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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, in procuring raw materials, the Morinaga Milk Group implements procurement focused on consideration for the environment and human rights across the supply chain based on the approach in the Procurement Policy of the Morinaga Milk Group.

Morinaga Milk Group Quality Policy

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.

Quality Policy

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.

September 2017
Michio Miyahara
President and Representative Director
Morinaga Milk Industry Co., Ltd.

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Morinaga Milk Group 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.

Procurement Policy

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 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.

September 2017
Michio Miyahara
President and Representative Director
Morinaga Milk Industry Co., Ltd.

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System

Morinaga Milk CSR 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.

*The Quality Rules not only comply with laws and regulations and voluntary industry standards, etc., but also set internal standards that exceed industry levels.

Quality Assurance System of the Morinaga Milk Group



KPIs

Direction of activities	KPIs
Efficient supplier management corresponding to material risk	Strengthen mechanism for evaluating supplier management level depending on each material's risk (1)
Create a system for providing safe and high-quality products	Acquire FSSC 22000 certification at all of the Group's 29 plants by FY 2020 (2)* *The number of applicable plants has changed to 23 due to reasons such as manufacturing stoppages.
Respond to supply chain risks for main raw materials	Purchase main raw materials from multiple companies and geographically diverse purchasing
	Expand use of RSPO-certified palm oil

Progress on main KPIs (corresponding to number on the table):

(1) Classification and evaluation of raw materials
Class-based supplier audits conducted at 23 factories in FY 2019
(2) Number of factories certified: 10 (Japan)
Certification achieved at four plants in FY 2019 (Japan)

Quality Initiatives with Suppliers

Raising Quality Levels Together with Suppliers

Morinaga Milk conducts business with many suppliers, both for the procurement of various raw materials such as milk, 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.

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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.

Number of Companies Participating in Quality Improvement Seminar

	2015	2016	2017	2018	2019
No. of participating companies	28	23	24	20	24

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 visits local plants overseas as needed and conducts audits the same way as in Japan. 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.

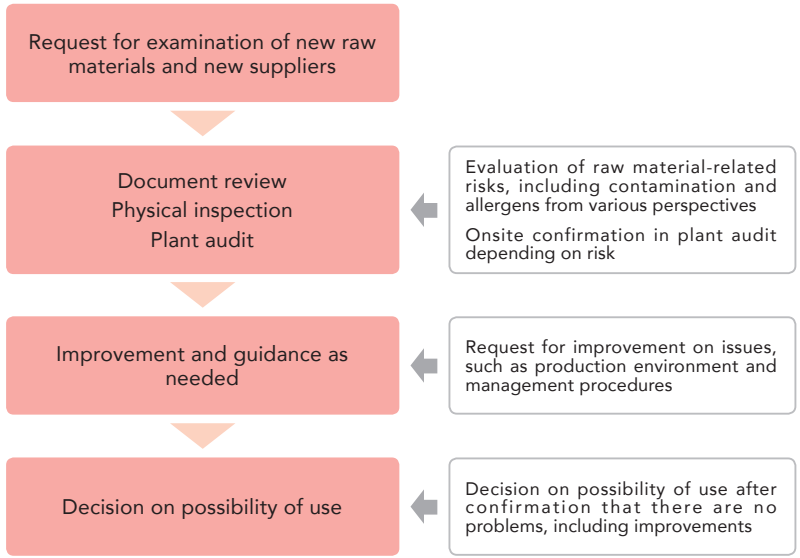
In FY 2019, the Group conducted audits of its business partners, mainly in Europe, to improve the supply system.

There were no significant risk incidents in FY 2019.

Audits Conducted

	2016	2017	2018	2019
Morinaga Milk plants (no.)	9	28	31	28
Contractors (no.)	44	53	40	34
Suppliers (no.)	56	47	31	23
Total (no.)	109	128	102	85

Basic Flow for Use of New Raw Materials



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Aiming to Improve Distribution Quality

The Morinaga Milk Group holds distribution quality seminars for partner companies to which it outsources transportation for product distribution and warehouse cargo handling. The aim of these seminars is to improve distribution quality levels by presenting reports on distribution quality activities and examples of initiatives at partner companies, sharing information, and engaging in vigorous discussion, as well as strengthen the collaboration required to achieve this aim.

In 2019, 49 logistics partner companies, all Morinaga Milk Group production plants, the Manufacturing Department (Head Office) and centers took part, sharing issues and presenting examples of initiatives related to maintaining product quality, precision of operations, and safety. Morinaga Milk has established targets for maintaining distribution quality, precision of operations, and safety. Progress is confirmed through such means as holding regular monthly meetings of distribution departments between business sites and regular meetings with partner companies as part of cooperation with them to achieve corporate targets.

