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# Supply Chains

## Basic Approach

We procure raw materials and manufacture products with an emphasis on safety and reliability, and consistently provide high-quality products.

In each stage of the supply chain through product development, raw material procurement, production, distribution and sale, the Morinaga Milk Group always considers how best to deliver high-quality products that are safe and reliable to consumers. The basis for this approach is the Quality Policy of the Morinaga Milk Group.

The Quality Policy sets out the Morinaga Milk Group approach to quality throughout the supply chain, not only at production sites.

Moreover, revisions to Japan’s Food Sanitation Law require all food business operators to systematically implement HACCP for hygiene management across their supply chains. In addition, for procuring raw materials, the Morinaga Milk Group implements procurement focused on consideration for the environment (reduction of energy consumption and CO<sub>2</sub> emissions, reduction of water consumption, prevention of environmental pollution, reduction of waste, efficient use of resources) and human rights (prohibition on child labor or forced labor) across the supply chain based on the approach in the Procurement Policy of the Morinaga Milk Group.

This procurement policy is communicated to all our global business partners and suppliers, who are asked to comply with it.

**REPORT** ▶ Please see the “Quality Policy” section (p. 96) for details.  
 ▶ Please see the “Procurement Policy” section (p. 96) for details.

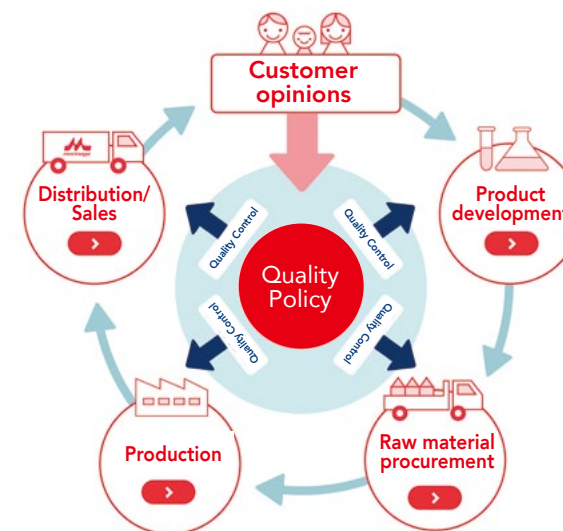


## System

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: Supply Chains” and the general managers of the relevant departments responsible for promoting KPIs.

Based on the Quality Policy, Morinaga Milk has stipulated Quality Rules for each stage of the supply chain: product development, raw material procurement, production, distribution, and sales. In order to systematically control quality based on these Quality Rules, Morinaga Milk has established a quality assurance system to ensure the quality and reliability of all the products by implementing this system.

### Quality Assurance System of the Morinaga Milk Group



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**KPIs**

Direction of Activities	KPIs	Progress Details for KPIs
Efficient supplier management corresponding to raw material risks	Strengthen mechanism for evaluating supplier management level depending on each raw material's risk	Classify all domestic raw material suppliers (as of March 31, 2021) Add classification of overseas raw material suppliers Classify new suppliers, continue to manage raw materials according to risk, and classify and evaluate raw materials Class-based supplier audits conducted at 16 factories in FY 2020 (▶ p. 64)
Creating a system for providing safe and high-quality products	Acquire FSSC 22000 certification at all of the Group's 29 plants* by FY 2020 * The number of applicable plants has changed to 23 due to reasons such as manufacturing stoppages.	Number of factories certified in Japan: 24 (as of March 31, 2021) (▶ p. 67) The number of applicable plants was originally 23, but an additional plant (Tokyo Dairy Co., Ltd.) obtained certification.
Respond to supply chain risks for main raw materials	Purchase main raw materials from multiple companies and geographically diverse purchasing	Promote regional decentralized purchasing initiatives (now in progress) (▶ p. 68)
	Expand use of RSPO-certified palm oil	Completed a full switchover to Book and Claim (as of March 31, 2021). Currently working on a switchover to mass balance. (▶ p. 69)

**Efficient Supplier Management Corresponding to Material Risk**

**Raising Quality Levels Together with Suppliers**

Morinaga Milk conducts business with many suppliers, both for the procurement of various raw materials such as ingredients, containers, and packaging, and for the handling of the logistics of raw materials and goods. In order to deliver high-quality, safe, reliable, delicious, and worthwhile products to consumers, Morinaga Milk ensures that business partners know the Morinaga Milk Group Procurement Policy (indicated above) with a view to securing their understanding and cooperation, and to ensuring a mutual exchange of information that strengthens collaboration.

