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# The Environment



## Basic Approach

We will manufacture safe and reliable products while striving to reduce energy use and cut waste and helping to create a sustainable society.

Morinaga Milk products are made from nature’s rich bounty of agricultural products such as milk, coffee beans, tea leaves, and aloe. Protecting the environment and being thankful to nature for these gifts are essential to continued business.

To this end, it is absolutely necessary to address climate change, reduce food loss and industrial waste, curb the use of water and other resources through efficient use, use containers that take into consideration the recycling of plastic resources, and consider biodiversity. Morinaga Milk will also communicate closely with business partners to contribute to the creation of a sustainable society, not only within the company but throughout the supply chain.

Currently, the Morinaga Milk head office, research institutes, metropolitan regional office, the Order Control Center, plants under direct management (Chilled Products Coordination Center–East Japan and Chilled Products Coordination Center–West Japan), and production affiliates work under the ISO 14001 environmental management system in accordance with the following environmental policies.

**REPORT** ▶ Please see the “Environmental Policy” section (p. 95) for details.

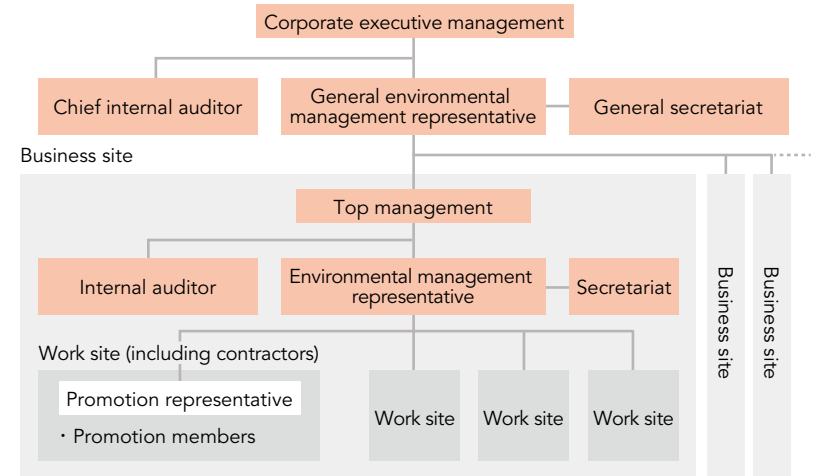
## System

Morinaga Milk Sustainability 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: the Environment” and the general managers of the relevant departments responsible for promoting KPIs.

Additionally, in accordance with the ISO 14001 environmental management system, a management system was created that extends to each site/office, with the president and the general manager of the Sustainability Division overseeing the system. Each March, a report is made to top management.

### ISO 14001 Environmental Management System



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**KPIs**

Morinaga Milk announced an ESG-focused management in its 2019 Business Plan for the Next Medium Term and established KPIs for the environment, which is one of seven priority issues.

Even before the announcement of the Business Plan for the Next Medium Term, however, Morinaga Milk had its own Medium-term Environmental Plan in place to advance its business activities while giving consideration to the environment.

As Morinaga Milk moves forward with this policy, the Medium-term Environmental Plan will be integrated with the KPIs of the Business Plan for the Next Medium Term and manage and disclose progress in these efforts.

Direction of Activities	KPIs	Progress Details for KPIs
Expand environmental activities, which had been centered on production divisions, to all consolidated companies and all divisions	<b>Business sites with ISO 14001 certification:</b> ensure that all consolidated company sites have earned this certification by FY 2030	Number of certified sites: 34 (as of March 31, 2021) (▶p. 39)
	Understand Scope 1 and 2 emissions for the entire Group by FY 2021	For domestic production sites, obtained a third-party warranty for Scopes 1 and 2 (▶p. 43)
Reduce environmental impacts from manufacturing processes	<b>Reduction of CO<sub>2</sub> emissions intensity:</b> 8% reduction by FY 2021 compared with the level in FY 2013 20% reduction by FY 2030 compared with the level in FY 2013 80% reduction by FY 2050 compared with the level in FY 2013	14.1% reduction by FY 2020 compared with the level in FY 2013 (▶p. 42)
	<b>Reduction of food waste generation intensity:</b> 30% reduction by FY 2021 compared with the level in FY 2013	27.1% reduction by FY 2020 compared with the level in FY 2013 (▶p. 46)
	<b>Reduction of industrial waste emissions intensity:</b> 33% reduction by FY 2021 compared with the level in FY 2013	30.0% reduction by FY 2020 compared with the level in FY 2013 (▶p. 46)
	<b>Reduction of landfill waste:</b> Reduction of annual emissions to less than 300t by FY 2021 Complete elimination of landfill waste by FY 2030	Reduction of annual emissions to 354t by FY 2020 (▶p. 46)
	<b>Reduction of amount of water used:</b> 9% reduction by FY 2021 compared with the level in FY 2013	6.2% reduction by FY 2020 compared with the level in FY 2013 (▶p. 48)
Reduce environmental impacts in the overall supply chain	Calculate 6 of 15 categories of Scope 3 emissions by FY 2021	Ten categories have been calculated. The remaining five categories were examined and classified into one category that includes items falling under Scopes 1 and 2, and four categories that have low relevance to our main business activities. (▶p. 43)
Promote use of environment-friendly packaging	<b>Weight of plastic packaging covered by the Containers and Packaging Recycling Law:</b> 10% reduction compared to FY 2013	15.4% reduction by FY 2020 compared with the level in FY 2013 (▶p. 50)

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**Awareness of Environmental Risk**

Since the Morinaga Milk Group is a food-based business, its business activities are impacted by its ability to readily obtain raw agricultural products affected by ongoing global warming, changes in customer preferences, the impact of weather disasters such as typhoons on manufacturing and distribution, strengthened regulations and other various factors.

Since FY 2019, the Group's basic environmental policy was revised to add the phrase "We assess and respond to not only the impact of our business activities to environment, but also the impact of the environment to our business activities."

In March 2021, we announced our endorsement of TCFD and are considering the implementation of the corresponding information disclosure.

**Compliance with Environmental Laws and Regulations**

For facilities such as wastewater treatment plants and boilers that could cause environmental pollution, the Morinaga Milk Group has compiled all legal requirements for each facility into a checklist to confirm that regulatory requirements are met. Moreover, these laws and regulations are checked once a year for revisions. A system for smoothly obtaining the necessary information through industry organizations was also established.

In FY 2020, the Group did not break any environmental laws or regulations and was not fined or punished for matters regarding wastewater quality/quantities of water used.

**Expanding Environmental Activities Group-wide****Environmental Management System**

The Morinaga Milk Group has obtained ISO 14001:2015 multi-site certification for its head office and research center, plants, and Group companies.

