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Human Rights

Basic Approach

Carry out business activities that consider human rights, respect diversity, and create an environment in which all people can perform to their full potential.

Morinaga Milk respects the United Nations Guiding Principles on Business and Human Rights and works to respect human rights throughout the supply chain. As part of this stance, preparation is underway to implement human rights due diligence* by FY 2021. To realize the mission of “Ever Brighter Smiles,” emphasis will be placed on environmental improvements in all processes, from procurement of raw materials to production and sales.

As a first step, in 2017 Morinaga Milk participated in the Stakeholder Engagement Program organized by Caux Round Table Japan and began identifying human rights issues in the supply chain. Morinaga Milk also signed the United Nations Global Compact in April 2018 and participated in another Caux Round Table Japan-sponsored stakeholder engagement program, with overseas experts offering comments on the proposed human rights policy. From these, the Morinaga Milk Group Human Rights Policy was formulated in November 2018.

This human rights policy is being disseminated to stakeholders and business partners. Systems are also in place to respect diversity within the company and create environments in place to uphold the policy.

Morinaga Milk will continue to carry out business activities with the aim of respecting human rights throughout the supply chain.

*Human rights due diligence
This is the process by which companies can recognize, prevent, and deal with adverse impacts on human rights. Actions include formulating a human rights policy, assessing the impact of business activities on human rights, and tracking and disclosing performance with regard to human rights.

Morinaga Milk Group Human Rights Policy

Basic Philosophy

The Morinaga Milk Group respects human rights and diversity as basic rights for people to live healthy and enjoyable lifestyles as we aim to realize our corporate philosophy “contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology.”



Background

We have formulated this policy based on the Guiding Principles on Business and Human Rights of the United Nations and in respect to various international codes of conducts regarding human rights, such as Universal Declaration of Human Rights and United Nations Global Compact, to promote initiatives related to respecting human rights. This policy also expresses our dedication towards respecting human rights based on our corporate philosophy and guiding principles.

Scope

This policy applies to all executives and employees of the Group and also hopes that all of our business partners involved in our products and services to support this policy, and suppliers comply with this policy.

Basic Policy

1. We respect basic human rights, individuality, and diversity, and do not discriminate or engage in harassment based on race, gender, age, religion, language, nationality, sexual orientation, gender identity, and having disabilities or not. In the case abuse of human rights is found, we will take necessary measures including measure to prevent reoccurrence of such cases urgently and earnestly.
2. We do not engage in forced or child labor.
3. We create working environment where employees can feel safe and secure while working and also be healthy both mentally and physically.
4. We respect the employees' basic right of collective bargaining.
5. We comply with laws and regulations of Japan and countries and regions we engage business in.
6. We properly educate our executives and employees.
7. We respect each diverse way of thinking and their stances, and strive to create a corporate culture that enables everyone to exert their full potential and work enthusiastically.
8. We disseminate this policy to all employees and also release it to the public.

November 2, 2018

Michio Miyahara

President and Representative Director
Morinaga Milk Industry Co., Ltd.

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System

Morinaga Milk CSR Committee meetings, which are chaired by the president, are held twice a year for monitoring and reporting on the progress of KPIs. In addition, Morinaga Milk implements PDCA cycles with the general managers of the relevant divisions responsible for "Priority Issue: Human Rights" and the general managers of the relevant departments responsible for promoting KPIs. The Morinaga Milk Group also believes that human rights should be addressed in all divisions and departments. A system to address human rights issues on a company-wide basis is currently being developed.

KPIs

Direction of activities	KPIs
Identify human rights issues and devise countermeasures in dialogue with stakeholders	Hold dialogue with stakeholders
Identify cases of human rights infringement at suppliers	Understand current situation through CSR procurement questionnaires
Identify ingredients and suppliers that affect Company management	Create a list of important suppliers (1)
Respond to the Group's foreign employees (including those working for cooperating companies)	Set up a working environment for the Group's foreign employees (2)
Promote diversity and inclusion	[Target for FY 2027] Number of persons teleworking/satellite work systems, rate of taking paid leave, rate of hiring female employees, number of female managers, rate of taking paternity leave, rate of male employees taking childcare leave, and number of employees quitting for family care

Progress on main KPIs (corresponding to number on the table):

- (1) Created a list of key suppliers and completed a questionnaire survey to ascertain their current status
- (2) Completed a survey of the number of foreign employees
Added specific items for foreign employees to the checklist for operational audits

Disseminating the Human Rights Policy

Human Rights Policy Training

The Morinaga Milk Group began compliance training in 2019 in order to educate employees about the Group's human rights policy, which was created in November 2018. Compliance officers visited business sites and Group companies for this training.

