

Third Party Assurance

Lloyd's Register Quality Assurance Limited guarantees the energy consumption and CO₂ emission results (Scope 1, Scope 2) for FY 2019 described on pages 33 to 34 of this Data Book as reliable. Morinaga Milk will continue to work to improve the reliability of environmental data.

For the scope of aggregation, see "Third Party Assurance of Actual Data and Scope of Aggregation." (→ p. 33)



LR Independent Assurance Statement

Relating to Morinaga Milk Group's Environmental Data within Sustainability page of its corporate website for the fiscal year 2019

This Assurance Statement has been prepared for MORINAGA MILK INDUSTRY CO., LTD. in accordance with our contract but is intended for the readers of this report.

Terms of Engagement
Lloyd's Register Quality Assurance (LR) was commissioned by MORINAGA MILK INDUSTRY CO., LTD. ("the Company") to provide independent assurance on its environmental data disclosed in Sustainability page of its Corporate Website ("the report") for the fiscal year 2019 (from 1 April 2019 to 31 March 2020), against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE3000 (Revised) and ISO 14064-3 for Greenhouse gas ("GHG") emissions data.

Our assurance engagement covered the Company's operations and activities at 13 manufacturing plants and its consolidated subsidiaries (14 companies, 16 factories) in Japan and specifically the following requirements:^{1,2}

- Verifying conformance with the Company's reporting methodologies for the selected dataset;
- Evaluating the accuracy and reliability of data for only the selected environmental datasets listed below:³
 - Scope 1 GHG emissions (Tonnes CO₂)⁴
 - Scope 2 GHG emissions (market-based) (Tonnes CO₂)
 - Total energy consumption (MWh)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

LR's Opinion
Based on LR's approach nothing has come to our attention that would cause us to believe the Company has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable environmental data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

¹ Furijisport Okinawa-Uruma Plant, which was built in July 2019, is excluded in the scope only this assurance since this factory was completed in the middle of 2019.
² The performance data relating Akita Orion Food in the Taboku Morinaga Milk, Akita Plant site is included.
³ GHG quantification is subject to inherent uncertainty.
⁴ The scope covers only energy-oriented CO₂.

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LR's Approach
LR's assurance engagements are carried out in accordance with ISAE3000 and ISO14064-3 for GHG emissions. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical data and records associated with GHG emissions and energy consumption for the fiscal year 2019; and
- Visiting Tone plant of MORINAGA MILK INDUSTRY CO., LTD. and MK Cheese Co., Ltd. to investigate whether the data management systems have been effectively implemented.
- By implementing the Company's "No Visitor" Policy due to the global infection spread of COVID-19, conducting the remote verification to the head office of MORINAGA MILK INDUSTRY CO., LTD. Headquarters for confirming the aggregated data via emails, telephone, and Google meet.

Observations
Further observations and findings, made during the assurance engagement, are:
The Company should further demonstrate the accuracy and reliability of its future reports. This is particular to ensure effective internal verification processes at both the corporate head office and site levels.

LR's Standards, Competence and Independence
LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment - Requirements for bodies providing audit and certification of management systems - Part1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed  Dated: 06 August 2020
Saeko Shimizu
LR Lead Verifier
On behalf of Lloyd's Register Quality Assurance Limited
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LR reference: YKA00000882

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Table 1. Summary of MORINAGA Group's environmental data fiscal year 2019:

Scope	
Scope1 GHG emissions	207,862 tonnes CO ₂
Scope2 GHG emissions (Market-based)	150,796 tonnes CO ₂
Total energy consumption	1,482,605 MWh

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