

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of Pigeon Corporation, which is reported to the Tokyo Stock Exchange. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Latest Revision: April 10, 2026
Company: Pigeon Corporation
Representative: Ryo Yano,
President and CEO
Inquiries: Nobuo Takubo,
Director, Junior Managing
Executive Officer and Chief
Strategy Officer
Securities Code: 7956
URL: <https://www.pigeon.com/>

An Overview of Corporate Governance at Pigeon Corporation (the “Company”) is Described Below.

I Basic Policy Regarding Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Policy

■ Pigeon Group DNA and Pigeon Way

The Pigeon Group DNA consists of our Corporate Philosophy of “Love” and Credo of “Only love can foster love” and has constituted the core of the Pigeon Group throughout its history and will remain so into the future.

The Pigeon Way consists of our Purpose of “We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies’ unique needs,” along with our Spirit encompassing the notions of “Integrity,” “Dedication,” “Synergy,” and “Enjoy,” thereby constituting the meaning of our reason for being in society and the cornerstone of all our activities which embodies our “heart and soul.” We have positioned our Corporate Philosophy and Credo as the “Pigeon Group DNA,” which is a concept common to the Pigeon Group, and we have positioned our Purpose as the axis of the Pigeon Way to drive our business activities toward its realization. The Pigeon Group DNA and the Pigeon Way are defined as follows.

<Pigeon Group DNA> The core of Pigeon Group throughout its history and into the future.

Corporate Philosophy:
Love

Credo:
Only love can beget love

<Pigeon Way> Our reason for being in society and the cornerstone of all our activities which embodies our “heart and soul”.

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

Spirit:
- Integrity

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- Dedication
- Synergy
- Enjoy

■ Establishment of Materiality (Key Issues)

The Pigeon Group's "Purpose" cannot be realized solely through the efforts of Pigeon Group employees, but can only be realized through collaboration with external stakeholders, including customers, business partners, shareholders, and local communities. We believe that by realizing our "Purpose," we can not only continue to exist and be recognized as an "indispensable presence in society," but also contribute to the realization of a sustainable society.

Therefore, the Pigeon Group has established the following five Key Issues to serve as priorities in its efforts to realize its "Purpose."

- Enhancing Business Competitiveness and Resilience;
- Reducing our Environmental Impact;
- Contributing to the Resolution of Social Issues;
- Managing Talent and Cultivating the Right Culture for our Purpose; and
- Establishing Solid Management Foundations

■ Pigeon's Basic Policy of Corporate Governance

Our corporate governance must be in line with the Pigeon Group DNA and the Pigeon Way, be directed toward solving and realizing Key Issues, contribute to the creation and realization of a sustainable society, and ultimately be directed toward realizing our "Purpose" of "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs."

Based on this Policy, we have defined corporate governance as follows: (1) Offensive governance—a mechanism for transparent, fair, prompt, and decisive decision-making to ensure the Pigeon Group's sustainable growth and medium- to long-term enhancement of corporate value (social value and economic value), the resolution and realization of Key Issues, and the realization of our "Purpose," and (2) Defensive governance—a mechanism for risk control through the timely collection and sharing of information and examination and verification, in order to prevent or promptly eliminate factors that may impede the Pigeon Group's sustainable growth, damage corporate value, or impede the resolution and realization of Key Issues or the realization of our "Purpose."

By continuously strengthening these mechanisms, the Company aims to further enhance corporate governance, increase corporate value, and ultimately contribute to the creation and realization of a sustainable society, as well as realize our "Purpose."

[Reasons for Non-Compliance with the Principles of the Corporate Governance Code]

The Company implements all principles of the Corporate Governance Code (revised June 11, 2021).

[Disclosure Based on the Principles of the Corporate Governance Code]

In line with the purpose and spirit of the Corporate Governance Code (revised on June 11, 2021), including the principles of the Code stating that certain matters should be disclosed, the Company discloses information about its corporate governance system and measures on its corporate website and posts the table of corporate governance-related items to show relevant reference materials available on the website.

In order to access this website, please click the following link:

https://www.pigeon.com/sustainability/governance_top/cgc/

For reference materials about the Company's corporate governance system and mechanism including the matters that should be disclosed pursuant to the Corporate Governance Code, please check the table, which provides links for access to the materials.

[Status of dialogue with shareholders, etc.]

The Company actively engages in responsible dialogue with shareholders and other investors through IR meetings and financial results briefings, etc.

On our corporate website, we disclose dialogue status, major topics, and examples, as well as feedback of dialogues to management and the Board of Directors. We also disclose actions taken based on dialogues.

For details, please refer to the following URLs:

- Corporate website: https://www.pigeon.com/sustainability/governance_top/investor/
- Integrated Report 2024 (p.15): https://www.pigeon.com/ir/library/factbook/files/pdf/pigeon_IR2025_E.pdf

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

| | |
|------------------------------------|------------------------------------|
| Content of Disclosure | Disclosure of Initiatives (Update) |
| Availability of English Disclosure | Available |
| Date of Disclosure Update | April 6, 2026 |

Explanation of Actions

The Company endeavors to further enhance its corporate value to achieve management conscious of cost of capital and stock prices by introducing and utilizing PVA (Pigeon Value Added, the Company's original performance indicator).

Issues recognized by the Company: We need further recovery and growth of PVA and various PVA components.

Policies on future initiatives:

- Improvement and implementation of strategies to improve profitability (9th Medium-Term Management Plan/Single Year Plan, etc.); Efforts to reduce working capital (especially inventory levels)
- Utilization of PVA to examine business portfolio and optimize allocation of management resources
- Disclosure related to ESG and materiality issues and enhancement of dialogue with various investors, etc.
- Incorporation of various performance and stock price indices into the calculation criteria for executive compensation

For details, please refer to the following URLs:

- Corporate website: https://www.pigeon.com/ir/management/capital_costs_management/
- Integrated Report 2024 (p. 14-15): https://www.pigeon.com/ir/library/factbook/files/pdf/pigeon_IR2025_E.pdf

2. Capital Structure

| | |
|------------------------------------|-------------------------------|
| Ratio of Shares Held by Foreigners | 20% or more and less than 30% |
|------------------------------------|-------------------------------|

[Major Shareholders]

| Name or Designation | Number of Shares Held (Shares) | Shareholding Ratio (%) |
|---|--------------------------------|------------------------|
| THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT) | 17,505,500 | 14.62 |
| CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT) | 9,061,400 | 7.57 |
| JAPAN ACTIVATION CAPITAL I L.P. | 4,260,000 | 3.56 |
| NORTHERN TRUST CO.(AVFC)RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT | 3,949,195 | 3.30 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 3,063,450 | 2.56 |
| THE NOMURA TRUST AND BANKING CO., | 2,667,600 | 2.23 |

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|---|-----------|------|
| LTD. (TRUST ACCOUNT) | | |
| CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT 4) | 2,079,800 | 1.74 |
| JPMORGAN SECURITIES JAPAN CO., LTD. | 2,044,562 | 1.71 |
| Yoichi Nakata | 1,944,300 | 1.62 |
| Y.N Co., Ltd | 1,678,000 | 1.40 |

| | |
|--|------|
| Controlling Shareholder (excluding parent company) | ———— |
| Parent Company | None |

Supplementary Explanation

While the following Reports of Possession of Large Volume are open to public inspection, the Company has not been able to verify the number of shares actually held. Consequently, the above [Major Shareholders] is based on the Shareholders' Register.