Sites with ISO 14001: 2015 certification (as of March 31, 2021)

Scope of certification: Production, R&D, and sales for milk, dairy products, ice cream, beverages, and other food products

- Head Office  
Head Office (Morinaga Plaza Building)  
Shiba 5-33-1, Minato-ku, Tokyo 108-8384  
Head Office (Meguro Building)  
Meguro 4-4-22, Meguro-ku, Tokyo 153-8657  
Head Office (Shibaura DF Building)  
Shibaura 3-13-8, Minato-ku, Tokyo 108-0023
- Research & Information Center  
Higashihara 5-1-83, Zama City, Kanagawa 252-8583
- Metropolitan Regional Office  
Konan 3-8-1, Minato-ku, Tokyo 108-0075
- Order Control Center  
2-8-1 Shinyokohama, Kohoku-ku, Yokohama City, Kanagawa 222-0033
- Saroma Plant  
Nishitomi 123, Saroma-cho-aza, Tokoro-gun, Hokkaido 093-0504
- Betsukai Plant  
Nishishunbetsu-kiyokawa-cho 18, Betsukai-cho, Notsuke-gun, Hokkaido 088-2572
- Morioka Plant  
Aoyama 2-3-14, Morioka City, Iwate 020-0133
- Fukushima Plant  
Shimizuuchi 5, Fushigami-aza, Fukushima City, Fukushima 960-8154
- Tone Plant  
Uchimoriya-machi 4013-1, Jousou City, Ibaraki 303-0043
- Tokyo Plant  
Okudo 1-29-1, Katsushika-ku, Tokyo 124-8577  
(ended production March 2021)
- Tokyo Tama Plant  
Tateno 4-515, Higashiyamato City, Tokyo 207-0021
- Yamato Plant  
Tateno 4-601, Higashiyamato City, Tokyo 207-0021
- Chilled Products Coordination Center – East Japan  
Tateno 4-540, Higashiyamato City, Tokyo 207-0021
- Manufacturing Technology Center (formerly the Engineering Development Center)  
Tateno 4-515, Higashiyamato City, Tokyo 207-0021
- Matsumoto Plant  
Kamada 2-1-4, Matsumoto City, Nagano 390-0837
- Fuji Plant  
Nakazatohigashi-cho 639, Fujinomiya City, Shizuoka 418-0046
- Chukyo Plant  
Nakanara-cho Hitotsume 1, Konan City, Aichi 483-8256

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- Kobe Plant  
Mayafuto No. 3, Nada-ku, Kobe City, Hyogo 657-0854
- Chilled Products Coordination Center – West Japan  
Mayafuto No. 3, Nada-ku, Kobe City, Hyogo 657-0854
- Hokkaido Hosho Milk Plant Co., Ltd.  
Katsuraoka-cho 3-8, Otaru City, Hokkaido 047-0264
- Tokachi Urahoro Morinaga Milk Industry Co., Ltd.  
Zaimoku-cho 1, Urahoro-cho-aza, Tokachi-gun, Hokkaido 089-5607
- Tohoku Morinaga Milk Co., Ltd., Akita Plant  
Kamikaruishino 38-1, Iwase-aza, Odate City, Akita 018-3596
- Tohoku Morinaga Milk Co., Ltd., Sendai Plant  
Minato 1-1-9, Miyagino-ku, Sendai City, Miyagi 983-0001
- Nihon Seinyu  
Takanoichi 694-1, Nukanome-aza, Takahata-machi-oaza, Higashiokitama-gun, Yamagata 999-2176
- Chez Forêt Co., Ltd.  
Kamikoya 1355-31, Yachiyo City, Chiba 276-0022
- MK Cheese Co., Ltd.  
Ochiaikita 1-1-1, Ayase City, Kanagawa 252-1116
- Yokohama Morinaga Milk Industry Co., Ltd.  
Yoshiokahigashi 3-6-1, Ayase City, Kanagawa 252-1125
- Fuji Morinaga Milk Industry Co., Ltd.  
Nameri 18, Nagaizumi-cho, Sunto-gun, Shizuoka 411-0933
- Morinaga-Hokuriku Milk Industry Co., Ltd., Toyama Plant  
Mukaishinjo-machi 8-3-45, Toyama City, Toyama 930-0916
- Morinaga-Hokuriku Milk Industry Co., Ltd., Fukui Plant  
Takagi 2-601, Fukui City, Fukui 910-0805
- Hiroshima Morinaga Milk Industry Co., Ltd.  
Miiri 1-19-7, Asakita-ku, Hiroshima City, Hiroshima 731-0211
- Kumamoto Morinaga Milk Industry Co., Ltd.  
Kakize-machi 431-1, Higashi-ku, Kumamoto City, Kumamoto 861-8011
- Furiijport Co., Ltd., Kumamoto Plant  
Morikata-nitahata 1812-24, Kikuchi City, Kumamoto 861-1312
- Okinawa Morinaga Milk Co., Ltd.  
Agarizaki 4-15, Nishiharacho-aza, Nakagami-gun, Okinawa 903-0105

## Framework for Implementing Environmental Management

### Environmental Impact Assessment and Environmental Goals

The Morinaga Milk Group evaluates the magnitude of environmental impacts

from its business activities as well as the risks and opportunities to its business activities from environmental changes such as global warming; KPIs are established as environmental goals.

These initiatives are incorporated into the targets for each business site, with progress managed on a monthly basis using an “implementation table.”

### Environmental Education

The Morinaga Milk Group carries out awareness and competency training for ISO 14001. Awareness training is provided to all employees at ISO 14001-certified sites as an e-learning program. Seminars at each site are also held to improve environmental knowledge and awareness among employees. Competence training is provided for employees engaged in environment-related work in order to maintain the necessary skills and knowledge. The Group also encourages the acquisition of professional qualifications and attendance at external courses.

### Environmental Audits

Through internal audits, Morinaga Milk confirms whether it is implementing matters such as initiatives toward its environmental goals, compliance with environmental laws, and environmental education in an appropriate manner. There are two types of internal audits: those carried out at a business site by internal auditors employed at that site, and general internal audits by auditors from other sites.

Morinaga Milk has its own system for internal auditors, with four levels of competency. Auditors certified at Levels 3 and above serve as internal auditors (for one's own business site), while Level 1 auditors are qualified to act as general internal auditors (auditing other Morinaga Milk business sites). In FY 2020, the seminar for Level 3 auditors was held online 11 times and was completed by 158 employees. A total of 2,885 employees are certified for one of the four levels.

In FY 2020, general internal audits were held at 11 business sites by general internal (Level 1) auditors.

### External Reviews

Environmental management system certification is outsourced to an external auditing organization, with an annual check done for adherence to ISO 14001 multi-site certification.

