



# Sustainability Data Book

# 2021

Fiscal Year Ended March 31, 2021



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# Approach to Disclosure of Information on Sustainability

## Basic Approach

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

Based on this idea, we have established seven priority issues and set KPIs for each under our policy of “Performing Business with an ESG-focus Aligned with Our Corporate Philosophy,” one of three core policies outlined in the Morinaga Milk Medium-Term Business Plan (ending March 31, 2022).

Morinaga Milk Group has to date promoted “fulfillment of CSR as the very essence of our business activities,” but moving forward, we will promote business activities that continue to contribute to “realizing a sustainable society.” Morinaga Milk believes that communication with its stakeholders—customers, suppliers, local communities, shareholders, investors, and employees—is critical as a guide to what kind of value Morinaga Milk can provide to society with an awareness of the changes going on in the world around us.

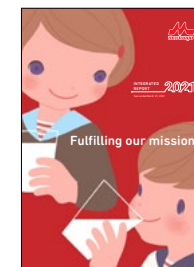
Morinaga Milk discloses financial and non-financial information through the Integrated Report, the Sustainability Data Book, and the company website as methods of communication. Based on the disclosure of information, Morinaga Milk engages in continuous dialogue and evaluation with stakeholders to utilize such communication in business activities.

## Forms of Disclosure

### Integrated Report

Starting in FY 2019, Morinaga Milk publishes the Integrated Report for shareholders and investors.

The Integrated Report is an introduction to Morinaga Milk’s way of thinking and its initiatives for improving corporate value and realizing sustainable growth.



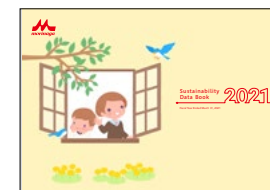
WEB

[▶ https://www.morinagamilk.co.jp/english/ir/library/annual.html](https://www.morinagamilk.co.jp/english/ir/library/annual.html)

### Sustainability Data Book (this data book)

Since FY 2018, Morinaga Milk has made the content of the Sustainability Report and Data Book in line with GRI Standards for research organizations.

The report mainly discloses information on environmental, social, and governance initiatives and Key Performance Indicators (KPIs).



### Website

Morinaga Milk publishes financial information on our Investor Relations (IR) pages and non-financial information (environment, society, governance) on our Sustainability pages. Morinaga Milk takes advantage of the distinctive features of the internet to update the pages with latest information as needed, and strives to provide information that is necessary and satisfying for stakeholders.



WEB

[▶ https://www.morinagamilk.co.jp/english/](https://www.morinagamilk.co.jp/english/)

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Guidelines Referenced

Morinaga Milk implements integrated information disclosure, including sustainability initiatives, referencing the following guidelines.

- International Integrated Reporting Framework
- Guidance for Collaborative Value Creation
- SASB Standards
- GRI Standards
- United Nations Global Compact COP (Communication on Progress) Policy
- ISO 26000



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## Editorial Policy

Morinaga Milk commenced publication of the Environment Report in 2000 and the CSR Report in 2008. These reports have been published as the Sustainability Report since 2017 to make sustainable society a reality.

From 2019, Morinaga Milk has switched to online-only release of report data and discloses the requisite information from a global perspective, referencing GRI Standards. In 2020, the name of the report was changed to the Sustainability Data Book.

### Scope of Reporting

The main scope of reporting covers Morinaga Milk Industry Co., Ltd. and 26 consolidated subsidiaries\* in Japan and some activities of overseas subsidiaries and joint ventures.

“Morinaga Milk Group” refers mainly to the Morinaga Milk Group in Japan, while “Morinaga Milk” refers specifically to Morinaga Milk Industry Co., Ltd. alone.

\* Toyo Fermented Milk Co., Ltd. was dissolved in May 2020 and is not included in the reporting.

### Reporting Period

The report focuses on activities during FY 2020 (April 1, 2020 to March 31, 2021) as well as describing some background information about past activities implemented up to the time of publication, the outlook for the future, and plans, etc. In principle, graphs and tables use figures aggregated by fiscal year (April 1 – March 31).

### Guidelines Referenced

This report has been prepared referencing GRI Standards. Please see the “GRI Content Index” section (p. 103) for details.

### Date of Publication

September 2021

Published once a year

### Responsible Department and Contact Details

Sustainability Promotion Department

Sustainability Division

Morinaga Milk Industry Co., Ltd.

33-1 Shiba 5-Chome, Minato-ku, Tokyo, 108-8384

Tel: +81-(0)3-3798-0129

Fax: +81-(0)3-5442-3691

### Third Party Assurance

Third party assurance has been received for FY 2020 energy consumption and CO<sub>2</sub> emissions.

Please see the “Third Party Assurance” section (p. 101) for details.

### Disclaimer

The Sustainability Data Book not only includes past and current facts, but also forward-looking statements based on plans, forecasts, and management policies and strategies as of the date of publication. Results and events related to future business activities, including business performance, may differ from forecasts due to changes in conditions. Any modifications, restatements, or significant changes to previously published content will also be noted.

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# About Us

## Corporate Profile

Corporate name: MORINAGA MILK INDUSTRY CO.,LTD.

Head office address: 33-1, Shiba 5-Chome, Minato-ku, Tokyo 108-8384 Japan

Representative: Chairman and Representative Director: Michio Miyahara  
President and Representative Director: Yohichi Ohnuki  
Executive Vice President and Representative Director: Teiichiro Okawa

Founded: September 1, 1917

Established: April 13, 1949

Capital stock: 21,787 million yen (as of March 31, 2021)

Number of employees  
(non-consolidated): 3,377 (as of March 31, 2021)  
(consolidated): 6,871 (as of March 31, 2021)

Business: Production and sale of milk, dairy products, ice cream, beverages, and other foods

URL: <https://www.morinagamilk.co.jp/english/>

Business sites (as of March 31, 2021):  
14 plants and chilled products coordination centers  
(Saroma Plant, Betsukai Plant, Morioka Plant, Fukushima Plant, Tone Plant, Tokyo Plant\*, Tokyo Tama Plant, Yamato Plant, Chilled Products Coordination Center – East Japan, Matsumoto Plant, Fuji Plant, Chukyo Plant, Kobe Plant, Chilled Products Coordination Center – West Japan)  
\* Ended production March 31, 2021

Six regional offices, order control centers and administration service centers  
(Tohoku Branch, Metropolitan Regional Office, Administration Service Center, Order Control Center, Central Japan Regional Office, West Japan Regional Office)

One Research & Information Center (in Zama City, Kanagawa)

## Domestic Consolidated Subsidiaries

Morinaga Milk Industry Sales Co., Ltd.  
Napoli Ice Cream Co., Ltd.  
Morinaga Milk Industry Hokkaido Co., Ltd.  
MK Cheese Co., Ltd.  
Furijipport Co., Ltd.  
Morinaga Dairy Service Co., Ltd.  
Towa Techno Co., Ltd.  
Morinaga Milk Business Service Co., Ltd.  
MM Property Funding Corp.  
Tokachi Urahoro Morinaga Milk Industry Co., Ltd.  
Tohoku Morinaga Milk Industry Co., Ltd.  
Yokohama Morinaga Milk Industry Co., Ltd.  
Morinaga-Hokuriku Milk Industry Co., Ltd.  
Kumamoto Morinaga Milk Industry Co., Ltd.  
Clinico Co., Ltd.  
Tokyo Dairy Co., Ltd.  
Morinaga Milk Industry Kyushu Co., Ltd.  
Chez Forêt Co., Ltd.  
Morinyu Sunworld Co., Ltd.  
Morinaga Engineering Co., Ltd.  
Sunfco Ltd.  
Hokkaido Hosho Milk Plant Co., Ltd.  
Nihon Seinyu  
Fuji Morinaga Milk Industry Co., Ltd.  
Toyo Fermented Milk Co., Ltd.\*  
Hiroshima Morinaga Milk Industry Co., Ltd.  
Okinawa Morinaga Milk Industry Co., Ltd.

\* Dissolved May 31, 2020.  
Currently in the liquidation  
process.

## Main Overseas Subsidiaries and Joint Ventures

Morinaga Nutritional Foods, Inc.  
MILEI GmbH  
Morinaga Milk Industry (Shanghai) Co., Ltd.  
Elovi Vietnam Joint Stock Company\*  
Morinaga Nutritional Foods (Asia Pacific) Pte. Ltd.  
PT. Kalbe Morinaga Indonesia

\* Became a consolidated  
subsidiary at the end of  
March 2021.

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## Product Categories

<b>Milk</b> <i>Morinaga Oishii Gyunyu Milk, Makiba no Sora Milk, etc.</i> 	<b>Beverages</b> <i>Chilled cup-type coffee Mt. RAINIER CAFFÈ LATTE, and Lipton chilled tea, etc.</i> 	<b>Yogurt</b> <i>Bifidus Yogurt, Lactoferrin Yogurt, Triple Yogurt, etc.</i> 	<b>Chilled Desserts</b> <i>Morinaga Yaki Pudding, Morinaga Milk Pudding, etc.</i> 	<b>Food Service and Institutional Food Products</b> Cream, cheese, butter, frozen desserts, milk powder, bifidobacteria, lactic acid bacteria, milk protein, etc. for commercial use 
<b>Ice Cream</b> <i>Pino, MOW, PARM, etc.</i> 	<b>Creap (creaming powder), Condensed Milk, and Other Products</b> <i>Creap, Morinaga Condensed Milk, etc.</i> 	<b>Cheese and Butter</b> <i>KRAFT Slice Cheese, Morinaga Hokkaido Butter, etc.</i> 	<b>Infant Formula and Baby Foods</b> <i>Infant and toddler milk Hagukumi, Morinaga Chil-mil, specialty milk New MA-1, and baby food Vegetable Jelly, etc.</i> 	<b>Products for Overseas Markets</b> We supply a variety of products worldwide. 
<b>Health Food</b> <i>Powdered Milk for adults Milk Life, supplements containing bifidobacteria, etc.</i> 	<b>Liquid Foods and Nursing Care Food</b> <i>Liquid foods, easily-swallowed foods, and nutrition supplement foods, etc. (Clinico Co., Ltd.)</i> 	<b>Home Delivery Products</b> <i>Morinaga Caldas Milk, Chokatsu Milk, Morinaga Silken TOFU (Long-life TOFU), etc.</i> 	<b>Hygiene Management Device</b> <i>Equipment for maintaining a high level of hygiene in places that handle food, such as plants and shops.</i> 	

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## Brand License Agreement



### Kraft

Technical alliance for cheese and cheese-related products in 1970

**Kraft is the trademark of Kraft Foods.**



### Lipton

Business alliance in 1984

Sale of products such as chilled tea beverages

**Lipton is a trademark of Unilever.**



### Sunkist

Conclusion of trademark licensing agreement in 1971

Sale of products such as fruit beverage

**Sunkist is the registered trademark of Sunkist Growers, Inc., U.S.A.**

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# Corporate Mission

## Corporate Slogan

| **“For Ever Brighter Smiles”**

## Concept Contained in the Morinaga Milk Group’s Corporate Slogan

The word “smiles” is used to express the desire of the Morinaga Milk Group to provide “health and enjoyment” to its consumers.

Those smiles should flow naturally from within our daily lives through harmony with family and friends.

This is the concept contained in the words “For Ever Brighter Smiles.”

## Corporate Philosophy

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

## Concept Contained in the Morinaga Milk Group’s Corporate Philosophy

In order to achieve For Ever Brighter Smiles for consumers, the Morinaga Milk Group uses its capabilities cultivated since its founding to deliver not only standard milk, but also a diverse range of unique products and services.

By doing so, the Morinaga Milk Group can contribute to the physical and social well-being of not only its consumers, but also of the community as a whole.

# Guiding Principles

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?

## Role of the Morinaga Milk Group’s Guiding Principles

The Guiding Principles were created to provide inspiration for each and every member of the Morinaga Milk Group as they work toward realizing the Corporate Slogan and the Corporate Philosophy.

Policies of the Morinaga Milk Group

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Human Rights Policy (▶ p. 95)/Basic Policy on Health and Safety (▶ p. 60)/  
Environmental Policy (▶ p. 95)/ Procurement Policy (▶ p. 96)/Quality Policy (▶ p. 96)/  
Anti-corruption Policy of the Morinaga Milk Group (▶ p. 100)/  
Morinaga Milk Group Breast-Milk Substitutes (BMS) Marketing Policy (▶ p. 94)

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▶ <https://www.morinagamilk.co.jp/english/about/vision/>

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## Measures for and Effects of COVID-19

Since the outbreak of COVID-19, Morinaga Milk Group has been taking various measures to prevent its spread.

### Support Activities

#### Initiatives in Japan

Morinaga Milk Group provided support to medical professionals and Group employees.

Clinico Co., Ltd., a Morinaga Milk Group company, participated in a project (43 participating companies) that donated 2 million masks to 15,500 medical facilities and 58,000 face shield sets to 2,600 medical facilities. Chez Forêt Co., Ltd., another Group company, supplied employees with *Karadatsuyokusuru Nomu Yogurt* free of charge to help support their health.

In March 2021, Morinaga Milk donated 10 million yen to International Medical Volunteers Japan Heart\* ("Japan Heart" below), a specified nonprofit organization, to support medical institutions and medical professionals across Japan working to prevent the spread of COVID-19.

Additionally, from October 2020 to March 2021, Morinaga Milk collaborated with partner chain stores that agreed to participate in our "Tsunagaru Yell Project" (Cheerleading for connection project), which saw a portion of the sales of Morinaga Milk products sold at these stores donated to Japan Heart. The project which arose was the initiative of a Metropolitan Regional Office employee. Twenty-nine chain stores in and around the Kanto-Koshinetsu area participated and in May 2021, a total of 12,127,083 yen was donated to Japan Heart. In addition, the Hokuriku Branch also carried out a campaign with regular customers called the "Oishii de Tsunagaru Yell Project," in which a portion of the sales of Morinaga Milk products were donated to Ishikawa and Toyama Prefectures through partner companies; this project raised a total of 810,636 yen.

\* Japan Heart activities include dispatching medical teams to prevent breakdowns in the medical care system, providing onsite guidance (for long-term care and welfare in Japan and in developing nations in Asia) to prevent the spread of infections, providing free medical supplies, etc.

#### Example of Support Provided

Organization	Target	Contents
Morinaga Milk Industry Co., Ltd. Metropolitan Regional Office	Families with newborns	Since there are many facilities where dietitians are not able to provide guidance for preparing infant formula, we provide online guidance following hospital discharge.
Morinaga Milk Industry Co., Ltd. West Japan Regional Office	Hospital	Provided <i>Karadatsuyokusuru Nomu Yogurt</i>
Clinico Co., Ltd.	Medical facilities nationwide	Agreed to participate in an initiative (43 supporting companies) to donate masks and face shields to medical facilities <ul style="list-style-type: none"> <li>• Masks: 2 million masks to 15,500 facilities</li> <li>• Face shields: 58,000 sets to 2,600 facilities</li> </ul>
Morinaga Milk Industry Hokkaido Co., Ltd.	Medical professionals, etc. in Hokkaido	Provided free products <i>Hosho Hagukumi Milk 200ml</i> : 31,760 packs (total over 4 occasions) <i>Karadatsuyokusuru Nomu Yogurt</i> : 1,700 bottles Long-life milk: 1,200 packs <i>Morinaga Milk Pudding</i> : 2,500 cups
Chez Forêt Co., Ltd.	Employees	Provided about 20,000 bottles of <i>Karadatsuyokusuru Nomu Yogurt</i>
Sunfco Ltd.	R&D staff	Provided information on overseas situations regarding COVID-19
Hiroshima Morinaga Milk Industry Co., Ltd.	Hiroshima City	Provided 1,180 N95 masks
Okinawa Morinaga Milk Industry Co., Ltd.	Naha City Medical Association	Provided 480 N95 masks

#### Initiatives outside Japan

Milei GmbH, located in Germany, is working to support people in the local community who are faced with a difficult situation due to the COVID-19 pandemic.

In 2020, Milei visited local welfare facilities and, especially for seniors that have no choice but to restrict their behavior, the company provided meals and refurbished the interior of the welfare facilities, offering an opportunity for lively communication.

Milei also donated newly purchased groceries to a charity that distributes groceries to low-income people in the local area.

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## Preventing the Spread of COVID-19 in Business Activities

### Production Site Initiatives for Safe and Reliable Production

Even before the start of the COVID-19 pandemic, masks were worn during production to ensure thorough hygiene management. From the perspective of preventing the spread of COVID-19, the wearing of masks and handwashing were re-emphasized, together with strict controls for cleaning and disinfecting common areas of production sites, doorknobs, etc. along with efforts such as limits on the number of employees in changing rooms, strengthened ventilation, and washing and disinfecting of hands before and after entering a room.

REPORT

- ▶ Please see the "Promotion of Occupational Health and Safety in Production Departments" section (p. 60-62)
- ▶ Please see the "Create a system for providing safe and high-quality products" section (p. 66-67)

### Initiatives with Partner Companies

Meetings, audits, and seminars that were previously done face-to-face were changed to an online format.

As shippers, in order to prevent the spread of COVID-19 in terms of logistics, we requested partner companies to thoroughly implement infection countermeasures and sent out reminder emails on a regular basis.

REPORT

- ▶ Please see the "Efficient supplier management corresponding to material risk" section (p. 64-66)

### Ensuring the Safety of Employees

As a general rule, we have made it possible to work from home, except for duties the nature of which is not suitable for telework.

Morinaga Milk originally had a target of 1,000 employees working under the Teleworking/Satellite Work System by 2027 under the umbrella of Diversity and Inclusion. With 1,980 employees working from home during the COVID-19 pandemic to prevent the spread of infections, not only was this target exceeded but employees were able to improve work productivity through the effective use of time and achieve work-life balance.

In workplaces that require onsite presence, we changed office layout to accommodate social distancing and set up partitions to prevent air droplet dispersion.

As part of our health management, Morinaga Milk also distributed *Bifidus BB536 Capsule* and *Lactoferrin Original Type* supplements (for improving and conditioning the gut) to employees at Group companies to encourage their own health management.

REPORT

- ▶ Please see the "Systems to Promote Flexible Ways of workstyles" section (p. 58)

## Communication

### General Meeting of Shareholders

Various measures were taken in order to ensure that paramount importance was placed on the safety of shareholders and persons in management.

- Control of in-person attendance:  
Prior exercise of voting rights, request to exercise voting rights via the internet
- Infection prevention:  
Asking for the use of masks, spacing out of seats, providing liquid disinfectants, installing shielding at the reception desk, taking the temperature of attendees, setting up a second venue for fully dispersed seating, broadcasting the General Meeting online, and halting distribution of beverages
- Shortened timeframe:  
Reduction of the chair's explanations (explaining only important matters), restricting the number of questions to one per person



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## Nurturing the Next Generation

We stopped accepting plant tours, company visits, and onsite lessons from February 2020. These activities were then sequentially resumed in an online format.

Other programs for nurturing the next generation were also moved online.

- Activities switched to online:

Forest and Food Expedition Team, onsite classes (elementary school), company visits (junior/senior high school, college) corporate internships, Tour of Volleyball (volleyball class), Angel 110 Hotline symposium

REPORT

▶ Please see the “Online Initiatives” section (p. 80)

## Disseminating Technical Information via Symposiums and Exhibitions

Although many conference presentations have been canceled or postponed, we are working to disseminate information using webinars, virtual exhibitions, and SNS.

REPORT

▶ Please see the “Symposiums and Exhibitions” section (p. 30)

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# Sustainability at Morinaga Milk

## Policy and Approach

### Our Approach to Sustainability

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

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

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

## System

### Sustainability Promotion System

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

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

### Sustainability Committee

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

### Why the name change was made

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

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

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

### Sustainability Promotion Department

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

Planning Group:

Planning and drafting of the ESG Business Plan for the Next Medium Term, operations for the Sustainability Committee, disseminating sustainability information inside and outside the company, promoting the corporate brand strategy, and planning, implementing and promoting measures to improve the corporate and organizational structure

Promotion Group:

Providing support for sustainability activities at production sites and promoting plant tours, childcare consultations, food education, etc.

