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# Sustainability at Morinaga Milk

## Policy and Approach

### Our Approach to Sustainability

In 2019, Morinaga Milk Group created its 10-Year Vision, outlining a plan for the next decade in our aim to be a company that balances delicious and pleasurable food with health and nutrition, a global company that exerts a unique presence worldwide, and be a company that persistently helps make social sustainability a reality.

Based on this idea, we have established seven priority issues and set KPIs for each under our basic policy of “Performing Business with an ESG-focus Aligned with Our Corporate Philosophy,” one of three core policies outlined in the Morinaga Milk Business Plan for the Next Medium Term (ending March 31, 2022), to solve social issues through our products, services, and activities with the aim of realizing sustainable growth together with society.

The Morinaga Milk Group will contribute to the creation of a society in which people can enjoy happiness and fulfillment by addressing these seven priority issues.

## System

### Sustainability Promotion System

Morinaga Milk promotes sustainability management throughout the Group under the Sustainability Committee, which is chaired by the president. To promote sustainability management at an accelerated pace, in 2021 the CSR Promotion Department was renamed the Sustainability Promotion Department and positioned under the new Sustainability Division, which is under the direct control of the president. This structure will allow the Group to build a system that accelerates our efforts for realizing a sustainable society.

The Sustainability Committee was established as a special committee to reinforce the functions of the Board of Directors, which include discussing the support, progress and confirmation of Morinaga Milk’s Seven Priority Issues developed for achieving sustainable growth together with society.

### Sustainability Committee

The president is the committee chair and the executive officers and managers of each division serve as committee members, while the Sustainability Promotion Department acts as secretariat. As a general rule, the committee meets once every six months.

### Why the name change was made

As of June 1, 2021, the CSR Promotion Department became the Sustainability Promotion Department. Along with the name change, the department will now serve as one of the core organs of the newly established Sustainability Division under the direct control of the president.

In recent years, efforts to achieve SDGs, especially in terms of addressing social issues such as climate change, have become an indispensable theme for the sustainable development of companies, with the keyword being “sustainability.”

With the name change, the Sustainability Promotion Department will step up its efforts by accelerating Morinaga Milk’s sustainability activities and working toward the realization of a sustainable society.

### Sustainability Promotion Department

The committee is comprised of the Planning Group, the Promotion Group, and the Environmental Management Group. The responsibilities of each group are as follows.

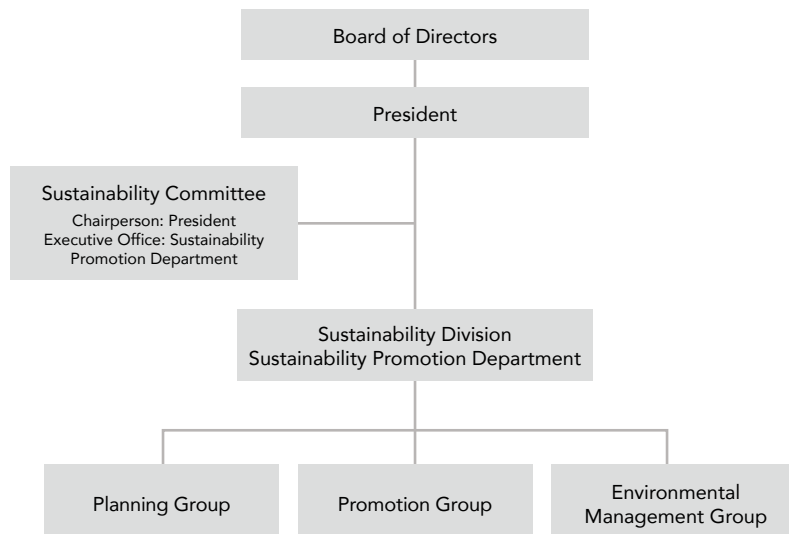
Planning Group:	Planning and drafting of the ESG Business Plan for the Next Medium Term, operations for the Sustainability Committee, disseminating sustainability information inside and outside the company, promoting the corporate brand strategy, and planning, implementing and promoting measures to improve the corporate and organizational structure
Promotion Group:	Providing support for sustainability activities at production sites and promoting plant tours, childcare consultations, food education, etc.
Environmental Management Group:	Planning and promotion of company-wide environmental measures, general planning for environmental strategies, and operation and management of the ISO 14001 environmental management system

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**Sustainability Promotion System**



**WEB** Corporate Governance Report  
 ▶ <https://www.morinagamilk.co.jp/english/ir/management/governance.html>

**Communication with Stakeholders**

**Communication Methods**

Morinaga Milk uses the following methods to communicate with each group of stakeholders.