This exchange includes quality assurance certificates for raw materials suppliers, information about the raw materials used (ingredient ratios, source materials, country of origin, allergens, genetic modifications, the presence or absence of food additives, etc.), the safety of container and packaging materials, safety in use, compliance with legal standards (e.g., compliance with residual agricultural chemicals standards), the status of quality control in the supplier's manufacturing processes, etc.

**Quality Improvement Seminar**

Morinaga Milk holds a Quality Improvement Seminar with suppliers of raw materials once a year. This provides an opportunity for mutual communication while sharing information on understanding the quality assurance system and initiatives for maintaining and upgrading the quality of raw materials and their containers and packaging and for improving the hygiene environment.

The FY 2020 seminar was postponed to prevent the spread of COVID-19.

**Number of Companies Participating in Quality Improvement Seminar**

	2016	2017	2018	2019	2020
No. of participating companies	23	24	20	24	–

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## Quality Audits at Suppliers' Plants

Positive communication with suppliers is important for a supply of high-quality raw materials. As a method of communication, the Morinaga Milk Group carries out document reviews and conducts quality audits at supplier plants.

Business partners understand the Morinaga Milk Group Quality Policy and cooperate to carry out quality audits for food safety and quality issues from a variety of perspectives, such as managing for foreign substances, allergens, etc. When an issue arises, the Group works with mutual understanding to reach a solution in order to ensure a continued supply of reliable, safe high-quality raw materials.

For raw material imports from Europe, Oceania, or other locations, the Group conducts audits for local plants overseas the same way as in Japan as needed (plant visits, remote audits, document checks, etc.). Although it is sometimes difficult to require overseas business partners to maintain the same quality control levels as in Japan, by carefully explaining the Morinaga Milk Group's Quality Policy to overseas business partners and gaining their understanding, the Group has built both a domestic and international procurement system for high-quality raw materials.

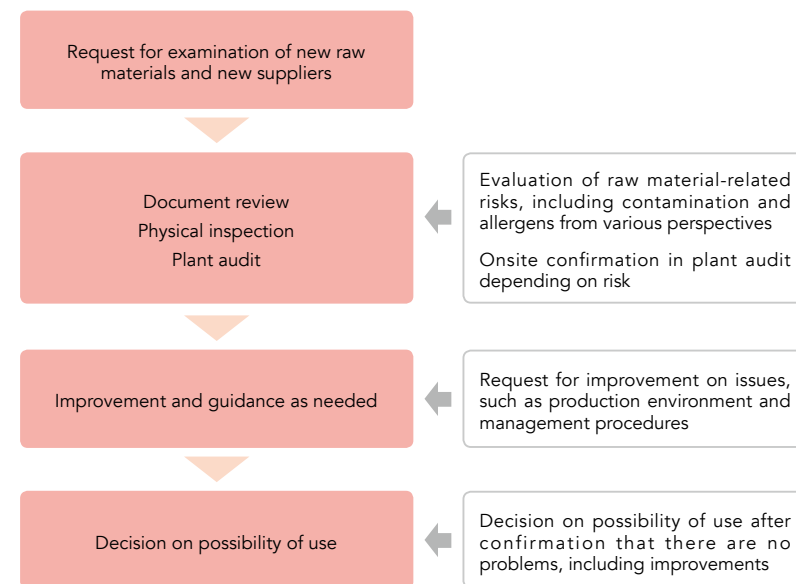
There were no significant risk incidents in FY 2020.

### Audits Conducted

	2017	2018	2019	2020
Morinaga Milk plants (no.)	28	31	28	25
Contractors (no.)	53	40	34	27
Suppliers (no.)	47	31	23	16
Total (no.)	128	102	85	68*

\* The number of audits was less than average due to the spread of COVID-19 in 2020, which made onsite audit visits difficult and because time was needed to improve the environment for remote audits.

