

[Contents]

Approach to Disclosure of
Information on Sustainability

Editorial Policy

About Us

Corporate Mission

Measures for and Effects of COVID-19

Sustainability at Morinaga Milk

Seven Priority Issues

● Health and Nutrition

● The Environment

● Human Rights

● Supply Chains

● Nurturing the Next Generation

● **Human Resource
Development**

> Basic Approach

> System

KPIs

System for Developing Human
Resources to Support Business

Implementing Health Management

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

Human Resource Development

Basic Approach

We will focus on developing human resources who can realize the slogan
"For Ever Brighter Smiles."

Morinaga Milk was founded over a century ago. Throughout its history, Morinaga Milk has fostered a positive corporate culture centering on a commitment to quality. Over the next 100 years, Morinaga Milk will continue to build a corporate culture in which employees can take steps toward the future and continue to grow for the smiles of customers and colleagues, while also valuing the achievements of the past.

To instill a corporate culture of embracing growth and challenge, it is essential for each and every employee to enhance their own skills. Toward this end, the company needs self-motivated employees who can define their own goals and take action to achieve outcomes.

As a company that aims for sustainable growth, it is crucial for each and every employee to be willing to better themselves, while the company needs to recognize its responsibility of developing human resources who can carry the torch of the company's future. As such, the culture of developing human resources will be instilled at various workplaces using continuous training. This is Morinaga Milk's vision for human resource development.

Approach to Human Resource Development

- Develop human resources who can recognize their roles and responsibilities while embracing the challenges of reform and innovation based on the corporate slogan and guiding principles.
- Strategically develop human resources who will bear core responsibilities in the future.
- Develop human resources who will contribute to the organization by respecting diversity and working collaboratively with others.
- Employees are to take the initiative and play an independent role in their own self growth while the company provides opportunities to foster such growth.
- Improve the leadership and training skills of senior employees who are responsible for developing human resources.

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: Human Resource Development" and the general managers of the relevant departments responsible for promoting KPIs. Moreover, the Human Resource Department acts as the main department in charge of human resource development, while working collaboratively with the Manufacturing Division and Sales & Marketing Division.

Human Resource Development System

At Morinaga Milk, human resource development is implemented centering around the model of on-the-job training (OJT) where employees acquire specialized knowledge and skills through practical work and improve their abilities to execute job functions while gaining experiences. Through this, employees grow their experience and receive feedback from their superiors and senior colleagues thereby refining their skills and techniques.

Moreover, it is also important to learn outside of practical work in order to achieve growth. Therefore, Morinaga Milk provides a number of learning opportunities from off-the-job (Off-JT) programs including rank-based training and diversity support programs, to correspondence education, e-learning, and business schools under self-development support programs for employees who are taking the initiative to improve themselves.

Through the combination of the three programs: OJT, off-the-job (Off-JT) programs, and self-development support programs, it is the aim to develop a corporate culture that inspires individuals to seek self-improvement and embrace reform and innovation.

The specific initiatives under off-the-job (Off-JT) programs and self-development support programs are revised each year as the annual human resource development plan, with each development program being proposed and implemented.

Moreover, each department is in charge of their own training to enhance specialization among their staff. For example, the Manufacturing Division is taking the lead in hosting Morinaga Milk College with the goal of passing down manufacturing technologies, while the Sales & Marketing Division is taking charge of Morinaga Sales University in conducting training to improve sales skills.



[Contents]

Approach to Disclosure of
Information on Sustainability

Editorial Policy

About Us

Corporate Mission

Measures for and Effects of COVID-19

Sustainability at Morinaga Milk

Seven Priority Issues

● Health and Nutrition

● The Environment

● Human Rights

● Supply Chains

● Nurturing the Next Generation

● **Human Resource
Development**

Basic Approach

> System

> KPIs

System for Developing Human
Resources to Support Business

Implementing Health Management

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

Human Resource Development System

	1st year	2nd year Junior employees	3rd year	4th year Mid-career	5th year onward	10th year onward	15th year onward Management class	20th year onward
Rank-based training	New employee training	Second year training	Third year training	Training for new leading players		Pre-management training	Training for new managers	Various management class training
		Junior employee mentor training					Human resources management training	
Self-development support programs	E-Learning library							
	Correspondence education							
	Lecture-based business school training (networking with other industries)						Dispatch to MBA program in Japan	
Workplace training support	Financial assistance for learning							
Diversity support programs	Female Leader Training					Work × Child-raising Power-Up Seminar		
	Life Planning Seminar						Introduction Program (for mid-career hires)	
Global human resources development programs	Overseas Intercultural Learning Challenge Training (select employees)							
	Global Business Skills Enhancement Program (select employees)							
	Overseas Trainee Program (select employees)							
	Online English conversation classes (subsidies provided) / In-house language learning classes (English)							
	TOEIC Test and Scholarship Program							
	English business e-mail writing (e-learning)							
	E-Learning library – languages							