REPORT

► Please see the "Compliance Training" section (p. 79) for details.

Compliance Consultation System "Morinaga Milk Helpline" (Internal Reporting System)

The Morinaga Milk Group regards harassment as a human rights issue and works toward solutions through Morinaga Milk Helpline, a consultation system for compliance-related matters.

REPORT

► Please see the "Compliance" section (p. 78) for details.

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Promotion of Occupational Health and Safety

The Morinaga Milk Group regards occupational health and safety as one of the most important foundations of its corporate activities. The Basic Policy on Health and Safety was established not just for employees, but also for all persons at business sites. In line with this basic policy, the Group promotes health and safety education along with the identification and hazard sources (hazard locations) to reduce and eliminate them. The goal is zero work-related accidents.

Morinaga Milk Group Basic Policy on Health and Safety

The Morinaga Milk Group recognizes that health and safety are the foundation of the company and its management. We also recognized that ensuring safety in cooperation with the employees is the most important responsibility of the management and engages in activities to ensure safe and comfortable workplace for the employees.

Basic Policy

1. All employees work on safety and health activities and act to realize “safety first” practices and “zero accidents” at the workplace.
2. We promote the creation of a corporate culture and environment where “everyone always follows prescribed rules,” and comply with the Industrial Safety and Health Act, related laws, and internal regulations.
3. We promote the creation of a work environment that is both physically and mentally comfortable and cooperate with industrial physicians to conduct periodic health examinations and health guidance to improve our employees’ health.
4. We, especially our manufacturing department, work on the following safety and health activities:
 - (1) Implementation of measures to eliminate and reduce potential hazards and harmful effects through risk assessment
 - (2) Preparation of work standards for regular and irregular works, dissemination of those standards to employees, and compliance with the rules
 - (3) Prevention of the recurrence of occupational accidents through information-sharing and the promotion of activities to prevent similar disasters

In particular, the implementation of measures based on past disaster

lessons to completely prevent the recurrence of accidents such as “pinched and rolled,” “falling,” and “burn injury” types

- (4) Implementation of safety and health audits (formal audit and internal audit) for the continuous improvement of health and safety levels
- (5) Implementation of safety and health education and training to improve safety knowledge and safety awareness
- (6) Promotion of the “Keep safe!” activities by all employees

August 1, 2017

Michio Miyahara

President and Representative Director
Morinaga Milk Industry Co., Ltd.

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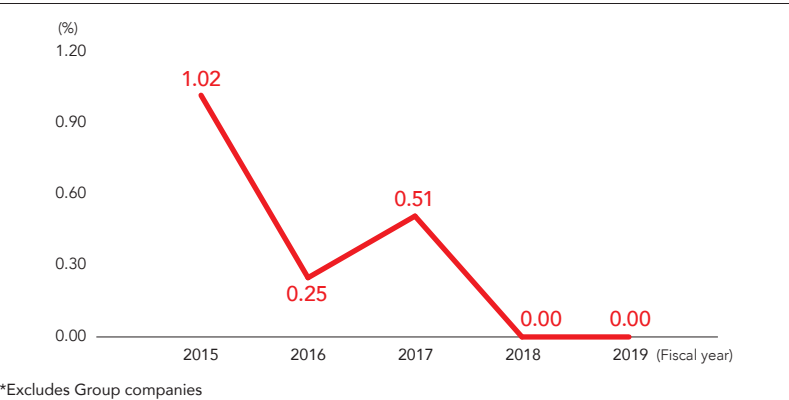
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Lost Work Hours and Serious Accidents

When an occupational accident occurs in the Group, information is immediately sent to the head office, which provides support guidance regarding the causes and the measures to be taken. On-site guidance is provided as necessary. Information is shared in the form of flash reports and monthly reports describing disaster prevention and safety measures, which are deployed horizontally across all business sites of the Manufacturing Department in order to prevent similar occurrences.