- 1) Report of Possession of Large Volume submitted by BlackRock Japan Co., Ltd. and five of its affiliates on June 17, 2025, stating that they held 6,117,100 shares
- 2) Report of Possession of Large Volume (Change Report) submitted by two affiliates of Mitsubishi UFJ Financial Group, Inc. on November 4, 2025, stating that they held 5,625,515 shares
- 3) Report of Possession of Large Volume submitted by Nomura Securities Co., Ltd. and two of its affiliates on February 5, 2026, stating that they held 6,516,989 shares

3. Corporate Attributes

| | |
|---|--|
| Stock Exchange Listings and Market Classification | Tokyo Prime Market |
| Fiscal Year-end | December |
| Industry | Other products |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year | 1,000 or more |
| Net Sales (Consolidated) as of the End of the Previous Fiscal Year | ¥10 billion or more and less than ¥100 billion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | 10 or more and less than 50 |

4. Guideline on Protection of Minority Shareholders in Conducting Transactions with Controlling Shareholders

————

5. Other Exceptional Circumstances that Might Have a Material Impact on Corporate Governance

The Company has no parent company or listed subsidiary.

II Overview of Business Management Organization and Other Corporate Governance
Systems related to Managerial Decision-Making, Business Execution, and Management
Supervision

1. Items Relating to Organization Structure and Operations, etc.

| | |
|----------------------|--|
| Form of Organization | Company with Audit & Supervisory Board Members |
|----------------------|--|

[Directors]

| | |
|---|------------------|
| Number of Directors Stipulated in the Articles of Incorporation | 11 |
| Term of office of Directors Stipulated in the Articles of Incorporation | One year |
| Chairperson of the Board of Directors | Outside Director |
| Number of Directors | 6 |
| Election of Outside Directors | Elected |
| Number of Outside Directors | 3 |
| Number of Outside Directors Designated as Independent Officers | 3 |

Relationship with the Company (1)

| Name | Attributes | Relationship with the Company * | | | | | | | | | | | |
|------------------|----------------------|---------------------------------|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | j | k | |
| Rehito Hatoyama | From another company | | | | | | | | | | | | |
| Yumiko Miwa | Academic | | | | | | | | | | | | |
| Hidenori Nagaoka | From another company | | | | | | | | | | | | |

* Selection criteria regarding relationship with the Company

* “○” if the individual in question “presently/recently” falls under each item; “△” if he/she had “in the past” fallen under each item.

* “●” if a close relative of the individual in question “presently/recently” falls under each item; “▲” if he/she had “in the past” fallen under each item.

- a. A person who executes business of the Company or its subsidiary
- b. A person who executes business or a non-executive director of the parent of the Company
- c. A person who executes business of a fellow subsidiary of the Company
- d. A person/entity for which the Company is a major business partner or a person who executes business for such person/entity
- e. A major business partner of the Company or a person who executes business for such business partner
- f. A consultant, accounting expert or legal expert who receives large amounts of cash or other assets in addition to remuneration for directors and audit & supervisory board members from the Company
- g. A major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. A person who executes business for a business partner of the listed company (excluding persons categorized as any of d, e or f above) (relates exclusively to the individual in question)
- i. A person who executes business for another company holding cross-directorship/cross-auditorship with the Company (relates exclusively to the individual in question)
- j. A person who executes business for an entity receiving contributions from the Company (relates exclusively to the individual in question)
- k. Others

Relationship with the Company (2)

| Name | Independent Officer | Supplementary Explanation relating to These Items | Reason for Election |
|-----------------|---------------------|--|--|
| Rehito Hatoyama | ○ | <p>Designated as an Independent Officer</p> <p>(Significant Concurrent Positions) CEO of Hatoyama Soken Corporation, Outside Director of transcosmos inc. HUMAN MADE inc.</p> | <p>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, corporate governance, etc. Moreover, he has been further enhancing the effectiveness of the Board of Directors in part by facilitating active discussions and managing the proceedings in serving as Chairman of the Board of the Company since March 2023. We have elected him as an Outside Director because of the useful advice and recommendations that he can give based on the aforementioned experience, as well as of the leadership that he has demonstrated as the Chairman of the Board.</p> <p>Furthermore, the Company has designated him as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.</p> |

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| Name | Independent Officer | Supplementary Explanation relating to These Items | Reason for Election |
|-------------|---------------------|---|--|
| Yumiko Miwa | ○ | <p>Designated as an Independent Officer</p> <p>(Significant Concurrent Positions) Professor, School of Commerce, Meiji University Representative Director of I-O Wealth Advisors, Inc. Member, Fund Management Committee, National Federation of Mutual Aid Associations for Municipal Personnel Outside Director of Okuma Corporation Member, Pension Asset Management Review Committee, The Mutual Aid Association of Prefectural Government Personnel</p> | <p>She is an expert in ESG and corporate governance, having conducted research related to the development of institutional investors and corporate governance, engagement of institutional investors, and ESG investment. In addition, she has knowledge of finance and accounting, and as a manager of a company engaged in the asset management education business, she has a high level of insight into management and supervisory ability with a focus on finance and accounting. ESG and corporate governance initiatives are becoming more important today, we have elected her as an Outside Director because of the useful advice and recommendations for the management strategy and the improvement of corporate governance of the Company, which advocates a Design Driven company, by leveraging her high level knowledge and wealth of experience. Furthermore, the Company has designated her as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders.</p> |

| Name | Independent Officer | Supplementary Explanation relating to These Items | Reason for Election |
|------------------|---------------------|---|--|
| Hidenori Nagaoka | ○ | Designated as an Independent Officer (Significant Concurrent Positions) Director of CARTA HOLDINGS, INC. President & CEO of CARTA VENTURES, Inc. Director of Research Panel, Inc. | He has a wealth of knowledge in corporate management nurtured through extensive experience from serving at a management consulting company to launching a venture enterprise and currently serving as Director CFO. We have elected him as an Outside Director because of the useful advice and recommendations that he can give based on his extensive experience and advanced knowledge as mentioned above. Furthermore, the Company has designated him as an independent officer because it is judged that, by not falling under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, there is no risk of a conflict of interest occurring with general shareholders. |

| | |
|---|-----|
| Presence or Absence of a Voluntary Committee Equivalent to a Nominating Committee or Remuneration Committee | Yes |
|---|-----|

Status of Voluntary Committees, Composition of Members, and Attributes of Chairperson

| | Name of Committee | Total Members | Standing Members | Internal Directors | Outside Directors | Outside Experts | Others | Chair-Person |
|--|------------------------|---------------|------------------|--------------------|-------------------|-----------------|--------|------------------|
| Voluntary Committee Equivalent to a Nominating Committee | Nominating Committee | 5 | 0 | 2 | 3 | 0 | 0 | Outside Director |
| Voluntary Committee Equivalent to a Remuneration Committee | Remuneration Committee | 5 | 0 | 2 | 3 | 0 | 0 | Outside Director |

Supplementary Explanation

At the meetings of the Board of Directors held on December 3, 2018 and September 2, 2019, the Board resolved to establish a Voluntary Remuneration Committee and a Voluntary Nominating Committee, respectively. Both are advisory bodies to the Board of Directors, and are voluntary committees chaired by an Independent Outside Director, with a majority consisting of Independent Outside Directors. Please refer to the executive remuneration policy

(https://www.pigeon.com/sustainability/files/pdf/Executive_Remuneration_Policy_e_202603.pdf) and the executive nomination policy

(https://www.pigeon.com/sustainability/files/pdf/Executive_Nomination_Policy_e_202603.pdf) for the purview of each committee and other details.