Environmental Management Group: Planning and promotion of company-wide environmental measures, general planning for environmental strategies, and operation and management of the ISO 14001 environmental management system

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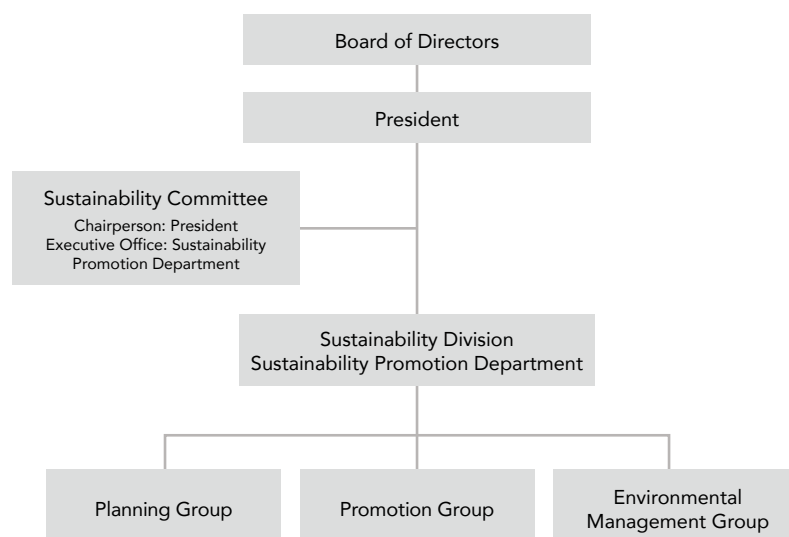
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### Sustainability Promotion System



**WEB**

Corporate Governance Report

► <https://www.morinagamilk.co.jp/english/ir/management/governance.html>

## Communication with Stakeholders

### Communication Methods

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

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

**REPORT**

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

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

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## Joining External Initiatives and Groups

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

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

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

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

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## External Evaluations and Commendations

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

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

Awards  
(Research Activities)

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

Awards  
(Social Contribution  
Activities)

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

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# Seven Priority Issues

## Corporate Philosophy and Priority Issues

Corporate Slogan

**"For Ever Brighter Smiles"**

Corporate Philosophy

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

### Morinaga Milk Group 10-year Vision

**Vision 1** | A company that balances "delicious and pleasurable food" with "health and nutrition"

**Vision 2** | A global company that exerts a unique presence worldwide

**Vision 3** | A company that persistently helps make social sustainability a reality

### Fiscal Years Ending March 31, 2020–March 31, 2022 Medium-term Business Plan

**Basic Policy I**

Achieving sustainable growth by enhancing initiatives laterally across our four pillars of business

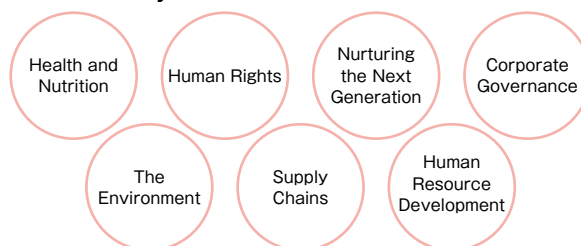
**Basic Policy II**

Performing business with an ESG-focus aligned with our corporate philosophy

**Basic Policy III**

Further strengthening our business base in a manner that supports the foundations of our corporate activities

### KPIs for the Seven Priority Issues



Morinaga Milk introduced its corporate slogan, "For Ever Brighter Smiles" in April 2017 for its 100th anniversary. This phrase is based in our corporate philosophy.

In 2018, we selected seven priority issues with the input of many employees to aim for one of our major goals of achieving an enriched society filled with bright smiles.

Additionally, in May 2019, we announced our Morinaga Milk Group 10-year Vision as well as our Medium-term Business Plan, which runs for three years from the fiscal year ending March 31, 2020 through the fiscal year ending March 31, 2022. To advance Basic Policy II of the Medium-term Business Plan, "Performing Business with an ESG-focus Aligned with Our Corporate Philosophy," we set KPIs to manage the status of efforts for the previously established seven priority issues.

WEB

Notice regarding the creation of the new Medium-term Business Plan  
▶ [https://www.morinagamilk.co.jp/english/about/release/pdf/20190513\\_14\\_01\\_E.pdf](https://www.morinagamilk.co.jp/english/about/release/pdf/20190513_14_01_E.pdf)

REPORT

▶ Please see the "Establishment of KPI" section (p. 21) for details.



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## Seven Priority Issues

“For Ever Brighter Smiles”

— Following its corporate slogan, Morinaga Milk has formulated seven priority issues. These form a set of guidelines for helping create a sustainable society and ensuring Morinaga Milk continues to contribute to the health of people during the next 100 years of its history.

### ●Health and Nutrition

We offer health and nutrition by developing and selling products that combine functionality and good taste “For Ever Brighter Smiles.”

- There is high demand for highly nutritious products and products that are highly palatable. Moreover, this demand will grow over the medium to long term as aging societies become the norm. We aim to use our proprietary R&D strengths to contribute to achieving healthy lifestyles through promoting harmony of both mind and body.
- As Japan's population ages and grows smaller in number, we will aim to create and provide technologies and services that not only result in product appeal, but also help transform people's lifestyles.



### ●The Environment

Manufacturing safe and reliable products while striving to conserve energy and cut waste and helping to create a sustainable society.

- We will engage in corporate activities mindful of influence on climate change and forests.
- We recognize that reducing food waste is an urgent task for ensuring the effective use of the world's limited resources.



### ●Human Rights

Carry out business activities that consider human rights, respect diversity, and create an environment in which all people can perform to their full potential.

- We recognize that people are a particularly important management resource for helping to form a sustainable society. We will work alongside those outside the company to promote diversity and inclusion and address various human rights issues, with the goal of realizing “For Ever Brighter Smiles” for everyone.



### ●Supply Chains

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

- We will continue to research new formulations, while working with our research institutes and plants to get maximum benefits from new dairy ingredients in preparation for a future likely to have a shortage of dairy ingredients.
- Safety is the most important focus in all initiatives by the Group. We will continue to implement existing safety-related activities.



### ●Nurturing the Next Generation

We support the healthy growth of children who will contribute to creating a sustainable society.

- We are helping to secure a brighter future for children through our support for healthy mental and physical development, career education, and child raising.



### ●Human Resource Development

We will focus on developing human resources who can achieve “For Ever Brighter Smiles.”

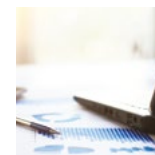
- Developing a broad range of human resources, from new hires to senior management, is critical to sustainable growth as a company. We will establish systems and programs that harness individual aptitude for skills development and promote professional growth.



### ●Corporate Governance

We will continue to work on establishing and augmenting a highly effective governance system to achieve sustainable growth and improve corporate value.

- We will engage stakeholders appropriately through dialogue and the proactive disclosure of information.
- Along with sharing messages from management, we will work to build up internal controls, including establishing rules, fostering the right mindset in employees, and ensuring fair transactions with suppliers.





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## Formulating the Priority Issues

### Seven Requirements “For Ever Brighter Smiles”

In April 2017, Morinaga Milk announced its new corporate philosophy along with a new corporate slogan.

As the next step in its evolution, in 2018 Morinaga Milk formulated priority issues.

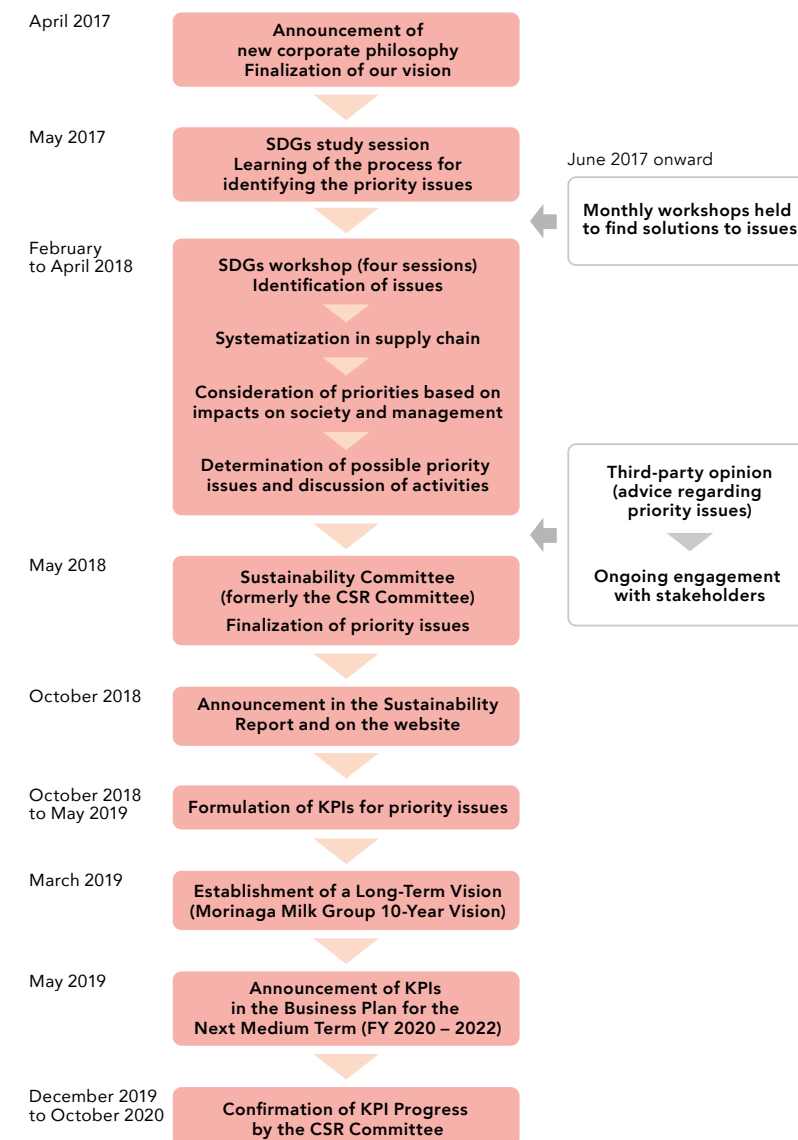
These priority issues represent areas of particular focus to achieve an enriched society filled with bright smiles, one of the major underlying goals.

To formulate priority issues, Morinaga Milk held workshops on a total of four occasions. Each session was attended by around 30 employees from various departments who worked together to identify issues. As a result of discussions, seven major issues were identified. These seven priority issues were then approved by the Sustainability Committee (formerly the CSR Committee).

### Contributing to a Sustainable Society

During this process, Morinaga Milk referenced its own Guiding Principles along with the GRI Guidelines, ISO 26000, and the SDG Compass advocated by the United Nations. Through efforts to address the priority issues, Morinaga Milk will be able to contribute to a sustainable society as a good corporate citizen.

## Workflows and Progress for Formulating Priority Issues



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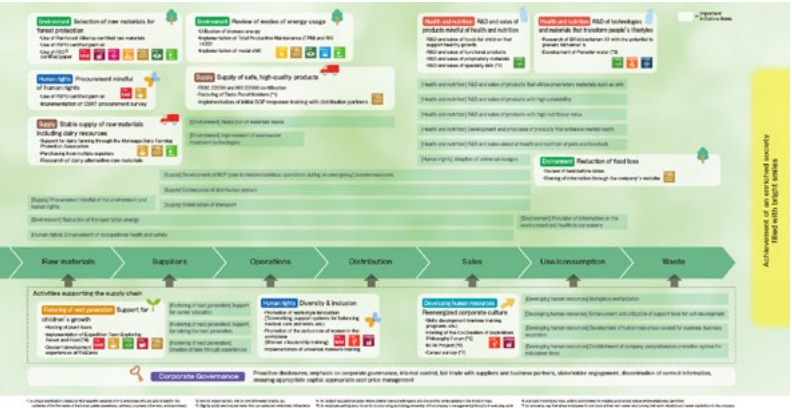
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Identifying Issues in the Supply Chain

Morinaga Milk engages in a wide range of activities spanning from raw materials procurement to manufacturing, sales, and waste disposal. When formulating the seven priority issues, the company determined specific efforts to be made to resolve issues across the entire supply chain, and among these, areas of particular importance were identified.

All departments and divisions are now working to address their individual issues.

Priority Issues in the Supply Chain and Specific Actions



WEB

→ For details, see the Sustainability section of our corporate website.  
▶ <https://www.morinagamilk.co.jp/english/csr/materiality/>

UN Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) consist of 17 goals and 169 targets for sustainable development established by the United Nations. Adopted in 2015, the goal is to achieve the SDGs by the year 2030. With the basic concept “Leave no one behind,” the SDGs require efforts not only by governments and NGOs, but also by the private sector, in order to solve the world’s problems, including economic disparities, sustainable consumption and production, and climate change. Morinaga Milk is committed to doing its part to help achieve the SDGs.



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## Establishment of KPI

Morinaga Milk embarked on a new three-year Business Plan for the Next Medium Term beginning in FY 2019. This plan incorporated the idea of ESG-focused management aimed at fulfilling our corporate slogans into the new basic policy. Following this basic policy, Morinaga Milk has presented its approaches to the seven priority issues and established KPI\* for each of these initiatives.

\* KPI (Key Performance Indicator)

refers to a numerical indicator for objectively assessing and managing the progress and achievement of an activity.

## Health and Nutrition

### Basic Approach

We offer health and nutrition by developing and selling products that combine functionality and good taste to realize “Ever Brighter Smiles.”



Direction of Activities	KPIs	Progress on KPIs
Contribute to the extension of healthy lifespans	Launch of products incorporating nutritious functional ingredients	<ul style="list-style-type: none"> <li>Multiple products with functional claims and products to support health and nutrition brought to market, including <i>Bifidus Yogurt Improves Bowel Movement</i> (▶ p. 28)</li> <li>Continue to move forward with the next-generation healthcare business</li> </ul>
	Share information on nutritious and functional ingredients that help to maintain health	<ul style="list-style-type: none"> <li>Start of a full-fledged health seminar business with health support nutritionists, “Kenko Support Eiyoushi,” that supports “happy healthfulness”</li> <li>This Bifidobacteria Training Project promotes improvement of consumer health awareness and behavioral change by disseminating health information on bifidobacteria. (▶ p. 29)</li> <li>15 research treatises/information on extending healthy life expectancy released at symposiums, exhibitions, etc. (▶ p. 30)</li> <li>55 releases of recipes and other information</li> </ul>
Contribute to the healthy growth of babies and infants	Provide Bifidobacterium breve M-16V; continue to provide to over 120 facilities in Japan and overseas	<ul style="list-style-type: none"> <li>Bifidobacterium breve M-16V is supplied to over 150 facilities in Japan and overseas, including newborn intensive care units (NICUs) (▶ p. 32)</li> </ul>

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## The Environment

### Basic Approach

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



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

\* TOYO FERMENTED MILK CO., LTD. (dissolved in May 2020) was excluded from the total number of certified sites.

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## Human Rights

### Basic Approach

Our business activities will be guided by consideration for human rights and respect for diversity. We will create environments in which all people can realize their full potential.



Direction of Activities	KPIs	Progress on KPIs
Identify human rights issues and devise countermeasures in dialogue with stakeholders	Hold dialogue with stakeholders	Two employees participated in the Stakeholder Engagement Program run by Caux Round Table (CRT) Japan in FY 2020 (▶ p. 52)
Identify cases of human rights infringement at suppliers	Understand current situation through CSR procurement questionnaires	FY 2019 CSR procurement questionnaires (May 2019) (▶ p. 54) (Done every three years, with the next questionnaire scheduled for 2022)
Identify ingredients and suppliers that affect company management	Create a list of important suppliers	We have started to explore checking and auditing schemes for important supply chains (▶ p. 54)
Respond to the Group's foreign employees (including those working for cooperating companies)	Set up working environments for the Group's foreign employees	"Appropriate employment management for foreign employees" added to the checklist for operational audits for subsidiaries in Japan (▶ p. 55)
Promotion of Diversity and Inclusion	[Target for FY 2027] Number of persons teleworking/satellite work systems, rate of taking paid leave, rate of hiring female employees, number of female managers, rate of taking paternity leave, rate of male employees taking childcare leave, and number of employees quitting for family care	FY 2020 numbers (▶ p. 55) (1) Number of employees doing teleworking/satellite work (persons): 1,980 (2) Ratio of days of annual leave taken: 70.2% (3) Percentage of new graduate hires who are female (administration, sales, R&D total): 41% (4) No. of female managers: 47 persons (5) Ratio of paternity leave: 84.7 % (6) Ratio of male employees taking childcare leave: 44.1% (7) Employee turnover: 1 person

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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.



Direction of Activities	KPIs	Progress on KPIs
Efficient supplier management corresponding to raw material risks	Strengthen mechanism for evaluating supplier management level depending on each raw material's risk	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	<ul style="list-style-type: none"> <li>Number of factories certified in Japan: 24 (as of March 31, 2021) (▶ p. 67)</li> <li>Certification activities accelerated beyond the planned level</li> </ul>
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)

\* The number of factories certified changed from 29 to 23 in October 2020 due to production shutdowns and other factors.

## Nurturing the Next Generation

### Basic Approach

We support the healthy growth of children as future contributors to the creation of a sustainable society.



Direction of Activities	KPIs	Progress on KPIs
Provide a place to learn about food culture and nutrition to live healthy and enjoyable lifestyles (food education classes, KidZania)	Total participants over three-year period starting in 2019: 300,000	Continue to create opportunities to contribute to the development of future generations, including trial online events during the COVID-19 pandemic (▶ p. 77)
Provide a place to learn about the gifts of nature and the techniques and research that utilize them (plant tours, Forest and Food Expedition Team, career education)		
Establish an environment in which the next generation can be raised	Provide ongoing consultation on infants through the Angel 110 hotline; handle calls from a total of 1 million people by FY 2020	Advice provided to over 990,000 callers (as of March 31, 2021) (▶ p. 79) • FY 2020: Online events implemented for the internal Angel 110 hotline for the first time

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## Human Resource Development

### Basic Approach

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



Direction of Activities	KPIs	Progress on 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	Continue to implement training and interviews in an online environment (▶p. 85)
Develop employees who can perform in a global business environment	Implement programs for training global human resources	<ul style="list-style-type: none"> <li>• Total of 148 participants (as of March 31, 2021)</li> <li>• 52 participants in FY 2020 (▶p. 86)</li> </ul>
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)

## Corporate Governance

### Basic Approach

We will continue to work on establishing and augmenting a highly effective governance system to sustainable growth and improve corporate value.

Direction of Activities	KPIs	Progress on KPIs
Transparent, equitable, prompt, and bold decision-making based on diverse values in Board of Directors' meetings	Evaluation scores and comments in evaluation of the Board of Directors (diversity of the Board of Directors and substance of discussions)	Proportion of independent external directors: 1/3 (six internal directors, three external, including one female external director)
Strengthen the management system	Augment regular committees (Personnel Remuneration Committee, Internal Control Committee, Sustainability Committee*)	<ul style="list-style-type: none"> <li>• Personnel Remuneration Committee: Changes to remuneration structure for officers: Ratio of fixed to performance-based remuneration changed from 2:1 to 1:1, ROE added as an evaluation indicator for performance-based remuneration</li> <li>• Internal Control Committee: Formulation of anti-corruption policy to prevent corrupt behavior</li> <li>• Sustainability Committee: Creation of the Sustainability Committee through the restructuring and expansion of the CSR Committee</li> </ul>

\* The CSR Committee became the Sustainability Committee in June 2021.



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## Solving Future Issues

Morinaga Milk formulated the priority issues in FY 2018 and established the KPIs for each priority issue in FY 2019. From FY 2019, progress report meetings were organized for each priority issue in order to achieve the KPIs, with KPI Promotion Leaders largely managing the process. Morinaga Milk will also continue appropriate discussion and review of the KPIs based on global trends and dialogue with stakeholders.