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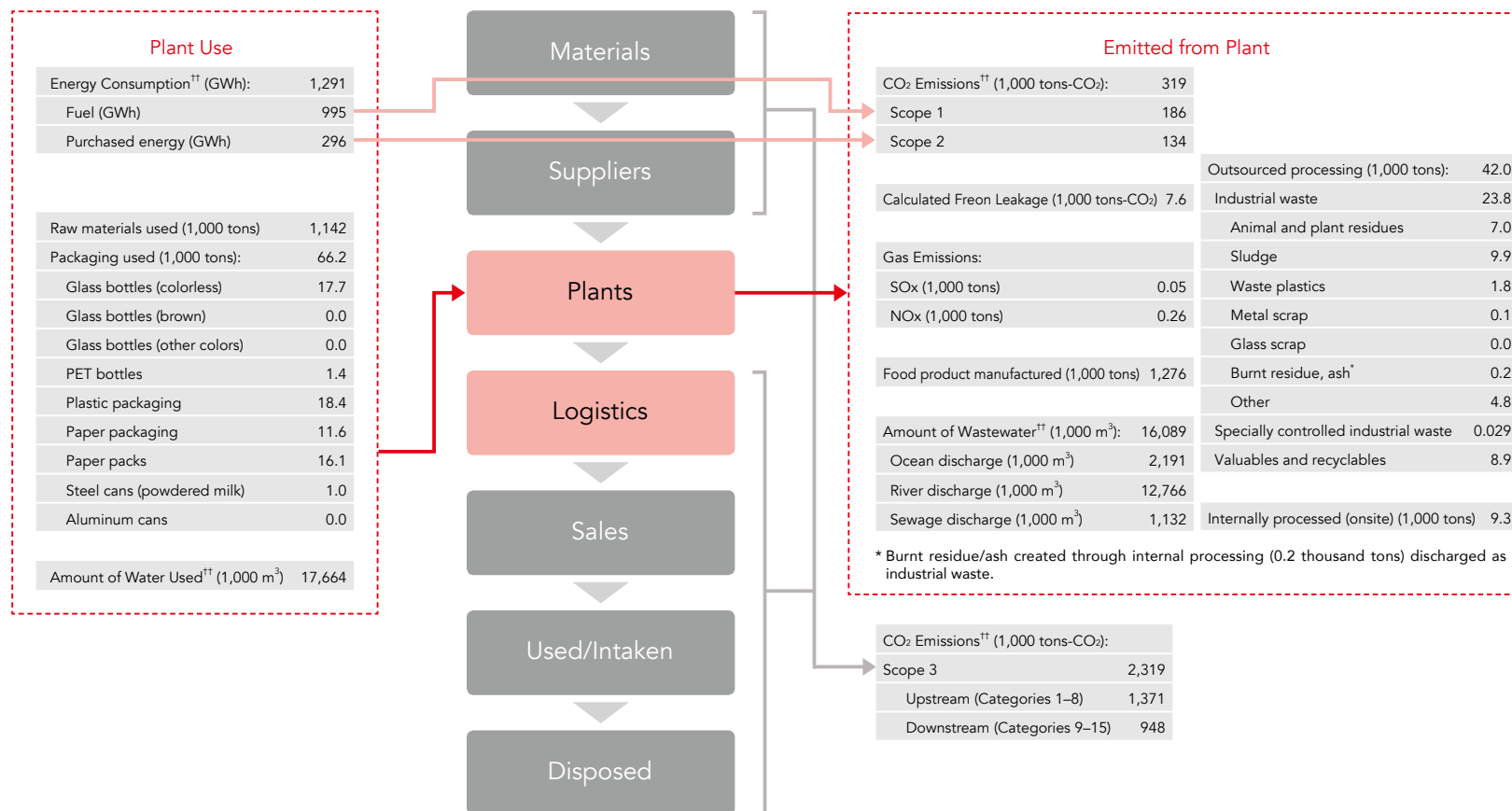
### Third Party Assurance of Actual Data and Scope of Aggregation

Morinaga Milk Group has undergone third-party verification for its energy consumption and CO<sub>2</sub> emissions. For details, please refer to Third-Party Verification (→ p. 101).

† : Data that has undergone third-party verification is marked with a single asterisk.

†† : The scope of aggregation for data marked with two asterisks is as follows: Morinaga Milk Industry Co., Ltd. production sites, Hokkaido Hoshō Milk Plant Co., Ltd., Tokachi Urahoro Milk Industry Co., Ltd., Nihon Seinyu, Yokohama Morinaga Milk Industry Co., Ltd., Fuji Morinaga Milk Industry Co., Ltd., Morinaga-Hokuriku Milk Industry Co., Ltd. (Fukui Plant, Toyama Plant), Hiroshima Morinaga Milk Industry Co., Ltd., Kumamoto Morinaga Milk Industry Co., Ltd., Okinawa Morinaga Milk Industry Co., Ltd., MK Cheese Co., Ltd., Chez Forêt Co., Ltd., Furijiport Co., Ltd. (Kumamoto Plant, Okinawa Uruma Plant), Tohoku Morinaga Milk Industry Co., Ltd. (Sendai Plant, Akita Plant), Toyo Fermented Milk Co., Ltd. (dissolved May 2020).

## Environmental Load Overview (Material Flow)



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## Climate Change

### Reduction of CO<sub>2</sub> Emissions

Morinaga Milk Group promotes reduction of CO<sub>2</sub> emissions as a measure against global warming. At the Saroma and Betsukai plants, updates to its cogeneration system to improve overall energy efficiency and converted fuel from heavy oil to liquid natural gas (which emits less CO<sub>2</sub>/GJ) were completed. Moreover, with the conversion of the Morioka Plant boiler to town gas, we have completed the conversion of the main fuel at all our directly managed plants to natural gas/town gas in 2021. We also installed solar panels at the Tone Plant, while the coffee grounds produced during coffee beverage production at the Kobe Plant are used as an energy source within the plant. These initiatives to use natural energy resulted in a FY 2020 reduction in CO<sub>2</sub> emissions intensity\* of 14.1% compared to FY 2013 figures. (Progress against KPI: 176%)

\* CO<sub>2</sub> emissions intensity: From FY 2020, the denominator in the calculation has been changed to sales (tons-CO<sub>2</sub>/million yen). For all published years, the denominator has been changed to sales, recalculated, and disclosed.