### Basic Flow for Use of New Raw Materials



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## Improving Product Distribution Quality

Morinaga Milk Group collaborates with entrusted logistics partner companies regarding the product distribution processes of storage/cargo handling and transportation/delivery, regularly checking points of control (warehouse checks and delivery quality checks) based on our "Quality rules." This initiative allows us to improve the quality of product distribution, grasping issues and implementing operations improvements in a steady manner.

With regard to storage and cargo handling, annual onsite checks are conducted at each warehouse and are focused on temperature control, product handling, warehousing and delivery, the equipment environment, etc. Carried out at each production site in cooperation with head office, these efforts aim to improve appropriate storage management.

For transportation and delivery, we regularly hold regional logistics meetings with logistics partners to introduce examples of how other regions handle logistics quality and promote cross-development.

In addition, each entrusted logistics partner conducts quality checks using a format decided by Morinaga Milk. When there is an issue, we work with the partner to create and make improvements in order to enhance logistics quality.

In FY 2020, Morinaga Milk shared both good examples and examples of accidents, etc. with logistics partners (56 companies). (The annual meeting to improve distribution quality was suspended in FY 2020 to prevent the spread of COVID-19.)

## Create a System for Providing Safe and High-quality Products

In addition to operating a quality management system based on FSSC 22000\*, an international certification scheme for food safety management systems, Morinaga Milk Group also identifies important quality control points to comprehensively manage food safety and quality.

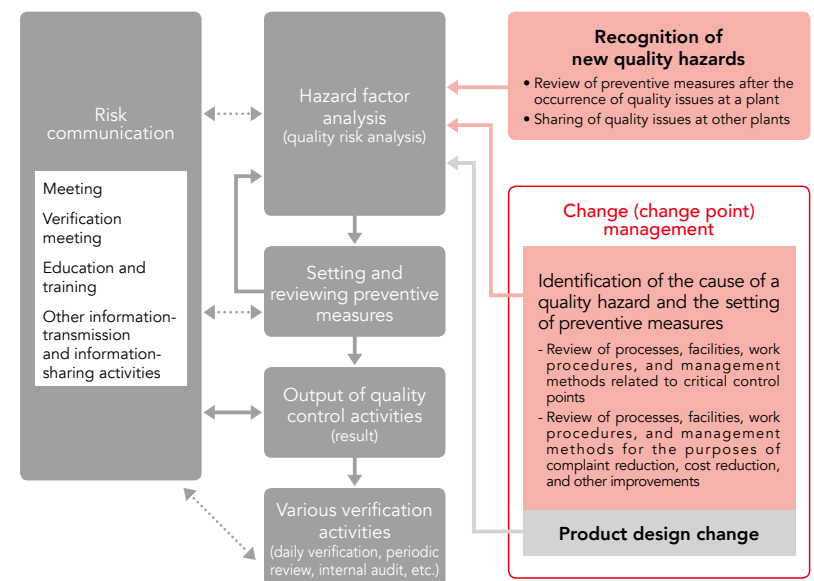
MACCP is a management method for ensuring a product has the intended qualities. The aim is to provide products that customers can use reliably and to carry out stable manufacturing.

A major feature of MACCP is achieving a high-quality assurance by preventing the occurrence or re-occurrence of trouble before it happens. Through the use of both MACCP and internal audits, the Group aims to further enhance its quality control.

\* FSSC 22000

An acronym for Food Safety System Certification 22000 and a food safety scheme approved by the Global Food Safety Initiative (GFSI). Based on ISO 22000, FSSC 22000 aims for the implementation of more reliable product safety management to supply safe food to consumers.

## Conceptual Diagram of Morinaga Milk Quality Management System Operations



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## Initiatives on FSSC 22000

In order to deliver even higher safety and reliability, the Morinaga Milk Group began obtaining FSSC 22000 across the Group from 2013. As of March 2021, the Group has obtained this certification at 24 production sites in Japan.

Food safety is only possible when all the parties involved, including the company, its business partners, and customers, are making efforts rather than the efforts of just one party. Maintenance of the safety and quality of products will be achieved through effective use of FSSC 22000 and positive communication among the parties involved.

Morinaga Milk is also putting efforts into in-house education so that employees can continue to produce safe and reliable products by correctly understanding and implementing FSSC 22000. In FY 2018, two FSSC 22000 internal auditor training courses were organized by the head office.