A new Medium-term Business Plan will begin in 2022. In order to realize a sustainable society, we will work on various social issues by contributing to a low-carbon economy, addressing plastics issues, and respecting human rights in the supply chain.

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# Health and Nutrition

## Basic Approach

We offer health and nutrition by developing and selling products that combine functionality and good taste to realize "Ever Brighter Smiles."

Morinaga Milk recognizes that its core business is the development and sale of products that contribute to health and nutrition for extending healthy longevity and the healthy development of infants.

Health and nutrition are closely tied to Morinaga Milk's commitment to contribute to people's happy lives filled with healthy "smiles." Over the years, Morinaga Milk has explored the benefits and possibilities with research into proprietary nutritious and functional ingredients such as bifidobacteria and lactoferrin, which began with in-house research on the role that breast milk plays in babies' health.

Morinaga Milk's various products, from infant and toddler milk to specialty milk as well as yogurt, foods for medical and elderly care, have helped to

## KPIs

Direction of Activities	KPIs	Progress Details for KPIs
Contribute to the extension of healthy lifespans	Launch of products incorporating nutritious functional ingredients	<p>Launch of products that support self-management of health</p> <ul style="list-style-type: none"> <li>Expansion of products for meeting protein needs: Increased protein content for the <i>in PROTEIN</i> protein drink and <i>Greek Yogurt PARTHENO Plain</i> (without sugar)</li> <li>Expansion of foods with function claims, such as <i>Bifidus Yogurt Improves Bowel Movement</i>, which contains <i>Bifidobacterium longum</i> BB536 for improved bowel movement, and <i>Maiasa Soukai Light</i>, which contains lactulose to help increase bifidobacteria in the gut. (▶ p. 28)</li> </ul>
	Share information on nutritious and functional ingredients that help to maintain health	<p>Start of a full-fledged health seminar business with health support nutritionists, "Kenko Support Eiyoushi," that supports "happy healthfulness"</p> <ul style="list-style-type: none"> <li>This Bifidobacteria Training Project promotes improvement of consumer health awareness and behavioral change by disseminating health information on bifidobacteria. (▶ p. 29)</li> </ul> <p>15 research treatises/information on extending healthy life expectancy released at symposiums, exhibitions, etc. (▶ p. 30)</p> <p>55 releases of recipes and other information</p>
Contribute to the healthy growth of babies and infants	Provide <i>Bifidobacterium breve</i> M-16V; continue to provide to over 120 facilities in Japan and overseas	<p>Providing <i>Bifidobacterium Breve</i> M-16V to Low Birth Weight Babies around the World</p> <ul style="list-style-type: none"> <li>Supplied over 150 facilities such as newborn intensive care units (NICUs) in Japan and overseas (▶ p. 32)</li> </ul>

improve health and bring smiles to people.

Looking ahead, the corporate goal is to contribute to the health of various people both in and outside of Japan. Morinaga Milk will continue to tackle challenges toward this end.

## 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: Health and Nutrition" and the general managers of the relevant departments responsible for promoting KPIs.

Based on the recognition that health and nutrition represent our core business, company research institutes, Marketing Department, Sales Department, and Manufacturing Department work together as a team to promote our initiatives in health and nutrition.



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## Contributing to Extending Healthy Longevity

Morinaga Milk is pursuing product R&D under the theme of extending healthy longevity for an era when people will commonly live to the age of 100. The company will research and develop products using nutritious and functional ingredients and supply them to consumers so that people can have healthier and more active lives.

### Bifidus Yogurt (Foods for Specified Health Uses)

Fifty years ago, Bifidobacterium longum BB536 was discovered from the large intestine of a baby.

Bifidus Yogurt includes not only lactobacillus but also Bifidobacterium longum BB536, which reaches the large intestine.

With low acidity that results in a mellow flavor, this yogurt supports everyday health.



### Bifidus Yogurt Improves Bowel Movement (Foods with Function Claims)

A food with function claims containing 2 billion Bifidobacterium longum BB536. This strain of bifidobacteria has been reported to improve the environment in the large intestine, improving bowel movements for people who tend toward constipation.



### Triple Yogurt (Foods with Function Claims)

This yogurt displays three functionalities in lowering and stabilizing blood pressure, blood sugar and triglyceride levels. Tripeptide MKP® lowers high systolic pressure, while the indigestible dextrin (dietary fiber) stabilizes the blood sugar and triglyceride levels after a meal.



## Foods for Medical and Elderly Care

The Morinaga Milk Group carefully researches and develops foods for medical and elderly care in terms of taste, nutritional value, safety, and ease of eating, so that the elderly and people with illnesses can maintain their quality of life while experiencing the joy of food.

Using the opinions of medical and nursing care professionals, Clinico Co., Ltd. (a company within the Morinaga Milk Group) and Morinaga Milk's institute work together to develop and market foods for medical and elderly care. This includes liquid foods, nutritional supplement foods (drinks, jellies, etc.), probiotic foods, and thickening products.



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## Disseminating Information on Nutritious and Functional Ingredients, Our Research Findings, etc.

The Morinaga Milk Group disseminates information, including the results of our research on nutritious and functional ingredients, to our customers and various stakeholders such as suppliers.

### Bifidobacteria Training Project

Started in June 2020, this project incorporates knowledge, food, exercise, and the mind together with the idea of Bifidobacteria into daily life, aiming to create an improved large intestinal environment by addressing both body and mind.

The program welcomed top-level athletes Yuto Nagatomo (professional soccer player) and Kaho Minagawa and Chisaki Ooiwa (rhythmic gymnasts) to help communicate support for the intestinal environment and general health through Bifidobacteria.

Morinaga Milk is also developing a program for female university students to expand the base for this program from the perspective of nurturing the next generation.

We will continue to support everyone's health by communicating proper knowledge about Bifidobacteria and intestinal flora to those with an interest in a healthy life, as well as offer useful information for a healthy mind and body.



### A Seminar Business with Nutritionists to Support "Happy Healthfulness"

Morinaga Milk Group is building a foundation for a next-generation healthcare business with the theme of "healthy and happy lives for all generations." With this endeavor, the Group aims to provide products and services that address health issues from a longer-term perspective through the use of digital and e-commerce channels.

As part of this effort, in January 2021 we started a health seminar service with nutritionists, "Kenko Support Eiyoushi," in which specially trained nutritionists provide hints on how to live happily and healthfully each day. This seminar service provides companies promoting health management, local governments, and educational groups with health-related information on the intestinal flora, immunity, protein, etc.

In FY 2020, the program held seminars for about 8,000 participants at outside companies and health seminars for about 1,700 participants within the Morinaga Milk Group.

In the future, Morinaga Milk will continue to provide information cultivated from more than half a century of research on health through these easy-to-understand "happy healthfulness" seminars.



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## Symposiums and Exhibitions (In Japan)

In FY 2020, Morinaga Milk made 25 academic conference presentations and submitted 51 papers, even though many such conferences were cancelled or postponed due to the spread of COVID-19.

In February 2021, Morinaga Milk received the President's Award of the Third Japan Open Innovation Prize from the Science Council of Japan. This award was received for our project on maternal and child health with the Hokkaido University COI in Iwamizawa City, which resulted in a reduction of low birth weight babies. This project is part of the government's Center of Innovation (COI) initiative, which aims to encourage innovative collaborations among academia, industry and government.

The Matsumoto Junior College Endowed Course, which began June 2019, is again promoting the following three initiatives this fiscal year.

- (1) In cooperation with Matsumoto City and MATSUMOTO JUNIOR COLLEGE, Morinaga Milk will proactively hold public lectures, etc. to raise health awareness among the general public.
- (2) Provide a learning program for MATSUMOTO JUNIOR COLLEGE students for understanding the effects of food in health promotion.
- (3) Collaboratively verify the effects of Morinaga Milk's proprietary ingredients on health promotion, establish reliable evidence, and communicate the results obtained in the process.

## (Outside Japan)

Because of the COVID-19 global pandemic in 2020, all overseas symposiums and exhibitions were cancelled.

Faced with the need to drastically review our methods for disseminating information, Morinaga Milk worked with overseas partner companies to disseminate information via webinars and virtual exhibitions, as well as through SNS.

We exhibited online at Vitafoods Europe Virtual Expo in September 2020. This exhibition is the first and only dietary supplement-related virtual event in Europe, during which we shared information about our probiotic products in collaboration with MILEI, even though they were affected by COVID-19. At the



Receiving the Science Council of Japan  
President's Award

Nutra Ingredients-Asia Awards sponsored by Nutra Ingredients-Asia.com, we received the Infant and Child Nutrition Initiative of the Year award for the second consecutive year.

Through such activities, Morinaga Milk strives to expand awareness of human-derived bifidobacteria and lactic-acid bacilli, and their benefits.



Received the Infant and Child Nutrition Initiative  
Award for the second consecutive year

## Contributing to the Healthy Growth of Babies and Infants

Morinaga Milk began researching and developing infant and toddler milk in the 1920s with the commitment to contribute to the healthy growth and development of infants. Over the years, the company engaged in research of infant and toddler milk that combines lactoferrin, etc. with nutritional elements such as protein, fats, carbohydrates, vitamins, and minerals in order to provide products as close to mother's milk as possible.

In recent years, Morinaga Milk has developed its infant and toddler milk business mainly in Asia in order to contribute to the healthy growth and development of children not only in Japan, but also in other parts of the world.

Looking ahead, Morinaga Milk will continue its research and development on the nurturing and protective powers of breast milk.

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## Contributions to Building Nutritional Infrastructure in Asia

Emerging countries mainly in Southeast Asia are experiencing rapid population growth and urbanization. The more population concentrates in cities, the more important it is to build nutritional infrastructure to supply safe and high-quality foods. Playing an active role in solving this issue represents the social mission of Morinaga Milk as a food company.

Morinaga Milk considers the supply of infant and toddler milk as part of this nutritional infrastructure. The company manufactures infant and toddler milk at product bases in Japan and overseas, including Indonesia, and supplies products to markets in Indonesia, Pakistan, Malaysia, Vietnam, etc. Based on our Breast-Milk Substitutes (BMS) Marketing Policy, Morinaga Milk aims to create an environment in which children around the world can grow healthily.



▶ Please see the "Breast-Milk Substitutes (BMS) Marketing Policy" section (p. 94) for details.

### Overseas Launch of Infant and Toddler Milk



## Topics

### Sale and Manufacture of Infant Powdered Milk Products at NutriCo Morinaga

Morinaga Milk has been exporting infant formula milk and other products to Pakistan for more than 40 years and selling them through a local distributor. In March 2017, a new joint venture with Morinaga Milk, ICI Pakistan Limited and Unibrands (Private) Limited was established to locally manufacture and sell these products. This joint venture, NutriCo Morinaga (Private) Limited, built a plant and began operating in November 2019. NutriCo Morinaga continues to import milk products as before, but also domestically manufactures its own products for consumers in Pakistan. The company will provide safe, reliable and high-quality products to more consumers in Pakistan, contributing to their health.



NutriCo Morinaga



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## Providing Bifidobacterium Breve M-16V to Low Birth Weight Babies around the World

Normally, bifidobacteria is predominant among the intestinal flora of healthy babies. However, very low birth weight babies or super low birth weight babies with a birth weight of less than 1,500 g have delayed colonization of bifidobacteria, resulting in an increase in *E. coli* and *S. aureus*. Morinaga Milk is now pursuing

joint research with hospitals and universities in the field. By administering our proprietary developed Bifidobacterium breve M-16V to very low birth weight babies or super low birth weight babies, it was found that intestinal flora good for bifidobacteria form more quickly, preventing dangerous health conditions in newborns such as necrotizing enterocolitis and septicemia.

Currently, Morinaga Milk provides M-16V to more than 150 facilities nationwide in Japan, including newborn intensive care units (NICUs) and pediatric wards, supporting the sound development of countless babies. In addition, the effects of Bifidobacterium breve M-16V on low birth weight babies have been reported overseas through academic societies and papers, and it has been used in NICUs in Australia since 2012. Furthermore, in recent years, use has begun at NICUs in New Zealand and Singapore. Morinaga Milk will continue to support the healthy growth of babies around the world.



### Provision of Bifidobacterium Breve M-16V

	2016	2017	2018	2019	2020
Japan (packets)	171,000	197,000	210,000	236,000	229,000
Overseas (packets)	43,000	62,000	75,000	77,000	36,000

Note: For overseas, the posted figures are an aggregate for the January 1–December 31 period.

## Japan's First\* Follow-up Formula Containing Bifidobacteria

In 2020, Morinaga Milk celebrated its 100th anniversary of manufacturing infant and toddler milk and became the first company in Japan\* to produce a follow-up formula (to supplement the nutrition that is often insufficient in weaning foods) with live Bifidobacterium breve M-16V and Bifidobacterium longum BB536. This follow-up formula also contains lactoferrin and three types of oligosaccharides to support the development of healthy bodies.

We will continue our research and development to further support the health of children from the perspective of the intestinal environment.

\* According to research by Morinaga Milk Industry Co., Ltd. done via Mintel GNPD as of July 2020, for infant formula manufactured in Japan.





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## Specialty Milk

As a company that manufactures and sells infant and toddler milk, Morinaga Milk sells infant and toddler milk in Japan that can be consumed safely by children with milk allergies, and supplies medical institutions with specialty milk matched to the individual needs of children with congenital metabolic disorders.

### Commercially Available Specialty Milk

Morinaga Milk supplies specialty milk for milk allergies, lactose intolerance, gastro-esophageal reflux and low birth weight babies.



### Commercially Available Specialty Milk

Product Name	Characteristics
Morinaga New-MA-1	Milk for milk allergies, with highly digested proteins and significantly reduced allergenicity
Morinaga MA-mi	Milk for milk allergies with improved nutritional balance, flavor and solubility with reduced allergenicity
Morinaga Non-Lactose	Lactose-free milk for children with lactose intolerance, who experience diarrhea with general infant and toddler milk
Morinaga AR Milk	Milk for children prone to gastro-esophageal reflux disease with a higher milk viscosity using a naturally derived thickening ingredient (locust bean gum)
Morinaga GP-P*	Milk for low birth weight babies

\* The product is directly delivered to hospitals and medical facilities.

### Milk for Children with Congenital Metabolic Disorders or Other Diseases

Morinaga Milk supplies medical institutions, under the guidance of the Safety Development Committee\*, with specialty milk that is a vital nutritional supplement for children with congenital metabolic disorders, etc.



Congenital metabolic disorders are a serious health condition. If identified in newborn babies at an early stage and food therapy is initiated, most children will grow properly. Therefore, milk for children with such conditions needs special processing to reduce certain components such as protein or phosphorous according to the individual child's conditions. Such specialty milk requires advanced manufacturing technologies, so the knowledge and experience of infant nutrition that Morinaga Milk has developed over many years is applied. In FY 2020, Morinaga Milk provided about 5,100 cans of specialty milk to around 180 children and patients.

\* Safety Development Committee

The Specialty Milk Joint Safety Development Project was launched in 1980 under the guidance of the (then) Ministry of Health and Welfare with public funding in order to develop and improve, and provide a steady supply of specialty milk to treat children with congenital metabolic disorders. This project defines the specific criteria for specialty milk and its quality, ingredients, and method of use, as well as implements the development, improvement, and steady supply of the specialty milk. At the same time, the Safety Development Committee was established, consisting of academic experts and the directors of research organizations at specialty milk companies to ensure the smooth operation of the project.

### Types of Specialty Milk for Children with Congenital Metabolic Disorders and Other Diseases

Category	Main Indications	Symbol	Name
Protein and amino acid metabolism disorders	Phenylketonuria	MP-11	Low phenylalanine peptide powder
Electrolyte metabolism disorders	Adrenocortical hypofunction	MM-2	Low potassium milk
	Heart and kidney diseases	MP-2	Low protein, low sodium milk
	Idiopathic hypercalcemia	MM-4	Low calcium milk
	• Hypoparathyroidism • Pseudohypoparathyroidism • Kidney disease	MM-5	Low phosphorus milk
Malabsorption	Deficiency in lipid absorption	ML-1	Low fat milk
Other	• Cystic fibrosis • Citrin deficiency	ML-3	Proteolytic MCT milk

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Breast Milk Additive Powder

Breast milk additive powder is intended to reinforce the nutritional elements of breast milk for very low birth weight babies. Morinaga Milk provides HMS-1 and HMS-2.

Very low birth weight babies (who weigh less than 1,500 grams) tend to have complications such as underdeveloped physical functions for digestion and absorption. Such infants need to have adequate nutritional intake to quickly develop their physical functions. However, breast milk alone is relatively lacking in calories or various nutritional elements for such babies. HMS-1 and HMS-2 reinforce protein and trace elements such as calcium and phosphorous, which cannot be sufficiently provided by mother's breast milk alone, while HMS-2 provides increased calorific value, promoting faster development in babies. In FY 2020, Morinaga Milk sold around 15,000 boxes of HMS-1 and around 10,000 boxes of HMS-2, for a total of 25,000 boxes.

Note: HMS-1 is sold in 100 packets/box and HMS-2 in 60 packets/box



Enhancing Public Health

Contributing to Health with PURESTER

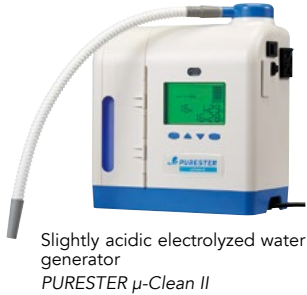
PURESTER, a slightly acidic electrolyzed water generator, is a hygiene control apparatus developed by Morinaga Milk that aims to have both high anti-bacterial effect and safety. In more than 20 years on the market, PURESTER has sold more than 7,500 units as of March 31, 2021.

PURESTER devices can generate hypochlorous acid water within the prescribed range needed for sterilization of food additives. Unlike the alcohol disinfectants and sodium hypochlorite commonly used for sterilization, PURESTER has been confirmed to have minimum effect on the skin and to be safe in various aspects. It has been verified having a bactericidal effect against various bacteria that cause food poisoning, and micro-organisms that threaten food hygiene, and is therefore an effective tool in places where hygiene management is required.

Customers who are already using PURESTER have provided highly positive feedback explaining that PURESTER water can be used easily in the same way as municipal water despite being a disinfectant, making PURESTER indispensable for on-site hygiene management.

Morinaga Milk is committed to providing its long-standing hygiene management technology to society to help protect the healthy lives of people. Continuing efforts are made to develop new and innovative ways to realize this commitment.

In addition, we put out a public call for "research to solve various social issues using slightly acidic electrolyzed water (hypochlorite water)." Morinaga Milk is actively working to contribute to society in collaboration with universities and research institutes. In FY 2020, we provided subsidies for one theme.



Contributes to maintenance of food hygiene

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## Morinaga Milk's Nutritious and Functional Ingredients

Morinaga Milk has been researching ingredients for maintaining health for over 50 years.

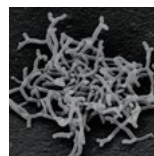
As a result, these ingredients were found to improve the health of people from all generations, from babies to the elderly.

### Bifidobacteria

Morinaga Milk has a long history researching breast milk, infant nutrition, and intestinal flora for the healthy growth of infants. We discovered *Bifidobacterium longum* BB536 in 1969 and successfully used bifidobacteria in dairy products in 1971. Bifidobacteria are sensitive to acid and oxygen. However, it has been reported that, among the various bifidobacteria that live in the human intestinal tract, *Bifidobacterium longum* BB536 is resilient against acid and oxygen and reaches the large intestine alive.

Morinaga Milk maintains three strains, *Bifidobacterium longum* BB536, *Bifidobacterium* MCC1274 and *Bifidobacterium breve* M-16V, has published a wide range of research results on bifidobacteria, and is proud of being a bifidobacteria research pioneer in Japan. We develop a range of bifidobacteria products—not just such as yogurt but also supplements such as powdered bifidobacteria. Our technological know-how for keeping powdered bacteria alive and stable for long periods of time at room temperature is one of our major strengths.

