on her experience and wealth of knowledge, the Company deems her capable of appropriately executing duties as an Outside Director to enhance corporate governance through providing advice, etc. on management strategy. Therefore, the Company has nominated her as a candidate to serve who will continue to serve as an Outside Director.

- Notes:
1. There is no special interest between the candidate and the Company.
  2. The Company has no transactional relationship, including donations and borrowings of any kind, with ICS of Hitotsubashi University or Resona Bank, Limited, at which the candidate has concurrent positions.
  3. The candidate has been designated as an independent director/auditor as specified in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (TSE) and the Company notified the TSE to that effect. In addition, if the reappointment of the candidate is approved, the Company plans to continue to designate the candidate as independent director and notify TSE to that effect.
  4. The candidate is currently an Outside Director of the Company. The period for which she has held the position of Outside Director will be one (1) year and eleven (11) months as of the conclusion of the Meeting.
  5. To appoint appropriate personnel with high independence as Outside Director, current Articles of Incorporation of the Company provide that the Company may enter into a limited liability contract with an Outside Director which limits the Outside Director's liability for damages prescribed in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act. Pursuant to such provision, the Company has entered into the limited liability contract with the candidate. In addition, upon the approval of reappointment of the candidate, the Company plans to continue the limited liability contract. The limit of liability for damages 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.

Candidate

No.

11

**Chiaki Hayashi**

(August 8, 1971)

New appointment

Outside

Independent

**Career Summary**

Apr. 1994	Joined Kao Corporation	Number of the Company's common shares held: 0 shares
Feb. 2000	Established Loftwork Inc., Representative Director of Loftwork Inc. (current position)	
Feb. 2012	Assistant Director of MIT Media Lab	
Apr. 2014	President and Representative Director, Hidakuma Co., Ltd	
May 2019	Chief Executive Officer of Hidakuma Co., Ltd (current position)	

**Notable Concurrent Positions**

Representative Director of Loftwork Inc.  
Chief Executive Officer of Hidakuma Co., Ltd

**Reasons for Nomination as Candidate for Outside Director**

Ms. Chiaki Hayashi is a candidate for Outside Director as provided for in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act. 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. Considering her abundant experience and wealth of knowledge, as a Design Driven company, the Company expects her to provide appropriate advice in the product development field and deems that she has adequate talent to contribute to enhancing the Company's corporate governance in the field of manufacturing. Therefore, the Company has nominated her as a candidate to serve as a newly appointed Outside Director.

- Notes:
1. There is no special interest between the candidate and the Company.
  2. The Company has no transactional relationship with Loftwork Inc. or Hidakuma Co., Ltd, at which the candidate has concurrent positions.
  3. If this proposal is approved and adopted, and the candidate takes office as Outside Director, she will be designated as independent director/auditor as specified in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (TSE), and the Company plans to notify the TSE to that effect.
  4. To appoint appropriate personnel with high independence as Outside Director, current Articles of Incorporation of the Company provide that the Company may enter into a limited liability contract with an Outside Director which limits the Outside Director's liability for damages prescribed in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act. Pursuant to such provision, if this proposal is approved and adopted, and the candidate takes office as Outside Director, the Company plans to enter into the limited liability contract with her. The limit of liability for damages 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.

Candidate  
No.  
12

**Eriko Yamaguchi**  
(August 21, 1981)

New appointment

Outside

Independent

### Career Summary

Mar. 2006	Established MOTHERHOUSE Co., Ltd., CEO of MOTHERHOUSE Co., Ltd. (current position)	Number of the Company's common shares held: 0 shares
Nov. 2007	Managing Director of MATRIGHOR Limited (current position)	
Dec. 2015	Director of MOTHERHOUSE Asia Pacific Limited	
Aug. 2017	Director of MOTHERHOUSE TAIWAN Co., Ltd. (current position)	
Mar. 2019	Committee Member of the Advisory Committee, Japan International Cooperation Agency (current position)	

### Notable Concurrent Positions

CEO of MOTHERHOUSE Co., Ltd.  
Managing Director of MATRIGHOR Limited  
Director of MOTHERHOUSE TAIWAN Co., Ltd.

### Reasons for Nomination as Candidate for Outside Director

Ms. Eriko Yamaguchi is a candidate for Outside Director as provided for in Article 2, paragraph (3), item (vii) of the Regulation for Enforcement of the Companies Act. 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 materials, 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. Considering her abundant experience in these developing countries and high level of specialized expertise, as a Design Driven company that aims to further develop its overseas business, the Company expects her to provide appropriate advice on management strategy and deems her capable of appropriately executing duties as an Outside Director to enhance corporate governance. Therefore, the Company has nominated her as a candidate to serve as a newly appointed Outside Director.