KPIs

Direction of Activities	KPIs	Progress Details for KPIs
Promote the Corporate Slogan	Hold annual forum open to all employees	Number of participants in FY 2020: 166 (▶ p. 84)
Encourage the independent growth of each individual employee by pursuing diversity and inclusion	Provide ongoing training for female leaders, training to encourage balance between work and childcare, and pre-management training; HR department will carry out interviews of young employees	Scheduled training implemented as planned (▶ p. 85) Carried out interviews with all employees within their first three years with the Group (▶ p. 85)
Develop employees who can perform in a global business environment	Implement programs for training global human resources	Total of 148 participants 52 participants in FY 2020 (▶ p. 86)
Develop human resources via health management	Improve uptake rate of follow-up exams and re-assessments for those who test results are of serious concern: 80% (2023) Rate of attending mental health education: 100% (2023)	Rate of attending mental health education: 94.3% (▶ p. 88)

[Contents]

 Approach to Disclosure of
Information on Sustainability

Editorial Policy

About Us

Corporate Mission

Measures for and Effects of COVID-19

Sustainability at Morinaga Milk

Seven Priority Issues

● Health and Nutrition

● The Environment

● Human Rights

● Supply Chains

● Nurturing the Next Generation

● **Human Resource
Development**

Basic Approach

System

KPIs

> **System for Developing Human
Resources to Support Business**

Implementing Health Management

● Corporate Governance

 Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

System for Developing Human Resources to Support Business

Disseminate the Corporate Slogan

In 2017, Morinaga Milk celebrated its centennial and established a new corporate slogan structure and slogan for the Morinaga Milk Group for the next 100 years.

In order to institute these ideas as fundamentals guiding all of our actions, it is important for employees to understand and integrate the corporate slogan into their daily duties. Therefore, various programs to promote the corporate slogan are being implemented.

Energy Survey

The Energy Survey is designed to understand the main factors that influence willingness to work and organizational culture revitalization. This can contribute to developing more effective improvement activities and human resources policies to address issues revealed in order to achieve a corporate culture where employees work with enthusiasm and energy.

The survey is conducted once a year targeting everyone involved with Morinaga Milk, including full-time employees, seconded workers, temporary workers, and employees of affiliated companies. The survey results of the entire company as well as by division are shared via feedback with the directors in charge, as well as head of each business site and organization. The results serve as important data for understanding the condition of the organization, and they are shared among these directors and managers, after which action plans for improving the workplace are discussed.

Morinaga Milk Awards

Morinaga Milk Group continues to challenge itself.

The Group expanded its in-house award system in FY 2018 by establishing the Morinaga Milk Awards, which are linked to some of our Guiding Principles, such as taking on challenges and working with vibrancy. Consisting of several awards, the Morinaga Milk Awards are given not only for achievements but also for actions and processes. The grand prize is decided through employee voting and broadcast online, serving as a device for company-wide sharing of experiences, wisdom and other benefits gained through various efforts. By giving praise from the entire Group to individuals, teams, organizations who have implemented the corporate philosophy, the Morinaga Milk Awards help promote self-determined action to further realize that philosophy.

Co-Creation of Aspirations Forums

The Co-Creation of Aspirations forum is held once a year in order to foster a sense of unison through understanding the corporate philosophy and guiding principles. In turn, this promotes the Morinaga Milk Group's management as a whole following one philosophy.

Each year, the forum is held under a different theme. In FY 2016, it was conducted as a workshop to establish the corporate philosophy itself, under the theme of "Creating a New Corporate Philosophy and Guiding Principles." In FY 2017, the theme was "Practical Application of Guiding Principles in Business Duties to Realize the Philosophy," while in FY 2018, the theme was "Discussion on Challenges and Improvement Activities by Organization in Promoting Corporate Philosophy and Guiding Principles." In FY 2019, the theme was "Deeper Exploration of the Important Issues Assessed in the Previous Fiscal Year and Drafting Practical Measures to Deal with Them." In 2020, the forum was held online in order to prevent the spread of COVID-19.