[Translation for Reference and Convenience Purposes Only]

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[Audit & Supervisory Board Members]

| | |
|---|-----|
| Establishment of the Audit & Supervisory Board | Yes |
| Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation | 4 |
| Number of Audit & Supervisory Board Members | 4 |

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

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.

Audit & Supervisory Board Members attend meetings of both the Board of Directors and the Management Committee, where they deploy their experience in the field to swiftly resolve issues. In addition to enhancing the supervisory function through expression of opinions and the like, Audit & Supervisory Board Members listen to Directors, view important resolution documents, examine the current status of business and financial assets, and otherwise conduct meticulous supervision and oversight particularly in accordance with audit policy and segregation of duties. They also meet regularly with the President and CEO, receive reports on matters such as important company issues, and carry out frank exchanges of opinions.

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.

| | |
|--|---------|
| Election of Outside Audit & Supervisory Board Members | Elected |
| Number of Outside Audit & Supervisory Board Members | 2 |
| Number of Outside Audit & Supervisory Board Members designated as Independent Officers | 1 |

Relationship with the Company (1)

| Name | Attributes | Relationship with the Company * | | | | | | | | | | | | | |
|-----------------|----------------------|---------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|--|
| | | a | b | c | d | e | f | g | h | i | J | K | l | m | |
| Koichi Otsu | From another company | | | | | | | | | | | | | △ | |
| Atsuko Taishido | Attorney | | | | | | | | | | | | | | |

* Selection criteria regarding relationship with the Company

* “○” if the individual in question “presently/recently” falls under each item; “△” if he/she had “in the past” fallen under each item.

* “●” if a close relative of the individual in question “presently/recently” falls under each item; “▲” if he/she had “in the past” fallen under each item.

- A person who executes business of the Company or its subsidiary
- A non-executive director or a “Kaikai-Sanyo” (accounting advisor) of the Company or its subsidiary
- A person who executes business or a non-executive director of the parent of the Company
- An Audit & Supervisory Board Member of the parent of the Company
- A person who executes business of a fellow subsidiary of the Company
- A person/entity for which the Company is a major business partner or a person who executes business for such person/entity
- A major business partner of the Company or a person who executes business for such business partner
- A consultant, accounting expert or legal expert who receives large amounts of cash or other assets in addition to remuneration for directors and audit & supervisory board members from the Company

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- i. A major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. A person who executes business for a business partner of the listed company (excluding persons categorized as any of f, g or h above) (relates exclusively to the individual in question)
- k. A person who executes business for another company holding cross-directorship/cross-auditorship with the Company (relates exclusively to the individual in question)
- l. A person who executes business for an entity receiving contributions from the Company (relates exclusively to the individual in question)
- m. Others

Relationship with the Company (2)

| Name | Independent Officer | Supplementary Explanation relating to These Items | Reason for Election |
|-------------|---------------------|--|---|
| Koichi Otsu | ○ | <p>Mr. Otsu is a part-time lecturer at Waseda Business School (Graduate School of Business and Finance), and while the Company donated an annual amount of two million yen to the university (for the fiscal year ended January 31, 2019), this donation amount is small, as stated above. Accordingly, he has been judged to have no risk of a conflict of interest occurring with general shareholders, and has been designated as an independent officer.</p> <p>(Significant Concurrent Positions) President of Otsu International, Inc., Visiting Professor, Graduate school of Business Breakthrough University</p> | <p>He has professional expertise and deep foresight in the realm of accounting and finance, as well as sufficient experience in providing recommendations and proposals regarding management from a broad perspective and teaching corporate finance at a variety of educational institutions. He is currently executing his duties appropriately as an Outside Audit & Supervisory Board Member through advice and proposals based on his professional expertise and abundant knowledge and experience. Therefore, the Company has appointed him as an Outside Audit & Supervisory Board Member.</p> <p>Furthermore, the Company has designated him as an independent officer because it is judged that, although he falls under Rule 211, Paragraph 4, Item 6, Clause j of the Enforcement Rules for Securities Listing Regulations in the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc. and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations, the involved amount is small, as indicated at left, and thus there is no risk of a conflict of interest occurring with general shareholders.</p> |

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| Name | Independent Officer | Supplementary Explanation relating to These Items | Reason for Election |
|-----------------|---------------------|---|--|
| Atsuko Taishido | | <p>It is judged that there is no risk of a conflict of interest occurring between Ms. Taishido and general shareholders, as she does not fall under the conditions provided in III. 5. (3)-2 of the Guidelines Concerning Listed Company Compliance, etc., and the conditions provided in Rule 211, Paragraph 4, Item 6 of the Enforcement Rules for Securities Listing Regulations.</p> <p>However, in accordance with the rules set by Mori Hamada & Matsumoto, to which she belongs, the Company has not designated or registered her as an independent officer.</p> <p>(Significant Concurrent Positions) Partner of Mori Hamada & Matsumoto, Outside Audit & Supervisory Board Member of JCOM Co., Ltd, Outside Director and Audit and Supervisory Board Member of T&D Holdings, Inc.</p> | <p>She has professional expertise as an attorney and high-level insight regarding various risks in global corporate management. In addition, she also possesses abundant experience in solving corporate management problems of many companies as an attorney, particularly in the realm of corporate governance and internal control. She is currently executing her duties appropriately as an Outside Audit & Supervisory Board Member through advice and proposals based on her professional expertise and abundant knowledge and experience. Therefore, the Company has appointed her as an Outside Audit & Supervisory Board Member.</p> |

[Independent Officers]

| | |
|--------------------------------|---|
| Number of Independent Officers | 6 |
|--------------------------------|---|

Other Information on Independent Officers

The main activities of the Independent Directors/Audit & Supervisory Board Members during the fiscal year ended December 31, 2025 (the fiscal year from January 1, 2025 to December 31, 2025) are as follows.

Rehito Hatoyama

Mr. Hatoyama attended all seven meetings of the Board of Directors and all six meetings of the Governance Committee held during the fiscal year. As the Chairman of the Board, he leads proactive discussions at Board meetings. Also, based on his abundant experience and wealth of knowledge on management and corporate governance, etc., in establishing and executing overseas business strategy in operating companies, he expresses opinions and raises questions regarding the Company's management strategy, business strategy, human resource strategy, governance and other matters at meetings of the Board and other meetings, in connection with assessing the Company's business strategy, brand strategy, human capital, and the progress of the Eighth Medium-term Business Plan and others, as well as in connection with formulating the Ninth Medium-term Business Plan. He thus appropriately fulfills the roles expected of him. In addition, he expresses his opinions that will lead to the improvement of corporate governance based on the aforementioned knowledge and experience at the meetings of the Governance Committee.

Yumiko Miwa

Ms. Miwa attended all seven meetings of the Board of Directors, all seven meetings of the Voluntary Remuneration Committee, and all seven meetings of the Voluntary Nominating Committee held during the fiscal year. Also, based mainly on her high level of knowledge and wealth of experience as an expert in ESG and corporate governance, she expresses opinions and raises questions regarding the Company's management strategy, business strategy, human resource strategy, governance and other matters at meetings of the Board and other meetings, in connection with assessing the Company's business strategy, brand strategy, human capital, and the progress of the Eighth Medium-term Business Plan and others, as well as in connection with formulating the Ninth Medium-term Business Plan. She thus appropriately fulfills the roles expected of her. In addition, she expresses her opinions at meetings of the Voluntary Remuneration Committee and the Voluntary Nominating Committee from an independent and objective standpoint and fulfills her roles as the chairperson of the Committees by leading members of the Committees to reach a consensus.