Continuing efforts are made to improve distribution quality by holding meetings with logistics partner companies and creating opportunities for them to learn about the product characteristics of the liquid foods and nursing care foods of CLINICO Co., Ltd. and the points to note in product transportation.

In addition, efforts are being made to further improve the quality of distribution through creating manuals for transport and delivery crews entering and exiting logistics centers, preparing action plan sheets to give concrete shape to the PDCA for annual warehouse checks, and strengthening the systems for improving product warehousing issues, with collaboration between Head Office and each business site.

Ensuring a Stable Supply of Quality Domestic Raw Milk

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



The Dairy Farm Services Department at the Manufacturing Division sends representatives from Morinaga Milk's six Dairy Farm Services Offices nationwide to visit dairy farmers in their 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.

In addition, in order to enhance these activities promoting production in dairy farming, the Dairy Sustainability Group was established within the Dairy Farm Services Department at the Manufacturing Division in January 2019 to extend the support system.

Going forward, Morinaga Milk will continue to work toward sustainable dairy farms in partnership with dairy farmers.

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, at the farm of Morinaga Dairy Service Co., Ltd., a Morinaga Milk Group company, a dairy breeding cattle contracting business was established. The motto of this business is "Raising healthy and strong cattle." The business contracts out cattle breeding to enable dairy farmers to focus on raw milk production.

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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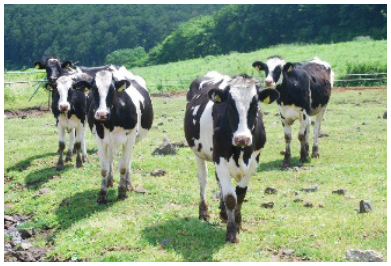
Plant Tours for Dairy Farmers

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.

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. Association activities include Dairy Farming Management Presentation Meetings to introduce unique and leading-edge domestic management approaches. Activities also include barn meetings, where progressive dairy farmers in local regions can exchange information at their farms as well as gain knowledge from both Japan and overseas. Morinaga also provides training for up-and-coming dairy farmers of the next generation, both in Japan and abroad, to contribute to the sustainable development of dairy farming.



Initiatives Aimed at Stable Supply of Dairy Ingredients

Morinaga Milk also procures dairy ingredients from Oceania, the U.S., and Europe among other places. However, as there is a risk of impact from climate change and international conditions, Morinaga Milk aims to secure as many purchasing channels as possible to create a system for ensuring the consistent purchase of dairy ingredients with stable quality at an appropriate price.
In addition, Morinaga Milk research centers and plants are collaborating on research so that new dairy ingredients can be used in preparation for any future shortages of milk raw materials.

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Procurement Focused on Consideration for the Environment and Human Rights

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*1 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*2 palm oil since 2018, and has purchased 100 % of the needed palm oil this way in FY 2019. Going forward, we will work toward switching to Mass Balance*3 supply with FY 2028 as the target for achievement.



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

With regards to beverages, such as coffee and tea, Morinaga Milk currently uses Rainforest Alliance-certified*4 raw materials for some products, including *Mt. RAINIER Deep Espresso*.

In addition, with regards to paper, Morinaga Milk uses FSC®-certified*5 paper for the paper sleeves for *MOW* and for the packing boxes used with *Pino* and *PARM*. The goal for ice cream products is to transition to FSC®-certified paper for paper materials that are replaceable by 2020.

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, of 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.

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

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

*3 Mass Balance
A certification model in which certified palm oil from certified palm oil plantations is mixed with other non-certified palm oil during the distribution process. Although it contains non-certified palm oil, certified plantations and their purchased volumes are guaranteed.

*4: Rainforest Alliance certification
Rainforest Alliance certification is a certification by the Rainforest Alliance, an NPO. The certification is only granted to plantations that meet strict standards in such areas as protecting forests and ecosystems, preserving soil and water resources, improving the labor environment, and providing livelihood security, thereby protecting the global environment and ensuring sustainable living.

*5: 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.

CERTIFIED SUSTAINABLE PALM OIL ™
RSPO
4-1016-18-100-00
Check our progress at www.rspo.org

RAINFOREST ALLIANCE CERTIFIED

FSC
www.fsc.org
FSC® N002235
The mark of responsible forestry

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 "Human Rights" section (p. 42) for details.

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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 65 companies and groups*, which includes retailers and consumer goods manufacturers.

JaSPON Japan Sustainable Palm Oil Network

*as of May 31, 2020.