In order to continue providing customers with safe and reliable products, each and every employee will refine their knowledge and skills with the aim of maintaining and improving quality levels.

## Taste/Flavor Panel Meisters System

In quality control, the human tongue can often be more sensitive than numbers obtained with scientific testing. Therefore, Morinaga Milk identifies employees with particularly advanced taste sensitivity and certifies them as "Taste/Flavor Panel Meisters\*." Such employees can detect even slight flavor abnormalities by taste before products are shipped.

\* Taste/Flavor Panel Meisters

Each year, Morinaga Milk holds a taste sensitivity challenge for all employees. The employees who do well are certified as "Taste/Flavor Panel Meisters." Any employee certified as a Meister for three years running earns the title of "Grand Meister." As of FY 2020, 67 employees are certified as Meisters.

## Raw Material Checks (Three Inspections (Triple-Check) after Prior Lot Inspections)

Good products can only be produced from high-quality and safe raw materials. Therefore, the Morinaga Milk Group has established a system of "prior lot inspections" from the raw material procurement stage to support the quality and safety of all products. Before raw materials are delivered to plants, lots of specified materials are sampled and inspected by the Quality Control Department according to their risk.

A total of three inspections (triple-check) are conducted after raw materials that passed the prior lot inspection are delivered to the plants, from the point of raw material acceptance to just before use for production.

## Maintaining an Environment that Protects Quality

The Morinaga Milk Group has put efforts into occupational health and safety as a means of maintaining an environment that protects quality.

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.



▶ Please see the "Human Rights" section (p. 60) for details.

## Mechanisms for Training People to Continue Protecting Quality

The Morinaga Milk College was established in 2002 to provide quality education for employees based on the belief that people (employees) create quality. Morinaga Milk College is an internal educational institution in the Manufacturing Department tasked with transferring technology and skills and maintaining and improving quality technology, and it offers a variety of employee education.



▶ Please see the "Morinaga Milk College" section (p. 85) for details.

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## Respond to Supply Chain Risks for Main Raw Materials

### For a Stable Supply of Raw Materials

In recent years, natural disasters such as large typhoons, floods from heavy rains, and earthquakes have been occurring in Japan seemingly annually. Outside of Japan, raw material procurement risks have increased not only due to abnormal weather such as droughts and cold snaps, but also due to global shortages of containers resulting in logistics disruptions.

Morinaga Milk is taking the following measures for continued stable procurement of raw materials.

#### Selection of Products Important to Business Continuity and a BCP Survey for the Related Raw Materials

We select products that fulfill our social responsibilities and products that have a large influence on dairy farmers, customer companies, and individual customers, and check whether the raw materials for those products are BCP compliant and whether alternatives are available.

#### Understanding the Status of Supplier BCP Compliant

We conduct a questionnaire for major suppliers to see if they are BCP compliant and we are working to understand the current situation and raise mutual awareness of business continuity.

#### Cooperating with Suppliers on an Information Management System

To speedily coordinate with suppliers in the event of an earthquake or other emergency, we have introduced a supplier management system to centrally manage information.

#### Promoting Purchases from Multiple Routes and Regional Decentralized Purchases

Since Morinaga Milk also procures dairy ingredients from overseas such as from Oceania, Europe, and the United States, we aim to secure as many purchase routes as possible to mitigate risks from climate change and international affairs. We also have a system in place that allows for the purchase of a stable supply of dairy products always at an appropriate price. We also promote purchases from multiple sources and regional decentralized purchases for other raw materials with a view to future supply risks.

## To Secure a Stable Supply of Domestic High-quality Raw Milk

### Visits by Nationwide Dairy Farm Services Office Staff to Dairy Farmers in Their Area

To ensure a stable supply of high-quality and delicious domestic milk, the dairy farming that supplies the milk must be sustainable.

At Morinaga Milk Group, we work closely with dairy farmers in raw milk-producing regions around Japan in collaboration with business partners such as producer associations in order to carry out initiatives to support dairy farming.

Morinaga Milk Group visits dairy farmers in our area regularly to ensure a supply of quality domestic raw milk.

By providing information on technology for improving milk quality, raw milk demand and supply, and other areas, the staff works to increase the motivation of dairy farmers to produce milk. The staff also listens to dairy farmers about the problems and struggles of expanding production directly, striving together to think of improvements to solve problems.



