

[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

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

Policies, Philosophy and Principles

Morinaga Milk Group Breast-Milk Substitutes (BMS) Marketing Policy

In the marketing of infant formula and follow-up formula (hereinafter collectively referred to as “Products”) handled by the Morinaga Milk Group, we respect the WHO International Code of Marketing of Breast-milk Substitutes (BMS) (hereinafter “WHO Code”), comply with applicable laws and regulations in the countries and regions where we conduct business, appropriately guide employees and distributors in accordance with this marketing policy (hereinafter “Policy”), and conduct activities in accordance with the Policy.

1. Basic Policy

- 1) Recognizing that breastfeeding provides the best and optimal source of nutrition and plays an important role in the growth and development of infants, and that breastfeeding not only builds infants’ immune systems but also fosters a strong bond between mothers and infants, we support the recommendation by the WHO that breastfeeding be performed for the first six months after birth, followed thereafter by the introduction of safe and appropriate complementary foods.
- 2) Recognizing the importance of the WHO Code in providing safe and appropriate nutrition to infants, we strive for the protection and promotion of breastfeeding and engage in marketing activities grounded in appropriate information.

2. Applicable Scope of the Policy

The Policy applies to all Group employees involved in the marketing and sales of the Products in all countries where our Group conducts business.

3. Guiding principles

- 1) We support policies, rules, and standards set by governments and by expert health and nutrition agencies on the basis of objective and consistent information and science.
- 2) We do not advertise or promote Products to the general public.
- 3) We do not engage in advertising or sales promotion of Products for infants between 0 to 12 months of age in higher risk countries^{*1}.
- 4) Where permitted by the laws of countries where we conduct business, we share our recognition of the Policy with third parties and engage in advertising and sales promotion activities in compliance with the laws and ordinances of the countries where we conduct business.

- 5) When providing Product-related information to healthcare practitioners, we limit information to objective and scientific information, and do not include information that indicates or implies that bottle-feeding with the Products is superior to or equivalent to breastfeeding.
- 6) In package labels for the Products, we provide all necessary information regarding the safe and proper use of the Products and take care not to discourage breastfeeding.
- 7) We use clear and conspicuous descriptions in package labels for the Products, and, using expressions that are easy to read and easy to understand, extol the superiority of breastfeeding and include labels concerning proper methods of formula preparation, warnings regarding health hazards caused by inappropriate preparation etc. In addition, we do not use photographs of babies on containers or in the package labels for the Products, and do not use pictures or expressions that idealize the use of the Products.
- 8) Recognizing that the quality of the Products is an indispensable factor in protecting the health of infants, we manufacture the Products in accordance with standards recognized in the countries and regions where we conduct business, following strict hygiene control and quality control procedures.
- 9) When selling or otherwise distributing the Products, we comply with applicable quality and hygiene standards and local laws and ordinances.

^{*1} A list of higher risk countries is indicated in Appendix A on the following website.
https://research.ftserussell.com/products/downloads/F4G_BMS_Criteria.pdf

Est. March 2021

[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
- Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

Environmental Policy

Basic Philosophy

As a food company that aims to contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology, the Morinaga Milk Group contributes to social sustainability by protecting the environment and preventing environmental pollution.

Basic Policy

1. We set objectives for our activities for environmental protection and the prevention of environmental pollution throughout the total lifecycles of our activities, products, and services. By reviewing those goals on a regular basis, we continuously improve our environmental management system.
2. We properly manage compliance with environmental laws and regulations and our environmental commitments.
3. 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.
4. We address the following priority environmental management issues:
 - (1) We promote greenhouse gas emission control to prevent global warming.
 - (2) We promote business operations based on resource efficiency and energy efficiency to make effective use of limited resources.
 - (3) We promote the 3Rs (Reduce, Reuse, Recycle) and appropriate disposal of waste in order to form a sound material-cycle society.
 - (4) We promote the development of new technologies related to the environment and incorporate environment-friendly technology in product development.
 - (5) We disseminate accurate information on the environment and make efforts to improve our social credibility.
 - (6) We strive for coexistence with society and communities.
5. This policy is disseminated to all employees and released to the public outside the company.

Est. October 1993

Rev. April 2019

Yohichi Ohnuki

 President and Representative Director
 Morinaga Milk Industry Co., Ltd.