#### Energy Consumption<sup>†††</sup>

	2016	2017	2018	2019	2020
Fuel <sup>†2</sup> (MWh)	1,243,899	1,251,455	1,215,452	1,031,964	994,813
Purchased energy <sup>†3</sup> (MWh)	198,174	192,080	198,663	311,267	296,321
Total (MWh)	1,442,073	1,443,535	1,414,115	1,343,231	1,291,134 <sup>†4</sup>
Sales intensity (MWh/million yen)	2.433	2.438	2.423	2.273	2.213

<sup>†1</sup>: From FY 2019, we changed the calculation categories used for Scope 1 and 2. For cogeneration systems on plant premises, fuel consumption was used for energy consumption until FY 2018. From FY 2019, the rule is to calculate energy/heat amounts in terms of electricity and heat purchased under contract.

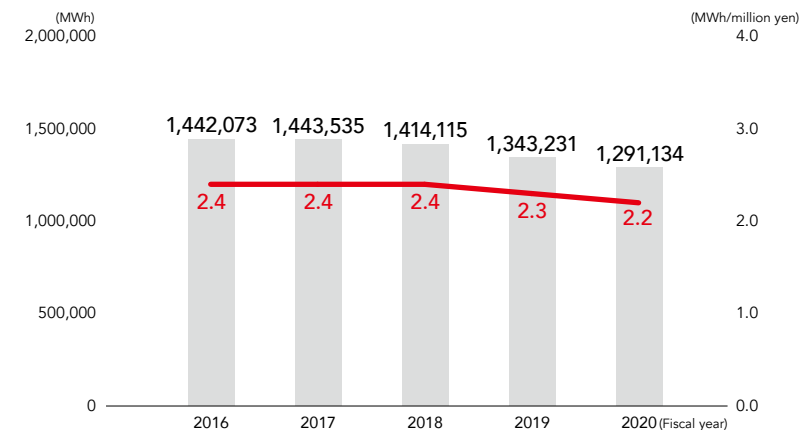
<sup>†2</sup>: Fuel refers to fossil fuel consumption, and electricity is converted as 1,000 kWh = 3.6 GJ. Figures do not include renewable energy such as biomass.

<sup>†3</sup>: The total of electricity, steam, and hot water.

<sup>†4</sup>: Renewable energy consumption in FY 2020 was 7,767 MWh. Third-party warranty received for 1,298,901 MWh, including renewable energy.

### Energy Consumption and Intensity

■ Energy consumption — Sales intensity



Note: Sales intensity: The amount consumed or emitted annually divided by annual sales (million yen).

#### Energy Consumption (Crude Oil Equivalent)<sup>††</sup>

	2016	2017	2018	2019	2020
Fuel* (1,000 kL)	115	116	113	113	109
Electricity* (1,000 kL)	50	48	50	52	50
Total (1,000 kL)	165	164	163	165	159
Sales intensity (kL/million yen)	0.278	0.277	0.279	0.279	0.272

\* Calculated based on the Energy-saving Law.

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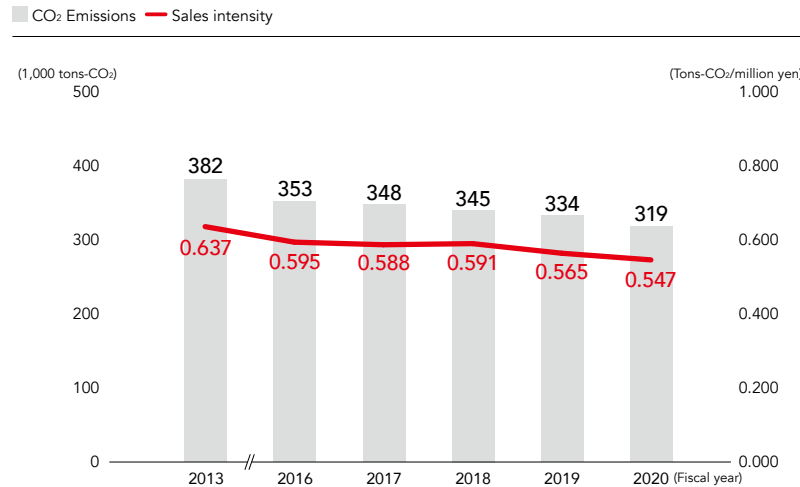
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**CO<sub>2</sub> Emissions and Intensity**



Note: Figures are for directly managed/Group company plants with ISO 14001 certification.  
 Note: Sales intensity: The amount consumed or emitted annually divided by annual sales (million yen).

**CO<sub>2</sub> Emissions<sup>††††</sup>**

	2016	2017	2018	2019	2020
Scope 1 <sup>††</sup> (1,000 tons-CO <sub>2</sub> )	241	242	238	196	186 <sup>†††</sup>
Scope 2 <sup>†††</sup> (1,000 tons-CO <sub>2</sub> )	111	106	107	138	134 <sup>†††</sup>
Total (1,000 tons-CO <sub>2</sub> )	353	348	345	334	319
Sales intensity (Tons-CO <sub>2</sub> /million yen)	0.595	0.588	0.591	0.565	0.547

\*1: From FY 2019, we changed the calculation categories used for Scope 1 and 2. For cogeneration systems on plant premises, fuel consumption was used for energy consumption until FY 2018. From FY 2019, the rule is to calculate energy/heat amounts in terms of electricity and heat purchased under contract.

\*2: Emissions from fuel consumption

\*3: Purchased electricity, emissions from heat

\*4: The figures assured by a third party are 185,779 tons-CO<sub>2</sub> (Scope 1) and 133,663 tons-CO<sub>2</sub> (Scope 2).

**Calculation Standard**

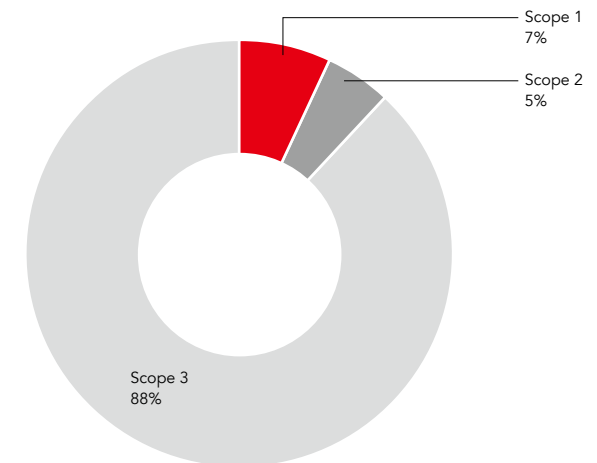
Item	Calculation Standard
Fuel (amounts used for kerosene, Class A heavy oil, light oil, LPG, LNG, town gas)	The calorific value conversion coefficient and the emission coefficient are based on Japan's Act on the Rational Use of Energy (Energy Efficiency Act) and Act on the Promotion of Global Warming Countermeasures (Temperature Control Act)
Energy (electricity, steam, hot water) (purchased)	For boundaries, according to ISO 14064-1
Scope 1, Scope 2	

**CO<sub>2</sub> Emissions (Scope 3)**

	2017	2018	2019	2020
Scope 3 (1,000 tons-CO <sub>2</sub> )	2,325	2,415	2,357	2,319

Note: Categories 1-7,9,11, and 12 (10 categories) are aggregate figures for Morinaga Milk Group as a whole  
 1. Purchased goods and services / 2. Capital goods / 3. Fuel- and energy-related activities (not included in Scope 1 or 2) / 4. Upstream transportation and distribution / 5. Waste generated in operations / 6. Business travel / 7. Employee commuting / 8. Upstream leased assets / 9. Downstream transportation and distribution / 10. Processing of sold products / 11. Use of sold products / 12. End-of-life treatment of sold products (10, 13, 14 and 15 are not related to business activities and therefore excluded from calculation. 8 is included as part of Scopes 1 and 2.)