### Initiatives with Dairy Farmers to Increase Milk Production Volume

Dairy cows take at least two years to start producing milk. This has been a burden on dairy farm management and is one factor in sluggish domestic raw milk production. Therefore, Morinaga Dairy Service Co., Ltd., a Morinaga Milk Group company farm, handles heifers to allow dairy farmers to focus on raw milk production. The motto of this business is "Raising healthy and strong cattle."

The business takes breeding cattle that will become dairy cattle from dairy farmers, impregnates them and then returns them to the dairy farmers. In addition, Morinaga Milk utilizes advanced technology for the production and transplantation of fertilized eggs and is actively working to transferring fertilized eggs from wagyu Japanese beef cows into dairy cows in order to increase the incomes of dairy farmers.



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**Plant Tours for Dairy Farmers**

Morinaga Milk holds tours at Morinaga Milk Group plants for dairy farmers. The feedback from dairy farmers who have attended these tours shows that actually being able to see the raw milk they have produced being turned into products has led to increased motivation to produce raw milk and improved awareness about ensuring the quality and safety of raw milk. Going forward, Morinaga Milk will continue to hold these tours as a means of communication. Virtual tour tools are now available for plants that do not offer tours.

Note: Plant tours were suspended in FY 2020 to prevent the spread of COVID-19.

**Initiatives of the Morinaga Association for the Promotion of Dairy Public Interest Incorporated Foundation**

The Morinaga Association for the Promotion of Dairy Foundation was established as an incorporated foundation in 1968 in commemoration of the 50th anniversary of Morinaga Milk's founding. The association has supported dairy farmers in various ways over the past 50 years. In December 2011 it became a public interest incorporated foundation and the name changed to the Morinaga Association for the Promotion of Dairy Public Interest Incorporated Foundation. In November 2020, the foundation held a webinar entitled "Issues and Responses to Dairy Farming for New Entrants." In the panel discussion, three such new dairy farmers from Hokkaido, Gunma, and Fukui prefectures were remote participants in the webinar. They talked about being "third-party successors," unassumingly talking about their reasons for becoming farmers, the issues they face, and their own farms. Even though this was a first attempt at an online seminar, it had the advantage of allowing participation from anywhere, with the number of viewers exceeding 500. The webinar also attracted participants who will be future dairy industry leaders, such as agricultural high school students and university students studying animal husbandry. A number of agricultural high schools also used the webinar as part of their lessons, garnering an excellent response from students and teachers. Morinaga Milk would like to continue holding such events.



**Expand Use of RSPO-certified Palm Oil**

The Morinaga Milk Group has formulated the Procurement Policy and is implementing procurement focused on consideration for the environment and human rights. Based on this policy, efforts are being made to procure raw materials with a focus on giving consideration to the environment and human rights. This includes raw materials with RSPO certification, Rainforest Alliance Certification, and FSC® certification.

Morinaga Milk joined RSPO<sup>\*1</sup> in March 2018. As large-scale deforestation is carried out when producing palm oil, it has been pointed out that deforestation impacts the natural environment through the loss of biodiversity and the erosion of human rights in terms of the labor on farms. 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.

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

The Roundtable on Sustainable Palm Oil certifies palm oil produced on 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.



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Check our progress at [www.rspo.org](http://www.rspo.org)

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## Procurement Focused on Consideration for the Environment and Human Rights

Based on the Morinaga Milk Group Procurement Policy, we are working to procure raw materials with consideration for the environment and human rights through Rainforest Alliance Certification, FSC® certification, and the like.

With regards to beverages, such as coffee and tea, Morinaga Milk currently uses Rainforest Alliance Certified<sup>\*1</sup> raw materials for some products, including *Mt. RAINIER Deep Espresso*.

All paper sleeves and packaging boxes for ice cream products were switched to FSC® certification<sup>\*2</sup> by FY 2020. We will continue to switch to FSC®-certified paper and contribute to sustainable forest management. In addition, all drink and tofu containers that use paper and aluminum have been switched to FSC® certified paper.

The use of raw materials with a focus on giving consideration to the environment and human rights also affects product prices, quality, and transportation efficiency. Therefore, information is shared across departments and efforts are made to collaborate and cooperate with business partners and suppliers.