Internal Quality Initiatives at Morinaga Milk

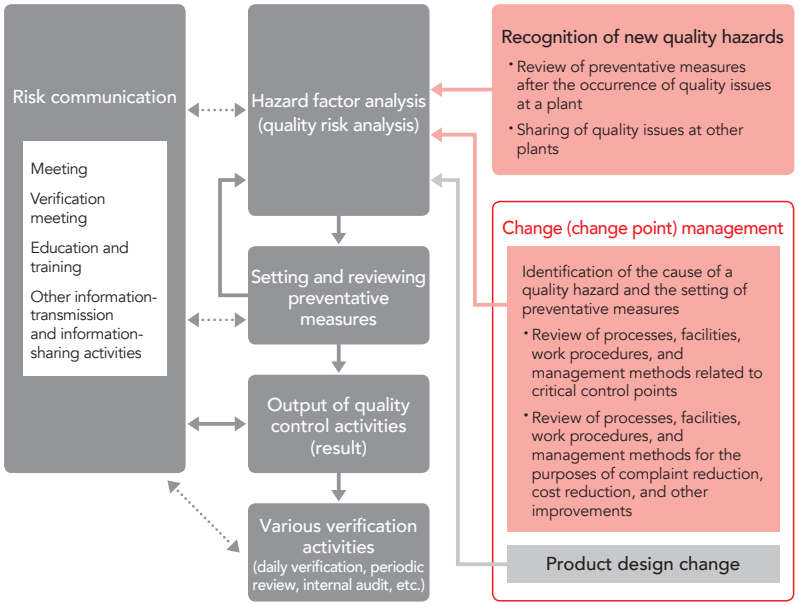
The Morinaga Milk Group operates a quality management system that emphasizes hazard analysis and verification based on FSSC 22000*, which is an international certification scheme for food safety management systems, with some quality management elements added to the scheme.

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. 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 aims to obtain FSSC 22000 company-wide.

The entire Morinaga Milk Group is working toward FSSC 22000. Ten plants in Japan had obtained certification by FY 2019. Plans call for certification of 23 other plants by FY 2020.

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 understand FSSC 22000 correctly and continue to produce safe and reliable products. 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 September 2019, there are 71 employees 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. 42) 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 "Human Resource Development" section (p. 74) for details.

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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 2019.

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.
   (3) Guiding principles
   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?

2. Initiative Policy
   (1) Management commitment
   We publish and share the following messages from management on our website and in the Integrated Report.
   1) We will continue to supply products and services with meaningful value that provides customer satisfaction and empathy.
   2) We will establish the Basic Policy on Customer Satisfaction and the Guiding Principles in accordance with ISO 10002 and continue striving actively to improve customer service.
   3) We will continue to provide products with recognized value that match customer needs.
   (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.

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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.

April 1, 2017
Michio Miyahara
President and Representative Director
Morinaga Milk Industry Co., Ltd.

WEB Voluntary Declaration on Consumer Orientation
▶ 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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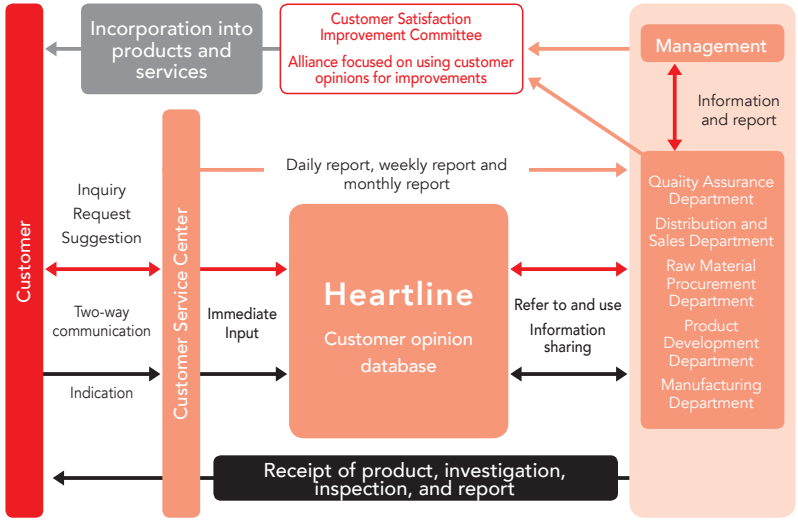
System to Take Advantage of Customer Opinions



*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 2019, Morinaga Milk received approximately 63,000 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

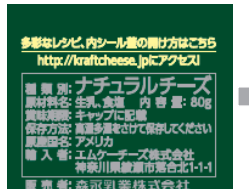
Customer complaints and comments are also compiled into a daily report that is shared with management and the heads of the relevant departments, including the president. In addition, we have developed a mechanism for prompt collaboration with management and the relevant departments in the event that 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.

In FY 2019, we made it easier to understand how to open "*KRAFT 100% Parmesan Cheese*" based on customer comments.



