

CSR Procurement Policy • CSR Procurement Guidelines

CSR Procurement Policy

The Pigeon DNA and Pigeon Way express the philosophy that each and every Pigeon Group employee upholds in the course of their duties.

To better embody the Pigeon DNA and Pigeon Way and to make the world more baby-friendly, we have established a CSR Procurement Policy (“the Policy”). This outlines our basic thinking on procurement and the initiatives we undertake to fulfill our social responsibilities in order to continue contributing to the development of a sustainable society as described in the Pigeon ESG/SDGs Policy.

Based on the Policy, we have also established CSR Procurement Guidelines (“the Guidelines”). We will continue to engage in responsible procurement, pursuing a stable supply of high-quality products and materials and building win-win relationships with suppliers as we strive to reduce our environmental impact and maintain fair business practices with strict compliance and a strong ethical outlook.

1. Social responsibility

- (1) Quality and safety
- (2) Stable procurement and stable supply
- (3) Respect for human rights
- (4) Respect for labor
- (5) BCPs
- (6) Safety measures
- (7) Promoting sustainable procurement of raw materials

2. Reduction of environmental impact

- (1) Promoting environmental preservation
- (2) Promoting efficient use of resources and resource-saving practices
- (3) Reduction of waste
- (4) Reduction of emissions of global-warming substances
- (5) Control of chemicals used in manufacturing processes and products
- (6) Biodiversity

3. Fair business practices

- (1) Respect for social norms
- (2) Compliance
- (3) Fair competition
- (4) Prohibition of corruption and bribery
- (5) Prohibition of misuse of dominant position
- (6) Building relationships of trust
- (7) Information management and security

CSR Procurement Guidelines

The Guidelines define points on which we, the Pigeon Group (“the Group”), must work together with our suppliers to fulfill our social responsibilities in accordance with global guidance like the Ten Principles of the UN Global Compact as well as the Pigeon DNA and Pigeon Way.

We view the Guidelines as central to our interactions with suppliers, and regularly monitor the status of relevant supplier initiatives through CSR assessments and other means.

We ask all suppliers to familiarize themselves with and adhere to the Guidelines.

1. Social responsibility

(1) Quality and safety

The Group procures products and materials that are safe and durable through development activities based on the Pigeon Design Philosophy and the internally developed Pigeon Quality Standards (PQS).

(2) Stable procurement and stable supply

The Group places great value on stable procurement and stable supply, so that it can always deliver excellent products and services to customers. We work with suppliers to achieve stable procurement and share information with them on risk preparedness. We ask suppliers to prepare against risks to stable supply and to notify us immediately if supply must be suspended or delayed for any reason. In this way the Group and its suppliers take responsibility for supply by mutual agreement.

Other factors the Group stresses in its procurement activities are the procurement of products and materials that are economical and of confirmed quality as well as sufficient manufacturing and supply capacity to satisfy the Group's needs.

(3) Respect for human rights

In carrying out its procurement activities, the Group focuses keenly on respect for human rights, prohibiting discrimination of all kinds. Our approach is one of respect and acceptance of all people regardless of nationality, sex, age, creed, ability/disability, social status, sexual identity and sexual orientation. We require our suppliers to adhere to the Pigeon Group Human Rights Policy and carry out efforts to instill respect for human rights, to prevent negative impact on or belittling of human rights in the course of business activities related to suppliers' products and services.

(4) Respect for labor

As part of our efforts to ensure decent work in our supply chain, we require our suppliers to:

- Prohibit the use of child labor, forced labor and illegal labor, and strive to develop a sufficient awareness of inhumane labor practices and promote appropriate hiring.
- Comply with labor-related laws and regulations and mandated labor conditions, provide safe and hygienic work environments, guarantee minimum wages and prevent excessive work hours.
- Respect freedom of association and accept the effective exercise of collective-bargaining rights, along with prohibiting discrimination in hiring and treatment of employees and undertaking measures to prevent unfair treatment in the workplace, including harassment in all its forms.

(5) BCPs

In preparation for risks such as natural disasters, accidents, terrorism, bankruptcy and cessation of supply due to management problems, the Group proposes business continuity plans (BCPs) and makes efforts to reduce risk on that basis. To support the BCPs, the Group agrees with suppliers to a policy of mutual disclosure and transparency.