Morinaga Milk Group Human Rights Policy

Basic Philosophy

The Morinaga Milk Group respects human rights and diversity as basic rights for people to live healthy and enjoyable lifestyles as we aim to realize our corporate philosophy “contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology.”

Background

We have formulated this policy based on the Guiding Principles on Business and Human Rights of the United Nations and in respect to various international codes of conducts regarding human rights, such as Universal Declaration of Human Rights and United Nations Global Compact, to promote initiatives related to respecting human rights. This policy also expresses our dedication towards respecting human rights based on our corporate philosophy and guiding principles.

Scope

This policy applies to all executives and employees of the Group and also hopes that all of our business partners involved in our products and services to support this policy, and suppliers comply with this policy.

Basic Policy

1. We respect basic human rights, individuality, and diversity, and do not discriminate or engage in harassment based on race, gender, age, religion, language, nationality, sexual orientation, gender identity, and having disabilities or not. In the case abuse of human rights is found, we will take necessary measures including measure to prevent reoccurrence of such cases urgently and earnestly.
2. We do not engage in forced or child labor.
3. We create working environment where employees can feel safe and secure while working and also be healthy both mentally and physically.
4. We respect the employees’ basic right of collective bargaining.
5. We comply with laws and regulations of Japan and countries and regions we engage business in.
6. We properly educate our executives and employees.
7. We respect each diverse way of thinking and their stances, and strive to create a corporate culture that enables everyone to exert their full potential and work enthusiastically.
8. We disseminate this policy to all employees and also release it to the public.

[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

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

Est. November 2018

Yohichi Ohnuki

President and Representative Director

Morinaga Milk Industry Co., Ltd.

Quality Policy of the Morinaga Milk Group

As a food company that produces and sells milk, dairy products, ice cream, beverages and other foodstuffs, the Morinaga Milk Group aims to contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology. We listen carefully to customer opinions, work tirelessly to ensure food safety and quality, and deliver safe, high-quality products and services.

1. We thoroughly control quality management in every process of product development, raw material procurement, production, distribution, and sales to ensure food safety and quality of our products.

In doing so, we take all of the following steps.

- (1) In the planning and R&D phases, we design a product with a close focus on food safety and high quality.
- (2) In the phases of selecting equipment, technology, and raw materials, we consider potential risks and examine the impacts on food safety and quality.
- (3) We clarify the person responsible for quality control in every business section and take measures to ensure the food safety and quality of our products.

2. We contribute to society through our activities based on compliance with laws, regulations and standards.

3. We provide accurate, easy-to-understand information from the customers' viewpoint.

4. Each of us individually strives to refine our knowledge and skills and maintain and improve quality levels.

Est. September 2017

Procurement Policy

To deliver high-quality, delicious, safe, and reliable products to the customers, the Morinaga Milk Group procures materials in compliance with the laws and social standards while also considering human rights, environment, and other social responsibilities in cooperation with its business partners. We also engage in fair, just, and transparent relationship with all our business partners.

1. We comply with laws and social norms and strive for fair transactions focused on considerations for human rights, the environment, biodiversity, occupational health and safety, etc.
2. To improve the quality and value of the products the Morinaga Milk Group offers to the customers, we place emphasis on cooperative relationships with our business partners in the areas of raw material quality, safety, technological capability, price, and delivery date.
3. In conducting procurement activities, we provide fair, equitable and transparent opportunities to all of our business partners and implement transactions accordingly.

"Procurement" in this policy covers not only the procurement of raw materials and packaging materials used for products, but also various transactions involved in the procurement of management resources such as facilities and equipment, and the various services to maintain and manage the same.

<To Our Business Partners>

1. We hope that our business partners understand the concepts of the Morinaga Milk Group Procurement Policy and support it as members of the supply chain.
2. Considering the importance of social responsibility, compliance, and corporate ethics, we hope our business partners also consider 1) compliance with laws and social standards, 2) environment, and 3) human rights and occupational health and safety.
3. We would like our business partners to promise the following in raw material procurement to improve the quality and value of Morinaga Milk Group's products.
 - 1) To comply with relevant laws and ensure that the raw materials comply with the Morinaga Milk Group Quality Policy.
 - 2) To continue improving technical capabilities and offer proposals based on them to enable our new products to meet the needs of the customers.
 - 3) To offer competitive prices and engage in continued rationalization.
 - 4) To build a stable and flexible supply system for raw materials to ensure

[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

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

that products can be delivered to the customers continuously and in timely manner.