Previous packaging



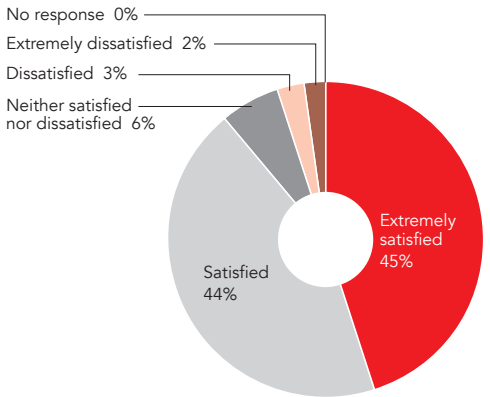
Packaging after changes

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 interactions with the persons they contact through the telephone service and deal with later in the consultation process (including visits). 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 2019, 89% of customers responded that they were "extremely satisfied or satisfied" in terms of overall satisfaction with our service.

Overall Satisfaction with Service



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Mechanism for Improving Customer Satisfaction (Customer Satisfaction Training/Heartline Training)

Morinaga Milk provides "Customer Satisfaction Training" and "Heartline Training" to enhance a customer-oriented approach among employees.

Customer Satisfaction Training is conducted by instructors at branches and plants, while "Heartline Training," in which employees listen to live interactions with customers at a Customer Service Office, aims to share the voices of customers and the systems that make use of those voices with employees so that they can develop a customer-oriented approach in their daily operations.


Heartline Training

Results of Customer Satisfaction Training

	2015	2016	2017	2018	2019
No. of times held	25	24	32	30	21
No. of participants	735	981	1,367	1,378	1,052

Heartline Training Results

	2015	2016	2017	2018	2019
No. of times held	64	62	76	73	38
No. of participants	95	107	143	81	87

*Both training systems have been suspended since March 2019 as a measure against COVID-19.

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.

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.

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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 2019, we confirmed safety in disasters such as Typhoon No. 19 (Typhoon Hagibis).



Disaster prevention training at Head Office



Disaster prevention training at the Tone Plant

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 who will contribute to creating a sustainable society.

Morinaga Milk believes that since it is people who create society, cultivating 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.

System

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

KPIs

Direction of activities	KPIs
Provide a place to learn about food culture and nutrition in order to acquire the basic skills to live healthy and enjoyable lifestyles (food education classes, KidZania)	Total participants over three-year period starting in 2019: 300,000 (1)
Provide a place to learn about the gifts of nature and the techniques and research that utilize them (plant tours, Expedition of Woods and Food, career education)	Same as above
Establish an environment for nurturing the next generation	Provide ongoing consultation on infants with the Angel 110 Hotline; handle calls from a total of 1 million people by FY 2020 (2)

Progress on main KPIs (corresponding to number on the table):

(1) Approximately 100,000 visitors, including KidZania visits, factory tours, and company visits
Number of participants in company visits in FY 2019: approximately 600 (approximately twice the number for the previous year)

(2) Advice provided to over 980,000 callers
In 2020, we will mark the 45th anniversary of the establishment of this service. We will continue to enhance our public information activities

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.



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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.

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.

Career Education

Visiting Classes at Elementary Schools

Morinaga Milk began these on-site classes in 2015 with the aim of leveraging our advanced milk technologies to create foundations in children for developing a healthy and rich well-being.

Elementary school is a vital period in a child's growth. Using the familiar ingredient of milk, these 45-minute classes teach children to interpret the nutritional information on milk cartons and to think about the meaning of why school lunches provide a serving of milk each day.

Results

	2015	2016	2017	2018	2019
No. of times held	1	3	4	5	7
No. of participants	31	80	132	327	422

Career Education for Junior and Senior High School Students

It has been pointed out that changes in social structures and values have resulted in less-than-ideal occupational and work attitudes. In 2014, Morinaga Milk began cooperating with 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 as a member of the company to present their findings on issues we put forward. This program aims to nurture a healthy occupational, work and moral attitude that will serve as a source of vitality when the students transition to the working world.

Morinaga Milk employees participate and provide advice through school visits or by working with students over the internet to support their efforts.

Since 2016, we have also conducted a student visitor program. Students visiting headquarters for exploratory career study visits or as part of school trips listen to employees talk about their own careers or have a mini-work experience. 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.

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Results: Business Interns

	2015	2016	2017	2018	2019
No. of schools	20	23	20	19	23
No. of participants	1,000	1,048	874	774	1,142

*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
No. of schools	12	27	33	53
No. of participants	61	234	282	588

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.