Morinaga Milk conducts regular surveys, including the CSR procurement questionnaires that promotes sustainable procurement, with regard to the working environment for sites that produce and process raw materials. The questions cover 47 items, including human rights, corporate governance, labor, environment, fair corporate activities, quality/safety, information security, supply chains and coexistence with the local community. Suppliers are requested to give detailed and accurate answers.

<sup>\*1</sup>: 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.



(Left) *Mt. RAINIER Deep Espresso*, which uses Rainforest Alliance Certified coffee beans  
(Right) *MOW*, which uses an FSC®-certified paper sleeve

<sup>\*2</sup>: FSC® certification

FSC® 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® (Forest Stewardship Council®) 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.



### 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.



▶ Please see the "Suppliers" section (p. 54) for details.

### Signed the Vancouver Declaration on SDGs and FSC® Certification

On October 11, 2017, the FSC® Annual General Meeting held in Vancouver, Canada, unveiled a declaration calling for expanded support of SDGs and the FSC®. As a company that endorses this objective, Morinaga Milk signed the declaration along with 56 Japanese and overseas companies.

Morinaga Milk is contributing to the use of sustainable forest resources through gradual expansion, starting with familiar products such as *MOW* ice cream and *Piknik* beverages.

### Participation in the Japan Sustainable Palm Oil Network (JaSPON)

In April 2019, Morinaga Milk participated in the Japan Sustainable Palm Oil Network (JaSPON) as a founding member and served as director in order to accelerate the procurement and consumption of sustainable palm oil in the Japanese market with the aim of solving a range of problems in palm oil production related to the environment and development.

Morinaga Milk is collaborating with the members toward the realization of sustainable palm oil procurement and consumption in the JaSPON network of 52 companies and groups\*, which includes retailers and consumer goods manufacturers.

\* as of April 31, 2021





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**Responding to Customers**

Morinaga Milk released its Declaration of Conformity with ISO 10002 (Complaints Handling Management System) in 2007.

In accordance with ISO 10002, the Basic Policy on Customer Satisfaction and the Guiding Principles was established. Morinaga Milk actively strives to continually improve customer service.

To further promote consumer-focused management, Morinaga Milk issued the Voluntary Declaration on Consumer Orientation in 2017 and the Voluntary Declaration on Consumer Orientation Follow-up in July 2020.



▶ Please see the “Basic Policy on Customer Satisfaction” section (p. 97) and “Voluntary Declaration on Consumer Orientation” section (p. 97) for details.



Voluntary Declaration on Consumer Orientation  
▶ [https://www.morinagamilk.co.jp/information\\_morinaga/170116.html](https://www.morinagamilk.co.jp/information_morinaga/170116.html) (Japanese only)

**Halal and Kosher Certifications**

Morinaga Milk’s bifidobacteria has obtained Halal and Kosher certification. Halal foods conform to Islamic dietary laws, while Kosher foods conform to Jewish dietary laws. Such certification is an important deciding factor for people of these faiths; it is assurance that the product complies with their religion’s dietary laws. To comply with these strict requirements, we continue to pay close attention to and coordinate our production processes. In order to maintain certification, employees from various departments within the company are selected to serve on a committee, which meets four times a year, to ensure production remains Halal. We also pay attention to the handling of the special logo for Kosher foods.

Food is life. Morinaga Milk will continue to deliver products to people around the world that are in keeping with their needs and beliefs to ensure peace of mind.



Halal certification

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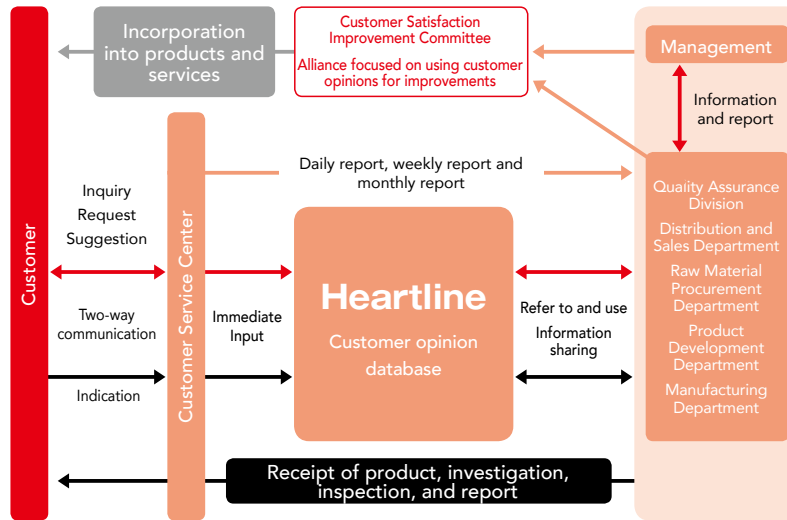
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## System to Take Advantage of Customer Opinions