- 5) To cooperate with each other in business continuity during unexpected disasters through exchanging and sharing information about the supply chain as well as engaging in risk management activities in time of peace.

Est. September 2017

Basic Policy on Customer Satisfaction

We value communication with customers in response to their comments, including complaints, requests, and inquiries, and strive to deliver “reliability” and “happiness.” We think and act with the customer as our starting point, and aim to be a company that is trusted more.

Guiding Principles

1. We take the views of customers seriously and strive to respond equitably and fairly acting with integrity and speed.
2. We share the valuable opinions of customers internally to utilize these opinions for making products and services.
3. We strive to actively provide customers with appropriate and easy-to-understand information.
4. We respect the rights of customers and comply with relevant laws, regulations and norms for employee conduct.

Voluntary Declaration on Consumer Orientation

1. Philosophy

- (1) Corporate slogan

“For Ever Brighter Smiles”

- (2) Corporate philosophy

Contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology.

2. Guiding Principles

- (1) Our Eight Questions:

1) Do we share our passion with our customers?

2) Do we feel and express gratitude to all stakeholders?

3) Do we have confidence in our quality?

4) Do we always pursue safety and reliability?

5) Do we continue to challenge ourselves?

6) Do we contribute to building “Team Morinaga”?

7) Do we engage in and enjoy what we do?

8) Do we exchange our visions and progress toward them?

3. Initiative Policy

- (1) Management commitment

We publish and share the following messages from management on our website and in the Sustainability Report and the Integrated Report.

1) We will continue to provide products that meet customer needs and offer products and services of value that provide customers with satisfaction and empathy.

2) In accordance with ISO 10002, we have established our “Basic Policy on Customer Satisfaction” ^(*1) and “Guiding Principles” ^(*2) and will actively work to continuously improve customer service.

(*1)

We value communication with customers in response to their comments, including complaints, requests, and inquiries, and strive to deliver “reliability” and “happiness.” We think and act with the customer as our starting point, and aim to be a company that is trusted more.

(*2)

1. We take the views of customers seriously and strive to respond equitably and fairly acting with integrity and speed.

2. We share the valuable opinions of customers internally to utilize these opinions for making products and services.

[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

● Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance

The United Nations Global Compact Index

GRI Content Index

3. We strive to actively provide customers with appropriate and easy-to-understand information.
 4. We respect the rights of customers and comply with relevant laws, regulations and norms for employee conduct.
- (2) Ensuring corporate governance
 - 1) We will create mechanisms to collect the content of customer inquiries every day and report them to management.
 - 2) We will establish opportunities for management to confirm and discuss customer service status and issues.
 - (3) Positive action by employees (fostering corporate culture and employee awareness)
 - 1) We will provide training to ensure that all employees think and act with the customer as the starting point and continue to work on activities with an even stronger customer starting point.
 - 2) We will encourage the acquisition of specialist qualifications related to consumer affairs, such as consumer advisor.
 - (4) Seamless collaboration of relevant internal departments
 - 1) We will build a system for the acquisition of customer opinions and promptly share them companywide.
 - 2) We will analyze customer opinions and share them more deeply internally through opportunities such as liaison meetings.
 - 3) We will build mechanisms for promptly contacting the management team and relevant departments when product accidents occur or signs that predict such occurrence are found. We will also create internal emergency troubleshooting standards and follow them when solving problems.
 - (5) Enhancing provision of information to consumers and bilateral exchange of information
 - 1) We will post information related to safety, reliability and the environment on our website to assist choices and use by customers.
 - 2) We will provide customers with product information through various means including easy-to-understand labeling on packaging and on our website so that our products can be used in a safe and reliable manner.
 - (6) Improvement and development based on consumer and social demands
 - 1) We will regularly update the case studies on our website about utilization of customer opinions and requests in the improvement of products and services.
 - 2) Specifically, we will innovate to make product container materials, shape,

and labeling easy to open, easy to carry, and easy to see.

- 3) We will develop products to meet the increasing need for health and nutrition for infants through to the elderly.
- 4) We will strive to develop and improve containers and packaging with a focus on consideration for the 3Rs (reduce, reuse, recycle), safety, and ease of use from the product planning and development stage.