Results

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

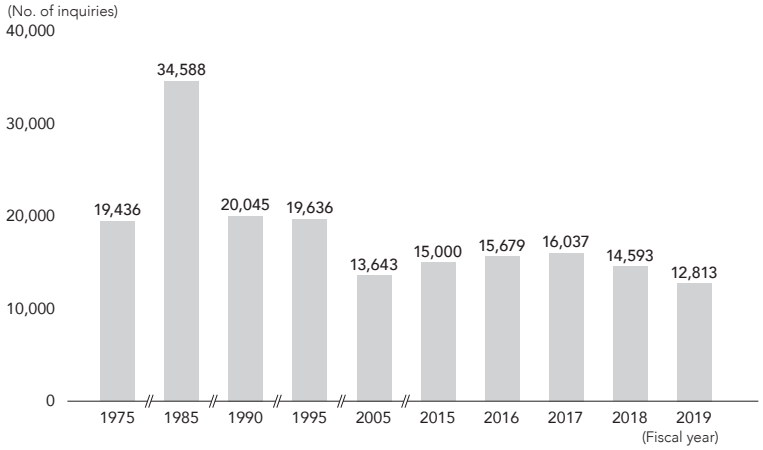
Creating an Environment for Nurturing the Next Generation

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, 2020, the consultation service received 978,338 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 nursing student programs 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.

Angel 110 Hotline Inquiries



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Human Resource Development

Basic Approach

We will focus on developing human resources who can achieve "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 up new challenges together with enthusiasm and energy, while also valuing the achievements of the past.

To instill a corporate culture of embracing challenges, 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 CSR 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.

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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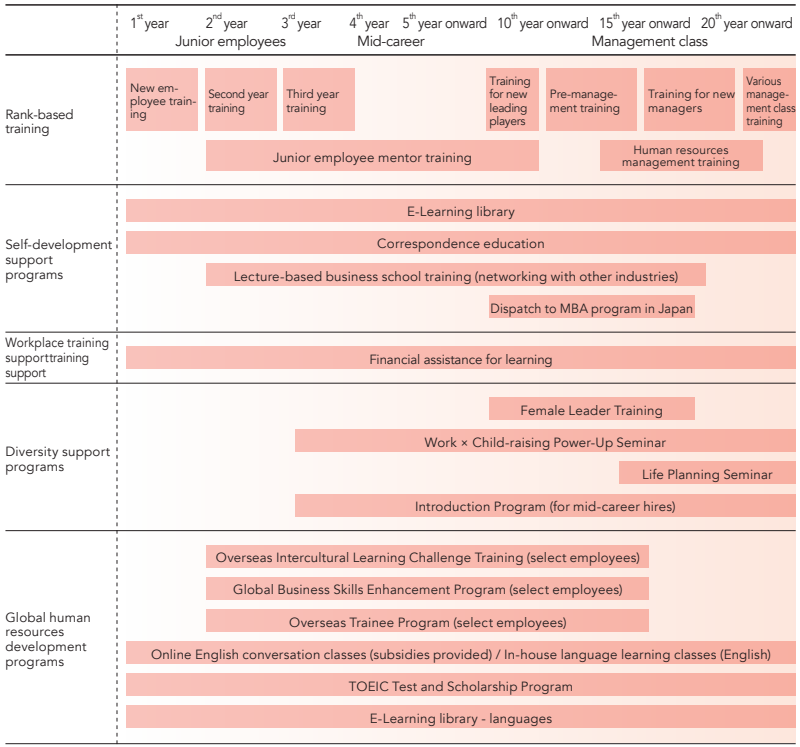
Human Resource Development System



KPIs

Direction of activities	KPIs
Promote the Corporate Slogan	Hold annual forum open to all employees
Encourage the independent growth of each individual employee by pursuing diversity	Provide ongoing training for female leaders, training to encourage balance between work and childcare, and pre-management training; Human Resource Department will carry out interviews of young employees (1)
Develop human resources who can perform in a global business environment	Pursue a program for global human resources development (2)
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)

Progress on main KPIs (corresponding to number on the table):

(1) Total of 96 participants
20 participants in FY 2019
(2) Scheduled training implemented as planned
Carried out interviews with employees within their first three years with the Group

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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.

Score of Feeling "Energized"
(Question: Am I able to work with enthusiasm and energy?)

	2016	2017	2018	2019
Score of feeling "energized"	4.81	4.91	4.85	4.70

*Scores of 6.0 and above indicate desirable status; scores of 4.0 and below indicate improvement needed.

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 serves 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." Each year, over 100 employees attend the forum.

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.

Specifically, Morinaga Milk introduced a target management system, where during the course of regular communication supervisors and team members establish targets and difficulty level, evaluate progress actions and skills, and provide feedback as needed.

Diversity Support Programs

As part of pursuing diversity, 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 80 employees have taken part since 2016.