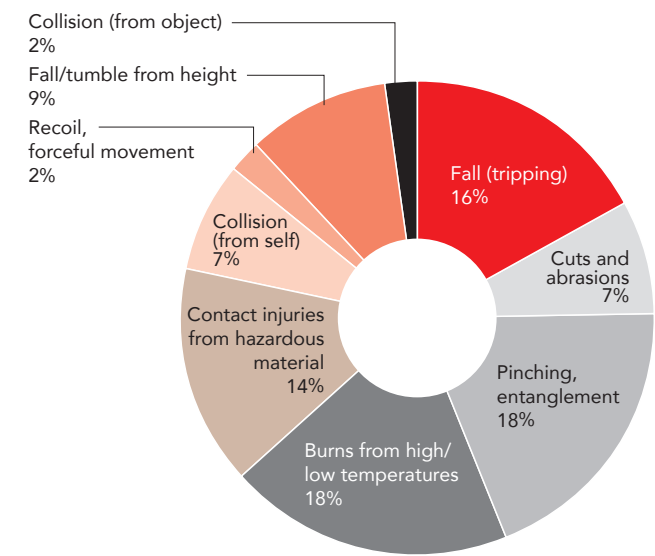
Industrial Accident Frequency Rate



Workplace Accidents (by Type)

In FY 2019, the most common type of workplace accidents at Morinaga Milk Group were pinching/entanglement and burns from high/low temperatures, each of which constituted 18% of all workplace accidents. The next most common types of accident were falls from tripping (16%) and contact injuries from hazardous material (14%). These four types of workplace accidents represented 66% of workplace accidents.

Percentage of Workplace Accidents by Type (FY 2019)



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Management to Prevent Occupational Accidents

Health and Safety Audits

The Morinaga Milk Group uses a 166-item health and safety audit checklist to carry out internal audits of documents and manufacturing operations at each site overseen by the Manufacturing Department every half year in order to prevent work-related accidents. The Group also strives to take compliance with laws, regulations, and health and safety activities to the next level. The head office will also carry out a main audit of all business sites within the next three years; in FY 2020, these audits are scheduled at 12 sites.

For internal health and safety audits, the Morinaga Milk Group uses an assessment system with internal auditors who have received training at the head office. The purpose is to raise the level of knowledge and understand what items should be given attention and measured for evaluation.

Ensuring Safety at New Facilities

Morinaga Milk conducts equipment safety inspections before starting up a new plant at the time new equipment is brought in, or when major changes are made to building structures or manufacturing processes. Preliminary checks are done with a focus on lessons learned from past accidents and on compliance with laws and regulations in order to confirm that operations can be started assuredly and safely.

Health and Safety Promotion Activities

"Keep Safe!" Activities

The Morinaga Milk Group promotes "Keep safe!" activities.

"Keep safe!" activities refer to the mindset of giving priority to safety and health. This phrase is meant to be used in place of stock greetings in Japan such as "Good morning" and "Thanks for the hard work." The underlying idea is to warmly encourage coworkers and others to start the day by putting safety first so as to be able to return home in the same condition as one arrived. It also serves as a reminder to not get injured and to not cause injury to others.

Health and Safety Education to Employees

1. Safety training with danger simulation devices

Morinaga Milk lends out devices for safety education (two sets of five machines) in rotation to plant sites of the Manufacturing Department. The devices simulate dangers from pinching and entanglement, compressed air, sealing pressure and electrical shock. (In FY 2020, use of these danger simulation devices is planned for 11 sites.)

2. A series of six safety DVDs is circulated to each manufacturing site for viewing as part of safety education.

3. Basic safety compliance items are organized by type of occupational accident. Addressing eight subjects, the information is distributed to all sites over the internal network for use in safety education.

4. Safety officers at Morinaga Milk head office have developed an in-house, seven-part e-learning program. Program content is sent out about every two months to all employees working at plants.

5. A theme is decided according to the type of occupational accident and sent out approximately once per month with the aim of preventing similar occurrences. Each site carries out a risk assessment and evaluation based on the theme with modifications and guidance provided by health and safety officers at head office in order to build capabilities.

6. Employees who have been with Morinaga Milk for four to five years undertake a risk assessment exercise, with modifications and guidance provided on each of seven topics.