The U.S. Food and Drug Administration (FDA) has affirmed *Bifidobacterium longum* BB536 and *Bifidobacterium breve* M-16V as GRAS (Generally Recognized As Safe) under its safety review system and these two strains are now used around the world, including the U.S., Europe, and Southeast Asia.



### Main Bifidobacteria

*Bifidobacterium longum* BB536 reaches the large intestine and can be used for various health benefits such as excellent regulation of intestinal function by improving intestinal flora.

*Bifidobacteria* MCC1274 has the potential to improve cognitive function, and research into this bifidobacteria continues.

*Bifidobacterium breve* M-16V was developed for its function in promoting normalization of intestinal flora in infants. Administering it to low birth weight babies, who have premature intestinal function, speeds up colonization of bifidobacteria and promotes normal development of the intestines.

WEB

Morinaga Milk's Bifidobacteria Research

▶ [https://www.morinagamilk.co.jp/english/research/r\\_and\\_d/bifidobacteria/](https://www.morinagamilk.co.jp/english/research/r_and_d/bifidobacteria/)

## Topics

### Recognized as Safe for Baby Food in the U.S.

*Bifidobacterium longum* BB536 and *Bifidobacterium breve* M-16V have been certified as GRAS\* for general foods and infant foods under the U.S. Food and Drug Administration (FDA) safety review system. Although *Bifidobacterium longum* BB536 was already recognized as GRAS for general foods; it was also recognized as GRAS for infant foods from December 2019. Morinaga Milk is the only Japanese company that has acquired GRAS for bifidobacteria (current as of May 19, 2021).

\* GRAS (Generally Recognized as Safe)

For a food ingredient newly used in the U.S., specialists evaluate the safety of the ingredient as a food by considering its material characteristics, manufacturing processes, quality control, product specifications, actual use, clinical test results, etc. Since 1958, new food ingredients in the U.S. must be GRAS before they can be sold.

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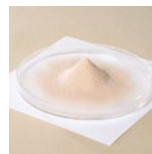
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## Lactoferrin

Morinaga Milk has been studying lactoferrin since the early 1960s. Lactoferrin is a protein found in the milk, tears, and saliva of many mammals and is believed to protect babies from a variety of infectious diseases. The name is derived from lacto (milk) and ferrin (iron) because of the protein's ability to easily bind with iron.

In terms of lactoferrin products, Morinaga Milk released an infant and toddler milk, called *Morinaga BF-L Dry Milk* in 1986. Today, Morinaga Milk sells lactoferrin products to support the daily health of people at all ages from babies to the elderly—from infant and toddler milk to lactoferrin yogurt and supplements.



WEB

Morinaga Milk's Lactoferrin Research

▶ <https://www.morinagamilk.co.jp/english/research/ingredients/>

## Topics

### MILEI: Manufacturing High-Quality Lactoferrin

MILEI GmbH, headquartered in Leutkirch, Germany (near the Swiss border) was founded in 1972. A half-century later, the company supplies milk materials such as whey protein, milk protein, lactose, and lactoferrin to manufacturers in Europe, Asia, and other parts of the world. MILEI has established a strong reputation among many users for its stable manufacturing and sales of high-purity lactoferrin since beginning such production in 1989. Interest in lactoferrin has been increasing worldwide in recent years. As the world's top manufacturer of lactoferrin\*, we are actively working to further increase production to ensure a stable supply.

\* From 2020 data from Absolute Reports.

## Peptide

Cow's milk contains good quality protein, and is used in products such as infant and toddler milk. However, it cannot be used for babies with milk allergies. Therefore, Morinaga Milk developed a peptide (milk protein degradant) that has been digested by enzymes.

In 1977, Morinaga Milk released *MA-1*, containing peptide for babies and infants with allergies. In 1994, the company released another product called *Morinaga Peptide Milk E-Akachan*, which combines more than a half century of Morinaga Milk's technologies, knowledge and experience in the development of infant and toddler milk, especially for the allergenicity of milk.

Having focused on the physiological functionality of peptides in recent years, Morinaga Milk developed MKP® (methionine-lysine-proline), a casein-derived tripeptide (a peptide in which three amino acids are linked). It has been confirmed that MKP lowers blood pressure (systolic pressure) of adults with relatively high blood pressure and improves some cognitive function in persons with dementia.



WEB

Morinaga Milk's Peptide Research

▶ <https://www.morinagamilk.co.jp/english/research/ingredients/>

## Lactulose

Lactulose is a saccharide made from the lactose contained in cow's milk. Morinaga Milk was a pioneer on the effects of lactulose in increasing bifidobacteria in the intestines, and launched the lactulose-containing infant and toddler milk *Morinaga G Dry Milk* in 1960. Lactulose is also widely used worldwide as a medicine for constipation.



WEB

Morinaga Milk's Lactulose Research

▶ <https://www.morinagamilk.co.jp/english/research/ingredients/>

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# The Environment



## Basic Approach

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

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

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

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

REPORT

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

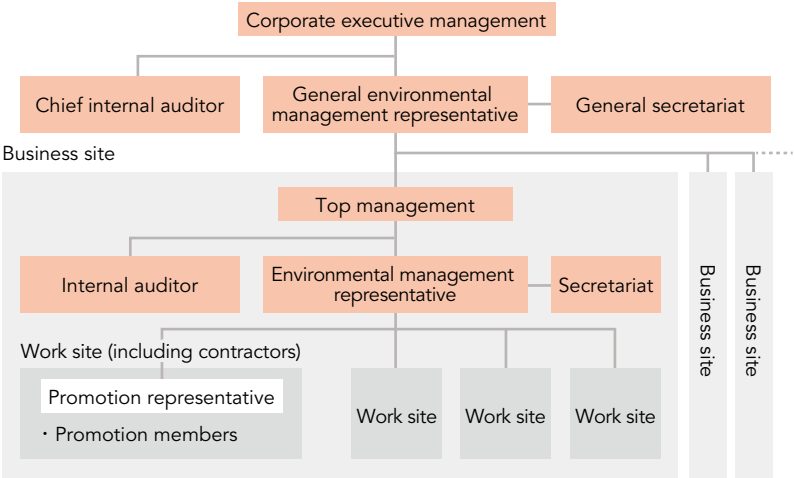
## System

Morinaga Milk Sustainability Committee meetings, which are chaired by the president, are held twice a year for monitoring and reporting on the progress of KPIs.

In addition, Morinaga Milk implements PDCA cycles, with the general managers of the relevant divisions responsible for “Priority Issue: the Environment” and the general managers of the relevant departments responsible for promoting KPIs.

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

### ISO 14001 Environmental Management System





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## KPIs

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

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

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

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

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## Awareness of Environmental Risk

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

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

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

## Compliance with Environmental Laws and Regulations

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

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

## Expanding Environmental Activities Group-wide

## Environmental Management System

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

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

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

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



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

**Framework for Implementing Environmental Management****Environmental Impact Assessment and Environmental Goals**

The Morinaga Milk Group evaluates the magnitude of environmental impacts

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

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

**Environmental Education**

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

**Environmental Audits**

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

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

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

**External Reviews**

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

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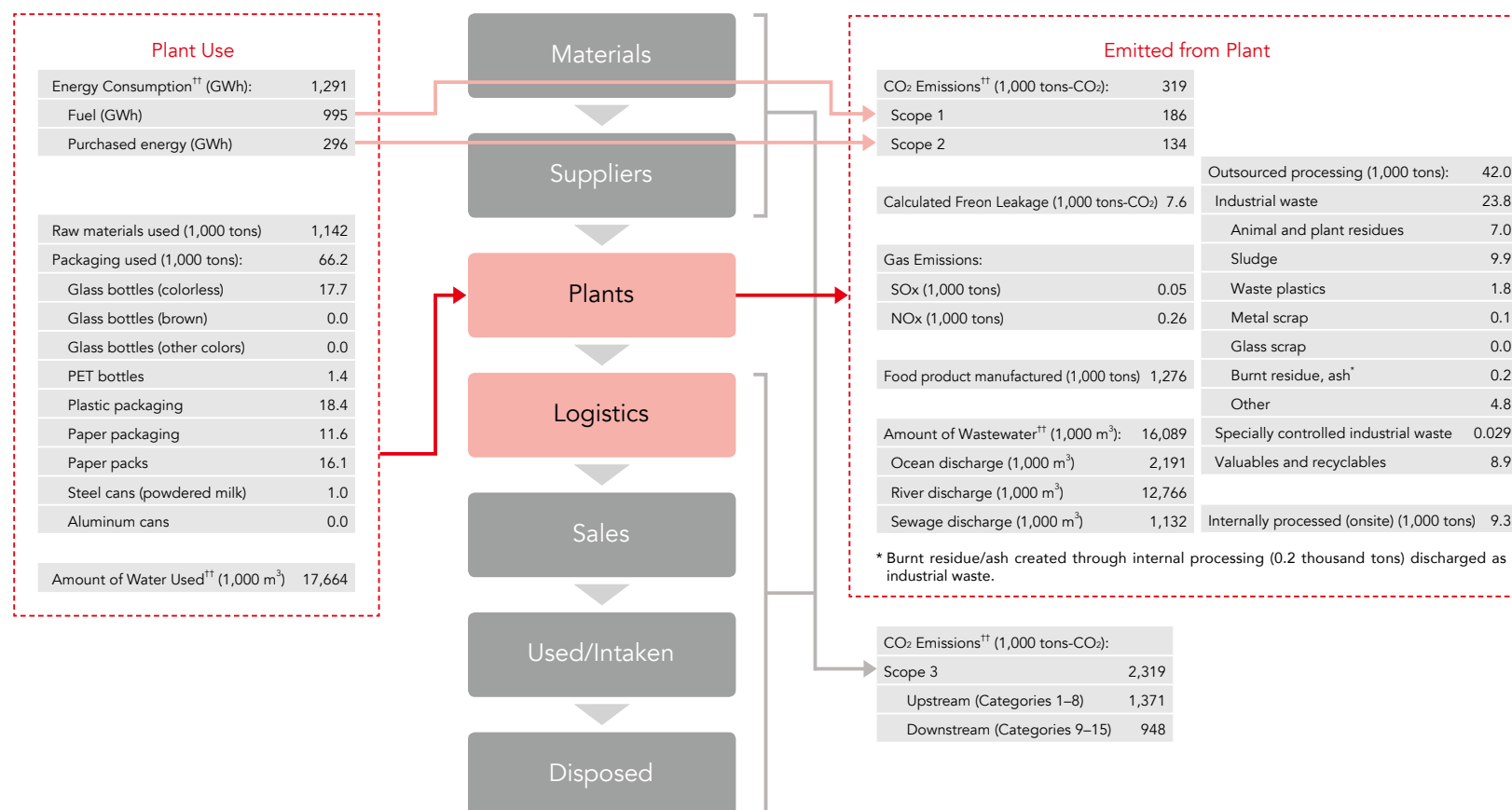
## Third Party Assurance of Actual Data and Scope of Aggregation

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

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

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

## Environmental Load Overview (Material Flow)



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## Climate Change

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

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

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

Energy Consumption<sup>†††</sup>

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

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

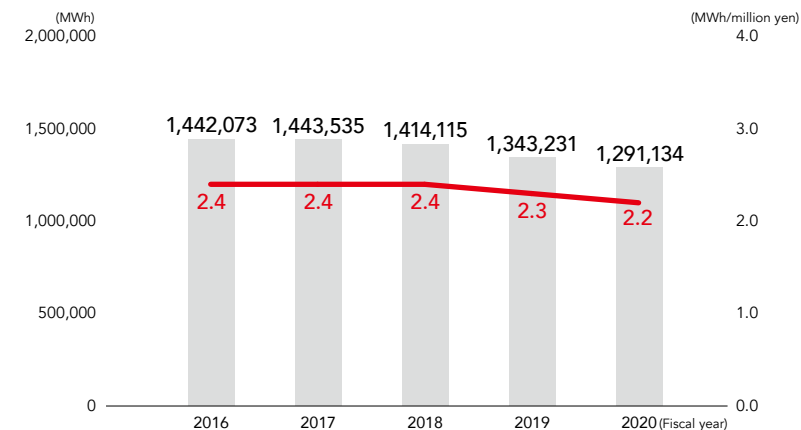
\*2: Fuel refers to fossil fuel consumption, and electricity is converted as 1,000 kWh = 3.6 GJ. Figures do not include renewable energy such as biomass.

\*3: The total of electricity, steam, and hot water.

\*4: Renewable energy consumption in FY 2020 was 7,767 MWh. Third-party warranty received for 1,298,901 MWh, including renewable energy.

## Energy Consumption and Intensity

■ Energy consumption — Sales intensity



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

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

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

\* Calculated based on the Energy-saving Law.

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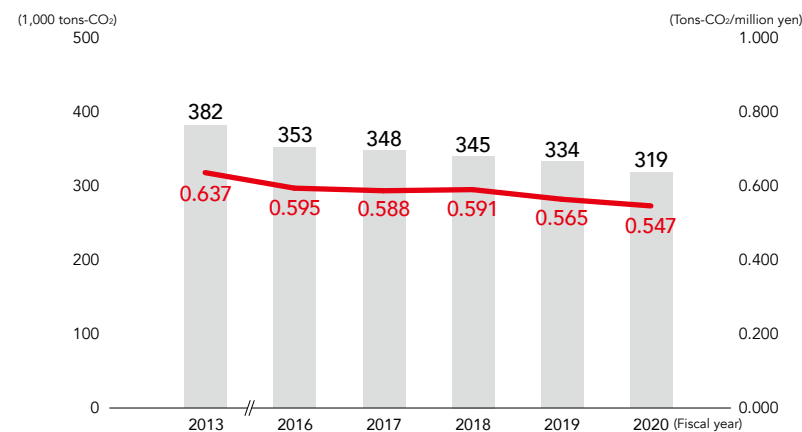
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**CO<sub>2</sub> Emissions and Intensity**■ CO<sub>2</sub> Emissions — Sales intensity

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

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

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

	2016	2017	2018	2019	2020
Scope 1 <sup>*2</sup> (1,000 tons-CO <sub>2</sub> )	241	242	238	196	186 <sup>*4</sup>
Scope 2 <sup>*3</sup> (1,000 tons-CO <sub>2</sub> )	111	106	107	138	134 <sup>*4</sup>
Total (1,000 tons-CO <sub>2</sub> )	353	348	345	334	319
Sales intensity (Tons-CO <sub>2</sub> /million yen)	0.595	0.588	0.591	0.565	0.547

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

\*2: Emissions from fuel consumption

\*3: Purchased electricity, emissions from heat

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

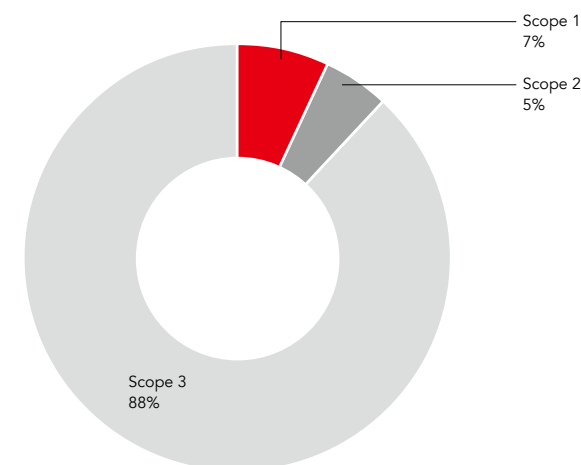
**Calculation Standard**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Use of Biomass

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

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

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

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

## Other Atmospheric Emissions

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

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

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## Resource Recycling

### Resource Consumption

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

#### Raw Materials Used

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

#### Packaging Used

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

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

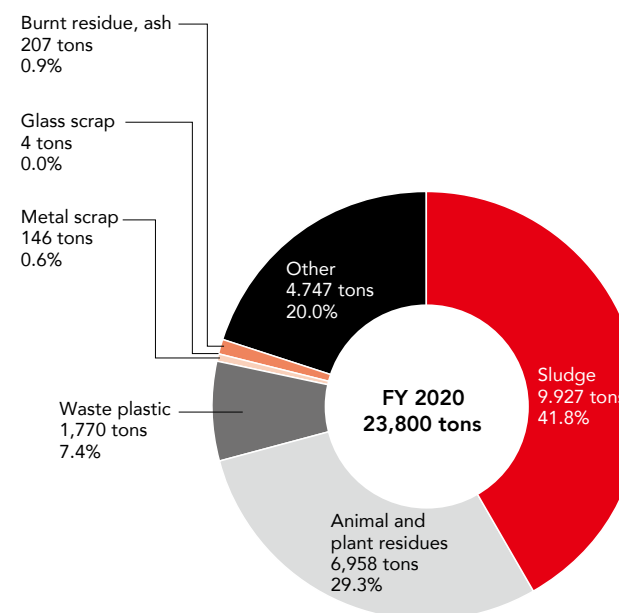
#### Food Product Manufactured

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

### Initiatives to Reduce Waste

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

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



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

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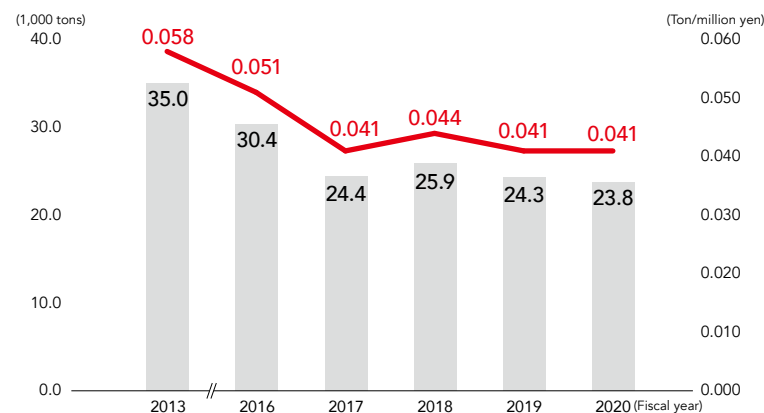
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Industrial Waste Emissions<sup>†††</sup> and Intensity

Industrial waste emissions Sales intensity

<sup>†††</sup> The amount for which waste  
manifests were issued

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

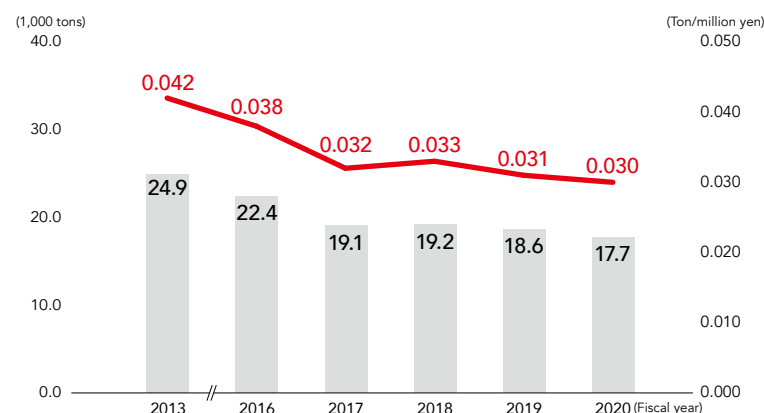
Note: Industrial waste emissions intensity:

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

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

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

Food waste generated Sales intensity

<sup>††††</sup> The amount of industrial waste, valuable  
resources, and animal and  
vegetable residues processed onsite

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

Note: Food waste generation intensity:

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

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

## Waste Materials Generated

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

Note: The aggregate waste total<sup>††</sup> is the total excluding Furijipport Co., Ltd.'s Okinawa Uruma Plant.<sup>\*1</sup> Industrial waste emissions: The amount of waste generated from business activities that has been processed by an outside contractor. Does not include valuables collection.<sup>\*2</sup> Landfilled waste: Of waste generated, the amount that was processed by landfilling.

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



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# Reduction of Food Loss

## Long-life Products

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

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

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

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



\*1 A method of consuming and restocking emergency foods on a regular (rolling) basis to ensure that emergency supplies at home are not out of date.  
\*2 Based on Morinaga Milk research. (Survey cooperation: DO HOUSE Inc.)