Number of Participants in Female Leader Training

	2015	2016	2017	2018	2019
No. of participants	17	18	29	24	23

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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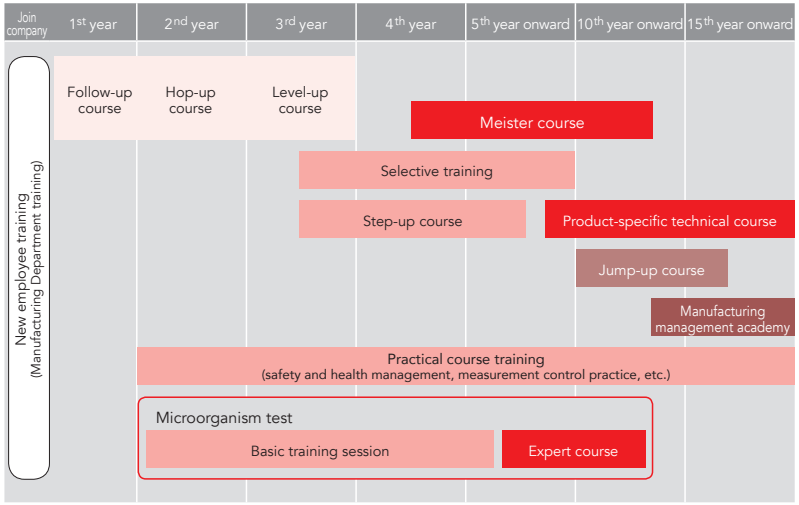
Diagram of Training System



Number of Trainees

Name and objective of training	2015	2016	2017	2018	2019
Follow-up course Acquisition of basic technologies and skills (established in 2018)	-	-	-	165	151
Hop-up course Acquisition of basic technologies and skills and strengthening work execution capabilities (includes 3rd year employees up until 2017)	48	53	111	103	155
Level-up course Acquisition of basic technologies and skills and strengthening work execution capabilities (established in 2018)	-	-	-	93	96
Step-up course Developing human resources able to establish conditions for preventing product-category specific issues (made a selective training course from 2018)	98	98	111	56	27
Jump-up course Encouraging awareness of expected roles to develop workplace leaders	30	33	33	32	16
Total	176	184	255	449	445

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 over the next 10 years as a key to its sustainable growth. 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.

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 select 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
No. of participants	8	8	8

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Topics

Comments from a Participant in the Global Business Skills Enhancement Program
(Yuhi Miyagi, Leader, Wellness Foods Section, Sales and Marketing Department, International Division)

I participated in the Global Business Skills Enhancement Program held from January to June 2019. Prior to taking the program, I believed that communications skills for overseas business were proportional to one's English abilities, measurable by TOIEC and the like. However, this program made me realize that, in order to convey what I want to say when doing overseas business, it is important to have the courage to speak out after thinking through what I want to say in my head then logically conveying my thoughts and not just using the correct English demanded by English ability tests. Moreover, I realized that this applies to Japanese as well as English, so I now feel that is essential to improve one's basic communication skills regardless of the language being used. This program provided many hints as to what points to keep in mind as I continue to study English.

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.

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.

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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.

August 1, 2017
Michio Miyahara
President and Representative Director
Morinaga Milk Industry Co., Ltd.

Morinaga Milk Group Basic Policy on Health and Safety

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

August 1, 2017
Michio Miyahara
President and Representative Director
Morinaga Milk Industry Co., Ltd.

Physical Care

The Morinaga Milk health insurance association subsidizes medical expenses for complete health exams for employees aged 30 or older.

As a cancer prevention measure, Morinaga Milk also directly provides subsidies for cancer checkups for employees aged 50 or older or for gynecological health exams. A free mail-based screening for female employees in their twenties is also done to improve the uptake rate for cervical cancer screening.

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 results allows enhanced management of high-risk persons, advocating for follow-up exams, and providing specified health guidance.

We have also begun efforts to encourage improvement of lifestyle habits through the use of Morinaga Milk supplement products for those who receive specified health guidance.

With regards to smoking, indoor spaces are, in principle, non-smoking, and the company subsidizes some of the cost of smoking cessation treatments.

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Mental Healthcare

Mental health training is conducted by external EAP* institutions and psychiatric industrial physicians at each business site. E-learning 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.

*EAP
Employee Assistance Program for mental healthcare.

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 achieve sustainable growth and increase corporate value.

KPIs

Direction of activities	KPIs
Transparent, fair, prompt and bold decision-making based on diverse values in Board of Directors' meetings	Evaluation scores and comments in evaluation of Board of Directors (diversity of Board of Directors and substance of discussions) (1)
Strengthen the management system	Augment regular committees (Personnel Remuneration Committee, Internal Control Committee, CSR Committee) (2)

Progress on main KPIs (corresponding to number on the table):

(1) 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.
(2) Personnel Remuneration Committee: submitted proposed revisions, etc. of the executive compensation scheme to the Board of Directors.
Internal Control Committee: a new working group was established within the Information Security Subcommittee to enhance the Group's management of confidential information.
CSR Committee: multiple subcommittees (focusing on supply chains, etc.) have been established to accelerate the adoption of ESG-focused management.

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.