- Notes:
1. There is no special interest between the candidate and the Company.
  2. The Company has no transactional relationship with MOTHERHOUSE Co., Ltd., MATRIGHOR Limited, MOTHERHOUSE TAIWAN Co., Ltd., or Japan International Cooperation Agency, at which the candidate has concurrent positions.
  3. If this proposal is approved and adopted, and the candidate takes office as Outside Director, she will be designated as independent director/auditor as specified in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (TSE), and the Company plans to notify the TSE to that effect.
  4. To appoint appropriate personnel with high independence as Outside Director, current Articles of Incorporation of the Company provide that the Company may enter into a limited liability contract with an Outside Director which limits the Outside Director's liability for damages prescribed in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act. Pursuant to such provision, if this proposal is approved and adopted, and the candidate takes office as Outside Director, the Company plans to enter into the limited liability contract with her. The limit of liability for damages 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.

## Proposal 4: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Nobuyuki Hashimoto will resign as of the conclusion of the Meeting. Accordingly, the Company hereby proposes the election of one (1) Audit & Supervisory Board Member as his substitute.

With respect to this proposal, the Company has obtained the consent of the Audit & Supervisory Board.

The candidate for Audit & Supervisory Board Member is as follows:

	<b>Tsutomu Matsunaga</b> (November 21, 1960)	New appointment
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### Career Summary and Position in the Company

Mar. 1984	Joined the Company	
Jan. 2008	General Manager of Corporate Administration Dept., Corporate Administration Div.	
Jan. 2010	Managing Officer and Division Manager of Corporate Administration Div. and General Manager of Systems Consulting Dept.	Number of the Company's common shares held:
Jan. 2013	Managing Officer and Division Manager of Corporate Administration Div.	0 shares
May 2019	Managing Officer, Division Manager of Business Strategy Div. and General Manager of Systems Consulting Dept. (current position)	

### Notable Concurrent Positions

None.

### Reasons for Nomination as Candidate for Audit & Supervisory Board Member

Mr. Tsutomu Matsunaga has long been involved in the formulation of management plans and strategies and executional support at both the Company and Group companies in Japan and overseas and has abundant experience and a wealth of knowledge mainly in management planning and strategy. In addition to management planning and strategy, he has led many divisions as the Division Manager of the IR, Public Relations, Systems Consulting and Legal Affairs departments. From this experience, he has knowledge of the Company's overall operations and a wide range of fields, and the Company expects him to provide objective opinions from a neutral standpoint. Therefore, the Company deems him capable of appropriately executing duties as an Audit & Supervisory Board Member, and has nominated him as a candidate to serve as a newly appointed Audit & Supervisory Board Member.

- Notes:
1. There is no special interest between the candidate and the Company.
  2. The term of office of the candidate shall be until the expiration of the scheduled term of office of the resigning Audit & Supervisory Board Member as stipulated in the Company's Articles of Incorporation.
  3. If this proposal is approved and adopted, and the candidate takes office as Audit & Supervisory Board Member, the Company plans to enter into a limited liability contract with the candidate which limits his liability for damages prescribed in Article 423, paragraph (1) of the Companies Act, pursuant to the provisions of Article 427, paragraph (1) of the same Act, provided that Proposal 2 "Partial Amendments to Articles of Incorporation" is approved and adopted as originally proposed. The limit of liability for damages 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.