## Topics

### Shelf-stable Drink Yogurt

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

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



### Donation to the Japanese Antarctic Research Expedition

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



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## Food Recycling

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

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

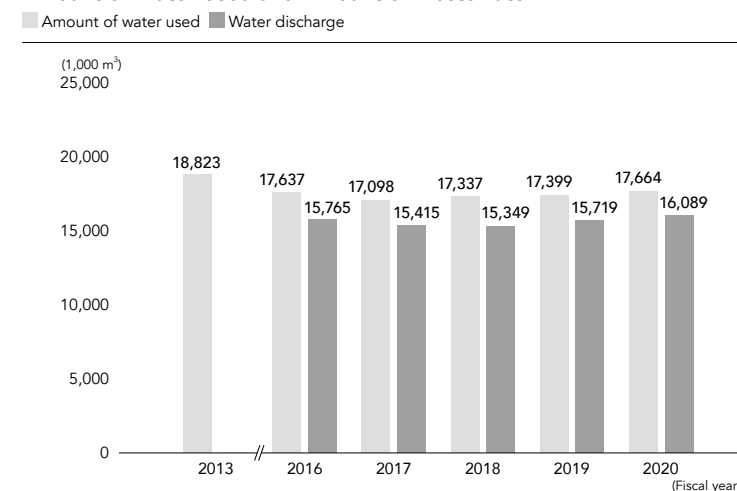
This initiative received the Judging Committee Chairman's Award at the 5th Food Industry Mottainai (Reducing Wastefulness) Awards for FY 2017.

## Recycling of Okara



## Water Resources

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

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

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

Amount of Water Used<sup>††</sup>

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

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

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

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## Water Management at the Tokyo Tama Plant

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

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

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

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

## Advanced Wastewater Treatment

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

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



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

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## Promotion of Environmentally Conscious Containers/Packages

### Plastic Packaging

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

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

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

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

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

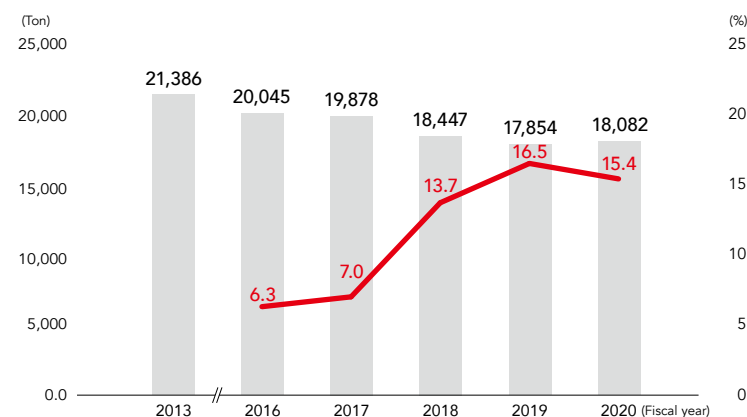
Under the Business Plan for the Next Medium Term, the goal by 2021 is to reduce the weight of plastic containers and packaging subject to the Containers and Packaging Recycling Law by 10 percent over FY 2013 levels. In FY 2020, Morinaga Milk reduced its use of plastic in containers and packaging by 15.4%.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

\* Containers and Packaging Environmental Confirmation Sheet

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

### Plastic Packaging

■ Plastic usage ■ Reduction in usage rate (compared to 2013)



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

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## Containers and Packages with the 3Rs in Mind

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



Width here was reduced.

## Reflecting Customer Opinions

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

WEB

Applying customer feedback

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

## Biodiversity

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

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

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

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

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

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

\*2: Book and Claim

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

\*3: Mass Balance

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

\*4: Rainforest Alliance Certification

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

\*5: FSC<sup>®</sup> certification

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

REPORT

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



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# Human Rights

## Basic Approach

Our business activities will be guided by consideration for human rights and respect for diversity. We will create environments in which all people can realize their full potential.

Morinaga Milk respects the United Nations Guiding Principles on Business and Human Rights and works to respect human rights throughout the supply chain. As part of this stance, preparation is underway for human rights due diligence.\* To realize the mission of “Ever Brighter Smiles,” emphasis will be placed on environmental improvements in all processes, from procurement of raw materials to production and sales.

As a first step, in 2017 Morinaga Milk participated in the Stakeholder Engagement Program which was organized by Caux Round Table Japan and which identifies human rights issues in the supply chain. Morinaga Milk also signed the United Nations Global Compact in April 2018 and participated in another Caux Round Table Japan-sponsored Stakeholder Engagement Program, with overseas experts offering comments on the proposed human rights policy. From these, the Morinaga Milk Group Human Rights Policy was formulated in November 2018 and is disseminated both internally and to external stakeholders such as business partners. In 2019, we conducted CSR procurement questionnaires. We also respect diversity and maintain an environment and systems within the company with that in mind.

Morinaga Milk will continue to carry out business activities with the aim of respecting human rights throughout the supply chain.

\* Human rights due diligence

This is the process by which companies can recognize, prevent, and deal with adverse impacts on human rights. Actions include formulating a human rights policy, assessing the impact of business activities on human rights, and tracking and disclosing performance with regard to human rights.

REPORT

▶ Please see the “Human Rights Policy” section (p. 95) for details.



## System

Morinaga Milk Sustainability Committee meetings, which are chaired by the president, are held twice a year for monitoring and reporting on the progress of KPIs. In addition, Morinaga Milk implements PDCA cycles, with the general managers of the relevant divisions responsible for “Priority Issue: Human Rights” and the general managers of the relevant departments responsible for promoting KPIs.

The Morinaga Milk Group also believes that human rights should be addressed in all divisions and departments. A system to address human rights issues on a company-wide basis is currently being developed.

## Stakeholder Engagement

As part of human rights due diligence initiatives, Morinaga Milk has participated in the Stakeholder Engagement Program sponsored by Caux Round Table Japan since 2017 and continued this effort in FY 2020. Morinaga Milk will continue to focus on human rights issues in the supply chain.



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## KPIs

Direction of Activities	KPIs	Progress Details for KPIs
Identify human rights issues and devise countermeasures in dialogue with stakeholders	Hold dialogue with stakeholders	Two employees participated in the Stakeholder Engagement Program run by Caux Round Table (CRT) Japan in FY 2020 (▶ p. 52)
Identify cases of human rights infringement at suppliers	Understand current situation through CSR procurement questionnaires	FY 2019 CSR procurement questionnaires (May 2019) (▶ p. 54) (Done every three years, with the next questionnaires scheduled for 2022)
Identify ingredients and suppliers that affect company management	Create a list of important suppliers	Created a list of key suppliers and completed a questionnaire survey to ascertain their current status (▶ p. 54)
Respond to the Group's foreign employees (including those working for cooperating companies)	Set up working environments for the Group's foreign employees	Completed a survey of the number of foreign employees (▶ p. 55) Added specific items for foreign employees to the checklist for operational audits
Promotion of Diversity and Inclusion	[Target for FY 2027] Number of persons teleworking/satellite work systems, rate of taking paid leave, rate of hiring female employees, number of female managers, rate of taking paternity leave, rate of male employees taking childcare leave, and number of employees quitting for family care	FY 2020 numbers (▶ p. 55) (1) Number of employees doing teleworking/satellite work (persons): 1,980 (2) Ratio of days of annual leave taken: 70.2% (3) Percentage of new graduate hires who are female (administration, sales, R&D total): 41% (4) No. of female managers: 47 persons (5) Ratio of paternity leave: 84.7 % (6) Ratio of male employees taking childcare leave: 44.1% (7) Employee turnover: 1 person

## Disseminating the Human Rights Policy

## Human Rights Policy Training

The Morinaga Milk Group began compliance training in 2019 in order to educate employees about the Group's human rights policy, which was created in November 2018. In normal years, compliance officers visit business sites and Group companies for this training.

However, in 2020 this training was held online via e-learning to prevent the spread of COVID-19, with 7,801 Morinaga Milk employees and Group company employees participating.

## REPORT

▶ Please see the "Compliance Training" section (p. 90) for details.

Compliance Consultation System: Morinaga Milk  
Helpline (Whistleblower Reporting System)

The Morinaga Milk Group regards harassment as a human rights issue and works toward solutions through Morinaga Milk Helpline, a consultation system for compliance-related matters.

In order for a diversity of people to play an active role in the company, we have also set up an LGBTQ Help Line for employees to consult, etc. about matters such as gender identity, sexual orientation, continuing to work at Morinaga Milk following gender reassignment, or coming out.

## REPORT

▶ Please see the "Compliance" section (p. 90) for details.

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Morinaga Milk is dealing with suppliers and other business partners to respect human rights throughout the supply chain.

For raw materials, Morinaga Milk is advancing the purchase of RSPO-certified palm oil and Rainforest Alliance Certified coffee beans and tea leaves.

Morinaga Milk also regularly conducts CSR procurement questionnaires with suppliers to promote sustainable procurement, shares the company Procurement Policy with them, and conducts human rights surveys.

## REPORT

▶ Please see the "Supply Chains" section (p. 63) for details.

## CSR Procurement Questionnaires (2019)

Morinaga Milk Group periodically conducts CSR procurement questionnaires, etc. on the labor environment at raw material manufacturing sites and processing plants. (The next questionnaire is scheduled for 2022.) For the 2019 questionnaire, Morinaga Milk held an advance briefing session for major suppliers about the CSR procurement questionnaires. In this briefing session, social issues such as society and the environment are discussed along with the purpose and significance of the survey based on Morinaga Milk Group's human rights, procurement, and quality policies.



Explanatory meeting for the CSR procurement questionnaires

The questionnaire uses the CSR Sustainable Procurement Self-Assessment Tool Set created by Global Compact Network Japan and asks questions in some 47 categories such as human rights, corporate governance, labor, environment, fair corporate activities, quality/safety, information security, supply chain, and coexistence with the community, with 180 companies (a 100% response rate) submitting. Feedback will be given to business partners to improve and strengthen future efforts in the supply chain.

## Topics

## 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 2019.

Aloe manufacturing companies have contracts with many aloe farms, which employ several to dozens of migrant workers from neighboring Cambodia on a live-in basis.

The status of quality control for the produced aloe was checked. The observers also asked about environmental considerations at the plantation and processing plants, the working environment and the status of human rights protection for workers. No particular problematic conditions were identified during this visit.



Migrant workers weeding and harvesting aloe fields  
Due to the strong sun, work is done in the early morning and in the late afternoon to evening.

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## Initiatives with Partner Distribution Companies

Morinaga Milk is working with its distribution partners and other companies to improve the working environment for drivers with the aim of eliminating long work hours and reducing workloads since drivers bear part of the logistics responsibilities.

Specific initiatives

- Promote switching from loading/unloading by hand to pallet deliveries to reduce work load
- Shift means of transportation from trucks to railway/ marine containers, large trailers, etc. (promote a modal shift)
- Promote joint deliveries within the Group and with other companies in the same industry
- Review and improve long working hours for drivers on long-distance transport routes (e.g. reconsider routes, reduce wait times and incidental work)

## Employment Survey for Non-Japanese Employees

The Morinaga Milk Group employs foreign nationals as well as Japanese nationals whose first language is not Japanese. An employment survey was carried out for non-Japanese employees at all Morinaga Milk business sites and Group companies in order to confirm employment conditions and enhance the working environment.

Group total: 210 persons (as of September 30, 2020)

- Conditions
1. Those who do not have Japanese nationality and are not North Korean, Korean or Taiwanese with Special Permanent Resident status
  2. Those who have Japanese nationality but have difficulty communicating in Japanese

## Diversity & Inclusion

The Morinaga Milk Group believes it is important to not only recognize diversity, but to also encourage all employees to fully realize their own individuality and abilities while accepting each other's differences, and to promote corporate activities. Morinaga Milk has published its Diversity and Inclusion Declaration and implements a variety of company-wide measures in this regard.

### Morinaga Milk Diversity and Inclusion Declaration

Management and employees will:

- Respect the diversity of employees and work to create a workplace in which all employees can maximize their potential.
- Support employee "smiles" and "vibrancy" both at and away from work.
- Continue to express Morinaga Milk's characteristic values to society through our employees' smiles and vibrant work ethic.

## Initiatives and Results

### Employment Situation

	2016	2017	2018	2019	2020
Employees – Consolidated (Persons)*	5,771	5,987	6,157	6,303	6,871
Employees – Consolidated temporary (Persons)					2,485
Number of regular employees (Morinaga Milk only)	3,035	3,144	3,247	3,340	3,377
Men	2,455	2,556	2,629	2,697	2,711
Women	580	588	618	643	666
Number of new graduates hired as regular employees, by gender (Morinaga Milk only)	64	127	145	127	83
Men	47	98	103	85	55
Women	17	29	42	42	28

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	2016	2017	2018	2019	2020
Turnover and turnover rate (including mandatory retirement; Morinaga Milk only)					
Employee turnover (Persons)	107	99	85	100	96
Turnover rate (%)	3.0	2.7	2.3	2.7	2.6
Number of re-hires and re-hire rate of persons aged 60 and older (Morinaga Milk only)					
Number re-hired (Persons)	50	36	30	24	34
Re-hire rate (%)	96.2	87.8	96.8	88.9	94.4
Ratio of base pay and total compensation by gender: Not disclosed					

\* Morinaga Milk Industry Co., Ltd., Morinaga Milk Industry Sales Co., Ltd., Tohoku Morinaga Milk Industry Co., Ltd., Furijipport Co., Ltd., Hiroshima Morinaga Milk Industry Co., Ltd., MK Cheese Co., Ltd., Clinico Co., Ltd., Tokyo Dairy Co., Ltd., Morinaga Milk Business Service Co., Ltd., Morinaga-Hokuriku Milk Industry Co., Ltd., Towa Techno Co., Ltd., Morinyu Sunworld Co., Ltd., Chez Forêt Co., Ltd., Morinaga Dairy Service Co., Ltd., Toyo Fermented Milk Co., Ltd., Morinaga Milk Industry Hokkaido Co., Ltd., Morinaga Milk Industry Kyushu Co., Ltd., Napoli Ice Cream Co., Ltd., Tokachi Urahoro Milk Industry Co., Ltd., Milei GmbH, Milei Plus GmbH, Milei Protein GmbH & Co. KG., Morinaga Nutritional Foods, Inc., Pacific Nutritional Foods, Inc., Nihon Seinyu, Fuji Morinaga Milk Industry Co., Ltd., Okinawa Morinaga Milk Industry Co., Ltd., Kumamoto Morinaga Milk Industry Co., Ltd., Yokohama Morinaga Milk Industry Co., Ltd., Morinaga Engineering Co., Ltd., Hokkaido Hoshio Milk Plant Co., Ltd., Elovi Vietnam Joint Stock Company, Sunfco Ltd., MM Property Funding Corp.

## Promotion of Diversity and Inclusion

Morinaga Milk has held briefings to ensure that all employees properly understand and implement diversity and inclusion. Since 2017, Morinaga Milk has held an annual diversity forum together with other food product companies with keynote speakers and panel discussions. We also hold lectures and talk sessions featuring experts. In FY 2020, such events were held online under the theme of “psychological safety,” which is the foundation for promoting diversity and inclusion.

In 2007, the Nurturing the Next Generation Committee took the opportunity to listen to the voices of female employees with children. This committee is also responsible for creating the short-time work system and establishing leave for school events for both male and female employees. Such efforts are now regarded as part of pursuing diversity. Morinaga Milk is promoting the establishment of a system that supports a diversity and inclusion of workstyles regardless of gender, and is also developing a rewarding workplace for employees to sufficiently realize their individual potential.

## Support for Female Workers

Morinaga Milk is supporting female workers as part of its diversity and inclusion promotion efforts. This support includes training programs such as “Female Leader Training” and the “Work × Child-raising Power-Up Seminar” to support employees seeking to advance in their careers and employees seeking to balance the demands of work and caring for children. Morinaga Milk is also examining mechanisms and tools to promote the engagement of female workers who return to their workplaces after childcare leave and, from 2021, the flextime system and the reduced-hours work system can be used together.

Morinaga Milk is now working on the second phase of an action plan for compliance with the “Act on Promotion of the Women’s Participation and Advancement in the Workplace,” with a goal of achieving 80 female managers by 2026.

## Results for Support for Female Workers

(as of April 1 each year)

	2017	2018	2019	2020	2021
Percentage of new female graduates* (%)	41.0	45.8	47.9	60.0	40.9
No. of female managers (Persons)	38	42	43	46	47
Ratio of female managers (%)	4.5	4.8	4.7	4.9	4.9

\* Total for administration, sales and R&D employees

## LGBTQ Help Line

Morinaga Milk promotes diversity and inclusion, and recognizes and respects diversity in its efforts to be an organization where everyone can play an active role. In considering that there might be many LGBTQ people in the workplace who are anxious that coming out to coworkers or using company consultation avenues will negatively affect their interpersonal workplace relationships, Morinaga Milk established an email consultation service with an external provider for this purpose. This counselor service is aimed at people who identify as LGBTQ and who wish to consult with someone but are not sure who to turn to, or do not have anyone they can discuss such matters with.

In addition to this internal help line, Morinaga Milk also promotes measures for promoting proper LGBTQ awareness, such as holding study sessions on LGBTQ etiquette and requiring managers to take an LGBTQ e-learning course. In recognition of these measures, Morinaga Milk received the Gold (highest) award under the Pride Index, an LGBTQ initiative (2020) by the voluntary



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organization “work with Pride”<sup>\*</sup> for 2020 corporate efforts related to LGBTQ.

<sup>\*</sup> A voluntary organization that supports the promotion and establishment of diversity management related to sexual minorities in companies and other organizations.

**Childcare Support System**

Morinaga Milk is enhancing childcare support systems. Employees burdened with the dual demands of work and child-raising are able to actively engage in their work in various departments with support from the short-time work system, flextime policy, etc. In addition, Morinaga Milk has had a paternity leave system since 2015 to raise awareness about the participation of male workers in child-raising. The number of male workers who are using paternity leave and childcare leave is increasing.

Morinaga Milk was certified by the Director of Tokyo Labor Bureau in 2008, 2010, and 2012 as a business that supports parenting. In recognition of this certification, Morinaga Milk received the “next generation certification mark” (known as Kurumin) in those same years. Morinaga is now working on the 7th phase of the action plan.

● Ratio of paternity leave in FY 2020: 84.7% (100 people)

● Ratio of male employees taking childcare leave in FY 2020: 44.1% (52 people)

**Number of Employees Taking Childcare Leave by Gender**

	2016	2017	2018	2019	2020
Men (Persons)	14	18	27	34	52
Women (Persons)	37	49	54	47	38
Total (Persons)	51	67	81	81	90

**Rate of Returning to Work from Childcare Leave by Gender**

	2016	2017	2018	2019	2020
Men (%)	100.0	100.0	100.0	100.0	100.0
Women (%)	94.6	100.0	100.0	98.2	100.0

**Exclusion of Gender-based Role Assignment**

Targets	2017	2018	2019	2020	2027 target
Ratio of paternity leave (%)	70.0	76.5 (124 persons)	79.5 (120 persons)	84.7 (100 persons)	100
Ratio of male employees taking childcare leave (%)	12.9	16.7 (27 persons)	22.5 (34 persons)	44.1 (52 persons)	100

**Family Care Support System**

In recent years, the number of employees working while caring for their families has been increasing. In 2017, Morinaga Milk responded to this trend by starting a system allowing employees to divide leave for family care into three separate leave periods of up to 185 days in total, a period exceeding the requirement under the relevant law. In 2018, Morinaga Milk established the “Long-Distance Travel Subsidy for Providing Nursing Care” for employees burdened with high travel costs of returning to their hometown, etc. to provide nursing care to a family member. This subsidy covers part of the travel costs for such employees. In 2020, we also created a “Work-Nursing Care Balance Book” that provides information about long-term care. The main purpose of this balance book is to help eliminate anxiety about balancing work with nursing care. We also provide support to employees in this situation, such as offering seminars on how to balance work and nursing care, etc.