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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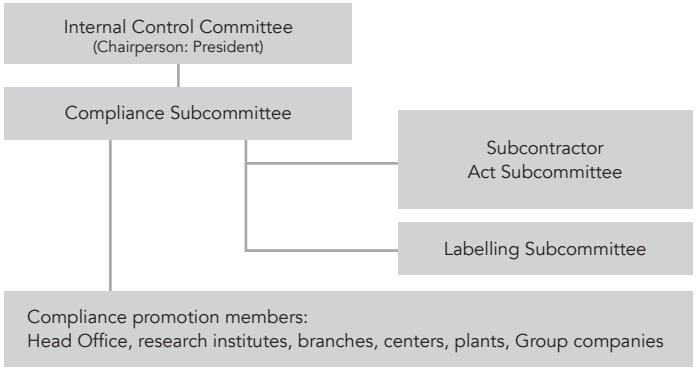
System

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.

The Morinaga Milk Group has also established compliance committees in each organization (head office departments, business sites, and affiliated companies). In addition to committee activities, these committees serve as a consultation desk for their respective organizations, escalating matters to the whistleblower reporting system as necessary.

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
Rank-based training: (new employees, new leading players/managers, midcareer hires, administrative managers, newly appointed officers of Group companies)
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)

	2015	2016	2017	2018	2019
Number of participants	2,764	3,985	4,984	5,151	4,777

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 Workplace power harassment
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, basic course on business coaching

Implementation of E-Learning for All Group Employees (FY 2019)

	May	August	November	February
Number of participants	6,806	6,675	6,652	6,600
Completion rate (%)	89.5	89.9	91.5	91.1

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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 employee to report an issue without worry of reprisal. Inappropriate situations are reported to the applicable department, which is then instructed to make corrections. Afterwards, the person reporting the matter verifies the improvements. 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.

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

	2015	2016	2017	2018	2019
Total number of consultations	33	53	46	44	41

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.

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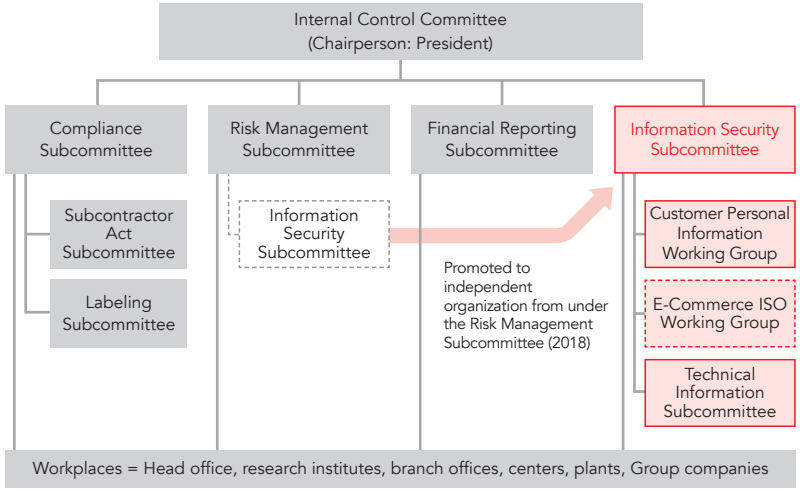
Information Security Organization



*Dissolved since ISO 27001 certification was obtained in FY 2019

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)

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 ensures that virus countermeasures are in place for information equipment and devices.

Training on Information Security Management

As part of compliance training, Morinaga Milk disseminates knowledge about information security through targeted e-mail attack training and company-wide security briefings, with the aim of increasing the information security knowledge of Morinaga Milk Group employees.

Third Party Assurance

Lloyd's Register Quality Assurance Limited guarantees the energy consumption and CO_2 emission results (Scope 1, Scope 2) for FY 2019 described on pages 33 to 34 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. 33)

Lloyd's Register

LR Independent Assurance Statement

Relating to Morinaga Milk Group's Environmental Data within Sustainability page of its corporate website for the fiscal year 2019

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 2019 (from 1 April 2019 to 31 March 2020), 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 13 manufacturing plants and its consolidated subsidiaries (14 companies, 16 factories) in Japan and specifically the following requirements: [1,2]

- 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: [3]
  - Scope 1 GHG emissions (Tonnes CO_2) [4]
  - Scope 2 GHG emissions [market-based] (Tonnes CO_2)
  - 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.

[1] *Furijiport Okinawa-Uruma Plant, which was built in July 2019, is excluded in the scope only this assurance since this factory was completed in the middle of 2019.*
[2] *The performance data relating Akita Orion Food in the Tohoku Morinaga Milk, Akita Plant site is included.*
[3] *GHG quantification is subject to inherent uncertainty.*
[4] *The scope covers only energy-oriented CO_2.*

Lloyd's Register

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 2019; and
- Visiting Tone plant of MORINAGA MILK INDUSTRY CO., LTD. and MK Cheese Co., Ltd. to investigate whether the data management systems have been effectively implemented.
- By Implementing the Company's "No Visitor" Policy due to the global infection spread of COVID-19, conducting the remote verification to the head office of MORINAGA MILK INDUSTRY CO., LTD.Headquarters for confirming the aggregated data via emails, telephone, and Google meet.