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Stakeholder Engagement

As part of human rights due diligence initiatives, Morinaga Milk has participated in the Stakeholder Engagement Program sponsored by Caux Round Table Japan since 2017 and continued this effort in FY 2019. Morinaga Milk will continue to focus on human rights issues in the supply chain.

Suppliers

Morinaga Milk is dealing with suppliers and other business partners to respect human rights throughout the supply chain.

For raw materials, Morinaga Milk is advancing the purchase of RSPO-certified palm oil and Rainforest Alliance-certified coffee beans and tea leaves.

Morinaga Milk also regularly conducts procurement surveys with suppliers, shares the company Procurement Policy with them, and conducts human rights surveys.

REPORT

▶ Please see the "Supply Chains" section (p. 53) for details.

CSR Procurement Questionnaires (2019)

Morinaga Milk Group periodically conducts CSR procurement questionnaires, etc. on the labor environment at raw material manufacturing sites and processing plants. (The next questionnaire is scheduled for 2021.) For the 2019 questionnaire Morinaga Milk held an advance briefing session for major suppliers about the CSR procurement questionnaire to explain its purpose and significance in terms of Morinaga Milk Group's human rights,



Explanatory meeting for the CSR procurement questionnaires

procurement and quality policies.

The questionnaire uses the CSR Sustainable Procurement Self-Assessment Tool created by Global Compact Network Japan and asks questions in some 47 categories such as human rights, corporate governance, labor, environment, fair corporate activities, quality/safety, information security, supply chain, and coexistence with the community, with 180 companies (a 100% response rate) submitting. Feedback will be given to business partners to improve and strengthen future efforts in the supply chain.

Topics

Field Visit to an Aloe Plantation and Processing Plant

Morinaga Milk Industry Co., Ltd. uses aloe in products such as Morinaga Aloe Yogurt. We import aloe from Thailand, and we conducted onsite inspections of three aloe farms and aloe processing plants at two companies in FY 2019.

Aloe manufacturing companies have contracts with many aloe farms, which employ several to dozens of migrant workers from neighboring Cambodia on a live-in basis.

The status of quality control for the produced aloe was checked. The observers also asked about environmental considerations at the plantation and processing plants, the working environment and the status of human rights protection for workers. No particular problematic conditions were identified during this visit.



Migrant workers weeding and harvesting aloe fields
Due to the strong sun, work is done in the early morning and in the late afternoon to evening.

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Initiatives with Partner Distribution Companies

Morinaga Milk is working with its distribution partners and other companies to improve the working environment for drivers with the aim of eliminating long work hours and reducing the amount of workload now facing drivers who bear part of the logistics responsibilities.

Specific initiatives

- Promotion of pallet deliveries
- Modal shift to rail and sea transport
- Joint deliveries within the Group and with other companies in the same industry
- Scrutinize work content and review customer transaction conditions, etc.
- Shorten the time needed to secure break times (reduce waiting times, relax conditions for designated delivery times, etc.)
- Participating in the White Logistics Movement (from September 2019)

Employment Survey for Non-Japanese Employees

The Morinaga Milk Group employs foreign nationals as well as Japanese nationals whose first language is not Japanese.

An employment survey was carried out for non-Japanese employees at all Morinaga Milk business sites and Group companies in order to confirm employment conditions and enhance the working environment.

Group total: 158 persons (as of March 31, 2019)

Conditions

1. Those who do not have Japanese nationality and are not North Korean, Korean or Taiwanese with Special Permanent Resident status
2. Those who have Japanese nationality but have difficulty communicating in Japanese

Diversity & Inclusion

The Morinaga Milk Group believes it is important to not only recognize diversity, but to also encourage all employees to fully realize their own individuality and abilities while accepting each other's differences, and to promote corporate activities. Morinaga Milk has published its Diversity and Inclusion Declaration and implements a variety of company-wide measures in this regard.

Morinaga Milk Diversity and Inclusion Declaration

Management and employees will:

- Respect the diversity of employees and work to create a workplace in which all employees can maximize their potential.
- Support employee "smiles" and "vibrancy" both at and away from work.
- Continue to express Morinaga Milk's characteristic values to society through our employees' smiles and vibrant work ethic.