From the perspective of preventing the spread of COVID-19, the communication methods for some activities were changed in FY 2020.

**REPORT** ▶ Please see the "Measures for and Effects of COVID-19" section (p. 10)

Stakeholders	Communication Methods and Results
Customer	(1) Consumer Service Office Number of consultations: About 65,000 (2) Customer satisfaction questionnaire surveys (3) Angel 110 Hotline Number of consultations: 9,941 (4) Next-generation support activities (e.g. KidZania, Forest and Food Expedition Team)
Shareholders and investors	(1) General Meeting of Shareholders (June 2021) Number of voting rights exercised: 422,198 (2) Briefings for individual investors: 0 * Suspended in FY 2020 to prevent the spread of COVID-19 Financial results briefing: 4 Small-scale meetings: 2 (3) Interviews with institutional investors and analysts: 393 (4) Business activity briefing sessions with institutional investors and analysts: 1
Business partners and suppliers	(1) Supplier audits: 16 (2) CSR procurement questionnaires: done once every 3 years (latest done in 2019, next scheduled for 2022) (3) Quality improvement seminars and distribution study groups (4) Supplier briefings Activities (3) and (4) were suspended in FY 2020 to prevent the spread of COVID-19.
Employees	(1) Energy Survey (employee satisfaction survey) Held November 2020 (2) Career surveys Held December 2020 (3) Dialogue through the Co-Creation of Aspirations Forum Held November 2020, 166 participants (4) Internal newsletter: 4 times/year
Local communities	(1) Plant tours Suspended in FY 2020 to prevent the spread of COVID-19 (2) Participation in environmental conservation activities and special events (3) Provision of supplies during a disaster (4) Distribution of products to food banks and children's cafeterias

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## Joining External Initiatives and Groups

Morinaga Milk engages in dialogue and collaboration with diverse stakeholders in order to realize a sustainable society.

Both in Japan and internationally, Morinaga Milk endorses the philosophies, or participates as a member, of the following organizations in order to practice sustainable management.

Organization Name	Date of Participation/Nature of Activities
 <p>WE SUPPORT UN GLOBAL COMPACT</p>	<p>Signed April 2018. Morinaga Milk works to realize the Compact's Ten Principles in the four areas of protecting human rights, eliminating unjust labor, taking action on the environment, and preventing corruption. Morinaga Milk endorses and subscribes to this philosophy, which is reflected in our own management (Message from Management: <a href="https://www.morinagamilk.co.jp/english/csr/topmessage/">https://www.morinagamilk.co.jp/english/csr/topmessage/</a>).</p>
 <p>CERTIFIED SUSTAINABLE PALM OIL RSPO TIO</p> <p>Check our progress at <a href="http://www.rspo.org">www.rspo.org</a></p> <p>4-1016-18-100-00</p>	<p>Joined March 2018. RSPO promotes sustainable production and use of palm oil through the development of globally trusted certification standards and stakeholder participation.</p>
 <p>JaSPON Japan Sustainable Palm Oil Network</p>	<p>Joined April 2019. JaSPON promotes sustainable palm oil procurement and consumption in the Japanese market to address various environmental problems in palm oil production.</p>
<p>Japan Dairy Industry Association</p>	<p>Joined March 2000. This organization works to enhance the hygiene and quality of milk and dairy products, improve production techniques, disseminate knowledge about said products, and expand their consumption. Note: Continues membership from the preceding organizations, Japan Dairy Products Association, the National Milk Association, and Japan Dairy Industry Council.</p>

<p>Committee for Milk Container Environmental Issues</p>	<p>Joined August 1992. The committee promotes recycling of paper packs such as milk cartons.</p>
<p>Consumer Goods Forum (CGF)</p>	<p>Joined January 2006. CGF is an international consumer goods industry association that collaborates on social and environmental issues in four non-competitive areas: sustainability, product safety, health and wellness, and E2EVC. Note: Continues membership from the predecessor CIES (International Association of Chain Stores).</p>
<p>Afu no Wa</p>	<p>Joined January 2021. A joint project among companies and organizations that promote efforts toward sustainable production and consumption.</p>
<p>Task Force on Climate-related Financial Disclosures (TCFD)</p>	<p>Endorsed March 2021. TCFD assesses the financial impact of climate change risks and opportunities on business management, and offers recommendations for climate-related disclosures in terms of governance, strategies, risk management, indicators, and goals. Morinaga Milk has expressed its support for TCFD's recommendations and is a member of the TCFD Consortium.</p>
<p>Japanese National Committee of the International Dairy Federation (JIDF) Note: Amalgamated as the J-Milk International Committee from April 1, 2021</p>	<p>Joined 1956. JIDF is the representative organization for Japanese dairy farmers and the domestic dairy industry, promoting solutions to various science, technology, and economic issues concerning global dairy farming and the global dairy industry through international cooperation. Through close contact with related international organizations, JIDF contributes to the promotion of Japanese dairy farming and the Japanese dairy industry. Note: Continues membership from JIDF's predecessor organization.</p>
<p>Japan Clean Ocean Material Alliance (CLOMA)</p>	<p>Joined 2019. CLOMA is a platform for accelerating innovation to solve the marine plastic waste problem by strengthening collaboration among a wide range of stakeholders across industries.</p>