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 – Part1: 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: 06 August 2020

Saeko 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

Lloyd's Register

Table 1. Summary of MORINAGA Group's environmental data fiscal year 2019:

Scope		
Scope1 GHG emissions	207,862	tonnes CO_2
Scope2 GHG emissions (Market-based)	150,796	tonnes CO_2
Total energy consumption	1,482,605	MWh

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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

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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 (23, 26, 27, 28), The Environment (38), Supply Chains (59)
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 (42), Human Resource Development (70)
102-9	Supply chain	About Us (6), Seven Priority Issues (15)
102-10	Significant changes to the organization and its supply chain	About Us (6)
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102-12	External initiatives	CSR of Morinaga Milk (12)
102-13	Membership of associations	CSR of Morinaga Milk (12), The Environment (40), Supply Chains (58, 59, 60)
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102-14	Statement from senior decision-maker	Integrated Report
102-15	Key impacts, risks, and opportunities	Seven Priority Issues (13)
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102-16	Values, principles, standards, and norms of behavior	Corporate Mission (9)
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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	CSR of Morinaga Milk (10)
102-21	Consulting stakeholders on economic, environmental, and social topics	CSR of Morinaga Milk (10)
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
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102-25	Conflicts of interest	Compliance (78), 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	CSR of Morinaga Milk (10)

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
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102-42	Identifying and selecting stakeholders	CSR of Morinaga Milk (10, 11), Human Rights (42, 52)
102-43	Approach to stakeholder engagement	CSR of Morinaga Milk (10, 11), Human Rights (42, 52)
102-44	Key topics and concerns raised	Seven Priority Issues (13, 15)
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102-45	Entities included in the consolidated financial statements	About Us (6), Integrated Report, Financial Results
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102-51	Date of most recent report	Editorial Policy (5)
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GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Integrated Report
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201-3	Defined benefit plan obligations and other retirement plans	
201-4	Financial assistance received from government	
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103-1	Explanation of the material topic and its Boundary	
103-2	Explanation of the material topic and its Boundary	
103-3	Evaluation of the management approach	
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202-2	Proportion of senior management hired from the local community	
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103-2	The management approach and its components	
103-3	Evaluation of the management approach	
GRI 203: Indirect Economic Impacts 2016		
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103-1	Explanation of the material topic and its Boundary	Compliance (78)
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205-3	Confirmed incidents of corruption and actions taken	
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GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
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GRI 207: TAX 2019		
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207-3	Stakeholder engagement and management concerns related to tax	Leave Blank
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103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (13), The Environment (33)
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103-3	Evaluation of the management approach	Seven Priority Issues (13), The Environment (33)
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301-1	Materials used by weight or volume	The Environment (36, 37, 38)
301-2	Recycled input materials used	The Environment (36, 37, 38)

301-3	Reclaimed products and their packaging materials	The Environment (36, 37, 38)
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303-5	Water consumption	The Environment (33, 39)
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103-2	The management approach and its components	Seven Priority Issues (13), The Environment (29)
103-3	Evaluation of the management approach	Seven Priority Issues (13), The Environment (29)
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
304-2	Significant impacts of activities, products, and services on biodiversity	The Environment (40), Supply Chains (58, 59)
304-3	Habitats protected or restored	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Seven Priority Issues (13), The Environment (29)
103-2	The management approach and its components	Seven Priority Issues (13), The Environment (29)
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GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	The Environment (29, 33, 36)
306-2	Management of significant waste-related impacts	The Environment (29, 33, 36)
306-3	Waste generated	The Environment (29, 33, 36)
306-4	Waste diverted from disposal	The Environment (29, 33, 36)

306-5	Waste directed to disposal	The Environment (29, 33, 36)
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GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	The Environment (29, 33)
103-2	The management approach and its components	The Environment (29, 33)
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103-3	Evaluation of the management approach	The Environment (29), Supply Chains (53)
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308-2	Negative environmental impacts in the supply chain and actions taken	The Environment (40), Supply Chains (59)

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403-4	Worker participation, consultation, and communication on occupational health and safety	Human Rights (44)
403-5	Worker training on occupational health and safety	Human Rights (44, 46, 52)
403-6	Promotion of worker health	Human Rights (44, 51), Human Resource Development (75, 76, 77)
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GRI 103: Management Approach 2016		
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406-1	Incidents of discrimination and corrective actions taken	
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407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
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