Initiatives and Results

Employment Situation

	2015	2016	2017	2018	2019
Employees – consolidated (Persons)*	5,602	5,771	5,987	6,157	6,303
Employees – non-consolidated (Persons)	3,023	3,035	3,144	3,247	3,340
Number of regular employees, by gender (Morinaga Milk only)					
Men (Persons)	2,444	2,455	2,556	2,629	2,697
Women (Persons)	579	580	588	618	643
Number of new graduates hired as regular employees, by gender (Morinaga Milk only)					
Men (Persons)	47	47	98	103	85
Women (Persons)	17	17	29	42	42
Total (Persons)	64	64	127	145	127
Turnover and turnover rate (including mandatory retirement; Morinaga Milk only)					
Turnover (Persons)	127	107	99	85	100

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Turnover rate (%)	3.5	3.0	2.7	2.3	2.7
	2015	2016	2017	2018	2019
Number of re-hires and re-hire rate of persons aged 60 and older (Morinaga Milk only)					
Number re-hired (Persons)	45	50	36	30	24
Re-hire rate (%)	91.8	96.2	87.8	96.8	88.9
Ratio of base pay and total compensation by gender: Not disclosed					

*Morinaga Milk Industry Co., Ltd., Morinaga Milk Industry Sales Co., Ltd., Tohoku Morinaga Milk Industry Co., Ltd., Furiijipor Co., Ltd., Hiroshima Morinaga Milk Industry Co., Ltd., MK Cheese Co., Ltd., Clinico Co., Ltd., Tokyo Dairy Co., Ltd., Rizan Corporation, Morinaga-Hokuriku Milk Industry Co., Ltd., Towa Techno Co., Ltd., Moriyu Sunworld Co., Ltd., Chez Forêt Co., Ltd., Morinaga Dairy Service Co., Ltd., Toyo Fermented Milk Co., Ltd., Morinaga Milk Industry Hokkaido Co., Ltd., Morinaga Milk Industry Kyushu Co., Ltd., Napoli Ice Cream Co., Ltd., Tokachi Urahoro Milk Industry Co., Ltd., Milei GmbH, Milei Plus GmbH, Milei Protein GmbH & Co. KG., Morinaga Nutritional Foods, Inc., Pacific Nutritional Foods, Inc., Nihon Seinyu, Fuji Morinaga Milk Industry Co., Ltd., Okinawa Morinaga Milk Industry Co., Ltd., Kumamoto Morinaga Milk Industry Co., Ltd., Yokohama Morinaga Milk Industry Co., Ltd., Morinaga Engineering Co., Ltd., Hokkaido Hosho Milk Plant Co., Ltd., Sunfco Ltd., MM Property Funding Corp.

Promotion of Diversity and Inclusion

Morinaga Milk has held briefings to ensure that all employees properly understand and implement diversity and inclusion. Since 2017, Morinaga Milk has held an annual diversity forum together with other food product companies with keynote speakers and panel discussions. More than 100 people from Morinaga Milk participate each year.

In 2007, the Nurturing the Next Generation Committee took the opportunity to listen to the voices of female employees with children. This committee is also responsible for creating the short-time work system and establishing leave for school events for both male and female employees. Such efforts are now regarded as part of pursuing diversity. Morinaga Milk is promoting the establishment of a system that supports a diversity of workstyles regardless of gender, and is also developing a rewarding workplace for employees to sufficiently realize their individual potential.

Support for Female Workers

Morinaga Milk is supporting female workers as part of its diversity promotion

efforts. This support includes training programs such as “Female Leader Training” and the “Work × Child-raising Power-Up Seminar” to support employees seeking to advance in their careers and employees seeking to balance the demands of work and caring for children. Morinaga Milk is also examining mechanisms and tools to promote the engagement of female workers who return to their workplaces after childcare leave.

Morinaga Milk is now working on the first phase of an action plan for compliance with the “Act on Promotion of the Women’s Participation and Advancement in the Workplace”.