Note: Heartline is our original system for accumulating feedback from customers and translating it into enhancements in customer service and improvements in products and services.

### Customer Service Center

Since establishing the Customer Service Center in 1972, Morinaga Milk has received inquiries, consultations, and comments about products from all over Japan. In FY 2020, Morinaga Milk received more than 65,000 comments by toll-free phone, postal mail, and email.

When a reply to the customer is required, the Center collaborates promptly with the relevant department and strives to provide a timely and genuine response.

### Mechanisms to Report Comments to Management and Relevant In-House Departments

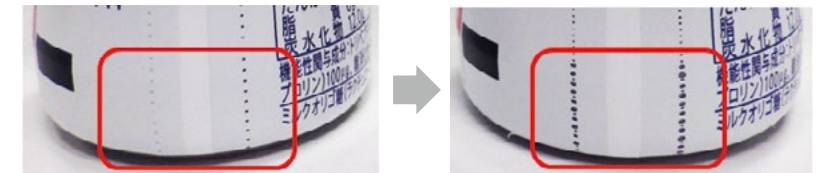
Customer complaints and comments are also compiled into a daily report that is shared with management and the heads of the relevant departments. In addition, we have developed a mechanism for prompt collaboration with management and the relevant departments in the event that a product accident occurs or the detection of signs that foreshadow such an occurrence.

### Mechanism to Use Customer Opinions

Morinaga Milk considers customer opinions to be a valuable management resource. The opinions are input into Heartline (customer opinions database), to build a mechanism for each employee to refer to and use in developing and improving products and services.

At “Alliance focused on using customer opinions for improvements,” we review comments with the relevant departments as necessary to reflect customer comments in products and services. The Customer Satisfaction Improvement Committee held three times a year proposes and discusses customer comments and examples of improvements utilizing customer comments with management.

Based on customer feedback, in FY 2020 we made it easier to remove the labels from our *Triple Yogurt* and other drink yogurts by increasing the size of the perforations.



Before the packaging change

After the packaging change, with larger perforations

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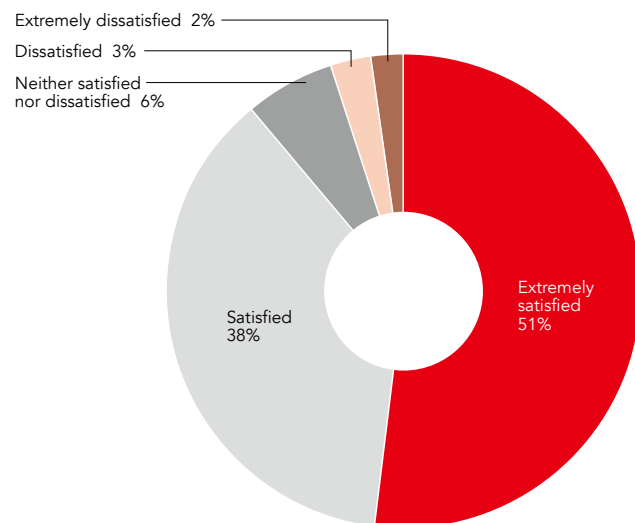
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### Customer Satisfaction Questionnaire Survey

In 1995, Morinaga Milk began conducting questionnaire surveys on the satisfaction levels and opinions of customers who accessed the Customer Service Center. These surveys provide the collected opinions from customers regarding their overall satisfaction in how their concern was handled, their interactions with the consultants they dealt with on the phone, and their dealings with a consultant visiting their home. Customers also explain their future intentions to purchase Morinaga Milk products. These responses provide vital feedback for our process to improve the quality of our services and products.