**Employee Turnover Due to Nursing Care**

	2017	2018	2019	2020	2027 target
Employee turnover (Persons)	6	0	2	1	0

**Employment of People with Disabilities**

Morinaga Milk employs people with diverse backgrounds from new graduates to experienced staff. Employees with disabilities are placed in positions where they can demonstrate their individual abilities. In FY 2020, there were 157 employees with disabilities at consolidated subsidiaries.

**Number of Employees with Disabilities and Employment Rate**

	2016	2017	2018	2019	2020
Employees with disabilities (Persons)	84	89	94	89	110
Employees with disabilities (%)	2.17	2.19	2.22	2.15	2.46



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## Workstyle Reform

### Work-Life Balance

In 2017, Morinaga Milk launched a Workstyle Reform Committee to develop an infrastructure environment and system so that all employees, with their diversity of backgrounds, can fully demonstrate their abilities.

Morinaga Milk has introduced a “No Overtime Day” system, “My Holiday System,” and “Interval System” to better reflect the workstyles of employees and make their work more interesting.

Under the “My Holiday System” started in FY 2019, employees give notice to their managers for five days of consecutive leave, making it easier for the workplace managers to adjust schedules so that employees do not feel anxiety about using their paid leave. Thanks to these efforts, the use of paid leave has increased in recent years, reaching 70.2% in FY 2020. Morinaga Milk continues to move forward with such initiatives with the aim of reaching 85% use of paid leave in FY 2027.

For the physical and mental health of employees, an “Interval System” has been in place in the head office, branches, and sales offices since 2014. The Interval System secures more rest time for employees by ensuring off-time of a certain duration from the end of work, including overtime work, to the start of work on the next day. We have also concluded 36 labor-management agreements regarding overtime and holiday work in accordance with Article 36 of the Labor Standards Acts. Effort is being made at all levels to encourage the healthy living of employees through the prevention of overwork and long working hours.

Morinaga Milk also works with distribution partners to reduce working hours—especially for truck drivers, for whom long working hours is a particular concern.

REPORT

► Please see the “Initiative with Partner Delivery Companies” section (p. 55) and “Supply Chains” section (p. 63) for details.

### Total Working Hours and Average Number of Days of Paid Leave Taken

	2016	2017	2018	2019	2020
Total working hours (Hours)	1,965	1,965	1,974	1,967	1,969
Number of days of paid leave taken (Days)	12.0	12.2	12.0	14.1	13.0

Note: Total working hours for labor union members only

### Systems to Promote Flexible Ways of Workstyles

Morinaga Milk promotes flexible ways of workstyles through its “Teleworking/Satellite Work System,” “Time-difference Work System,” and “Flextime System.”

Since its introduction in 2017, the “Teleworking/Satellite Work System” has improved work productivity by allowing employees to use their time more effectively and strike a better balance between work and private life. All employees, with or without childcare or nursing care obligations, are eligible to use the system. Morinaga Milk continues to review the workstyles most amenable to highly productive work. Employees were encouraged to work from home during the COVID-19 pandemic in 2020, with around 1,980 people doing so as of March 2021, achieving our goal. We will continue to support a flexible work style with the “Teleworking/Satellite Work System.”

A flextime system has been adopted at all business sites (with the exception of manufacturing section at plants and certain centers) to improve awareness of efficient work operations.

### Targets for Diversity & Inclusion and Results

Targets	2017	2018	2019	2020	2027 target
<b>Workstyles</b>					
Number of employees using teleworking/satellite work system (Persons)	67	197	932	1,980	1,000
Ratio of days of annual leave taken (%)	62.8	64.9	76.7	70.2	85



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## Policy to Support System to Balance Ongoing Medical Treatment and Work

In 2018, Morinaga Milk implemented the following three systems to support employees who need ongoing medical treatment so that they can continue to work with peace of mind as allowed by the short-time work system, the reduced working days system, and a time-difference work system.

Short-time work system: A shortened work day by up to 2 hours

Reduced working days system: four-day work week without using paid leave

Time-difference work system: Shift work hours by up to two hours either way with no change in total working hours

## Fair and Equitable Employment

Morinaga Milk revised its personnel system for contract employees in April 2016 to allow fixed-term contract employees who have a certain level of experience to enter into an open-end employment agreement with the company. Also, those contract employees without defined employment periods can be regarded as regular employees under the system. Since 2016, 27 contract employees have had their status changed. Morinaga has clarified the scope of responsibility and expected roles in each employment classification so as to promote the active participation of diverse employees.

Moreover, many former employees who have ended their employment for personal reasons or a career change, express their desire to return to Morinaga Milk at a later time. To respond to such desires and, at the same time, take advantage of the experience and skills such former employees have accumulated during their tenure in other companies, Morinaga Milk now has an arrangement for rehiring former employees. Regular employees who have worked at Morinaga Milk for more than three years are, in principle, eligible for rehiring regardless of the reasons for leaving Morinaga Milk. To date, eight people have returned to active work under this arrangement.

### Number of Persons Hired under the Returnees Program (Morinaga Milk only)

	2016	2017	2018	2019	2020
Number hired (Persons)	3	0	1	0	0

## Management-Labor Dialogue

Morinaga Milk Industry has adopted a union shop system and organized the All Morinaga Labor Union as a forum for dialogue between labor and management. One-hundred percent of all full-time employees are members of the All Morinaga Labor Union, excluding managers and other types employees specified in the labor agreement.

In order for the company and the union to have mutual understanding and cooperation, the labor agreement requires holding management meetings, including joint management meetings attended by both management and union representatives (twice per year) and business site management meetings with union branch representatives.

Management-labor councils are also held for safety measures and labor hour measures (twice per year for each). Morinaga Milk strives to improve occupational health and safety in the workplace and to discuss wage increases and bonuses, as well discuss improvements to working conditions apart from wages.

Finally, before revisions, etc. are made to internal regulations, a proposal is provided for discussion to the All Morinaga Labor Union. These efforts are part of maintaining close communications with the union.

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**Promotion of Occupational Health and Safety in  
Production Departments**

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. As shown below, the basic policy clarifies priority measures for safety and health management, with item 4 specifying the efforts to be made by production departments in particular. Based on the content of the six specified sub-items of item 4, we are promoting activities with a goal of zero occupational accidents to ensure that employees can carry out their work safely and healthily.

**REPORT**

▶ Please see the "Health Declaration" section (p. 99) for details.

**Basic Policy on Health and Safety****Basic Philosophy**

The Morinaga Milk Group recognizes that health and safety are the foundation of the company and its management. We also recognized that ensuring safety in cooperation with the employees is the most important responsibility of the management and engages in activities to ensure safe and comfortable workplace for the employees.

**Basic Policy**

1. All employees work on safety and health activities and act to realize "safety first" practices and "zero accidents" at the workplace.
2. We promote the creation of a corporate culture and environment where "everyone always follows prescribed rules," and comply with the Industrial Safety and Health Act, related laws, and internal regulations.
3. We promote the creation of a work environment that is both physically and mentally comfortable and cooperate with industrial physicians to conduct periodic health examinations and health guidance to improve our employees' health.
4. We, especially our manufacturing department, work on the following safety and health activities:
  - (1) Implementation of measures to eliminate and reduce potential hazards and harmful effects through risk assessment
  - (2) Preparation of work standards for regular and irregular works, dissemination

- of those standards to employees, and compliance with the rules
- (3) Prevention of the recurrence of occupational accidents through information-sharing and the promotion of activities to prevent similar disasters  
In particular, the implementation of measures based on past disaster lessons to completely prevent the recurrence of accidents such as "pinched and rolled," "falling," and "burn injury" types
- (4) Implementation of safety and health audits (formal audit and internal audit) for the continuous improvement of health and safety levels
- (5) Implementation of safety and health education and training to improve safety knowledge and safety awareness
- (6) Promotion of the "Keep safe!" activities by all employees
5. This Basic Policy is made known to all employees and also announced outside the company.

Est. April 2017

Yohichi Ohnuki

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

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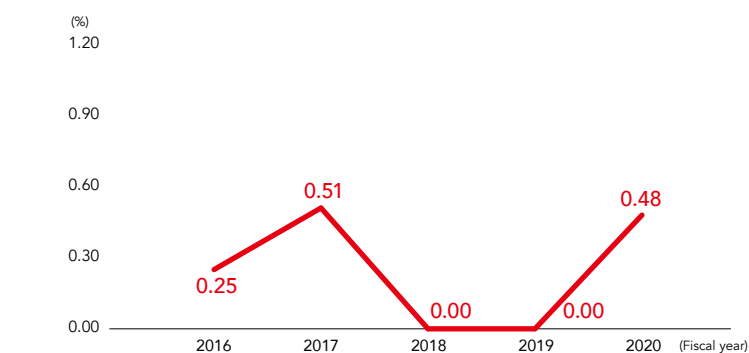
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## Lost Work Hours and Serious Accidents

When an occupational accident occurs in the Group, information is immediately sent to the head office, which provides support guidance regarding the causes and the measures to be taken. On-site guidance is provided as necessary. Information is shared in the form of flash reports and monthly reports describing disaster prevention and safety measures, which are deployed horizontally across all business sites of the Manufacturing Department in order to prevent similar occurrences. (This activity is item 4-(3) in our Basic Policy on Health and Safety.)

### Industrial Accident Frequency Rate

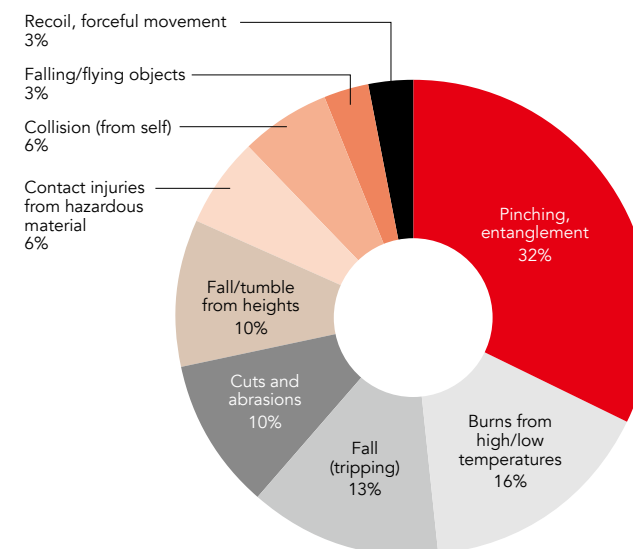


Note: Excludes Group companies

## Workplace Accidents (by Type)

In FY 2020, the most common type of workplace accidents at Morinaga Milk Group were pinching/entanglement accidents, which constituted 32% of all workplace accidents. The next most common types of accident were burns from high/low temperatures (16%) and falls from tripping (13%). These three types of workplace accidents represented 61% of workplace accidents.

### Percentage of Workplace Accidents by Type (FY 2020)



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## Management to Prevent Occupational Accidents

### Health and Safety Audits

The Morinaga Milk Group uses a 166-item health and safety audit checklist to carry out internal audits of documents and manufacturing operations at each site overseen by the Manufacturing Department every half year in order to prevent work-related accidents. The Group also strives to take compliance with laws, regulations, and health and safety activities to the next level. The head office will also carry out a main audit of all business sites within the next three years. In FY 2020, these audits were carried out online for nine sites to prevent the spread of COVID-19, with audits at 12 sites scheduled for FY 2021.

For internal health and safety audits, the Morinaga Milk Group uses an assessment system with internal auditors, who have also received training at the head office. The purpose is to raise the level of knowledge and understand what items should be given attention and measured for evaluation. (This activity is item 4-(4) in our Basic Policy on Health and Safety.)

### Ensuring Safety at New Facilities

Morinaga Milk conducts equipment safety inspections before starting up a new plant at the time new equipment is brought in, or when major changes are made to building structures or manufacturing processes. Preliminary checks are done with a focus on lessons learned from past accidents and on compliance with laws and regulations in order to confirm that operations can be started assuredly and safely. (This activity is item 4-(1) in our Basic Policy on Health and Safety.)

## Health and Safety Promotion Activities

### "Keep Safe!" Activities

The Morinaga Milk Group promotes "Keep safe!" activities.

"Keep safe!" activities refer to the mindset of giving priority to safety and health. This phrase is meant to be used in place of stock greetings in Japan such as "Good morning" and "Thanks for the hard work." The underlying idea is to warmly encourage coworkers and others to start the day by putting safety first so as to be able to return home in the same condition as one arrived. It also serves as a reminder to not get injured and to not cause injury to others. (This activity is item 4-(6) in our Basic Policy on Health and Safety.)

### Health and Safety Education to Employees

1. Safety training with danger simulation devices

Morinaga Milk lends out devices for safety education (three machines) in rotation to plant sites of the Manufacturing Department. The devices simulate dangers such as those from pinching and entanglement, compressed air, and electrical shock. (In FY 2020, these danger simulation devices were used for education at 12 plant sites, with use at another 12 plant sites planned for FY 2021.)

2. Basic safety compliance items are organized by type of occupational accident. Addressing eight subjects, the information is distributed to all sites over the internal network for use in safety education.

3. Safety officers at Morinaga Milk head office have developed an in-house, six-part e-learning program. In FY 2020, around 20,000 employees working at our plants took this e-learning program.

4. Morinaga Milk is promoting the establishment of a KYT basic four-round method\*, largely focused on manufacturing plant sites. (KYT stands for "Kiken Yochi Training," the term for hazard prediction training in Japan). The KYT basic four-round method helps improve risk sensitivity and reinforces basic safety actions for predicting danger before beginning work. To promote this initiative, we are inviting external instructors to help develop internal trainers in order to create a system for teaching the KYT basic four-round method at our plants. (This trainer training was held five times in FY 2020 with 32 selected attendees from each plant, and 10 sessions are scheduled for FY 2021. This activity is item 4-(5) in our Basic Policy on Health and Safety.)

\* A method of conducting hazard prediction training that uses four procedures.

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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.

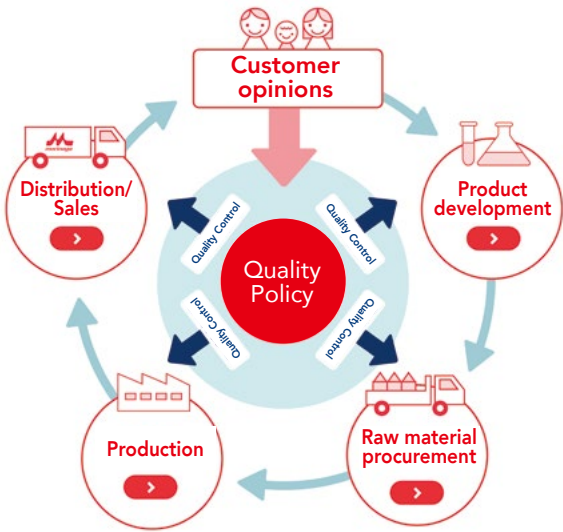
▶ Please see the “Procurement Policy” section (p. 96) for details.

## 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.

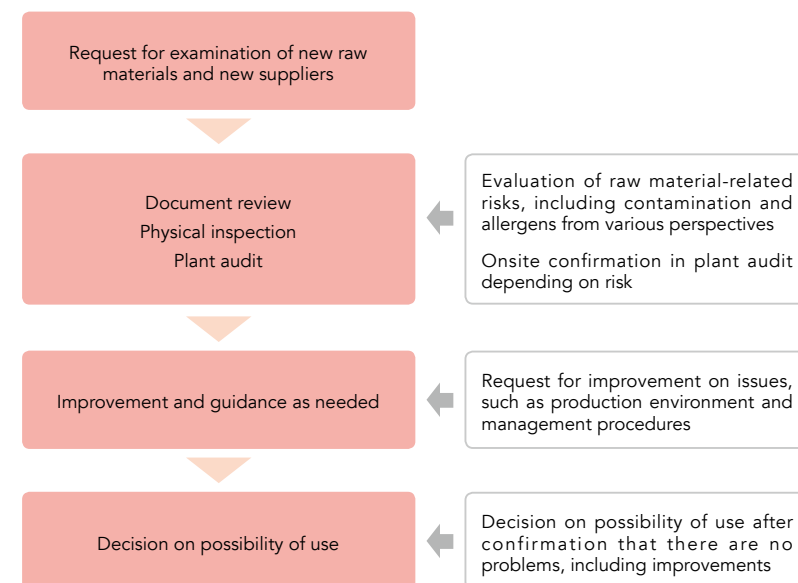
There were no significant risk incidents in FY 2020.

### 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.

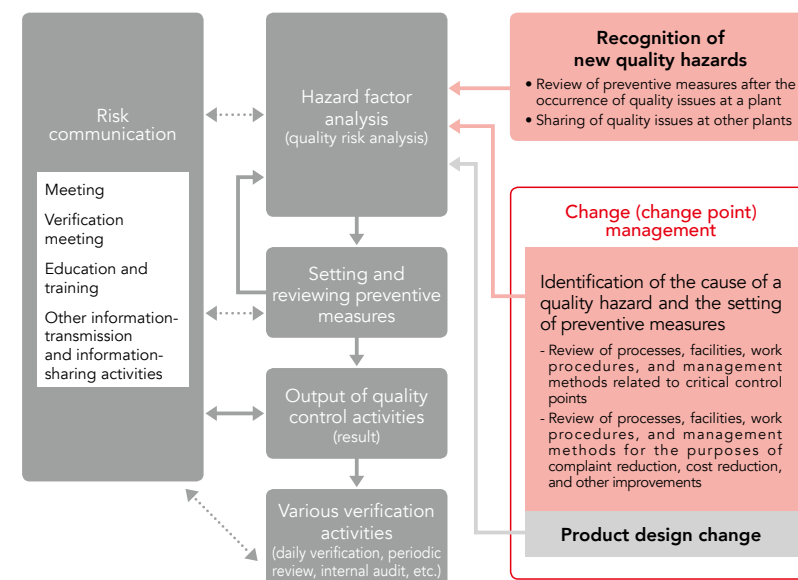
MACCP is a management method for ensuring a product has the intended qualities. The aim is to provide products that customers can use reliably and to carry out stable manufacturing.

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.

REPORT

► 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.

REPORT

► 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.

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

<sup>\*2</sup>: 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.

<sup>\*3</sup>: Mass Balance

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



4-1016-18-100-00

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.



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

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.



<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.

## REPORT

▶ 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.

**REPORT**

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

**WEB**

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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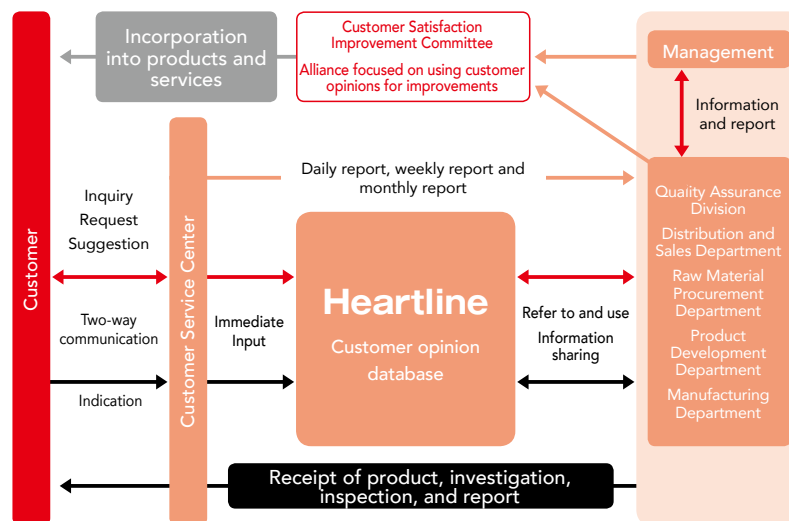
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## System to Take Advantage of Customer Opinions



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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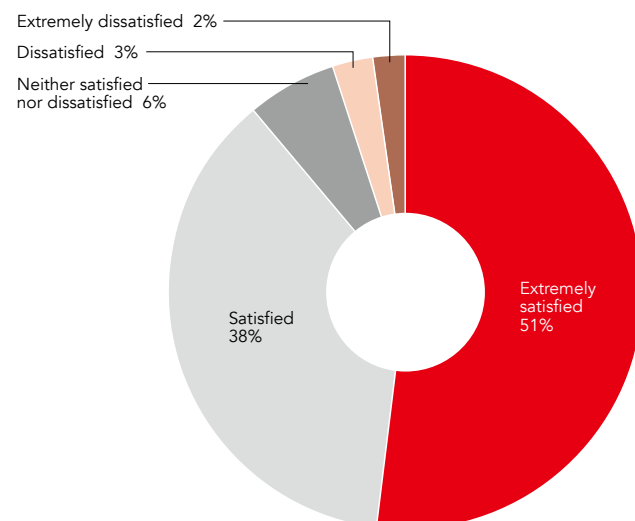
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### Customer Satisfaction Questionnaire Survey

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.