## Reference: Policy and system for corporate governance

### (1) Basic policy for 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

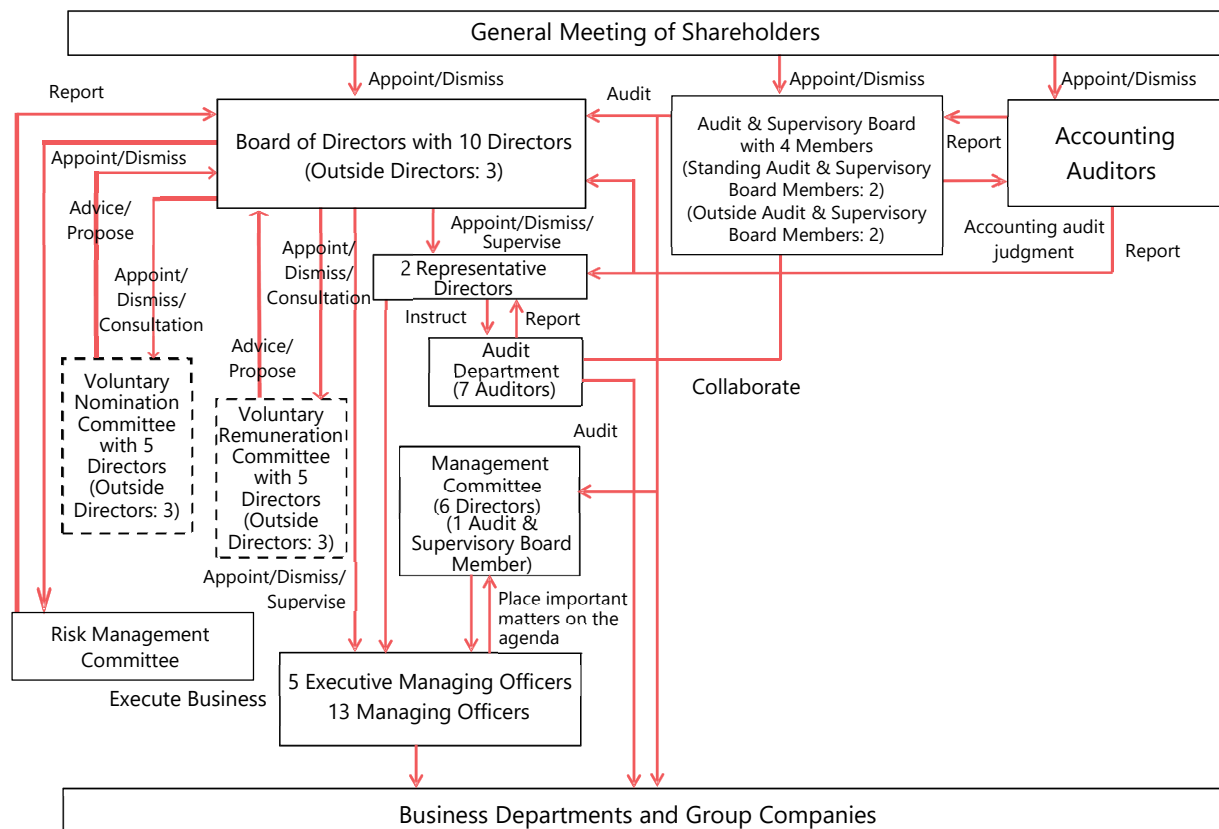
### Values

- 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) Corporate Governance Structure (As of December 31, 2019)



(3) Board of Directors

The Company's Board of Directors makes decisions on matters that are to be solely determined by the Board of Directors, pursuant to laws and regulations and the Articles of Incorporation, as well as important matters stipulated in the "Board of Directors Rules," and receives reports on matters stipulated by these rules.

Furthermore, the Board of Directors is attended by Internal Directors who do not concurrently serve as executive officers, Outside Directors and Audit & Supervisory Board Members, and while seeking mutual partnership between decision-making/management functions and auditing functions, it responds promptly and appropriately to changes in the business environment and makes management decisions rationally and effectively to establish sustained growth and a solid operating foundation. By operating the Board of Directors in a way that elicits lively opinions from Outside Directors, the Company works to ensure the enhancement of corporate governance and the appropriateness of decision making through Outside Directors' advice, etc., on the Company's management strategies.

(4) Status of audit system and audits

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.

In accordance with the audit policy, the division of work, etc., the four (4) Audit & Supervisory Board Members, which includes two (2) Outside Audit & Supervisory Board Members, conducts rigorous auditing through measures such as attending important meetings including those of the Board of Directors, giving an audience to Directors, viewing important resolution documents and other documentation, and investigating the status of operations and property. In addition, Audit & Supervisory Board Members, by receiving reports from the Representative Directors on matters such as important company issues and giving feedback from the Audit & Supervisory Board Members regarding information and the like heard from within the company, it carries out exchanges of opinions regularly.

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.

(5) Policies and procedures for nomination of executives

In our Executive Nomination Policy, the Company has established the personnel requirements for the Chief Executive Officer (CEO) and the appointment/dismissal criteria for Directors and the CEO.

The Company requires our CEO to be “human resources who can refine human power and continue increasing corporate value (social value and economic value) under the values of Pigeon Way.” We have established detailed personnel requirements from the standpoints of responsibility and authority, the main job responsibilities and expected results, and the required capabilities (behavioral traits, personality traits, experience and performance, knowledge and skills). The behavioral traits are provided below.

- 1) Transformative leadership
- 2) Creating and disseminating a vision and corporate culture
- 3) Envisioning, planning and executing strategy
- 4) Developing human resources and organizations
- 5) Building corporate governance

Furthermore, the dismissal criteria for Directors and the CEO are provided below.