In 2020, 89% of customers responded that they were “extremely satisfied or satisfied” in terms of overall satisfaction with our service.

#### Overall Satisfaction with Service



### Mechanism for Improving Customer Satisfaction

Morinaga Milk provides annual “Customer Satisfaction Training” to enhance a customer-oriented approach among employees.

In FY 2020, we switched from conventional venue-based training to e-learning (online training), including for Group companies, with the number of participants growing to 6,185.

The training aims to deepen understanding of our “Guiding Principles for Customer Satisfaction” and share customer opinions with participant employees so they can develop a customer perspective.

#### Results of Customer Satisfaction Training

	2016	2017	2018	2019	2020
No. of participants	981	1,367	1,378	1,052	6,185

### Voluntary Standards for Promotional Campaigns

Morinaga Milk has established Voluntary Standards for Promotional Campaigns, which include using language that is easy for customers to understand and writing style precautions for when running promotional campaigns for customers.

For example, for customer campaigns involving reply postcards, online responses, notices printed on product packaging and so forth, promotion planners ensure that their plans comply with a checklist of over 50 items.

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## Establishment of Emergency Supply Chain Systems

### Business Continuity Plan (BCP)

The Morinaga Milk Group has established a BCP in order to promptly determine the products society needs and to restore and maintain stable supply in the event of a crisis, such as a large-scale disaster. The aim of the BCP is that, as a member of the food industry, which involves a strong element of social and public interest, the Morinaga Milk Group will not allow a serious interruption of business or will restore business as quickly as possible even when there is an interruption to the supply of products that are essential to people's lives, even in an emergency.

In order to increase the effectiveness of such measures, the Morinaga Milk Group will review and improve the BCP, including the establishment and practice of a safety confirmation system for disasters, the maintenance of emergency supplies for disasters, and the strengthening of back-up systems for the Group's information system.

For emergencies, including disasters, we launch an initial response in line with the Emergency Troubleshooting Standards and transition to the BCP response when the impact is severe.

#### Basic Policy of the Morinaga Milk Group's BCP

**Protect human life:** Priority is given to the protection of the lives of Morinaga Milk Group employees and their families as well as business partners, the neighboring community, related parties, and customers.

**Making a difference in society:** The Morinaga Milk Group will make a difference in society, including the affected areas, by working to provide food aid and supply.

**Business continuity:** The Morinaga Milk Group will create the necessary systems taking the utmost consideration of the safety of employees and strive for the stable supply of the Group's products in accordance with the needs of customers, business partners, and the affected areas.

### Constant Readiness

The Morinaga Milk Group has prepared disaster action plans for earthquakes, fires, typhoons, and floods. In the event of a disaster, the Group will evacuate in accordance with appropriate instructions and guidance and ensure proper execution through regular disaster prevention training.

Disaster prevention training is held once a year. In addition to evacuation guidance, fire extinguisher operation, and transportation of the injured, AED training is provided at business sites, with guidance obtained from local fire stations to improve proficiency.

As well as using the disaster action plan, the Morinaga Milk Group stipulates all manufacturing sites (plants) will carry out prompt collection of information and recovery based on the Emergency Countermeasures Operating Manual. All employees work to maintain and enhance response capability through execution of the guidance of disaster prevention organizations and practical training with fire extinguishing equipment in addition to annual disaster prevention training. Collaboration with local fire stations is undertaken to form in-house fire brigades, which participate in regional rallies to improve their techniques. Furthermore, implementing earthquake resistance measures for buildings is underway.

We have also contracted SECOM CO., LTD. to provide employees with safety confirmation training. In FY 2020, we confirmed safety in disasters such as Typhoon No. 20 (Typhoon Hagibis).



Disaster prevention training at Head Office  
(photo from FY 2019 training)



Disaster prevention training at the Tone Plant  
(photo from FY 2019 training)

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## Disaster Relief Systems

Morinaga Milk has supplied infant and toddler milk and long-life products as emergency food for areas affected by disasters in collaboration with relevant government ministries/agencies and industry groups.

After the 2011 Great East Japan Earthquake, for example, Morinaga Milk supplied 8,000 cans of infant and toddler milk through the Japan Dairy Association. In collaboration with stakeholders, Morinaga Milk will continue to provide such disaster assistance.