(6) Safety measures

Above all things, the Pigeon Group prizes the peace of mind, satisfaction and trust of the babies and their families who use our products. The Group therefore discloses the composition of its products, including the inclusion of chemicals that the Group regards as harmful, in all processes from development through manufacturing and sale to after-sale follow-up. Complying strictly with the laws, regulations, safety standards and other requirements of each country, the Group works hard to secure the quality and safety of its products.

The Group also recognizes the movement to eliminate animal testing as an important worldwide demand. We are striving constantly to make the elimination of animal testing a reality.

(7) Promoting sustainable procurement of raw materials

We promote sustainable procurement of palm oil-derived products, paper, and other products associated with grave environmental, human rights, or labor risks.

2. Reduction of environmental impact

(1) Promoting environmental preservation

The Group understands the importance of preserving the environment. We work with our suppliers to restrain and reduce the environmental impact caused by emissions of harmful substances activities, such as air, water and soil pollution generated by business activities.

(2) Promoting efficient use of resources and resource-saving practices

The Group works with suppliers to accomplish sustainable and efficient use of resources (energy, water, raw materials, etc.) and to reduce resource consumption (reduce, reuse, recycle).

(3) Reduction of waste

The Group identifies, manages and reduces waste and disposes of it responsibly. We also work with suppliers to reduce waste.

(4) Reduction of emissions of global-warming substances

The Group is pursuing further development of environmental management systems. In particular, we are striving to identify and reduce emissions of global-warming substances. We also keep appropriate records related to reduction of CO2 emissions.

(5) Control of chemicals used in manufacturing processes and products

To ensure that the management of chemicals included in products and used in manufacturing processes complies with the environmental laws, regulations, bylaws and arrangements of each country, the Group requires all suppliers to examine and understand the information about the chemicals they use and to conduct the necessary compliance.

(6) Biodiversity

The Group asks its suppliers to examine their impact on ecosystems, both direct and indirect, to protect biodiversity and use resources sustainably.

3. Fair business practices

(1) Respect for social norms

In every aspect of its procurement activities, the Group maintains high standards of ethics. We promote compliance-focused activities and eliminate profit that depends on violations of laws, regulations and corporate ethics.

(2) Compliance

Guided and inspired by the Pigeon Way and Pigeon DNA, the Pigeon Group complies strictly with the laws and regulations of the countries and regions in which it does business, fully mindful of its social purpose. We adhere to our Corporate Ethics Guidelines and other internal regulations and practice thorough compliance, refraining from actions that violate this principle or may cause misunderstanding.

Naturally, we refuse all relations with anti-social forces. If faced with an inappropriate request, we firmly refuse and contact to the appropriate authorities, dealing with the issue in a systematic fashion.

(3) Fair competition

In procurement, as with other business activities, the Group aims to grow as an enterprise through fair, transparent and free commerce and competition, thereby contributing to sound economic development. We therefore comply strictly with domestic and international competition laws. Taking these laws into consideration, we establish suitable methods of doing business, working closely with suppliers to establish responsible procurement.

Intellectual property must be managed and used appropriately, as it is a vital wellspring of competitiveness in enterprise activity. The Group recognizes the importance of its intellectual property rights, including patent rights, utility model rights, trademark rights, design rights and copyrights. We correctly establish rights to and carefully protect our research and development results. By the same token, we take great care in handling the intellectual property rights of third parties, so as not to infringe them.

(4) Prohibition of corruption and bribery

The Group never gives to or receives from suppliers entertainments, gifts, monies or other benefits for the purpose of obtaining or holding illicit gains or favors.

(5) Prohibition of misuse of dominant position

Guided and inspired by the Pigeon Way and Pigeon DNA, the Group complies strictly with the laws and regulations of the countries and regions in which it does business, fully mindful of its social purpose. We never misuse any position of dominance we may enjoy, striving to maintain fair and equitable relations with all suppliers.

(6) Building relationships of trust

Through the trading of products and materials that enjoy the peace of mind, satisfaction and trust of babies and their families, the Group builds relations of mutual trust with its suppliers.

The Group strives to achieve mutual business development and improvement of business results, exchanging necessary information with suppliers, engaging in mutual, rigorous evaluation of terms of trade and each other's actions.

(7) Information management and security

In the conduct of its procurement activities, the Group manages confidential and personal information with the strictest care. We take prudent steps to prevent the unlawful use of confidential and other sensitive information.

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