Hidenori Nagaoka

Mr. Nagaoka attended all seven meetings of the Board of Directors, all seven meetings of the Voluntary Remuneration Committee, and all seven meetings of the Voluntary Nominating Committee held during the fiscal year. Also, based on his extensive knowledge and wealth of experience in corporate management, he expresses opinions and raises questions regarding the Company's management strategy, business strategy, human resource strategy, governance and other matters at meetings of the Board and other meetings, in connection with assessing the Company's business strategy, brand strategy, human capital, and the progress of the Eighth Medium-term Business Plan and others, as well as in connection with formulating the Ninth Medium-term Business Plan. He thus appropriately fulfills the roles expected of him. In addition, he expresses his opinions about the remuneration and appointment of officers at meetings of the Voluntary Remuneration Committee and the Voluntary Nominating Committee from an independent and objective standpoint.

Koichi Otsu

Mr. Otsu attended all seven meetings of the Board of Directors, all eight meetings of the Audit & Supervisory Board, and five of the six meetings of the Governance Committee held during the fiscal year. While receiving reports on the Company's and the Group companies' audits, he provides advice and recommendations to ensure the appropriateness and suitability of the decision-making of the Board of Directors by offering his opinions, taking advantage of his experience in management consulting focused

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on the realm of accounting and finance, and as a professor and lecturer at a variety of educational institutions. In addition, at the Governance Committee meetings, he expresses his opinions that lead to the improvement of corporate governance based on the aforementioned abundant experience.

Atsuko Taishido

Ms. Taishido attended all seven meetings of the Board of Directors, all eight meetings of the Audit & Supervisory Board, and all six meetings of the Governance Committee held during the fiscal year. While receiving reports on the Company's and the Group companies' audits, she provides advice and recommendations to ensure the appropriateness and suitability of the decision-making of the Board of Directors by primarily offering her opinions from the professional standpoint of an attorney. In addition, at the Governance Committee meetings, she expresses her opinions that lead to the improvement of corporate governance based on her knowledge and experience as an attorney.

[Incentives]

| | |
|---|--|
| Status of Implementation of Measures to Grant Incentives to Directors | Introduction of the performance-linked remuneration system |
|---|--|

Supplementary Explanation Relating to These Items

For the Company's Directors (excluding Outside Directors), the Company has introduced a system of "bonuses" as incentives linked to short-term business performance and "stock remuneration" as incentive linked to medium- to long-term business performance. For details regarding this system, please refer to the "Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration," below, and the executive remuneration policy posted on the Company's corporate website (https://www.pigeon.com/sustainability/files/pdf/Executive_Remuneration_Policy_e_202603.pdf)

| | |
|---------------------------|--|
| Grantees of Stock Options | |
|---------------------------|--|

Supplementary Explanation Relating to These Items

[Directors' Remuneration]

| | |
|---|--------------------|
| Disclosure Status (of Individual Directors' Remuneration) | Partial disclosure |
|---|--------------------|

Supplementary Explanation Relating to These Items

The total amount of remuneration, etc., paid to the Company's Directors in the 69th fiscal year (the fiscal year ended December 31, 2025) is as follows (including a Director who retired at the conclusion of the 68th Ordinary General Meeting of Shareholders held on March 27, 2025). This information is also disclosed in the business report and the annual securities report.

9 Directors: 194 million yen (including five Outside Directors: 68 million yen)

Directors with total remuneration equal to or exceeding 100 million yen are also disclosed individually in the annual securities report.

| | |
|---|-----|
| Policy for Deciding the Amounts or Calculation Method of Remuneration | Yes |
|---|-----|

Disclosed Policy for Deciding the Amounts or Calculation Method of Remuneration

Please refer to the executive remuneration policy posted on the Company's corporate website (https://www.pigeon.com/sustainability/files/pdf/Executive_Remuneration_Policy_e_202603.pdf).

pdf) for details. The retirement benefits system for Directors was abolished as of the conclusion of the 62nd Ordinary General Meeting of Shareholders, held on April 25, 2019.

[Support System for Outside Directors (Outside Audit & Supervisory Board Members)]

Materials regarding the agenda of the meeting of the Board of Directors are sent in advance to Outside Directors and Outside Audit & Supervisory Board Members, and they are also provided with necessary explanations in advance.

The minutes of the meetings of the Management Committee are shared among Outside Directors and Outside Audit & Supervisory Board Members. In addition, as necessary, the Standing Audit & Supervisory Board Members provide to the Outside Audit & Supervisory Board Members explanations of the Management Committee agenda and the contents, etc., of audit debriefing sessions.

2. Items relating to Functions of Business Execution, Audit and Supervision, Nomination, and Decision on Remuneration, etc. (Outline of the Current Governance System)

(1) Management Structure Overview and Personnel Composition

The Company adopts the system of a company with audit & supervisory board members and has made rigorous legal audits by auditors the basis of compliance management. The primary management structures (meeting bodies) are: The Board of Directors comprised of 6 members (five men, one woman; six Japanese nationals) including three Independent Outside Directors; the Audit & Supervisory Board comprised of four members (three men, one woman; four Japanese nationals) including two Outside Audit & Supervisory Board Members; Management Committee headed by the President and CEO and comprised of the President and CEO and directors and Group Executive Officers appointed by the President and CEO. The Company is working to enhance the diversity of each of the meeting bodies. In addition, the Company adopts a delegated managing officer system and the newly established Group Executive Officer System (established in December 2025) to provide for mutual partnership between decision-making and oversight (governance) with business execution and to clarify the operating responsibilities of Directors.

(2) Board of Directors and Advisory Panel

The Board of Directors makes decisions on matters (management objectives and important business-execution strategies such as the management strategy) prescribed in laws and regulations, the articles of incorporation, and the “Board of Directors Rules” based on its authority to supervise the execution of duties of directors and managing officers. The Board of Directors actively elicits the opinions of Outside Directors and Audit & Supervisory Board Members, and the supervisory function of the Board of Directors has been further strengthened by having an Independent Outside Director serve as Chairman of the Board from March 2023. Further, apart from Board meetings, we hold a meeting on future strategies biannually to eliminate information asymmetry among Directors and Audit & Supervisory Board Members and for them to discuss the Group’s management issues and strategies from a medium- to long-term viewpoint. Also, in addition to the Voluntary Nominating and Remuneration Committees chaired by and with a majority consisting of Independent Outside Directors, we established the Governance Committee as an advisory panel to the Board of Directors. The Governance Committee is headed by an Independent Outside Director and is comprised of a majority of Outside Directors and Audit & Supervisory Board Member.

(3) Management Committee

As a general rule, the Management Committee holds a meeting about twice a month, with the President and CEO acting as chairperson. In this manner, we strive to find early solutions to problems from the viewpoint of our work sites.