Results for Support for Female Workers

	April 1 2017	April 1 2018	April 1 2019	April 1 2020
Percentage of new female graduates*	41.0	45.8	47.9	60.0
No. of female managers	38	42	43	46
Ratio of female managers (%)	4.5	4.8	4.7	4.9

* Total for administration, sales and R&D employees

LGBT Help Line

Morinaga Milk promotes diversity and inclusion, and recognizes and respects diversity in its efforts to be an organization where everyone can play an active role. In considering that there might be many LGBT people in the workplace who are anxious that coming out to coworkers or using company consultation avenues will negatively affect their interpersonal workplace relationships, Morinaga Milk decided to establish an email consultation service with an external provider for a six-month trial. This counselor service is aimed at people who identify as LGBT who wish to consult with someone but are not sure who to turn to, or do not have anyone they can discuss such matters with, and is available to any Morinaga Milk employee free of charge.

In addition to this external help line, Morinaga Milk also promotes measures for promoting proper LGBT awareness, such as holding study sessions on LGBT etiquette and requiring managers to take an LGBT e-learning course.

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Childcare Support System

Morinaga Milk is enhancing childcare support systems. Employees burdened with the dual demands of work and child-raising are able to actively engage in their work in various departments with support from the short-time work system, flextime policy, etc. In addition, Morinaga Milk has had a paternity leave system since 2015 to raise awareness about the participation of male workers in child-raising. The number of male workers who are using paternity leave and childcare leave is increasing.

Morinaga Milk was certified by the Director of Tokyo Labor Bureau in 2008, 2010, and 2012 as a business that supports parenting. In recognition of this certification, Morinaga Milk received the “next generation certification mark” (known as Kurumin) in those same years. Morinaga is now working on the 6th phase of the action plan.

- Ratio of paternity leave in FY 2019: 79.5% (120 people)
- Ratio of male employees taking childcare leave in FY 2019: 22.5% (34 people)



Number of Employees Taking Childcare Leave by Gender

	2015	2016	2017	2018	2019
Men (Persons)	9	14	18	27	34
Women (Persons)	32	37	49	54	47
Total (Persons)	41	51	67	81	81

Rate of Returning to Work from Childcare Leave by Gender

	2015	2016	2017	2018	2019
Men (%)	100.0	100.0	100.0	100.0	100.0
Women (%)	97.0	94.6	100.0	100.0	98.2

Exclusion of Gender-based Role Assignment

Targets	2017	2018	2019	2027 target
Ratio of paternity leave (%)	70.0	76.5 (124 persons)	79.5 (120 persons)	100
Ratio of male employees taking childcare leave (%)	12.9	16.7 (27 persons)	22.5 (34 persons)	100

Family Care Support System

In recent years, the number of employees working while caring for their families has been increasing. In 2017, Morinaga Milk responded to this trend by starting a system allowing employees to divide nursing care into three separate leave periods of up to 185 days in total, a period exceeding the requirement under the relevant law. In 2018, Morinaga Milk established the “Long-Distance Travel Subsidy for Providing Nursing Care” for employees burdened with high travel costs of returning to their hometown, etc. to provide nursing care to a family member. This subsidy covers part of the travel costs for such employees. Morinaga Milk supports employees aiming to balance work and nursing care.

Employee Turnover Due to Nursing Care

	2017	2018	2019	2027 goal
Employee turnover (persons)	6	0	2	0

Employment of People with Disabilities

Morinaga Milk employs people with diverse backgrounds from new graduates to experienced staff. Employees with disabilities are placed in positions where they can demonstrate their individual abilities.

Number of Employees with Disabilities and Employment Rate

	2015	2016	2017	2018	2019
Employees with disabilities (persons)	84	84	89	94	89
Employees with disabilities (%)	2.13	2.17	2.19	2.22	2.15

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Workstyle Reform

Work-Life Balance

In 2017, Morinaga Milk launched a Workstyle Reform Committee to develop an infrastructure environment and system so that all employees, with their diversity of backgrounds, can fully demonstrate their abilities.

Morinaga Milk has introduced a “No Overtime Day” system, “My Holiday System,” and “Interval System” to better reflect the workstyles of employees and make their work more interesting.

The “No Overtime Day” serves as a reminder to employees at all business sites, including the head office, that work is to be finished within designated working hours.

Under the “My Holiday System” started in FY 2019, employees give notice to their managers for five days of consecutive leave, making it easier for the workplace managers to adjust schedules so that employees do not feel anxiety about using their paid leave. Thanks to these efforts, the use of paid leave has increased in recent years, reaching 76.7% in FY 2019. Morinaga Milk continues to move forward with such initiatives with the aim of reaching 85% use of paid leave in FY 2027.