January 2017

Yohichi Ohnuki

President and Representative Director
Morinaga Milk Industry Co., Ltd.

[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
- Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance
 The United Nations Global Compact Index
 GRI Content Index

Morinaga Milk Health Declaration

The Morinaga Milk Group's corporate philosophy is "Contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology." This philosophy is made possible only through the daily efforts of every employee, who must be in good health in order to contribute to the health of others.

Morinaga Milk declares that, as a company that aims to contribute to the public's health, we consider the health of our employees an important asset and therefore affirm our intention to actively enhance health promotion efforts to maintain and advance the health of our employees.

Specifically, we have implemented the Morinaga Milk Health Management Program which takes on initiatives of disease prevention, treatment and relapse prevention in terms of both physical and mental healthcare.

Program participants are the entire body of employees including executives. Each person should take charge of their own health management, as it is fundamentally one's own responsibility to ensure their own health. The company is actively providing its support in this regard.

Health is a priceless treasure that cannot be replaced.

Staying healthy allows us to enrich our lives and perform work with enthusiasm and energy.

We ask our employees to take advantage of the resources available at the company while taking it upon themselves to maintain and improve their own health. I hope that everyone will make a proactive effort to stay healthy and therefore work with enthusiasm and energy.

Est. August 2017

Compliance Code of Conduct

The Morinaga Milk Group calls attention to specific action criteria for all officers and all employees to engage in compliance on a daily basis using the "Five Action Check Points" and "Our Courage." These codes of conduct have been compiled on a portable compliance card that all employees carry and use during the course of their daily work to think about their own actions. The goal is to have each and every employee fully understand and put into practice these codes of conduct so that the Morinaga Milk Group can be trusted by society.

Five Action Check Points

Ask yourself, will your action...

1. Violate laws or regulations?
2. Subject the company to social criticism?
3. Embarrass your family, friends or acquaintances if they find out?
4. Damage the trust and brand of the entire Morinaga Milk Group?
5. Go against your own good conscience?

Our Courage

1. Courage to refuse a supervisor's orders
2. Courage not to cover up
3. Courage not to turn a blind eye

[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
- Corporate Governance

Policies, Philosophy and Principles

Third Party Assurance
 The United Nations Global Compact Index
 GRI Content Index

Anti-corruption Policy of the Morinaga Milk Group

As a food company that aims to contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology, the Morinaga Milk Group engages in activities with ethics and integrity and strives to prevent corruption.

1. Compliance with Anti-corruption Laws and Regulations

In order to prevent corruption, we will comply with all applicable anti-corruption laws and regulations in countries and regions in which the Group operates, in accordance with our Guiding Principles and ethical standards.

2. Prohibition of Bribery, etc.

We will not provide, offer, or promise bribes to civil servants (including foreign civil servants) or parties corresponding to civil servants (hereinafter collectively "civil servants, etc."), whether directly and indirectly, domestically or internationally. We will maintain fair and transparent relationships with business partners, civil servants, etc., and will comply with laws, regulations, guidelines, norms, internal regulations, sound business practices, etc. regarding the prevention of bribery and corruption. We will also prohibit the giving or receiving of improper money, gifts, entertainment, or other gains that deviate from social standards.

3. Handling of Audits and Investigations

We will fully cooperate with audits by external auditors and internal auditing departments and with investigations by relevant authorities of each country and region, and will bear accountability for compliance with this policy.

4. Improvement of Relevant Structures

In order to ensure the prevention and early detection of corruption, we will improve our internal whistleblowing system based structures for accepting whistleblowing reports and consultations from all employees (including officers) regarding acts that violate or may violate this policy. We will properly operate the internal whistleblowing system to ensure that whistleblowers are not subject to unfair treatment and that confidential information concerning whistleblowers is not leaked.

5. Education and Training for the Prevention of Corruption

We will strive to prevent corruption by making this policy known to all employees (including officers) through education and training, and by enlightening all employees concerning the prohibition of bribery. We will also ask that our business partners and other relevant parties understand and cooperate with these efforts.

6. Disciplinary Measures, etc.

We will strictly discipline employees (including officers) who have violated anti-corruption laws and regulations or internal regulations regarding prevention of corruption (including this policy), in accordance with personal legal liability and with internal work regulations and other rules.

Est. October 2020