(4) Audit Department

1) Audit & Supervisory Board Members attend meetings of both the Board of Directors and the Management Committee. In addition to enhancing the supervisory function through expression of opinions and the like, Audit & Supervisory Board Members listen to Directors, view important resolution documents, examine the current status of business and financial assets, and otherwise conduct meticulous supervision and oversight particularly in accordance with audit policy and segregation of duties. They also meet regularly with the President and CEO, receive reports on matters such as important company issues, and carry out frank

exchanges of opinions.

2) The Audit & Supervisory Board Members, the Audit Department, and the Accounting Auditors mutually collaborate through measures including regular debriefing sessions and, at any time as necessary, exchanges of information and opinions. Certified public accountants who performed accounting or audit work for the Company for the 69th fiscal year (the fiscal year ended December 31, 2025) are Chie Ukai, Engagement Partner, and Shinya Hiraoka, Engagement Partner, both of PricewaterhouseCoopers Japan LLC.

3) As an internal audit function, 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.

Furthermore, the Audit Department has established the J-SOX Secretariat, which conducts assessment tests on company-wide internal controls and the process of financial settlement based on the basic plan for internal control over financial reporting under the Financial Instruments and Exchange Act, and monitors the adequacy of maintenance and operation.

(5) Limitation of liability of Directors and Audit & Supervisory Board Members

The Company has entered into a limited liability contract with Directors (excluding executive directors) and Audit & Supervisory Board Members which limits their liability for damages prescribed in Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The limit of liability for damages of Directors (excluding executive directors) or Outside Audit & Supervisory Board Members 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.

3. Reason for Adopting the Current Governance System

Because the Company have hitherto grown steadily since its public listing, the Company judges that this system has been functioning effectively. In addition, the Company has been working to improve corporate governance by expanding the diversity of the Board of Directors through the appointment and increase of Outside Directors since 2015, strengthening the supervisory function of the Board of Directors by appointing an Outside Director as the Chairman of the Board from March 2023, establishing advisory panels to the Board of Directors, and active demonstration of supervisory functions by Audit & Supervisory Board Members.

III Status of Implementation of Measures related to Shareholders and Other Stakeholders**1. Measures toward Revitalization of the General Meeting of Shareholders and Facilitation of Exercise of Voting Rights**

| | Supplementary Explanation |
|---|---|
| Prompt Delivery of Convocation Notice of General Meeting of Shareholders | We forward the Convocation Notice three weeks prior to the date of the General Meeting of Shareholders |
| Allowing the Electronic Exercise of Voting Rights | The exercise of voting rights using a PC, smartphone or mobile phone is available by accessing the Internet voting website of the Administrator of Shareholders' Register designated by the Company. |
| Participation in the Electronic Voting Platform and Other Efforts to Enhance the Environment for the Exercise of Voting Rights by Institutional Investors | In order to enhance the environment for the exercise of voting rights by institutional investors, the Company has participated in the Electronic Voting Platform for institutional investors operated by ICJ, Inc. |
| Provision of a Summarized Convocation Notice of the General Meeting of Shareholders in English | We provide the Convocation Notice (summary) in English on the respective websites of the Company and the Tokyo Stock Exchange, etc. |
| Other | <p>We post the Convocation Notice (in Japanese and English) on the respective websites of the Company and the Tokyo Stock Exchange approximately one month before the date of the General Meeting of Shareholders, and disclose the results of voting at the General Meeting of Shareholders (in Japanese and English) on the Company's website.</p> <p>When investors who hold shares of the Company in street names express an interest in attending the General Meeting of Shareholders, the Company allows them to sit in after undergoing the necessary procedures. The necessary procedures are disclosed on the Company's website.</p> <p>Furthermore, we organize the General Meeting of Shareholders in a manner that enables the attendance of as many shareholders as possible, by means such as providing assistance through a sign language interpreter and setting up a temporary daycare center during the Meeting.</p> <p>In addition, we have conducted a live streaming online so that shareholders who could not make it to the venue could watch the General Meeting of Shareholders.</p> |

2. Investor Relations Activities

| | Supplementary Explanation | Explanation by Representative |
|--|--|-------------------------------|
| Establishment and Publication of Disclosure Policies | Available via the Company Website. Please refer to the following URL. https://www.pigeon.com/ir/management/disclosure/ | |
| Holding Regular Briefings for Analysts and Institutional Investors | The Company holds a results briefing twice a year, after the end of the second quarter and after the end of the fiscal year, with participation by the President and CEO. The Company also holds, under the leadership of its staff in charge of IR, teleconferences at the end of the first and third quarters, in order to provide results briefings and hold question and answer sessions. In addition, the Company holds small meetings and individual meetings as needed, with the participation of the President and CEO, etc. | Yes |
| Holding Regular Briefings for Foreign Investors | The Company attends conferences, etc. sponsored by securities companies in Japan and overseas several times a year. The President and CEO attends on occasion. | Yes |
| Posting Investor Relations Materials on the Company Website | On the webpages created to provide investors with relevant information, the Company discloses IR materials in Japanese (https://www.pigeon.co.jp/ir/) and English (https://www.pigeon.com/ir/). Available IR materials include Summaries of financial results, results briefing materials, Integrated Reports, Investors' Guides, Fact Sheets, timely disclosure materials other than financial results information, annual securities reports, semiannual securities reports, quarterly securities reports, general shareholders' meeting materials, this report, etc. | |
| Establishment of Investor Relations Department (Liaison) | The Company has established a Business Strategy Department through which it promotes IR activities. The responsible person in charge is the Chief Strategy Officer(CSO). | |

3. Measures to Respect the Position of Stakeholders

| Provisions of Internal Regulations to Respect the Position of Stakeholders | Supplementary Explanation |
|--|---|
| | <p>The Company has established universal Corporate Ethics Policies for putting into practice compliance (observance of laws and regulations and corporate ethics) management, and the provisions are clearly stated in them.</p> <p>Corporate Ethics Policies PIGEON IS COMMITTED TO:</p> <ol style="list-style-type: none"> 1. Possess high ethical standards constantly, promote management with priority given to compliance, and fulfill its social responsibilities as a company in every aspect of corporate activities under the Pigeon Group DNA and the Pigeon Way. 2. Pursue customers' delight, happiness, and excitement, provide safe, useful, and high-quality products and services, and strive for sustainable economic growth and social issue resolution. 3. Respect community cultures, aim for harmony with society, and extensively promote contribution to society as a good corporate citizen. 4. Give consideration to the limited global environment and be proactive in environmental management. 5. Carry out actions that respect human rights of every person in all its corporate activities. 6. Value the diversity and individuality of each employee at any time and provide for its employees a great work environment with consideration given to their health and security. Pigeon will work out to provide a workplace where its employees can achieve self-realization and feel fulfilled. 7. Participate in fair and open competition and carries out fair transactions and responsible procurement in its corporate activities for sound growth. Pigeon will maintain a healthy relationship with politics and the administration of government. 8. Appropriately control and utilize corporate information and promote efficient management. 9. Continue constructive dialogues with every stakeholder, use stakeholders' opinions for improvement and development of products and services or raising corporate value, and at the same time, disclose the corporate information positively, appropriately at the right time, and fairly. 10. Bring the present Corporate Ethics Policies into reality with all members of the Group united, and build, maintain, and develop an effective corporate governance to this end. |