**Ratio of CO<sub>2</sub> Emissions in the Value Chain (FY 2020)**



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**CO<sub>2</sub> Reduction Initiatives<sup>††</sup>**

	2016	2017	2018	2019	2020
Reduced amount (1,000 tons-CO <sub>2</sub> )	8.8	8.6	8.1	14.6	5.3

Note: Accumulated value of CO<sub>2</sub> reduction effects achieved with capital investments and manufacturing efficiency improvements

**Fluorocarbon Leakage (CO<sub>2</sub> Equivalent)<sup>††</sup>**

	2016	2017	2018	2019	2020
Leaked amount (1,000 tons-CO <sub>2</sub> )	13.8	11.2	12.0	11.0	7.6

Note: Calculated based on the Fluorocarbons Emission Control Law. For GWP (Global Warming Potential), the values designated in the Fluorocarbons Emission Control Law are used.

**Converting the Main Fuel at All 11 Morinaga Milk Plants to Natural Gas/Town Gas**

After switching the boiler fuel at the Morioka Plant from heavy oil to town gas in February 2021, the main fuel at all 11 Morinaga Milk plants is now natural gas/town gas.

The boilers at the Saroma and Betsukai plants were switched from heavy oil to natural gas in FY 2018 and FY 2019 respectively, with a corresponding annual reduction of CO<sub>2</sub> emissions of approximately 5,000 tons and 5,500 tons. The switch in fuels at the Morioka Plant is also expected to further reduce annual CO<sub>2</sub> emissions by 1,100 tons.

In FY 2020, we achieved a reduction in CO<sub>2</sub> emissions intensity of 14.1% compared to FY 2013.

**Use of Biomass**

Morinaga Milk's Kobe Plant uses coffee grounds, etc. from coffee beverage production to generate energy for plant operation. Since such biomass energy\* is carbon-neutral, it also contributes to reductions in CO<sub>2</sub> emissions.

\* Biomass energy  
A generic term for energy derived from non-fossil organic matter such as plants. It is expected to become a replacement for fossil fuels.

**Reduction of CO<sub>2</sub> Emissions from Transport**

In order to reduce environmental impacts from transporting products, Morinaga Milk initiatives include joint delivery with several businesses (sharing space in the same vehicle), and a modal shift in transport from trucks to rail and ship. Between 2016 and 2020, Morinaga Milk implemented a modal shift from truck transport to railways and ships in five cases. In addition, Morinaga Milk revised delivery and eliminated 30.5 of its chilled daily delivery courses, while beginning cooperative delivery with other companies in 12 cases.

**Other Atmospheric Emissions**

**SO<sub>x</sub>, NO<sub>x</sub> and Other Significant Atmospheric Emissions<sup>††</sup>**

	2016	2017	2018	2019	2020
SO <sub>x</sub> (1,000 tons)	0.22	0.22	0.17	0.08	0.05
NO <sub>x</sub> (1,000 tons)	0.43	0.38	0.31	0.31	0.26



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## Resource Recycling

### Resource Consumption

The resources used by Morinaga Milk for manufacturing of products are as follows.

#### Raw Materials Used

	Unit	2016	2017	2018	2019	2020
Raw materials used	1,000 tons	1,181	1,169	1,118	1,157	1,142

#### Packaging Used

Scope of data: Products subject to the Containers and Packaging Recycling Law

	Unit	2016	2017	2018	2019	2020
Glass bottles (colorless)	1,000 tons	26.3	24.3	22.0	20.2	17.7
Glass bottles (brown)	1,000 tons	0.1	0.0	0.0	0.0	0.0
Glass bottles (other colors)	1,000 tons	0.0	0.0	0.0	0.0	0.0
PET bottles	1,000 tons	0.1	0.1	0.2	0.7	1.4
Plastic packaging	1,000 tons	20.5	20.3	18.8	18.2	18.4
Paper packaging	1,000 tons	12.0	12.3	11.8	11.5	11.6
Paper packs	1,000 tons	20.6	17.7	18.1	18.1	16.1
Steel cans (powdered milk)	1,000 tons	1.1	0.8	0.9	1.1	1.0
Aluminum cans	1,000 tons	0.0	0.0	0.0	0.0	0.0
Total	1,000 tons	80.7	75.5	71.8	69.8	66.2

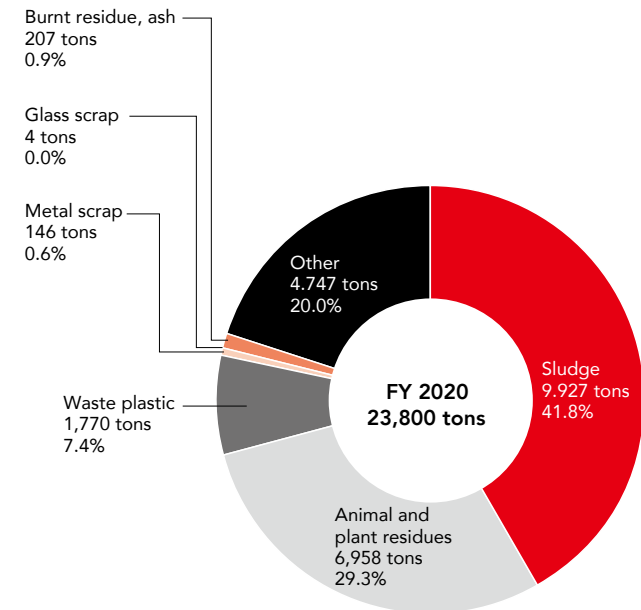
#### Food Product Manufactured

	Unit	2016	2017	2018	2019	2020
Food product manufactured	1,000 tons	1,452	1,420	1,360	1,349	1,276

### Initiatives to Reduce Waste

Industrial plant waste includes food waste such as coffee and tea extract residue, waste paper, waste plastics, metal scrap, excess sludge generated from wastewater treatment systems, etc. In FY 2020, excess sludge accounted for the highest proportion of waste at Morinaga Milk Group plants at 41.8%, followed by food waste (animal and plant residues) at 29.3%, together making up 71.1% of the total waste production.