Feedback from those in attendance received included, "I was able to see the effect on team building by practicing the guiding principles. I felt a sense of mutual respect with a deepened understanding for one another. This made me want to try it at my own workplace," as well as "Prior to my attendance, I had wanted to make the workplace better but felt it was difficult to achieve on my own, but after this forum I figured it may be possible to make changes if I could gather more people who think alike."

[Contents]

Approach to Disclosure of Information on Sustainability
Editorial Policy
About Us
Corporate Mission
Measures for and Effects of COVID-19 Sustainability at Morinaga Milk
Seven Priority Issues
● Health and Nutrition
● The Environment
● Human Rights
● Supply Chains
● Nurturing the Next Generation
● Human Resource Development
Basic Approach
System
KPIs
> System for Developing Human Resources to Support Business
Implementing Health Management
● Corporate Governance
Policies, Philosophy and Principles
Third Party Assurance
The United Nations Global Compact Index
GRI Content Index

Manager Workshops and Workplace Seminars

Morinaga Milk holds manager workshops and workplace seminars in order to develop human resources who can lead team members while fulfilling the vision for workplaces under the corporate philosophy and to empower each workplace to solve problems independently. At manager workshops, every year more than 50 managers participate, discussing matters about the development of team members. At workplace seminars, managers and members together discuss how to implement the corporate slogan in the workplace.

Participant comments included, “I was able to broaden my horizon by thinking about the issues faced by other workplaces, which served as a hint in finding solutions to issues at my own workplace” and “Participants ranged from newer managers to highly experienced ones. This served as an opportunity to experience other viewpoints and approaches.”

Independent Growth of Each Individual Employee

Human Resource Management System

Morinaga Milk considers its people to be an important asset and is now developing a workplace environment where each and every person can fully contribute their competencies.

In 2007, Morinaga Milk launched a new human resources management system targeting all employees. The goal of this system is to increase employee motivation and enhance their skills by elevating employees’ independence, their understanding of personnel evaluations, and the fairness of these evaluations.

Diversity and Inclusion Support Programs

As part of pursuing diversity and inclusion, Morinaga Milk offers a variety of training programs and seminars to support employees’ diverse workstyles.

The Female Leader Training is held once annually. It involves female employees building their own unique management style during the course of their career unbound to the status quo while planning for various life events.

The Work × Child-raising Power-Up Seminar is held once annually. It involves learning a highly motivating unique workstyle tailored to one’s job so that employees can produce meaningful results in both quantity and quality despite a limited amount of time. Close to 90 employees have taken part since 2016.

Number of Participants in Female Leader Training

	2016	2017	2018	2019	2020
No. of participants	18	29	24	23	17

Morinaga Milk College

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. The college offers a Follow-up course, a Hop-up course, and a Level-up course aimed at the acquisition of basic knowledge of safety measures and milk technologies for engineering-related employees from their first to their third year at Morinaga Milk.

Later on, the college provides the selective Step-up course (product category specific training), the Jump-up course (training for workplace leaders), and Meister training (improving technical and skill levels) to aid the training of young engineers.

In terms of practical training courses, the college offers various kinds of specialist training for core technologies.

Measurement management practical training, for example, teaches the technical basics of accurately measuring the volume of raw materials and products, while the Microorganism expert course is aimed at improving techniques and skills for microbial testing. Such courses help to cultivate various specialists who will play an important role in maintaining and enhancing quality.

[Contents]

Approach to Disclosure of
Information on Sustainability

Editorial Policy

About Us

Corporate Mission

Measures for and Effects of COVID-19

Sustainability at Morinaga Milk

Seven Priority Issues

- Health and Nutrition
- The Environment
- Human Rights
- Supply Chains
- Nurturing the Next Generation