| | Supplementary Explanation |
|--|--|
| Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities | <p>Under the Pigeon Group DNA and the Pigeon Way, the Pigeon Group has established Key Issues (materiality) that must be addressed in order to build foundations for value creation, transform into a business that creates both economic value and social value, and realize the “Purpose”.</p> <p>We disclose information about our environmental conservation and CSR activities on our corporate website.</p> <p>Sustainability: https://www.pigeon.com/sustainability/ Key Issues: https://www.pigeon.com/sustainability/materiality/</p> |
| Establishment of Policy Concerning Disclosure of Information to Stakeholders | <p>The Company states its approach to disclosure of information to stakeholders in the Code of Conduct, which has been established based on the aforementioned Corporate Ethics Policies, as per the following:</p> <ul style="list-style-type: none"> • The Company strives to provide shareholders, investors and other relevant parties with accurate information in a timely manner, through appropriate disclosures in accordance with laws, regulations and stock exchange rules, as well as through IR and SR activities and general meetings of shareholders, to promote understanding of its corporate activities. • In its dialogue with shareholders and investors, the Company not only makes disclosures based on laws, regulations and stock exchange rules, but also proactively provides management information, including details of its growth strategies. In doing so, the Company strives to provide information fairly to all shareholders and investors. • The Company provides, in an easy-to-understand manner, necessary and sufficient information to enable customers to make independent and rational decisions when selecting products and services. • The Company strives to proactively and voluntarily provide necessary information regarding its products and services from the customer’s perspective, in an appropriate and easy-to-understand manner. |

IV Basic Policy and Status of Implementation of the Internal Control System

1. Basic Policy and Status of Implementation of the Internal Control System

Pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company shall determine a basic policy on construction of an internal control system, as follows.

(i) System to ensure that duties performed by our company's directors and employees, as well as directors and employees of subsidiaries, comply with laws, regulations, and the articles of incorporation

(1) We have established the "Pigeon Group DNA" and "Pigeon Way" as the corporate philosophy that each and every employee holds dear. The Pigeon Group DNA, which consists of the Corporate Philosophy and Credo, is the core of Pigeon Group throughout its history and into the future. The Pigeon Way consists of "Purpose" and "Spirit," and it is our reason for being in society and the cornerstone of all our activities which embodies our "heart and soul". We shall determine compliance-related regulations for the corporate ethics framework made up of our ethical guidelines and Code of Conduct based on the corporate philosophy. The directors and employees of the Pigeon Group shall strictly comply not only with the law but also the standards and spirit of the communities they serve. We shall position the Pigeon Way as our standard for action with a strong ethical outlook.

(2) In order to appropriately and smoothly promote compliance throughout our group, the Risk Management Committee, chaired by the President and CEO or a management officer or business officer delegated by the President and CEO, shall nominate a Compliance Supervisory Department and a staff member in charge of the department. The Compliance Supervisory Department shall play the role of establishing and maintaining compliance-related rules and other frameworks, as well as leading and promoting compliance awareness centering on compliance education. In the event of a compliance-related incident or other problem, the Compliance Supervisory Department shall respond to the problem in cooperation with the Risk Management Committee and, depending on the nature and content of the case, may consult with external lawyers as appropriate.

(3) In an effort to ensure early detection of any wrongdoings, we shall establish "Speak-up Desk" as an internal reporting system for in-house use and "Pigeon Partners Line" as an internal reporting system for our business partners. When problems are detected inside or outside of the company, sufficient consideration shall be given to protection for the reporting/consulting individual before investigating facts, as per the relevant rules. Based on the results of the investigation, it shall be the responsibility of the Audit & Supervisory Board Members or the management officer responsible for the Global Head Office (GHO) compliance supervisory department to determine whether response or corrective measures are necessary as well as the details thereof, and the GHO compliance supervisory department shall lead the implementation of such measures. Applicable contents shall be reported to upper-level organizations (the Management Committee or the Board of Directors).

(4) Rejection of relationships with antisocial forces shall be specified in the Code of Conduct. In addition to conducting education and training, we shall develop and thoroughly implement an internal system for practical applications, such as appointing staff in charge of preventing false claims.

(ii) Systems related to saving and managing information pertaining to the performance of duties by directors
Information pertaining to the performance of duties by directors shall be recorded and saved in written documents or electronic format in accordance with the Rules for Document Control and Management, Confidential Information Management Bylaws and Rules for IT Control and Management. These documents and other formats shall always be available for review by directors and audit & supervisory board members.

(iii) Rules and other systems related to our company and subsidiaries' risk management for losses

(1) Based on the Risk Management Policy and Risk Management Regulations which systematically define our group's risk management response, a GHO Risk Management Committee composed of a Chairperson, and committee members and risk owners appointed by the Chairperson shall be established. This committee shall collect, analyze, and evaluate comprehensive risk information for the

- corporate group as a whole, with priority risk categories shown in (2) as the core, which are aggregated from each business segment. The committee shall also consider and implement countermeasures either independently or with business segments as intermediaries. In addition, each business shall establish a Risk Management Committee with its General Manager as Chairperson, and these committees shall be overseen by the GHO Risk Management Committee. All of these risk management committees shall collect, analyze, and evaluate risk information related to the applicable business segments, including risk information related to the segments' subsidiaries, and shall consider and implement countermeasures.
- (2) Our group shall establish "compliance," "finance," "business management & subsidiary control," "human rights," "information security," "SCM (supply chain management)," and "customer complaint" as priority risks determined by the GHO Risk Management Committee, and risk owners appointed by the Chairperson of the GHO Risk Management Committee shall take the lead in managing and responding to risks, especially across the Group.
- (3) Auditing the status of risk management in each department and each subsidiary shall be performed through cooperation with the internal auditing department, the corporate strategy department, the accounting & finance department, the legal department, the human resources department, and the general affairs department.
- (4) Risk Management Committee shall be quickly convened based on the Rules for Risk Management and the business continuity plan (BCP) if a large-scale disaster or other risk to our group occurs. The Committee shall work to minimize losses and promote recovery.
- (iv) System for ensuring efficient performance of duties by directors
- (1) By formulating a Medium-Term Management Plan and management plans for each individual fiscal year, we shall clarify goals to be achieved by our company and steadily implement priority management items.
- (2) The Board of Directors shall make management decisions rationally and efficiently, and our company shall appoint outside directors for the purpose of receiving advice regarding management strategies, making objective decisions, and improving corporate governance. Moreover, our company shall practice management that elicits lively opinions from internal and outside directors and audit & supervisory board members, including issues presented by outside directors, and shall strengthen management and supervisory functions for execution of business. Furthermore, through a delegated managing officer system and a managing officer system, we shall seek mutual partnership between decision-making / management and supervisory functions and execution of business and shall clarify the operating responsibilities of directors.
- (3) A Management Committee meeting with attendance from the President and CEO and directors and Group Executive Officers appointed by the President and CEO shall be held approximately twice a month in order to strengthen and enhance the function of the Board of Directors. Through this committee, the Board of Directors shall seek to quickly resolve issues through expeditious execution of business and decision-making for important policies.
- (v) System for ensuring proper operation in our company and corporate groups composed of subsidiaries
- (1) Our company shall determine Rules for the Division of Duties and Authority and clarify the approval process for the working scope of each post and operation, and directors and employees shall execute their duties in accordance with the applicable regulations. In addition, matters for which subsidiaries request approval from our company and which subsidiaries report to our company shall be determined in the Rules for Group Company Management, and subsidiaries shall carry out their business after acquiring approvals from our company and carrying out reporting to our company as necessary in accordance with the applicable regulations.
- (2) The business unit chief executive officer or division managers shall confirm the state of execution of business by directors of the subsidiaries they manage and shall report the performance of the subsidiaries and the execution of their business to our company's Board of Directors each quarter.
- (3) In addition to periodically auditing the execution of business by directors of subsidiaries, audit & supervisory board members shall also cooperate with audit & supervisory board members at subsidiaries in order to develop internal controls and monitor the operation of such controls. Audit & supervisory

CORPORATE GOVERNANCE

board members at our company and subsidiaries shall hold audit & supervisory board liaison committee meetings as necessary.