#### Percentage of Discharged Waste by Type\*



\* Figures are for directly managed/Group company plants with ISO 14001 certification. Calculated as the amount of waste processed by external contractors.

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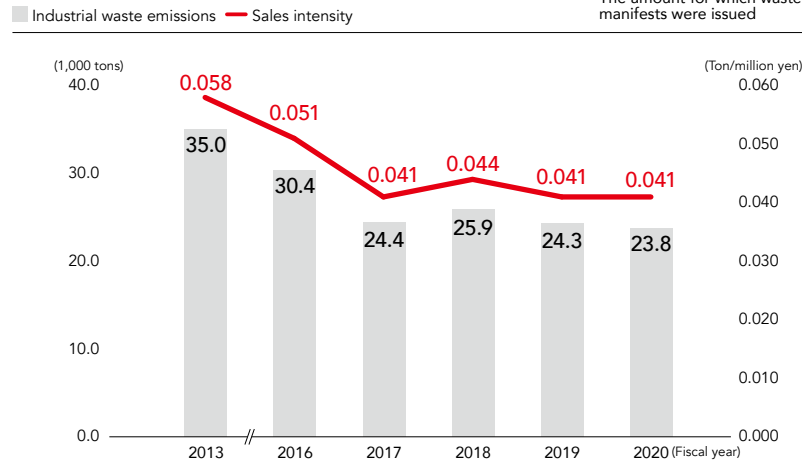
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**Industrial Waste Emissions<sup>†††</sup> and Intensity**



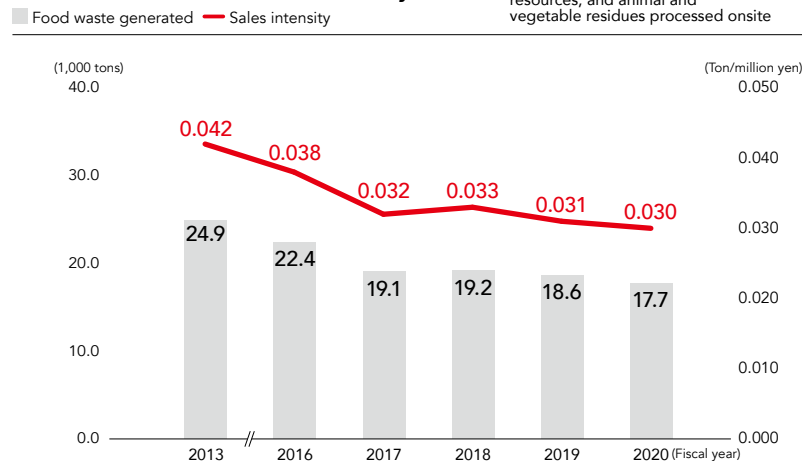
Note: Figures are for directly managed/Group company plants with ISO 14001 certification.

Note: Industrial waste emissions intensity:

The weight of industrial waste generated annually (tons) divided by annual sales (million yen).

Note: FY 2020 industrial waste emissions intensity was reduced by 30.0% compared to FY 2013.

**Food Waste Generated<sup>††††</sup> and Intensity**



Note: Figures are for directly managed/Group company plants with ISO 14001 certification.

Note: Food waste generation intensity:

The weight of food waste (tons) discharged over 1 year divided by annual sales (million yen).

Note: FY 2020 food waste generation intensity was reduced by 27.1% compared to FY 2013.

**Waste Materials Generated**

	2016	2017	2018	2019	2020
Outsourced processing					
Industrial waste <sup>*1</sup> (1,000 tons)	30.4	24.4	25.9	24.3	23.8
Specially controlled industrial waste (1,000 tons)	0.0004	0.015	0.027	0.039	0.029
Valuables and recyclables (1,000 tons)	11.4	10.9	11.6	10.5	8.9
Internally processed (onsite) (1,000 tons)	18.9	12.4	12.1	11.3	9.3
Total amount of waste generated (1,000 tons)	60.7	47.7	49.6	46.1	42.0
Food waste (1,000 tons)	22.4	19.1	19.2	18.6	17.7
Landfilled waste <sup>*2</sup> (1,000 tons)	0.430	0.383	1.296	0.276	0.354
Waste generation intensity (ton/million yen)	0.102	0.081	0.085	0.078	0.072
Industrial waste generation intensity (ton/million yen)	0.051	0.041	0.044	0.041	0.041
Food waste generation intensity (ton/million yen)	0.038	0.032	0.033	0.031	0.030

Note: The aggregate waste total<sup>†††</sup> is the total excluding Furijipport Co., Ltd.'s Okinawa Uruma Plant.

\*1 Industrial waste emissions: The amount of waste generated from business activities that has been processed by an outside contractor. Does not include valuables collection.

\*2 Landfilled waste: Of waste generated, the amount that was processed by landfilling.

Note: The progress of landfilled waste reduction in FY 2020 was 77.9% of KPI.

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## Reduction of Food Loss

### Long-life Products

If you check the expiry dates of Morinaga Milk Group products, you will find that some have best-before periods of one month or longer, even for products that are generally perishable due to a high nutritional content. Many of these items are manufactured through our unique long-life production methods under sterile conditions. The long-life production methods are technology that separates the food sterilization process and container sterilization process and packages them in a sterile environment to ensure that products can be preserved with deliciousness for long periods without preservatives or antiseptic agents.

Since these products have a long shelf life, consumers can more effectively plan their use, resulting in a lower rate of disposal. These products are also suited as rolling food stockpile\*1 for disasters use.

Of particular note is the Morinaga TOFU series, which was released in January 2019 as Japan's first\*2 tofu that can be stored at room temperature. This was made possible by revisions to tofu standards and food labeling standards in 2018 that lifted a ban on the sale of aseptic packaged tofu at room temperature. The National Resilience Promotion Office in Japan's Cabinet Secretariat also selected Morinaga Milk as a notable example of private-company resilience and published the effort in the secretariat's collection of private-sector resilience initiatives (for 2020).

### Examples of Products Produced Using the Long-life Production Methods



Morinaga Milk



Morinaga Milk Pudding



Silken Tofu



Climeal CZ-Hi

\*1 A method of consuming and restocking emergency foods on a regular (rolling) basis to ensure that emergency supplies at home are not out of date.

\*2 Based on Morinaga Milk research. (Survey cooperation: DO HOUSE Inc.)

## Topics

### Shelf-stable Drink Yogurt

Japan's first drinkable yogurt that can be stored at room temperature. Morinaga Milk's many years of know-how in long-life production methods has made it possible for us to create a product that can be stored at room temperature for 120 days. It's easy to place a single order online for mail delivery to stock this yogurt for use every day.