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# Nurturing the Next Generation

## Basic Approach

We support the healthy growth of children as future contributors to the creation of a sustainable society.

Morinaga Milk believes that since it is people who create society, supporting the growth of people is something that must be done by society as a whole—it is not just the role of the education system.

With the rapid development of information technologies and globalization, it is becoming apparent that society is moving away from an era where future development remains an extension of current accepted practices. With the revised government guidelines for education in Japan, in terms of education Morinaga Milk aims to assist in developing the qualities and abilities the young need to innovate into the future.

Morinaga Milk has prepared a program utilizing its own knowledge to foster today's children with their future in mind. Morinaga Milk will continue to support the nurturing of the next generation.

Additionally, we contributed 108 million yen in FY 2019 and 105 million yen in FY 2020 for social contribution activities to nurture the next generation.

## KPIs

Direction of Activities	KPIs	Progress Details for KPIs
Provide a place to learn about food culture and nutrition to live healthy and enjoyable lifestyles (food education classes, KidZania)	Total participants over three-year period starting in 2019: 300,000	Approximately 130,000 visitors, including career education, KidZania visits, and plant tours (as of March 31, 2021) (▶ p. 77)  Note: To prevent the spread of COVID-19, we stopped accepting plant tours, company visits, and onsite lessons from February 2020. Company visits and onsite lessons were subsequently resumed, but in an online format. Other programs for nurturing the next generation were also moved online.
Provide a place to learn about the gifts of nature and the techniques and research that utilize them (plant tours, Forest and Food Expedition Team, career education)		
Establish an environment in which the next generation can be raised	Provide ongoing consultation on infants through the Angel 110 hotline; handle calls from a total of 1 million people by FY 2020	Advice provided to over 990,000 callers (as of March 31, 2021) (▶ p. 79)



## 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: Nurturing the Next Generation” and the general managers of the relevant departments responsible for promoting KPIs.

The Sustainability Promotion Department serves as the secretariat for next-generation education programs and works in cooperation with the relevant departments.



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**Morinaga Milk's Activities for Nurturing the Next Generation****Plant Tours**

Morinaga Milk gives plant tours at three of its plants (Tokyo Tama Plant, Chukyo Plant, Kobe Plant) to show consumers how its products are produced. On-site visits to the plant's sanitary production lines and other facilities demonstrate Morinaga Milk's commitment to manufacturing excellence and production grounded in safety and reliability.

Note: To prevent the spread of COVID-19, we stopped accepting plant tours from February 2020.



Photo from FY 2019

**Little Angels Forest and Food Expedition Team**

The "Little Angels Forest and Food Expedition Team" class is an outdoor educational experience for about 30 elementary school students from Grades 4 through 6. The children spend four nights and five days together exploring life in nature. They cooperate with their classmates in a series of eating, creating, and playing experiences such as harvesting vegetables, tending to animals at dairy farms, climbing trees, playing in rivers, building rudimentary structures, and taking plant tours, all with the aim of discovering the essentials of living by one's own devices in nature.



Photo from FY 2019

**REPORT**

▶ Please see the "Online Initiatives" section (p. 80) for details.

**Pavilions at KidZania Tokyo and KidZania Koshien**

KidZania provides an interactive experience where children can be leaders and learn about society while having fun. Empathizing with the KidZania concept of fostering realistic vocational experiences to equip children with the skills they need to survive in the future, Morinaga Milk is an official sponsor of "Milk House" pavilions at two KidZania cities—in Tokyo since 2012 and Koshien (in the Kansai area) since 2016. Children visiting Milk House work as "milk food marketers" to plan and create products that consumers will appreciate. The goal of these work-like experiences is to have children: (1) experience and understand the work involved in providing new "added value" to consumers, (2) learn more about milk and dairy products, and (3) understand and take an interest in the dairy industry.



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## Career Education

### Visiting Classes at Elementary Schools

Morinaga Milk began these on-site classes in 2015 to create foundations in children for developing a healthy and rich well-being.

These 45-minute classes use the milk provided each day as part of school lunches to teach children how to interpret the nutritional information printed on the cartons and to think about what is important for physical fitness. From FY 2020, we also began a 45-minute program to think about deliciousness and health while learning about fermentation and manufacturing processes using yogurt as the theme.

**REPORT**

▶ Please see the "Online Initiatives" section (p. 80) for details.

#### Results

	2016	2017	2018	2019	2020
No. of times held	3	4	5	7	3
No. of participants	80	132	327	422	299

### Career Education for Junior and Senior High School Students, and University Students

To foster sensibilities toward a career and working, and to contribute to solving social issues in the field of education, Morinaga Milk employees visit school or give online support for students and their learning. In 2014, Morinaga Milk began cooperating with the Twice Research Institute to develop project-based learning geared toward junior high, high school, and university students to contribute to solving social issues in the education field.

In this program, students work to present their findings on issues we put forward, with the aim of fostering a source of vitality that can be tapped when the students transition to the working world.

Since 2016, we have also conducted a student visitor study program. Students visiting the head office for exploratory career study visits or as part of school trips listen to employees talk about their own careers and how their work is rewarding, and have a simple work experience. From 2020, this program was changed to include SDGs and is now held online. By deepening student understanding about work and the ties between companies and society, Morinaga Milk contributes to

creating opportunities for students as they consider possible careers.

**REPORT**

▶ Please see the "Online Initiatives" section (p. 80) for details.

#### Results: Business Interns

	2016	2017	2018	2019	2020
No. of schools	23	20	19	23	25
No. of participants	1,048	874	774	1,142	980

Note: An increase in the number of participating companies and an increase in the number of available programs has resulted in a reduction in the number of participating students for each company.

#### Results: Exploratory Career Study Visits

	2016	2017	2018	2019	2020
No. of schools	12	27	33	53	1
No. of participants	61	234	282	588	270

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## Tour of Volleyball

Since 2016, Morinaga Milk has been running volleyball clinics around Japan with technical guidance from former national team athletes. These clinics aim to support the growth of female junior high school athletes as well as communicate the importance of food through Morinaga Milk products and services.



Photo from FY 2019

REPORT

▶ Please see the "Online Initiatives" section (p. 80) for details.

### Results

	2016	2017	2018	2019	2020
No. of times held	21	22	23	21	—
No. of participants	2,317	2,277	2,398	2,196	7,773

Note: 2020 figures are counted as the total number of recipients of virtual volleyball notebooks and persons who participated in online remote classes or roundtable discussions.

## Creating an Environment for Nurturing the Next Generation

### Angel 110 Hotline for Free Childrearing Consultations

In May of 1975, when the number of nuclear families was surging in an environment of rapid economic growth, Morinaga started a free childcare telephone consultation service. This service helps mothers who were struggling with taking care of their children in a dramatically changing child-raising environment. The consultation service continues to welcome questions from mothers about their early stages of pregnancy, child-raising, and their children's early years up to elementary school. As of March 31, 2021, the consultation service received 988,279 questions. The questions have spanned the gamut of topics from eating habits ("How much and what should I feed my baby?")

and parental fears ("I have no confidence in my child-raising skills") to child development.

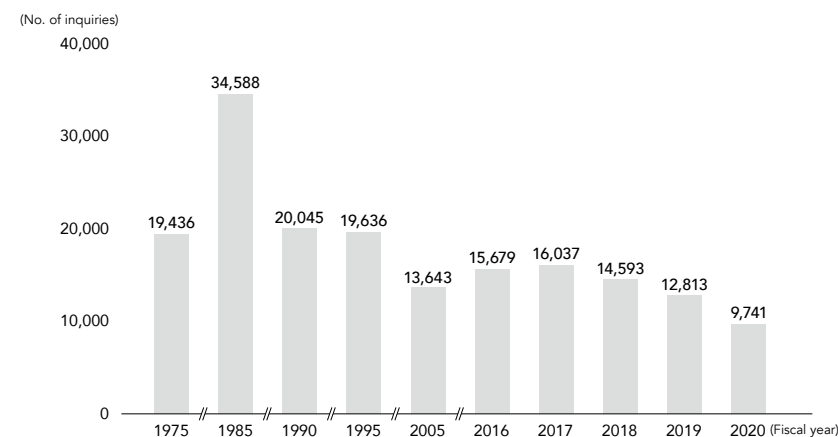
Beyond telephone consultations, Morinaga Milk also takes part in online training as part of the curriculum for nursing college students and holds childcare support seminars for employees.

The consultants listen to the anxieties, troubles, and doubts of the parents of young children, and think through things with them to help them find solutions in order to ease their worries. Morinaga Milk is committed to continuing offering support to anyone who finds themselves facing challenges in pregnancy or child raising.

REPORT

▶ Please see the "Online Initiatives" section (p. 80) for details.

### Angel 110 Hotline Inquiries



Note: The hotline system was partially reduced in FY 2020 to ensure the safety of the counselors in light of the COVID-19 pandemic.

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## Online Initiatives

To prevent the spread of COVID-19 and to respond to the recent shift to ICT in educational settings, Morinaga Milk is moving forward with online initiatives as a new format of communication. Since 2020, we have been developing program content that allows users to experience what could only be previously done in face-to-face visits while working to delivering the same level of value.

### Forest and Food Expedition Team Online Roundtable

Morinaga Milk held an online roundtable discussion with 66 children who had participated in the expedition team in the preceding five years (2015–2019). By looking back at past activities and interacting with past participants, the resulting dialogue helped roundtable members realize how they have grown. We will continue to implement programs that allow participants to understand how their experiences have helped them grow.



### Online Visits to Classes (Elementary School)

Using yogurt as a theme, Morinaga Milk has started an elementary-school program to promote fermentation, with our employees acting as instructors and using slides and videos as instruction materials. Time is set aside for children to interview the instructor, and the program moves forward with two-way online communication. Students learn about familiar dairy products, the mechanisms of yogurt fermentation, the relationship between yogurt and health, and production processes. In FY 2020, 266 elementary school students participated.



## Online Company Visits (Junior High, High School, Technical College)

This program uses videos, individual work example, and real-time Q&A sessions to introduce what Morinaga Milk does to continue contributing to a sustainable society, how its employees work and how they spent their time as students. The program contributes to fostering student awareness about creating a future society through their profession and work while also considering their own connection to the future. Participating students said they were able to grasp the concept of career development, the social role of Morinaga Milk and the company stance toward its products. Instructors noted that they were able to develop concrete images and experience the possibility of such IT-based education, and hoped to continue cooperating with companies using such online tools.

Note: Text and photos are from in-person visits before the implementation of online visits.



## Business Interns

In FY 2020, we asked 980 high school students from 25 schools across Japan to take on the challenge of developing a SNS-based PR project, "Promote the health and beauty of people around the world with bifidobacteria from Japan!" and help us create the future of our company together. By learning about bifidobacteria, students were able to learn about health and world affairs. Morinaga Milk employees worked with the student groups online to provide support. At the national tournament, "Ogyui," a group of second-year high school students from Edogawa Girls' High School in Tokyo who chose Morinaga Milk as their internship company, took the top prize for their project.



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## Tour of Volleyball × Online Volleyball Class

Since the Tour of Volleyball was cancelled in FY 2020 to prevent the spread of COVID-19, we created a virtual volleyball notebook as an alternative. The notebook allows students, who were under practice and activity restrictions because of the pandemic, to experience simulated technical and nutritional guidance. Through Boards of Education nationwide, we distributed 7,000 copies of the virtual volleyball notebook in 22 prefectures. A follow-up remote class via Zoom was also held for notebook users. Follow-up exercises (technical guidance) and roundtable discussions (appealing to health and nutrition) were held with top athletes.

Participants commented that they found the collaborative event between nutrition and sports very interesting and that they were happy to learn about inside stories they would otherwise usually not hear about.



## Angel 110 Hotline Online Roundtable

An online roundtable discussion with Angel 110 Hotline counselors was held for Morinaga Milk employees with the aim of helping to solve employee problems and concerns about child-raising. The discussion included not only advice from hotline counselors about topics such as playing during the COVID-19 pandemic, how parents should approach sibling quarrels, and child development, but also stories from more experienced parents for newer parents, etc., resulting in an active discussion about raising children.





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# 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.





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## 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			
Global human resources development programs					Introduction Program (for mid-career hires)			
					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)

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**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."

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**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.

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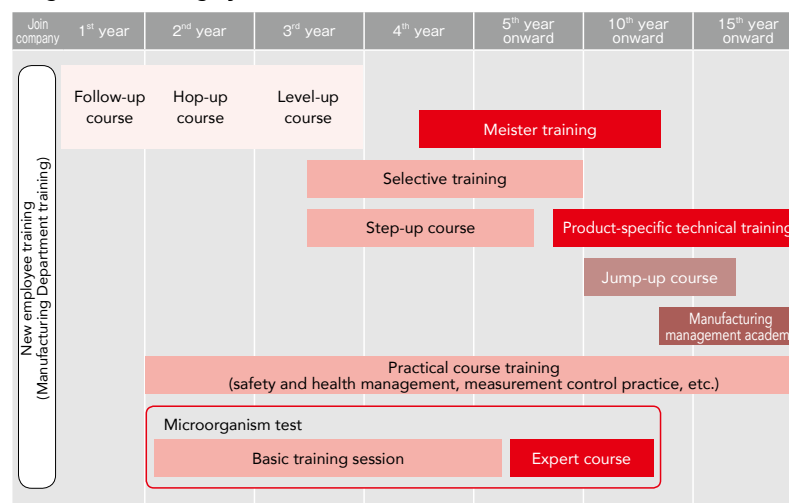
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Diagram of Training System (Production)



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	-
<b>Total</b>	<b>184</b>	<b>255</b>	<b>449</b>	<b>445</b>	<b>540</b>

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.

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**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

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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



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# Corporate Governance

Information about corporate governance is disclosed in our Corporate Governance Report and Integrated Report.

WEB

Corporate Governance Report

▶ <https://www.morinagamilk.co.jp/english/ir/management/governance.html>

Integrated Report

▶ <https://www.morinagamilk.co.jp/english/ir/library/annual.html>

## Basic Approach

We will continue to work on establishing and augmenting a highly effective governance system to sustainable growth and improve corporate value.

## KPIs

Direction of Activities	KPIs	Progress Details for KPIs
Transparent, equitable, prompt, and bold decision-making based on diverse values in Board of Directors' meetings	Evaluation scores and comments in evaluation of the Board of Directors (diversity of the Board of Directors and substance of discussions)	The effectiveness of the Board of Directors was confirmed based on the results of the evaluation. The evaluation results were used to identify issues requiring improvement as the basis for further enhancement of the effectiveness of the Board of Directors. Proportion of independent external directors: 1/3 (six internal directors, three external, including one female external director).
Strengthen the management system	Augment regular committees (Personnel Remuneration Committee, Internal Control Committee, Sustainability Committee)	Personnel Remuneration Committee: Reports to the Board of Directors regarding consideration of results for the establishment of executive compensation rules, etc. (All members attended all seven of the committee meetings in FY 2020. Members are the President and Representative Director, the Executive Vice President and Representative Director, and the three External Directors. Since the External Directors represent the majority of the committee, they can take a majority vote.) Changes to remuneration structure for officers: Ratio of fixed to performance-based remuneration changed from 2:1 to 1:1, ROE added as an evaluation indicator for performance-based remuneration. Internal Control Committee: Formulates the Anti-corruption Policy for works to prevent corruption. Sustainability Committee: The sustainability subcommittee (focusing on TCFD) was newly established to accelerate the adoption of ESG-focused management.

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# Compliance

## Basic Approach

Pursuant to the Code of Conduct, directors and employees thoroughly perform their duties toward the realization of the corporate slogan under the premise that the corporate activities comply with the law, the Articles of Incorporation, company regulations, and social ethics.

REPORT

▶ Please see the "Compliance Code of Conduct" section (p. 99) and "Anti-corruption Policy" section (p. 100) for details.

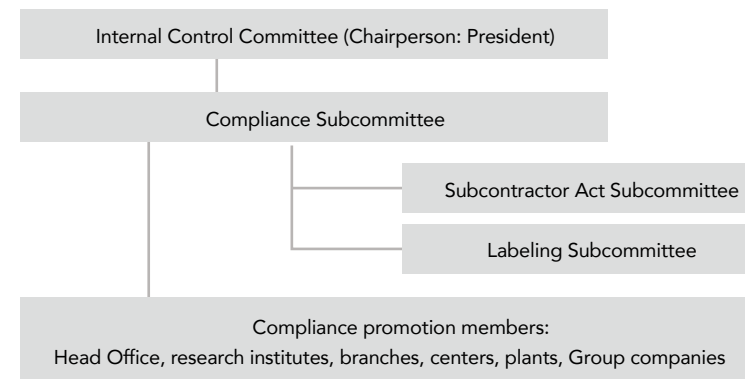
## System

The Morinaga Milk Group has established the Internal Control Committee chaired by the president, along with four subcommittees under its control: the Compliance Subcommittee, the Risk Management Subcommittee, the Financial Reporting Subcommittee, and the Information Security Subcommittee. This system is responsible for internal control of the entire Group and strives to develop the structure underpinning audits.

The promotion of compliance is carried out mainly by the Compliance Subcommittee, which also determines compliance action policy and directs and verifies activities.

Additionally, we confirm conformity to the Compliance Code of Conduct by conducting an annual compliance awareness survey, reviewing progress in terms of compliance using the survey as a reference.

## Compliance Promotion System



## Instilling Compliance Awareness

The Morinaga Milk Group provides rank-based training, organization-based training that includes Group companies, and e-learning in order to instill and consolidate awareness of compliance.

## Compliance Training

Apart from understanding compliance, compliance training covers a variety of topics including the corporate slogan, awareness and actions, etiquette and moral violations, the whistleblower reporting system, harassment, violations of transportation regulations, information leakages, overwork, response to anti-social forces, mental health, labeling issues, and violations of the subcontractor act, among others. From FY 2019, we also began including training regarding our Human Rights Policy and also conduct Human Rights Policy awareness activities within the company.

Targets: Business site-specific training, Group company-specific training: Relevant persons within an organization (all workers in the same organization, including employees, temporary employees, part-time workers, and employees of partner companies, etc.)

## Status of Compliance Training (Morinaga Milk Group)

	2016	2017	2018	2019	2020
Number of participants	3,985	4,984	5,151	4,777	7,801

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## E-Learning

### Targets and Training Content

Morinaga Milk Group employees	Short e-learning compliance class
New leading players	Basic course on corporate ethics and compliance
New managers	Basic series on labor management
Directors and managers of Group companies	Basic course on corporate ethics and compliance, course on sexual harassment prevention, course on power harassment prevention, basic course on workplace mental healthcare for managers, basic approach to labor management, labor management and workplace building

### Implementation of E-Learning for All Group Employees (FY 2020)

	May	August	November	February
Number of participants	6,884	6,947	7,021	6,972
Completion rate (%)	97.3	97.5	97.1	96.8

### Compliance Consultation System: Morinaga Milk Helpline (Whistleblower Reporting System)

The Morinaga Milk Group established the Morinaga Milk Helpline as a contact point for employees to report compliance issues. The Morinaga Milk Helpline is located inside the company and outside the company with lawyers as the recipients of information.