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## External Evaluations and Commendations

Morinaga Milk has been highly rated by a variety of external institutions as a corporate entity that implements activities aimed at achieving a sustainable society and has also received commendations from various external organizations for product quality, research activities, and social activities. (The month and year the award was received is indicated in brackets.)

Evaluations and Commendations	Contents
External Ratings	<ul style="list-style-type: none"> <li>• Highest ranking under the Development Bank of Japan's Health Management Rated Loan Program (December 2015)</li> <li>• Certification under the Development Bank of Japan's BCM Rated Loan Program (March 2018)</li> <li>• Highest ranking under the Development Bank of Japan's Environmentally Rated Loan Program (March 2019)</li> <li>• Selected for inclusion in the SOMPO Sustainability Index for three consecutive years (June 2018, 2019, and 2020)</li> <li>• Rating &amp; Investment Information, Inc. (R&amp;I) Issuer Rating, etc.: A- (September 2020)</li> </ul>
Awards (Products)	<ul style="list-style-type: none"> <li>• <i>KRAFT Pure (Muku) – Mature Cheddar Flavor</i> and <i>KRAFT Pure (Muku) – Mature Gouda Flavor</i> received the Three-Star Superior Taste Award and the Two-Star Superior Taste Award, respectively, from the International Taste Institute (iTQi) for three consecutive years (June 2017, 2018, and 2019).</li> <li>• <i>Greek Yogurt PARTHENO Plain</i> (two varieties—with and without sugar) received the Two-Star Superior Taste Award from the International Taste Institute (iTQi) (June 2018)</li> <li>• <i>Morinaga Jelly</i> series awarded the 2019 Mothers' Selection Grand Prize (November 2019)</li> <li>• 38th Japan Food Journal Blockbuster Food Award presented to <i>Triple Yogurt</i> (December 2019)</li> <li>• The <i>MOW</i> ice cream series received the Three-Star Superior Taste Award from the International Taste Institute (iTQi) (September 2020)</li> </ul>

Awards (Research Activities)

- As part of its research and development relating to Aloesterol<sup>®</sup>, Morinaga Milk Industry undertook a research project entitled "Novel Health Functions of Aloe Vera Gel-derived Phytosterols and Their Application in Functional Foods." This project was selected by the Japan Society of Nutrition and Food Science for its Achievement in Technological Research Award (April 2018)
- Infant Nutrition Ingredient of the Year at the Nutra Ingredients-Asia Awards in Singapore presented to Morinaga Milk Industry's Bifidobacterium breve M-16V (September 2019)
- Morinaga Milk Industry's research into Bifidobacterium longum BB536 selected for a Food Immunology Industry Award from the Japan Association for Food Immunology (October 2019)
- Morinaga Milk Industry's peptide research selected for FY 2020 Excellent Paper Award from the Society for Biotechnology, Japan (September 2020)

Awards (Social Contribution Activities)

- Morinaga Milk Industry certified as an Outstanding Health and Productivity Management Organization (large enterprise category) in 2020 and 2021 (every March)
- Morinaga Milk Industry granted the Review Committee Chairperson's Award in the 5th Food Industry Mottainai Awards (awards for reducing wastefulness) presented by the Japan Organics Recycling Association (February 2018)
- Morinaga Milk Industry's Little Angels Forest and Food Expedition Team program selected for Judging Panel Encouragement Award in the Corporate Awards for Youth Experience Activity of Japan's Ministry of Education, Culture, Sports, Science and Technology (April 2018)
- The Morinaga Milk Industry Annual Report recognized at the International ARC Awards for four consecutive years (October 2016, 2017, 2018, and 2019)
- Morinaga Milk granted the 2020 Gold (highest) award under the Pride Index, an initiative for evaluating corporate LGBTQ engagement (2020)
- Received the 2020 Japan Packaging Contest Packaging Idea Award for "PINO Gatcha," a capsule vending machine-like toy that was included as a gift in "Yochien," a Japanese educational magazine for kindergarten-age children (2020)