Along with consideration for nutritional composition and fat and sugar content, this product was blended with iron and fiber, which are especially beneficial for women. Whether at work or at home, this product can offer a helping hand to women who are working hard each day.



### Donation to the Japanese Antarctic Research Expedition

Morinaga Milk donated our products to the 62nd Japanese Antarctic Research Expedition, which departed for the Southern Continent in November 2020. We donated long-life products that can be stored at room temperatures for several months, such as Morinaga Long-life TOFU and *Ichinichi Fusokubun no Tetsubun Drink Yogurt*. By supplying such long-life products, Morinaga Milk supports the health of expedition members as they carry out various duties in the harsh Antarctic environment.



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**Food Recycling**

The Morinaga Milk Group promotes the reduction and recycling of food waste generated at its plants, etc. In eight years, from FY 2013 to FY 2020, food waste was reduced by approximately 7,000 tons. At the directly managed Tokyo Plant and Tone Plant, 100 percent of the okara (soy pulp) generated from tofu production is used as animal feed.

This okara is then fermented with lactobacillus to make a pleasant-tasting silage that is sold to dairy farmers by Morinaga Dairy Service Co., Ltd., a Group affiliate that produces milk products. The raw milk from dairy cows fed this silage is used as a raw material at our plants.

This initiative received the Judging Committee Chairman’s Award at the 5th Food Industry Mottainai (Reducing Wastefulness) Awards for FY 2017.

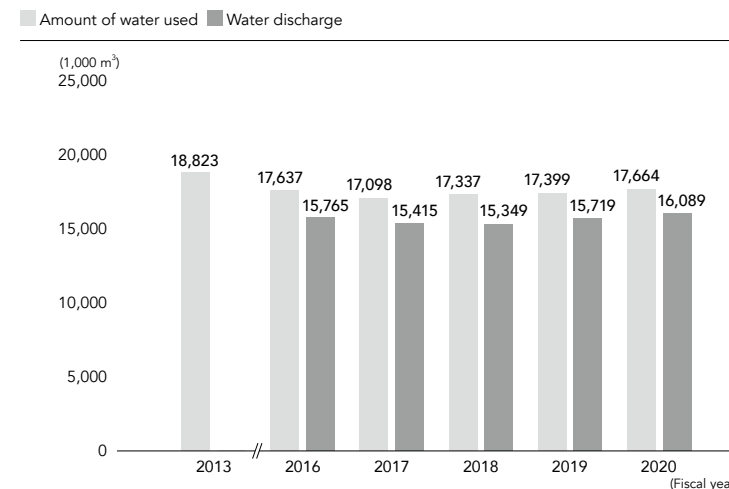
**Recycling of Okara**



**Water Resources**

Each Morinaga Milk Group plant has continued with improvements to make even more efficient use of water resources and to carry out ongoing development and improvement of wastewater treatment technologies to maintain water quality. To reduce water consumption, plants are recycling once-used water as wash water.

**Amount of Water Used and Amount of Wastewater<sup>††</sup>**



Note: Figures are for directly managed/Group company plants with ISO 14001 certification.

**Amount of Water Used<sup>††</sup>**

	2016	2017	2018	2019	2020
Total amount of water used (1,000 m <sup>3</sup> )	17,637	17,098	17,337	17,399	17,664
Sales intensity (m <sup>3</sup> /million yen)	29.8	28.9	29.7	29.4	30.3

Note: FY 2020 amount of water used was reduced by 6.2% compared to FY 2013. (Progress against KPI: 68.9%)

Note: For FY 2020 water use, the breakdown was surface water (river water), 476 thousand m<sup>3</sup>, groundwater (well water, spring water), 11,627 thousand m<sup>3</sup>; purchases from local governments (city water, tap water, industrial water, public raw water), 5,561 thousand m<sup>3</sup>

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## Water Management at the Tokyo Tama Plant

Morinaga Milk Group plant uses not only public water supplies and industrial water from local governments, but also well water (groundwater). Proper maintenance and maintenance of wells will ensure a stable supply of products.

There are nine wells at the Tama Site (consisting of the Tokyo Tama Plant, the Yamato Plant, the Chilled Products Coordination Center–East Japan), but in 2020, we stopped taking water from Well No. 3 and carried out major maintenance.

Just as there was land subsidence when well water in urban areas was excessively pumped in the 1950s, it is important to confirm that aquifer levels remain stable when using well water. In 2020, we outsourced a survey of water sources and received a report that the water level has recovered in the aquifer in the Higashi-Kurume Formation (which runs under the area surrounding the plant), which is the source of the groundwater. In addition, since our plants require large amounts of clean water for production and cleaning manufacturing equipment, the quality of the groundwater is also important for stable supply of high-quality products. The above survey also confirmed the quality of the groundwater as clean and delicious.

Since 2021, the number of products manufactured will increase due to the closure of other plants, so it is expected that the Tokyo Tama Plant will generate more wastewater and have a higher wastewater treatment load. So in parallel with the construction of the manufacturing facilities, we enhanced the wastewater treatment equipment in cooperation with Morinaga Engineering, a Group company.

## Advanced Wastewater Treatment

To clean wastewater after use and return it to nature, Morinaga Milk Group plants are also equipped with wastewater treatment facilities, in which an activated sludge of microorganisms removes waste by digesting the nutrients in the wastewater. Once the nutrients are consumed, the sludge is gravity separated and the treated wastewater is discharged. At some of our plants, we have introduced membrane bioreactor (MBR) systems, which use membranes to separate activated sludge. The use of membranes results in a higher level of purity in the treated water.

Developed by a Group company, Morinaga Engineering Co., Ltd., these wastewater treatment systems are being used not only within the Morinaga Milk Group, but also by around 300 of our business partners.



The foam jet system is a highly efficient aeration system that supplies oxygen in fine bubbles. Various benefits can be achieved by diffusing fine bubbles into wastewater.

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## Promotion of Environmentally Conscious Containers/Packages

### Plastic Packaging

Many Morinaga Milk Group products use plastic packaging, therefore environmental pollution, including marine pollution, from plastic packaging is an important societal issue. But because plastic packaging also contributes to extending the shelf life of products and improving convenience of use, it is vital to maximize function in a wise way while minimizing environmental pollution.

With this basic standpoint, Morinaga Milk has established its Eco-package Guide, which sets out design guidelines for environment-friendly containers and packages. This guide serves as the basis for implementing the 3Rs (reduce, reuse, recycle) from the product planning and development stage, and for the development and improvement of containers and packages that are safe and easy to use. The original 2005 guide was fully updated in 2018 and checks based on the Japan Standards Association's JIS Z0130-2 (Optimization of the packaging system) are done for new product releases using the Containers and Packaging Environmental Confirmation Sheet.\* In this way, Morinaga Milk confirms whether appropriate environmental considerations are being given by looking at matters such as the role of each packaging component and whether there is leeway for further reductions.