● **Human Resource
Development**

Basic Approach

System

KPIs

➤ **System for Developing Human
Resources to Support Business**

Implementing Health Management

● **Corporate Governance**

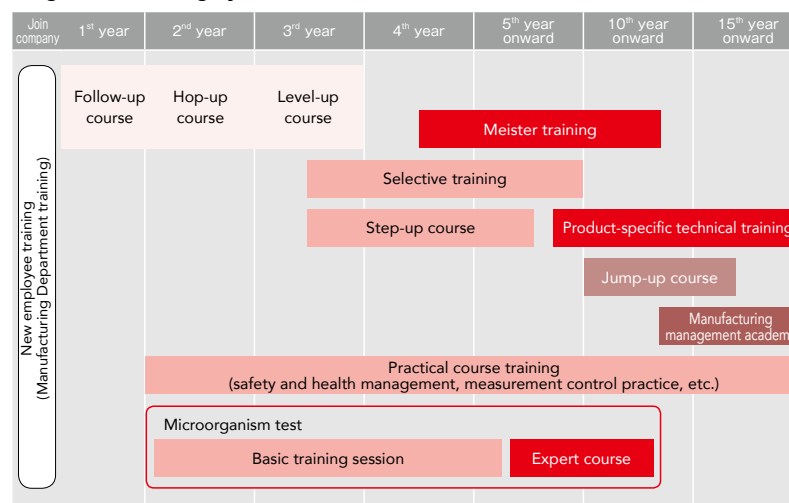
Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

Diagram of Training System (Production)



Number of Trainees

Name and Objective of Training	2016	2017	2018	2019	2020
Follow-up course Acquisition of basic technologies and skills (established in 2018)	-	-	165	151	206
Hop-up course Acquisition of basic technologies and skills and strengthening work execution capabilities (includes 3rd year employees up until 2017)	53	111	103	155	166
Level-up course Acquisition of basic technologies and skills and strengthening work execution capabilities (established in 2018)	-	-	93	96	159
Step-up course Developing human resources able to establish conditions for preventing product-category specific issues (made a selective training course from 2018)	98	111	56	27	9
Jump-up course Encouraging awareness of expected roles to develop workplace leaders	33	33	32	16	-
Total	184	255	449	445	540

Annual training hours and cost per employee (Morinaga Milk only)

Global Human Resource Development

Morinaga Milk is focusing on developing and growing its overseas business with the aim of becoming a “global company that is a unique presence.” Toward this end, in addition to committing management resources, Morinaga Milk is developing human resources not only proficient in English, but also with the ability to build personal relationships with people of differing backgrounds and values, convey one’s needs accurately, and build consensus with others during the course of business.

Participants in Global Human Resources Development Programs (Total Number)

	2016	2017	2018	2019	2020
No. of participants	32	20	24	20	52

Overseas Intercultural Learning Challenge Training

Since 2017, we have been conducting a week-long training program at overseas business locations with the aim of promoting understanding how worthwhile working outside Japan can be and heightening motivation for overseas businesses. By communicating in English, experiencing other cultures, and listening to what overseas subsidiaries have to say, employees have the opportunity to feel their own potential and the company’s potential in the global market.

	2017	2018	2019
No. of participants	20	16	12

In FY 2020, the program contact was adjusted for an online format in order to prevent the spread of COVID-19. With the aim of developing human resources who are capable of realizing results in every kind of business market around the world, we are providing employees with opportunities to develop communication skills that transcend cultural differences and polish skills for writing business e-mails in English. In FY 2020, 36 people participated.

[Contents]

Approach to Disclosure of
Information on Sustainability

Editorial Policy

About Us

Corporate Mission

Measures for and Effects of COVID-19

Sustainability at Morinaga Milk

Seven Priority Issues

● Health and Nutrition

● The Environment

● Human Rights

● Supply Chains

● Nurturing the Next Generation

● **Human Resource
Development**

Basic Approach

System

KPIs

> System for Developing Human
Resources to Support Business

> Implementing Health Management

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

Global Business Skills Enhancement Program

As a skill to complement a global mindset focused on intercultural understanding, the program commenced in 2017 with the aim of empowering employees so that they can convey what they want to say in English both logically and assertively, in order to enhance their global business skills* needed for business communication in English. This four- to five-month program involves employees carrying out business simulations at the start and end of the program to measure skills in assertiveness, negotiations, and presentations, assigning a score and receiving feedback. During the course of the program, participants enhance their skills through group lessons in addition to input training for learning the techniques behind global business success.

* Morinaga Milk's definition of global business skills

The ability to build personal relationships with people of differing backgrounds and values, convey one's needs accurately, and build consensus with others during the course of business.

Number of Program Participants

	2017	2018	2019	2020
No. of participants	8	8	8	16

Overseas Trainee Program

This program provides junior employees with experience living and working overseas to prepare them for future overseas assignments. Through such experiences at an early stage in their career, these employees are better prepared and equipped to contribute their competencies during a shorter duration stay when posted overseas as an expatriate employee in the future. The program lasts less than two years, during which time participants learn how to involve those around them in producing business success.

Implementing Health Management

In order to realize the corporate philosophy "Contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology," Morinaga Milk issued the "Morinaga Milk Health Declaration" with an added commitment to employees' health.