- (4) The Internal Auditing Department shall audit the level of appropriateness and efficiency for the execution of business throughout our group.
 - (5) In order to ensure reliability and appropriateness in financial reporting, our company and group companies shall comply with the Financial Instruments and Exchange Act. We shall strive to ensure a healthy internal controls environment, to strengthen control activities on a company-wide level, to construct an internal controls system which is capable of effective and valid evaluation, and to operate this system appropriately.
- (vi) Items pertaining to employee aids appointed upon request from an audit & supervisory board member and items pertaining to independence of said employees from directors and the effectiveness of instructions from audit & supervisory board members
- Aids shall be appointed upon request from audit & supervisory board members. When an aid is appointed, the opinion of audit & supervisory board members shall be respected when making personnel decisions related to the aid. Moreover, the audit & supervisory board members' instructions to the aid shall be given independently from directors and the aid shall engage in work based on instructions from audit & supervisory board members.
- (viii) Systems for company directors and employees and subsidiary directors, audit & supervisory board members, and employees to report to audit & supervisory board members and other systems for reporting to audit & supervisory board members
- (1) Directors and employees shall promptly report to audit & supervisory board members any item other than laws and regulations which will have a major impact on our company and our group, the status of internal controls, and the status of reporting using the Speak-up Desk.
 - (2) In addition to meetings of the Board of Directors, audit & supervisory board members shall attend Management Committee meetings and shall be permitted to provide opinions when requested or when necessary regarding items being discussed.
 - (3) The Corporate Strategy Department shall notify audit & supervisory board members of the overview of proceedings and results for each meeting of the Board of Directors and Management Committees.
 - (4) Our company's directors and employees, subsidiary directors, audit & supervisory board members, and employees of subsidiaries, or persons who have received reports from such parties may make reports directly to audit & supervisory board members via the Speak-up Desk on matters that have a significant effect on our corporate group, matters that cause significant damage to our corporate group, and important compliance matters. Individuals will not suffer in any way for making these reports.
 - (5) Our company shall promptly handle demands made by audit & supervisory board members or the audit & supervisory board for reasonable expenses or refunds incurred related to the performance of duties by audit & supervisory board members.
- (viii) Other systems for ensuring effective auditing by audit & supervisory board members
- The individuals with high awareness of corporate activities such as finance and law shall be recruited as outside audit & supervisory board members. The majority of these individuals shall be CPAs and lawyers. In addition to enhancing the auditing environment of the audit & supervisory board members, outside audit & supervisory board members shall also make efforts to execute appropriate and effective auditing services through cooperation with the Internal Auditing Department.

2. Basic Policy and Status of Implementation of Efforts towards Exclusion of Antisocial Forces

In addition to prescribing rejection of relationships with antisocial forces in the Code of Conduct and conducting education and training, the Company shall develop and thoroughly implement an internal system for practical application of the Basic Policy, such as appointing a person in charge of preventing false claims.

V Others

1. Presence or Absence of Introduction of Takeover Defense

| | |
|----------------------------------|----|
| Introduction of Takeover Defense | No |
|----------------------------------|----|

Supplementary Explanation Relating to These Items

At the meeting of the Board of Directors held on March 6, 2008, with the goal of ensuring and enhancing the corporate value of the Company and the common interests of the shareholders, the Company prescribed a basic policy on the Company’s corporate control (referred to below as “the Basic Policy”). In light of the Basic Policy, as a measure to prevent inappropriate persons from controlling decisions on the Company’s financial and business policies, by resolution at the 51st Ordinary General Meeting of Shareholders held on April 28, 2008, the Company obtained approval for and introduced the Measures for the Large-Scale Purchase of Company Shares (Measures Against Acquisitions) (referred to below as “Countermeasures”). However, taking into consideration that the procedures on large-scale purchases of company shares were partly put in place as a result of revisions, etc., of the legal system, the Company judged that the steady execution of the Medium-Term Management Plan leads to ensuring and enhancing the corporate value of the Company and thus the common interests of the shareholders. Therefore, by resolution of the Board of Directors at its meeting held on March 7, 2011, as of the conclusion of the 54th Ordinary General Meeting of Shareholders held on April 27, 2011, the Basic Policy was discontinued and the Countermeasures expired.

Furthermore, even after expiration of the Plan, if the Company recognizes a situation where there are transactions and transfers of the Company’s shares, and if a person who performs the act of a large-scale purchase of company shares (referred to below as “large-scale purchaser”) appears, after carefully considering the opinions, etc., of the Company’s Outside Audit & Supervisory Board Members and external experts, the Company shall assess the contents of the proposal from the large-scale purchaser and, as necessary, hold negotiations with the said large-scale purchaser. Likewise, when it is rationally judged that, if prompt measures are not taken, there is a risk that the Company’s corporate value and the common interests of the shareholders will be damaged, as a proper duty of the Company’s Board of Directors, to which management was entrusted by the shareholders, the Board of Directors shall actively request to the large-scale purchaser that the large-scale purchaser disclose information, and it shall strive to secure information and time for the shareholders to make an appropriate decision. In addition, as necessary, the Board of Directors shall promptly determine the necessity and contents, etc., of concrete countermeasures, which is considered to be the most appropriate within the scope permitted by the Companies Act, the Financial Instruments and Exchange Act, and the related laws or regulations, and, by taking steps to execute the countermeasures, it will strive to ensure the Company’s corporate value and the common interests of the shareholders.

2. Other Items Relating to Corporate Governance System, etc.

● Status of Implementation of the Internal Control System

At the meeting of the Board of Directors held on May 22, 2006, the Company resolved to establish a system (Basic Internal Control Policy) to ensure that the duties performed by the Directors comply with laws, regulations and the Articles of Incorporation, as well as to ensure the appropriateness of other operations of the Company, based on the Companies Act and the Ordinance for Enforcement of the Companies Act. The Board of Directors of the Company conducts reviews as necessary and makes continual improvements to the Policy. Additionally, the Audit Department, the Accounting & Finance Department and other related departments work together to develop internal controls over financial reporting and other measures based on the Financial Instruments and Exchange Act.

● Risk Management

In accordance with the Risk Management Policy and the Risk Management Regulations that have been

formulated and applied to Pigeon Group companies, the Company has established the GHO Risk Management Committee, chaired by the Chief Strategy Officer (CSO), who has been delegated the necessary authority by the President and CEO. In addition, the Company has established a Risk Management Committee for each business segment under the GHO Risk Management Committee, each chaired by the general manager of respective segment. This enables us to aggregate risk information related to the Group as a whole as well as to manage risks, and take quick responses in each business segment. The GHO Risk Management Committee comprehensively collects, analyzes, and evaluates risk information for the Group as a whole, with risk information aggregated from business segments as its core, and examines and implements countermeasures by itself or through business segments. In particular, risk owners appointed by the Chair of the GHO Risk Management Committee play a central role in aggregating information and examining and implementing measures across the Group with respect to compliance, finance, business management & subsidiary control, human rights, information security, SCM (supply chain management), and customer information, which are set as priority risk categories. The Risk Management Committee of each business segment collects, analyzes, and evaluates risk information related to each business segment, including risk information related to Group companies under the same segment, and examines and implements countermeasures.