Additionally, a Plastic Measures Subcommittee was created in FY 2018 under the Sustainability Committee to consider matters such as reducing plastic container usage and adopting the use of biomass plastics. (This subcommittee was subsequently spun out into the current independent Plastic Measures Project.)

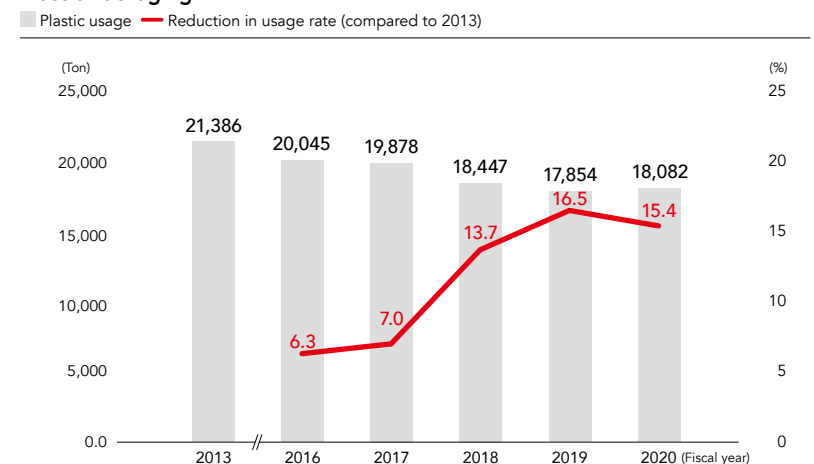
As for cooperation with external parties, Morinaga Milk works with various industry groups and participates in the Ministry of Economy, Trade and Industry's Japan Clean Ocean Material Alliance (CLOMA) and the Ministry of the Environment's Plastics Smart Forum to more effectively tackle plastic waste issues.

Examples of how Morinaga Milk has improved containers and packages to be more environmentally friendly are provided on the company website; put forward as case studies by membership-based organizations such as the Japan Food Industry Association, the Japan Dairy Industry Association and the Japan Soft Drink Association; and provided as information to the Ministry of Agriculture, Forestry and Fisheries' Plastic Resource Recycling Action Declaration, the Ministry of the Environment's Plastics Smart, and Keidanren's Contributing to the UN SDGs through Measures Addressing Plastic Waste Issues.

Under the Business Plan for the Next Medium Term, the goal by 2021 is to reduce the weight of plastic containers and packaging subject to the Containers and Packaging Recycling Law by 10 percent over FY 2013 levels. In FY 2020, Morinaga Milk reduced its use of plastic in containers and packaging by 15.4%. (Progress against KPI: 154%)

\* Containers and Packaging Environmental Confirmation Sheet  
When developing products, Morinaga Milk uses this confirmation sheet as a checklist for the environmentally conscious design of containers and packages. The checklist has 11 items such as "volume reduction at disposal" and "simplified packaging." When an item is not checked off on the list, the reasons and issues for this become shared knowledge that can be used for the next round of development.

### Plastic Packaging



Note: Progress against the FY 2020 KPI was 154%.

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## Containers and Packages with the 3Rs in Mind

Morinaga Milk is working to advance the development of containers and packages while giving consideration to the 3Rs (reduce, reuse, recycle). In 2019, the shape of the corrugated cardboard used to transport the 4-pack *Bifidus* Yogurt line was revised, reducing cardboard use by about 8 percent.



Width here was reduced.

## Reflecting Customer Opinions

Morinaga Milk has introduced many improvements based on the valuable opinions and suggestions sent to the Customer Service Center. Examples are provided on the company website.



Applying customer feedback

▶ <https://www.morinagamilk.co.jp/customer/voice/> (Japanese only)

## Biodiversity

Morinaga Milk became a member of the Roundtable on Sustainable Palm Oil<sup>\*1</sup> in March 2018. We also participate in the Japan Sustainable Palm Oil Network (JaSPON) and are working toward the procuring and consuming sustainable palm oil. Palm oil production requires large-scale deforestation and has environmental impacts such as loss of biodiversity. It has also been pointed out that palm oil production could have human rights issues regarding labor on plantations.

Morinaga Milk has been promoting the purchase of Book and Claim<sup>\*2</sup> palm oil since 2018, and has purchased 100 percent of the needed palm oil this way in FY 2019 and FY 2020. Going forward, we are working to switch to Mass Balance<sup>\*3</sup> to achieve our goal in FY 2028.

With regards to beverages, such as coffee and tea, Morinaga Milk currently uses Rainforest Alliance Certified<sup>\*4</sup> coffee beans and tea leaves for some products, including *Mt. RAINIER Deep Espresso*.

With respect to paper, all paper sleeves and packaging boxes for ice cream products were switched to FSC<sup>®</sup> certified paper<sup>\*5</sup> by FY 2020. In addition, all drink and tofu containers that use paper and aluminum have been switched to FSC<sup>®</sup> certified paper.

\*1: RSPO (Roundtable on Sustainable Palm Oil)

The Roundtable on Sustainable Palm Oil certifies palm oil and products using palm oil from farms that meet certain standards to prevent palm oil production having a profoundly negative impact on the preservation of tropical forests, the biodiversity within them, and the lives of the people who depend on the forests.

\*2: Book and Claim

Book and Claim is a model for issuing certification credits (certificates) based on the volume of certified palm oil produced by palm oil producers. It provides a mechanism by which end users support the producers of certified palm oil through the purchase of certification credits.

\*3: Mass Balance

This is a certification model under which palm oil from a certified plantation is mixed with non-certified palm oil during the distribution process. Although the final oil contains non-certified sources, the certified plantations and the quantity purchased from them is guaranteed.

\*4: Rainforest Alliance Certification

Rainforest Alliance Certified farms are required to meet rigorous standards in order to create a better future for people and nature, which help protect forests, ecosystems, soils and waterways, and improve the rights and livelihoods of farmers and farm workers.

\*5: FSC<sup>®</sup> certification

FSC<sup>®</sup> certification is an international certification program for protecting forests. Products and packaging only receive this certification after being examined by a group of third-party certification bodies based on FSC<sup>®</sup> (Forest Stewardship Council<sup>®</sup>) criteria to confirm that the forest resources used have been produced appropriately from the perspective of environmental preservation and under socially meaningful and economically sustainable forest management, or use materials that lead to appropriate use of forest resources.



▶ Please see the "Expand use of RSPO-certified palm oil" section (p. 69) and "Procurement Focused on Consideration for the Environment and Human Rights" section (p. 70) for details.