- 1) Where corrupt, unjust, or disloyal actions are suspected
- 2) Where a lack of qualifications is recognized, such as a legal violation
- 3) Where the process or results of the execution of duties is insufficient, or where it is deemed inappropriate to have the individual continue to perform duties
- 4) Where ROE has fallen below 5% for three (3) consecutive fiscal years (only for the CEO)

Furthermore, to enhance the independence, objectivity, and transparency of appointment/dismissal and nomination decision-making process for Directors and the CEO, we have established a Voluntary Nomination Committee as an advisory body to the Board of Directors. The chairman and the majority of members of the committee are Independent Outside Directors. The Voluntary Nomination Committee deliberates on the appointment/dismissal criteria and the CEO successor plan, etc., and provides advice and proposals to the Board of Directors.

Details of the Company's Executive Nomination Policy are provided on the Company's website (in Japanese only): ([https://www.pigeon.co.jp/ir/assets/pdf/executive\\_nomination\\_pol\\_20191224.pdf](https://www.pigeon.co.jp/ir/assets/pdf/executive_nomination_pol_20191224.pdf))

(6) Policy on executive remuneration and procedures for decision on executive remuneration, etc.

In our Executive Remuneration Policy, the Company has established the basic policy and remuneration structure for executive remuneration. Specifically, 1) it should contribute to “management that improves the corporate value” of the Group over the medium to long term; 2) it should contribute to the hiring of talented managers toward the achievement of “Global Number One,” based on the “Pigeon Way”; and 3) the remuneration system should be highly independent, objective, and transparent, and accountable to stakeholders. The details of remuneration structure and payments are provided below.



[Directors of the Company (excluding Independent Outside Directors)]

The remuneration consists of basic remuneration (60%), bonuses (20%), and stock remuneration (20%).

Remuneration type	Overview of specific payment details and methods
Basic remuneration	<ul style="list-style-type: none"> <li>• Monetary amounts are decided by position and paid as monthly remuneration</li> </ul>
Bonuses	<ul style="list-style-type: none"> <li>• Bonuses are paid as incentives (short-term incentives) according to the Group's consolidated performance and the performance of the Director's respective departments each fiscal year</li> <li>• Bonuses range from 0 to 150% based on the achievement level of targeted net sales, operating income, and PVA (Pigeon Value Added) (the valuation ratio for each indicator is 50%, 30%, and 20%, respectively)</li> <li>• The Chairman of the Board, President and CEO, and Director responsible for GHO are evaluated only on consolidated performance, with other Directors evaluated 70% for consolidated performance and 30% for the performance of their respective departments</li> </ul>
Stock remuneration	<ul style="list-style-type: none"> <li>• Stock remuneration consists of 60% performance-linked remuneration and 40% non-performance-linked remuneration.</li> </ul> <p>&lt;Performance-linked remuneration&gt;            Stock remuneration is paid as an incentive to improve the Group's medium- to long-term company performance and corporate value. Based on the level of achievement of the targeted performance indicators (consolidated net sales CAGR, EPS growth rate, ROE and TSR [Total Shareholder Return]) and non-financial indicators (sustainable reduction of environmental impact, development of products and services that help solve social issues, and engaging in dialogue with shareholders and investors in a responsible manner), stock remuneration ranges from 0 to 150% (the valuation ratio is 80% for the performance indicators and 20% for the non-financial indicators)</p> <p>&lt;Non-performance-linked remuneration&gt;            From the same-boat perspective, a fixed number of shares to be allocated as stock remuneration</p> <ul style="list-style-type: none"> <li>• Stock remuneration is allocated through a trust-based stock remuneration system. This system grants points to Directors (excluding Independent Outside Directors) each year, and issues shares in the Company corresponding to the number of points from the trust at the time of retirement</li> </ul>

Furthermore, in order to increase the independence, objectivity, and transparency of the executive remuneration system, we have established a Voluntary Remuneration Committee as an advisory body to the Board of Directors. The chairman and the majority of members of the committee are Independent Outside Directors. The Voluntary Remuneration Committee deliberates on the need for revisions to the Executive Remuneration Policy, the individual level of executive remuneration (base amount by position), the performance targets and evaluation table for bonuses, and the performance evaluations and amounts of individual payments for the bonuses and stock remuneration paid in the previous fiscal year, and provides advice and proposals to the Board of Directors.

[Independent Outside Directors and Audit & Supervisory Board Members]

The remuneration for Outside Directors and Audit & Supervisory Board Members consists of basic remuneration only.

Details of the Company's Executive Remuneration Policy are provided on the Company's website (in Japanese only): [https://www.pigeon.co.jp/ir/assets/pdf/executive\\_Remuneration\\_report\\_20191224.pdf](https://www.pigeon.co.jp/ir/assets/pdf/executive_Remuneration_report_20191224.pdf)