For the physical and mental health of employees, an “Interval System” has been in place in the head office, branches, and sales offices since 2014. The Interval System secures more rest time for employees by ensuring off-time of a certain duration from the end of work, including overtime work, to the start of work on the next day. Effort is being made at all levels to encourage the healthy living of employees through the prevention of overwork.

Morinaga Milk also works with distribution partners to reduce working hours—especially for truck drivers, for whom long working hours is a particular concern.

REPORT

► Please see the “Initiative with Partner Delivery Companies” section (p. 48) and “Supply Chains” section (p. 57) for details.

Total Working Hours and Average Number of Days of Paid Leave Taken

	2015	2016	2017	2018	2019
Total working hours (Hours)	1,974	1,965	1,965	1,974	1,967
Number of days of paid leave taken (Days)	11.6	12.0	12.2	12.0	14.1

* Total working hours for labor union members only

Systems to Promote Flexible Ways of Workstyles

Morinaga Milk promotes flexible ways of workstyles through its “Teleworking/Satellite Work System,” “Time-difference Work System,” and “Flextime System”.

Since its introduction in 2017, the “Teleworking/Satellite Work System” has improved work productivity by allowing employees to use their time more effectively and strike a better balance between work and private life. All employees, with or without childcare or nursing care obligations, are eligible to use the system. Morinaga Milk continues to review the workstyles most amenable to highly productive work. As of March 2020, 930 people have used this system.

A flextime system has been adopted at all business sites (with the exception of manufacturing section at plants and certain centers) to improve awareness of efficient work operations.

Targets for Diversity & Inclusion and Results

Targets	2017	2018	2019	2027 target
Workstyles				
Number of employees using teleworking/satellite work system (Persons)	67	197	932	1,000
Ratio of days of annual leave taken (%)	62.8	64.9	76.7	85

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Support System to Balance Ongoing Medical Treatment and Work

In 2018, Morinaga Milk implemented the following three systems to support employees who need ongoing medical treatment so that they can continue to work with peace of mind as allowed by the short-time work system, the reduced working days system, and a time-difference work system.

Short-time work system: A shortened work day by up to 2 hours

Reduced working days system: A four-day work week without using paid leave

Time-difference work system: Shift work hours by up to two hours either way with no change in total working hours.

Fair and Equitable Employment

Morinaga Milk revised its personnel system for contract employees in April 2016 to allow fixed-term contract employees who have a certain level of experience to enter into an open-end employment agreement with the company. Also, those contract employees without defined employment periods can be regarded as regular employees under the system. Since 2016, 21 contract employees have had their status changed. Morinaga has clarified the scope of responsibility and expected roles in each employment classification so as to promote the active participation of diverse employees.

Moreover, many former employees who have ended their employment for personal reasons or a career change, express their desire to return to Morinaga Milk at a later time. To respond to such desires and, at the same time, take advantage of the experience and skills such former employees have accumulated during their tenure in other companies, Morinaga Milk now has an arrangement for rehiring former employees. Regular employees who have worked at Morinaga Milk for more than three years are, in principle, eligible for rehiring regardless of the reasons for leaving Morinaga Milk. To date, eight people have returned to active work under this arrangement.

Number of Persons Hired under the Returnees Program (Morinaga Milk only)

	2015	2016	2017	2018	2019
Number hired (Persons)	1	3	0	1	0

Management-Labor Dialogue

Morinaga Milk has organized the All Morinaga Labor Union as a forum for dialog between management and labor. A union-shop system is used and 100 % of full-time employees, excluding management, are members of the union.

In order for the company and the union to have mutual understanding and cooperation, the labor agreement requires holding management meetings, including joint management meetings attended by both management and union representatives (twice per year) and business site management meetings with union branch representatives.

Management-labor councils are also held for safety measures and labor hour measures (twice per year for each). Morinaga Milk strives to improve occupational health and safety in the workplace and to discuss wage increases and bonuses, as well discuss improvements to working conditions apart from wages.

Finally, before revisions, etc. are made to internal regulations, a proposal is provided for discussion to the All Morinaga Labor Union. These efforts are part of maintaining close communications with the union.