The name of the person, their affiliation and nature of their consultation are protected in accordance with laws, regulations, and in-house rules, which makes it possible for any officer, employee or the like, persons who have left the Group, or the families, etc. of any such persons to report an issue without worry of reprisal. The Morinaga Milk Help Line Secretariat conducts the necessary investigations for consulted or reported cases, with due consideration given to the human rights and privacy of the consulting person as well as the related parties. When a situation is found to be inappropriate, the applicable department and persons involved are notified and instructed to make improvements, etc. Afterward, the applicable department and the person who originally consulted are asked to confirm improvements, and a report is made to the Compliance Subcommittee, the Internal Control System Committee, etc. so the matter can be used to improve compliance measures. For consultations or questions about the reporting person's duties, the matter will be directed to legal counsel as needed to obtain advice on how to deal with the issue.

For employees of overseas consolidated bases, since 2019 we have operated a reporting website that supports English and German submissions and responses. The cumulative number of reports is currently zero.

In addition, the Compliance Subcommittee receives quarterly reports on the status of the help line and makes necessary improvements to the internal structure.

### Consultations Received by the Morinaga Milk Helpline

	2016	2017	2018	2019	2020
Total number of consultations	53	46	44	41	47

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# Information Security

## Basic Approach

The Morinaga Milk Group's basic approach aims to improve performance by maintaining and managing the confidentiality, integrity, and availability of all its information assets and to make proactive use of such assets. This approach is made known to all officers and employees.

In addition, to respond to changes in the external environment and to make the information security management more reliable, the Group decides and reviews the relevant rules as appropriate.

## System

The Morinaga Milk Group has established the Internal Control Committee chaired by the president, along with the Information Security Subcommittee under it. The subcommittee meets once per month to identify issues concerning the Group's information security as well as to plan and implement responses and spearhead audits. The Information Security Subcommittee also plans and implements reliable information security countermeasures.

For departments and Group companies, the head of each organization is responsible for information security.

We also established a Technical Information Subcommittee in 2019 to strengthen our management system for confidential information.

## Information Security Organization



## Information Security Countermeasures

## Occurrence of a Serious Information Security Incident

In April 2018, the servers of the Morinaga Milk Group's e-commerce site were illegally accessed by an external party, and the leak of credit card information and other personal information of customers was confirmed. An investigation by a third-party organization was requested and countermeasures were implemented. The Morinaga Milk Group sincerely apologizes for the inconvenience caused to many customers.

WEB

Apology concerning the leakage of customer information from the health foods e-commerce site and notification of investigation results  
 ▶ <https://www.morinagamilk.co.jp/release/newsentry-2899.html> (Japanese only)

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## Handling Incidents such as Information Leakages

When an incident such as an information leakage has been confirmed, prompt action will be taken in accordance with the handling standards for emergency problems.

When a situation has occurred, a countermeasures headquarters chaired by the president will be established to promptly disseminate information to all board members and related departments, and work to solve the emergency.

Also, if an investigation confirms violations of laws and regulations by subcontractors, employees, etc., the response will be sanction of dismissal, criminal charges, pursuit of civil liability, or the like.

## Initiatives for Information Security Countermeasures

Morinaga Milk gives priority to illegal access countermeasures when a serious incident occurs.

In addition to technical and physical measures, Morinaga Milk also takes ongoing system measures, such as reviewing security standards (rules) and further strengthening against vulnerabilities, etc.

Moreover, as a countermeasure against increasingly sophisticated cyberattacks, Morinaga Milk provides targeted e-mail attack training for all employees and implements virus countermeasures for information equipment.

### Training on Information Security Management

Morinaga Milk Group is working to strengthen the awareness of information security among all employees through targeted e-mail attack training, e-learning and compliance training. About 5,500 employees throughout the Group have completed such training through e-learning.

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

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.

<sup>\*1</sup> 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](https://research.ftserussell.com/products/downloads/F4G_BMS_Criteria.pdf)

Est. March 2021



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## 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.

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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

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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” <sup>(\*)1</sup> and “Guiding Principles” <sup>(\*)2</sup> 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.

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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.

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## 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

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## 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



# Third Party Assurance

Lloyd's Register Quality Assurance Limited guarantees the energy consumption and CO<sub>2</sub> emission results (Scope 1, Scope 2) for FY 2020 described on pages 42 to 43 of this Data Book as reliable.

Morinaga Milk will continue to work to improve the reliability of environmental data.

For the scope of aggregation, see "Third Party Assurance of Actual Data and Scope of Aggregation." (→ p. 41)



## LR Independent Assurance Statement

Relating to Morinaga Milk Group's Environmental Data within Sustainability Page of its Corporate Website for the Fiscal Year 2020

This Assurance Statement has been prepared for MORINAGA MILK INDUSTRY CO., LTD. in accordance with our contract but is intended for the readers of this report.

### Terms of Engagement

Lloyd's Register Quality Assurance (LR) was commissioned by MORINAGA MILK INDUSTRY CO., LTD. ("the Company") to provide independent assurance on its environmental data disclosed in Sustainability page of its Corporate Website ("the report") for the fiscal year 2020 (from 1 April 2020 to 31 March 2021), against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE3000 (Revised) and ISO 14064-3 for Greenhouse gas ("GHG") emissions data.

Our assurance engagement covered the Company's operations and activities at 12 manufacturing plants and its consolidated subsidiaries (14 companies, 17 factories) in Japan and specifically the following requirements:<sup>1</sup>

- Verifying conformance with the Company's reporting methodologies for the selected dataset;
- Evaluating the accuracy and reliability of data for only the selected environmental datasets listed below:<sup>2</sup>
  - Scope 1 GHG emissions (Tonnes CO<sub>2</sub>)<sup>3</sup>
  - Scope 2 GHG emissions [market-based] (Tonnes CO<sub>2</sub>)
  - Total energy consumption (MWh)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe the Company has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable environmental data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

<sup>1</sup> The performance data relating Akita Orion Food in the Tohoku Morinaga Milk, Akita Plant site is included.

<sup>2</sup> GHG quantification is subject to inherent uncertainty.

<sup>3</sup> The scope covers only energy-oriented CO<sub>2</sub>. And fuel consumption and CO<sub>2</sub> emissions from non-production uses are not included in the aggregate results.



### LR's Approach

LR's assurance engagements are carried out in accordance with ISAE3000 and ISO14064-3 for GHG emissions. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical data and records associated with GHG emissions and energy consumption for the fiscal year 2020; and
- By implementing the Company's "No Visitor" Policy due to the global infection spread of COVID-19, conducting the remote verification to Chukyo plant of MORINAGA MILK INDUSTRY CO., LTD. and FUJI MORINAGA DAIRY CO., LTD. for confirming the effectiveness of its data management systems via emails, telephone, and Google meet. For the head office, it was implemented by face-to-face verification.

### Observations

Further observations and findings, made during the assurance engagement, are:  
The Company should further demonstrate the accuracy and reliability of its future reports. This is particular to ensure effective internal verification processes at both the corporate head office and site levels.

### LR's Standards, Competence and Independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases - Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021-1 Conformity assessment - Requirements for bodies providing audit and certification of management systems - Part 1: Requirements that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed

Dated: 10 July 2021

*Saeiko Shimizu*

Saeiko Shimizu

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited  
10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

LR reference: YKA00000882



Table 1. Summary of MORINAGA MILK Group's environmental data fiscal year 2020:

Scope	
Scope 1 GHG emissions	185,779 tonnes CO <sub>2</sub>
Scope 2 GHG emissions (Market-based)	133,663 tonnes CO <sub>2</sub>
Total energy consumption	1,298,901 MWh

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# The United Nations Global Compact Index

This is a comparison table for the 10 principles of the Global Compact advocated by the United Nations and Morinaga Milk efforts towards each principle.

The Principles of the United Nations Global Compact	Applicable page
<b>Human Rights</b>	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human Rights (52), Human Rights Policy (95)
Principle 2: make sure that they are not complicit in human rights abuses.	Human Rights (52), Human Rights Policy (95), Procurement Policy (96)
<b>Labour</b>	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Management-Labor Dialogue (59), Human Rights Policy (95)
Principle 4: the elimination of all forms of forced and compulsory labour;	Human Rights (52), Human Rights Policy (95)
Principle 5: the effective abolition of child labour; and	Human Rights (52), Human Rights Policy (95)
Principle 6: the elimination of discrimination in respect of employment and occupation.	Diversity & Inclusion (55), Human Rights Policy (95)
<b>Environment</b>	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	The Environment (37), Environmental Policy (95), Procurement Policy (96)
Principle 8: undertake initiatives to promote greater environmental responsibility; and	The Environment (37), Environmental Policy (95)
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	The Environment (37), Environmental Policy (95)
<b>Anti-Corruption</b>	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Compliance (90), Compliance Code of Conduct (99), Anti-corruption Policy (100)

# GRI Content Index

This data book uses GRI Standards as reference.

The following data book also include disclosures.

WEB

## Integrated Report

▶ <https://www.morinagamilk.co.jp/english/ir/library/annual.html>

## Corporate Governance Report

▶ <https://www.morinagamilk.co.jp/english/ir/management/governance.html>

Disclosure		Applicable page
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016		
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102-1	Name of the organization	About Us (6)
102-2	Activities, brands, products, and services	About Us (6, 7, 8), Health and Nutrition (28, 32-34), The Environment (47), Supply Chains (70)
102-3	Location of headquarters	About Us (6)
102-4	Location of operations	About Us (6)
102-5	Ownership and legal form	About Us (6)
102-6	Markets served	About Us (6)
102-7	Scale of the organization	About Us (6)
102-8	Information on employees and other workers	About Us (6), Human Rights (52), Human Resource Development (82)
102-9	Supply chain	About Us (6), Seven Priority Issues (20)
102-10	Significant changes to the organization and its supply chain	About Us (6)
102-11	Precautionary Principle or approach	Seven Priority Issues (20)
102-12	External initiatives	Sustainability at Morinaga Milk (15)
102-13	Membership of associations	Sustainability at Morinaga Milk (15), The Environment (50, 51), Supply Chains (69, 70)
Strategy		
102-14	Statement from senior decision-maker	Integrated Report
102-15	Key impacts, risks, and opportunities	Seven Priority Issues (20)
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102-16	Values, principles, standards, and norms of behavior	Corporate Mission (9)
102-17	Mechanisms for advice and concerns about ethics	Compliance (90)
Governance		
102-18	Governance structure	Integrated Report, Corporate governance Report
102-19	Delegating authority	Integrated Report, Corporate governance Report
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability at Morinaga Milk (13, 14)
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability at Morinaga Milk (13, 14)
102-22	Composition of the highest governance body and its committees	Integrated Report, Corporate governance Report
102-23	Chair of the highest governance body	Integrated Report, Corporate governance Report
102-24	Nominating and selecting the highest governance body	Integrated Report, Corporate governance Report
102-25	Conflicts of interest	Compliance (90), Corporate governance Report
102-26	Role of highest governance body in setting purpose, values, and strategy	Integrated Report, Corporate governance Report
102-27	Collective knowledge of highest governance body	Integrated Report, Corporate governance Report
102-28	Evaluating the highest governance body's performance	Integrated Report, Corporate governance Report
102-29	Identifying and managing economic, environmental, and social impacts	Sustainability at Morinaga Milk (13, 14)
102-30	Effectiveness of risk management processes	Integrated Report, Corporate governance Report

102-31	Review of economic, environmental, and social topics	Integrated Report, Corporate governance Report
102-32	Highest governance body's role in sustainability reporting	
102-33	Communicating critical concerns	
102-34	Nature and total number of critical concerns	
102-35	Remuneration policies	Integrated Report, Corporate governance Report
102-36	Process for determining remuneration	Integrated Report, Corporate governance Report
102-37	Stakeholders involvement in remuneration	Integrated Report, Corporate governance Report
102-38	Annual total compensation ratio	Integrated Report, Corporate governance Report
102-39	Percentage increase in annual total compensation ratio	Integrated Report, Corporate governance Report
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	Sustainability at Morinaga Milk (14), Human Rights (52)
102-41	Collective bargaining agreements	Human Rights (59), Policies, Philosophy and Principles (95)
102-42	Identifying and selecting stakeholders	Sustainability at Morinaga Milk (14), Human Rights (52)
102-43	Approach to stakeholder engagement	Sustainability at Morinaga Milk (14), Human Rights (52)
102-44	Key topics and concerns raised	Seven Priority Issues (17)
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	About Us (6), Integrated Report, Financial Results
102-46	Defining report content and topic Boundaries	Editorial Policy (5)
102-47	List of material topics	Seven Priority Issues (17)
102-48	Restatements of information	
102-49	Changes in reporting	
102-50	Reporting period	Editorial Policy (5)
102-51	Date of most recent report	Editorial Policy (5)
102-52	Reporting cycle	Editorial Policy (5)
102-53	Contact point for questions regarding the report	Editorial Policy (5)
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102-55	GRI content index	GRI Content Index (103-110)
102-56	External assurance	Third Party Assurance (101)
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<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	Integrated Report
201-2	Financial implications and other risks and opportunities due to climate change	
201-3	Defined benefit plan obligations and other retirement plans	
201-4	Financial assistance received from government	
<b>Market Presence</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
<b>GRI 202: Market Presence 2016</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
202-2	Proportion of senior management hired from the local community	

Indirect Economic Impacts		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	
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103-3	Evaluation of the management approach	Supply Chains (63), Policies, Philosophy and Principles (96)
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Compliance (90), Policies, Philosophy and Principles (100)
103-2	The management approach and its components	Compliance (90), Policies, Philosophy and Principles (100)
103-3	Evaluation of the management approach	Compliance (90), Policies, Philosophy and Principles (100)
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205-2	Communication and training about anti-corruption policies and procedures	Compliance (90, 91), Policies, Philosophy and Principles (100)
205-3	Confirmed incidents of corruption and actions taken	
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103-2	The management approach and its components	Compliance (90), Policies, Philosophy and Principles (99)
103-3	Evaluation of the management approach	Compliance (90), Policies, Philosophy and Principles (99)
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
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207-3	Stakeholder engagement and management concerns related to tax	
207-4	Country-by-country reporting	
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103-3	Evaluation of the management approach	Seven Priority Issues (17), The Environment (37), Policies, Philosophy and Principles (95)
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301-2	Recycled input materials used	The Environment (45, 46, 47, 48)
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302-3	Energy intensity	The Environment (42)
302-4	Reduction of energy consumption	The Environment (42)
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103-3	Evaluation of the management approach	Seven Priority Issues (17), The Environment (37), Policies, Philosophy and Principles (95)
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304-2	Significant impacts of activities, products, and services on biodiversity	The Environment (51), Human Rights (54), Supply Chains (69, 70)
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304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
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103-2	The management approach and its components	Seven Priority Issues (17), The Environment (37), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), The Environment (37), Policies, Philosophy and Principles (95)
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305-6	Emissions of ozone-depleting substances (ODS)	The Environment (42, 44)
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103-3	Evaluation of the management approach	Seven Priority Issues (17), The Environment (37), Policies, Philosophy and Principles (95)
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103-2	The management approach and its components	The Environment (37), Supply Chains (63), Policies, Philosophy and Principles (95, 96)
103-3	Evaluation of the management approach	The Environment (37), Supply Chains (63), Policies, Philosophy and Principles (95, 96)
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103-3	Evaluation of the management approach	Human Rights (52), Human Resource Development (82), Policies, Philosophy and Principles (95)
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401-1	New employee hires and employee turnover	Human Rights (55, 56)
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	
401-3	Parental leave	Human Rights (57)
Labor/Management Relations		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Human Rights (59)
103-2	The management approach and its components	Human Rights (59)
103-3	Evaluation of the management approach	Human Rights (59)
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Human Rights (59)
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Human Rights (60)
403-2	Hazard identification, risk assessment, and incident investigation	Human Rights (60)
403-3	Occupational health services	Human Rights (60)
403-4	Worker participation, consultation, and communication on occupational health and safety	Human Rights (60)
403-5	Worker training on occupational health and safety	Human Rights (62)
403-6	Promotion of worker health	Human Rights (58, 60), Human Resource Development (87)
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Rights (60)
403-8	Workers covered by an occupational health and safety management system	Human Rights (60)
403-9	Work-related injuries	Human Rights (61)
403-10	Work-related ill health	Human Rights (60), Human Resource Development (87)
Training and Education		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Resource Development (82)

103-2	The management approach and its components	Seven Priority Issues (17), Human Resource Development (82)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Resource Development (82)
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Non-disclosure
404-2	Programs for upgrading employee skills and transition assistance programs	Human Resource Development (82)
404-3	Percentage of employees receiving regular performance and career development reviews	Human Resource Development (82)
<b>Diversity and Equal Opportunity</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52, 55), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52, 55), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52, 55), Policies, Philosophy and Principles (95)
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Human Rights (55), Corporate governance Report
405-2	Ratio of basic salary and remuneration of women to men	Non-disclosure
<b>Non-discrimination</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Human Rights (53), Compliance (91)
<b>Freedom of Association and Collective Bargaining</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights (54, 59)
<b>Child Labor</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
<b>GRI 408: Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Human Rights (54)
<b>Forced or Compulsory Labor</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
<b>GRI 409: Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights (54)
<b>Security Practices</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
<b>GRI 410: Security Practices 2016</b>		
410-1	Security personnel trained in human rights policies or procedures	Human Rights (53)

<b>Rights of Indigenous Peoples</b>		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	
<b>Human Rights Assessment</b>		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-2	The management approach and its components	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Human Rights (52), Policies, Philosophy and Principles (95)
GRI 412: Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	Human Rights (52)
412-2	Employee training on human rights policies or procedures	Human Rights (52, 53)
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
<b>Local Communities</b>		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Nurturing the Next Generation (76)
103-2	The management approach and its components	Seven Priority Issues (17), Nurturing the Next Generation (76)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Nurturing the Next Generation (76)
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	
413-2	Operations with significant actual and potential negative impacts on local communities	
<b>Supplier Social Assessment</b>		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Supply Chains (63), Policies, Philosophy and Principles (96)
103-2	The management approach and its components	Seven Priority Issues (17), Supply Chains (63), Policies, Philosophy and Principles (96)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Supply Chains (63), Policies, Philosophy and Principles (96)
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	
414-2	Negative social impacts in the supply chain and actions taken	Human Rights (54), Supply Chains (63)
<b>Public Policy</b>		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 415: Public Policy 2016		
415-1	Political contributions	
<b>Customer Health and Safety</b>		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (17), Supply Chains (63), Policies, Philosophy and Principles (96)
103-2	The management approach and its components	Seven Priority Issues (17), Supply Chains (63), Policies, Philosophy and Principles (96)
103-3	Evaluation of the management approach	Seven Priority Issues (17), Supply Chains (63), Policies, Philosophy and Principles (96)
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Seven Priority Issues (17), Supply Chains (63)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	

Marketing and Labeling		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Health and Nutrition (27), Supply Chains (63), Policies, Philosophy and Principles (94)
103-2	The management approach and its components	Health and Nutrition (27), Supply Chains (63), Policies, Philosophy and Principles (94)
103-3	Evaluation of the management approach	Health and Nutrition (27), Supply Chains (63), Policies, Philosophy and Principles (94)
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Health and Nutrition (27), Policies, Philosophy and Principles (94)
417-2	Incidents of non-compliance concerning product and service information and labeling	
417-3	Incidents of non-compliance concerning marketing communications	
Customer Privacy		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Information Security (92)
103-2	The management approach and its components	Information Security (92)
103-3	Evaluation of the management approach	Information Security (92)
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security (92)
Socioeconomic Compliance		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Compliance (90), Policies, Philosophy and Principles (99)
103-2	The management approach and its components	Compliance (90), Policies, Philosophy and Principles (99)
103-3	Evaluation of the management approach	Compliance (90), Policies, Philosophy and Principles (99)
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	Compliance (90)