In addition to the measures taken in normal times, in the event of a crisis for the Group, such as a large-scale disaster, the Risk Management Committee is convened promptly in accordance with the Risk Management Regulations and the Business Continuity Plan (BCP) to minimize losses and effect recovery. The GHO Risk Management Committee compiles information on the Group's risks and reports it to the Board of Directors once a year. The GHO Risk Management Committee also reports to the Board of Directors, as appropriate, on the details of incidents that have occurred and the results of the response.

● Compliance

The Group has been implementing compliance-related measures with a focus on (1) compliance-related rules (systems and mechanisms), (2) compliance education and (3) compliance monitoring. We are examining and implementing these measures to 1) prevent compliance violations and 2) to detect and resolve compliance violations as soon as possible.

The Group's compliance-related activities are reported annually to the Board of Directors.

(1) Compliance-related rules (systems and mechanisms)

Based on the Pigeon Group DNA and the Pigeon Way, the Group has established a basic policy on compliance called the "Corporate Ethics Guidelines." The Corporate Ethics Guidelines have two components: corporate ethics policies, which comprise the ethical sensibility we must hold to continue to earn the trust and support of society, and a code of conduct, which comprises guidelines that spell out how each employee embodies the corporate ethics policies in business activities. Based on the Corporate Ethics Guidelines, the Group is committed to ensuring that each and every employee complies with all laws, regulations, social norms and their spirit and takes actions with the highest sense of ethics and integrity, thereby earning more trust and support from stakeholders. Moreover, in the three areas that are considered to pose a particularly high risk in the entire Group: "anti-bribery and corruption," "antitrust compliance," and "information management," we have established a "Compliance Policy" that outlines specific actions to be taken and the necessary systems and mechanisms.

Further, in order to detect and resolve compliance violations, we have the following internal reporting systems in place: "Speak-up Desk" (for Pigeon Group employees to make reports through three contact points: the Audit & Supervisory Board Members, the Legal Department, and a corporate attorney) and the "Pigeon Partners Line" (for customers to make reports through two contact points: the Legal Department and a corporate attorney). For the Speak-up Desk, we launched a multilingual reporting system that ensures anonymity in 2023. In the event that a problem is found in or outside the Company, the Company investigates the facts and responds to the report, giving due consideration to the protection of the person who made the report, and the GHO Compliance Supervisory Department takes measures to prevent recurrence as necessary. When responding to the reports made through the systems, we consult with a corporate attorney as necessary to ensure the legality of our responses and solutions. In FY2025, there were 13 Speak-up Desk reports and 2 Pigeon Partners Line reports.

(2) Compliance education

The Group aims to raise the compliance awareness of all Group employees by providing them with compliance education based on the Pigeon DNA and the Pigeon Way, Corporate Ethics Guidelines, Compliance Policy, the internal reporting system and others at the Company and Group companies in Japan and overseas.

In 2025, we provided employees with training focused on cases of misconduct and wrongdoing, in light of an incident of misconduct discovered at a Group company in 2024. Specifically, we clarified the top management's commitment to "never compromise on compliance under any circumstances" and communicated this message to all Group employees through a video message. In addition, we also developed and explained case studies based on the said incident and other specific cases, in order to ensure that our Corporate Philosophy and Code of Conduct are thoroughly understood across the entire Group, including subsidiaries not directly involved in the incident. Following the training, we conducted surveys of participants and used the feedback to improve the content of our training. Furthermore, we distributed the monthly "Pigeon Compliance Newsletter" to all employees of the Company and Group companies in Japan, using the incident as a topic to instill the culture of compliance that employees should uphold in their daily operations.

(3) Compliance monitoring

In addition, by regularly conducting compliance monitoring for all domestic and overseas Group employees, we identify and analyze compliance risks in the Group. We then reflect the results in the compliance rules and education described above, aiming to reduce compliance risks of the Group and raise awareness toward compliance of all Group employees.

In 2025, based on the results of the compliance awareness survey conducted in 2023, we focused on promoting awareness of the "Speak-up Desk" and encouraging its use. We also visited Group companies in Japan and overseas to confirm the implementation status of compliance-related measures and facilitated necessary improvements.

● Personal Information and Information Security

In providing customers with products, services and information, the Pigeon Group considers information security and personal information protection to be an important task. The Risk Management Committees cooperate to review and devise responses to risks to both of these, and strive to strengthen the management of information security and personal information by adopting a system in which such measures are implemented by the Information Security Department, Legal Department, or other departments in charge. Furthermore, with regard to its personal information protection system, as evidence of its being an enterprise that handles personal information appropriately in conformity with JIS Q 15001:1999, the "Requirements for compliance program on personal information protection" (currently JIS Q15001:2023, "Personal information protection management systems"), the Company received PrivacyMark certification from the Japan Information Processing Development Corporation, an incorporated foundation that operates the PrivacyMark® System, in July 2005. In addition, the Company has renewed the certification in every two years until 2025.

● Sustainability

In order to further promote the Group's sustainability-oriented management from a medium- to long-term viewpoint, we have established the "Sustainability Committee." The committee is composed of the Chief Human Resources Officer (CHRO) responsible for human resource and sustainability strategies, who has been delegated the necessary authority by the President and CEO to serve as chair, and committee members selected by the chair. The Committee meets at least twice a year to set medium- and long-term goals for the Company's ESG issues, identify and periodically review Key Issues (Materiality), and review the progress of efforts to resolve Key Issues, thereby fostering sustainability throughout the Group.

● Investor Relations Activities

In its IR activities, the Company holds second quarter and annual results briefings, first and third quarter results briefings via teleconferences, and Medium-Term Business Plan briefings, participates in events held for individual investors, and strives to improve its website (both the Japanese and English versions), etc. The Company actively promotes IR activities for all shareholders, including institutional investors, with the aim of further enhancing the transparency and reliability of its operations, while striving to ensure timely and accurate information disclosure and to strengthen communication. This is achieved through the planning and

implementation of domestic and overseas IR activities, with the participation of the Chief Strategy Officer (CSO), who oversees the IR Department, the President and CEO, internal directors, and outside directors.

- Overview of Timely Disclosure System

1. Internal System for Timely Disclosure

The Company has established a Disclosure Policy that summarizes the Pigeon Group's fundamental policy on information disclosure, and it publicizes the Disclosure Policy mainly on its Website (<https://www.pigeon.com/disclosure/>).

In order to realize the spirit of this policy, we have established and operate the timely disclosure system centered on the Business Strategy Department in charge of IR so that important financial, social and environmental information will be disclosed fairly, timely and appropriately.

2. Checking Function of the Internal System for Timely Disclosure

The Company has established, as its Internal Audit Department, an Audit Department with authority over the Company's internal control development and internal audits. The Audit Department develops the internal control and improves the internal audit system of each Group company.

To verify whether fair, timely, and appropriate corporate information disclosure is made to all stakeholders including shareholders, investors, and local communities, the Audit Department regularly conducts internal audits of internal control of information disclosure processes in the Pigeon Group. Audit results are reported at the audit debriefing sessions and shared with all Directors and Audit & Supervisory Board Members.