Based on this declaration, Morinaga Milk is implementing the Morinaga Milk Health Management Program, which involves the promotion of health and awareness activities to further improve employees' health including prevention, treatment and relapse prevention from the standpoint of both physical and mental healthcare.

Moreover, the Basic Policy on Health and Safety that ensures a safe work environment for all job duties to be carried out safely, which forms the basis of health, has been developed, published and promoted.

REPORT

▶ Please see the "Health Declaration" section (p. 99) and "Basic Policy on Health and Safety" section (p. 60) for details.

▶ Please see the "Promotion of Occupational Health and Safety in Production Departments" section (p. 60) for details.

Physical Care

The Morinaga Milk Health Insurance Association subsidizes medical expenses for complete health exams for employees aged 30 or older. A free mail-based screening for cervical cancer for female employees in their twenties or older is also in place since the disease can affect young women as well. From the perspective of cancer prevention, Morinaga Milk provides subsidies for complete health checkups for employees aged 50 and above and subsidies for gynecological cancer screening. In 2020, an oncologist was invited for an in-house lecture, "Thinking about Women's Cancer." We will continue with similar efforts into the future.

For health checkup results, linking data from the health insurance association and health checkup results with Morinaga Milk industrial health units (industrial physicians, public health nurses, nurses) and persons in charge of health management at each business site allows enhanced management of high-risk persons, advocating for follow-up exams, and providing health guidance. Moreover, given the effects of oral health on overall health, we are also focusing on expanding our program of free dental checkups. Additionally, we are implementing an initiative to improve lifestyle habits using Morinaga Milk's own

[Contents]

Approach to Disclosure of
Information on Sustainability

Editorial Policy

About Us

Corporate Mission

Measures for and Effects of COVID-19

Sustainability at Morinaga Milk

Seven Priority Issues

● Health and Nutrition

● The Environment

● Human Rights

● Supply Chains

● Nurturing the Next Generation

● **Human Resource
Development**

Basic Approach

System

KPIs

> System for Developing Human
Resources to Support Business

> Implementing Health Management

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

supplement products for employees who are receiving specified health guidance.

With regard to the family members of our employees, our health insurance association promotes healthy lifestyle habits by implementing a program to earn points when an employee or a dependent sets a health goal and achieves it. This program has many participants each year. Morinaga Milk also has an assistance program for home delivery of our own products, with the aim of providing support for eating habits with excellent nutritional balance.

As a measure against COVID-19, in 2020 we enhanced the work environment with ventilation equipment, air purifiers, plexiglass separation panels, and alcohol sanitizers. We also distribute our supplement products to Group employees and hold web lectures with industrial physicians to convey correct information. These and other efforts aim to address the pandemic from various angles.

With regards to smoking, indoor spaces are in principle non-smoking, and we subsidize part of the cost of smoking cessation program for employees who wish to stop smoking.

Additionally, an in-house health seminar was held with the aim of improving employee health, with about 1,700 people attending.

REPORT

▶ Please see the "Health and Nutrition" section (p. 27) for details.

Mental Healthcare

Mental health training is conducted by external EAP* institutions and psychiatric industrial physicians at each business site. E-learning and online training for management-level employees is also conducted.

Following stress checks, we carry out an organizational diagnosis for all business sites with individual follow-ups conducted by counselors as necessary. The company has also established a free mental care hotline that maintains employee confidentiality and is easy to use anytime an employee needs it. Since many employees teleworked in FY 2020 to prevent the spread of COVID-19, we conducted online self-care training in order to reduce stress and anxiety so that staff could work with peace of mind.

* EAP Employee Assistance Program for mental healthcare

REPORT

▶ Please see the "Measures for and Effects of COVID-19" section (p. 11) for other employee initiatives.

Policy to Support System to Balance Ongoing Medical Treatment and Work

In order to help employees reconcile work with their medical treatment, Morinaga Milk has implemented the time-difference work system, short-time work system (working hours reduced by a maximum of 2 hours), and reduced working days system (4 days a week), so that employees requiring long-term medical treatment will feel confident to remain in their jobs.

Also, the following programs have been implemented in support of employees returning to work from leave.

- In collaboration with an external organization, provide support for stability when an employee returns to work following a period away for mental care reasons
- Establish a standardized system of "Return Support Program" which includes reduced ease-in working hours
- Implement regular interviews with industrial physicians (generally for 6 months) upon return to work