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MORINAGA & Co., Ltd.

Eijiro Oota

Representative Director, President

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<http://www.morinaga.co.jp>

The corporate governance of MORINAGA & Co., Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Morinaga Group will enhance its corporate governance with the aim of maximizing corporate value and achieving perpetual corporate growth based on the basic policies of improving the health and efficiency of management, ensuring the reliability of financial reporting, providing timely and appropriate disclosure of information, complying with laws and regulations, and strengthening the trust and relationships with all stakeholders.

(1) Positioning of Stakeholders

To enable us to fulfill our social responsibility in all areas of our business activities, we are committed to maintaining and further developing strong relationships with all stakeholders, who sustain our company, and achieving coexistence with society and sustainable growth in accordance with corporate principles and the code of conduct.

(2) Management Monitoring Functions

We are committed to building an effective internal control system by strengthening the management monitoring functions of the Board of Directors, appointing Outside Directors and Outside Statutory Auditors, requiring attendance by Standing Statutory Auditors at important meetings, and placing the Internal Audit Department under the direct control of the president.

(3) Consistency in Thinking within the Entire Group

While respecting the independence of our subsidiaries, we endeavor to maintain close ties amongst Group member companies.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplementary Principle 4.10.1 Appropriate Involvement and Advice from Independent Outside Directors by Establishing Independent Advisory Committees]

The Company has voluntarily established an Officer Appointment and Remuneration Committee that considers the appointment and remuneration of Directors. The Committee consists of three (3) Inside Directors and one (1) Outside Statutory Auditor, with no participation of Outside Directors. However, prior explanation is made to Outside Directors on the details and background of officer appointment, officer remuneration and other important matters, so as to receive their appropriate involvement and advice.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1.4 Cross-Shareholdings]

At the Board of Directors, the Company quantitatively evaluates once every year the dividend levels of shares held as cross-holdings, and assesses whether such holdings are rational, by taking into account the qualitative evaluations including the purpose of holdings and the medium- to long-term prospect of trading relationships with the companies in which the Company holds such shares.

Based on these evaluations, it is the Company's policy to determine the necessity of each cross-shareholding and reduce such holdings.

With respect to exercising voting rights related to shares held as cross-holdings, the Company determines approval or disapproval for proposals by each individual stock after considering from the viewpoints of whether the proposal in question will impose a negative impact on the relationship and trading with the Morinaga Group, or whether significant concerns have arisen on corporate governance.

[Principle 1.7 Related Party Transactions]

The Regulations of the Board of Directors, etc. stipulate that the approval of the Board of Directors must be obtained when attempting to enter into a transaction with a related party, excluding routine transactions, and that the results of these transactions shall be reported to the Board of Directors.

In addition, the results of the transaction shall be disclosed in a timely and appropriate manner based on related laws and regulations, etc., as necessary.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has introduced a defined benefit corporate pension plan. Its assets are managed by executing a trust agreement with a trust company or financial institution engaged in trust business, or by executing a life insurance contract with a life insurance company as a counterparty. The status of asset management is monitored on a periodic basis.

In addition, the Company stipulates that it should strive to appoint a person with expert knowledge and experience in deciding the asset composition ratio, who will be used by the Company to engage in its business.

[Principle 3.1 Full Disclosure]

1. Management principles: Provided in the Morinaga Vision and Top Message on the Company's website.
Management strategy, management plans: Provided in results briefing materials, the annual securities report, etc. on the Company's website.
2. Provided in the Governance Report.
3. Resolutions regarding the framework for the total amount of remuneration are made at the Annual General Meeting of Shareholders, and decisions regarding the distribution of individual amounts of remuneration are made by the Board of Directors, after deliberation by the Officer Appointment and Remuneration Committee. Furthermore, the performance-linked portion of remuneration for officers, etc. is defined as 30%.
4. Officer candidates are selected by the Officer Appointment and Remuneration Committee, and determined by the Board of Directors. Standards for the selection of candidates by the Officer Appointment and Remuneration Committee are as follows:
 - (1) Candidates shall possess appropriate character, insight, ability, and leadership for a Director;
 - (2) Candidates shall possess the ability to create and implement strategies that contribute to management themselves;
 - (3) Candidates shall have a strong sense of ethics, sense of integrity, and other values.In the event in which dismissing Directors, Statutory Auditors or senior management is necessary, such as the case where the qualifications set forth in the above selection standards are not displayed, the Board of Directors adopts a proposal for the dismissal of a Director or Statutory Auditor, or determines to dismiss senior management. The dismissal of Directors and Statutory Auditors is conducted in accordance with the Companies Act and other regulations.
5. Once per year, the Officer Appointment and Remuneration Committee requests the recommendation of candidates from all officers, excluding Representative Directors and Part-time Statutory Auditors, deliberates the results thereof, and selects candidates. The reasons for selection are provided in the Notice of Convocation.

[Supplementary Principle 4.1.1 Scope of Delegation to Management]

In order to strengthen the business execution function, the Company has introduced an Operating Officer System and a System of Directors Concurrently Serving as Operating Officers.

In regard to the scope of delegation to management, the Board of Directors makes resolutions regarding matters that may significantly affect the business performance of the Morinaga Group and the corporate governance of the Company, including investments of more than a certain amount and important personnel matters, and other matters are determined by management meetings, etc.

The Company has established the Rules for Decision-making Criteria in regard to the scope of delegation and operates based on these rules.

[Principle 4.8 Effective Use of Independent Outside Directors]

The Company receives supervision, in addition to objective, neutral advice regarding management as a whole from wide-ranging perspectives, from two (2) Independent Outside Directors currently in office.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

For Independent Outside Directors, the Company's policy is to select candidates who fulfill all of the following criteria, in addition to the Standards for Independence set forth by financial instruments exchanges, and who may also be expected to appropriately express views and identify problems regarding the Company's management issues, etc. from an independent and objective standpoint.

- a. If the candidate or corporation of which the candidate is an executive holds shares in the Company, the ratio of voting rights held must not exceed 10%;
- b. Net sales to the candidate or corporation to which the candidate belongs from transactions in the most recent fiscal year must be less than 2% of the Company's consolidated net sales;
- c. Net sales to the Company from transactions in the most recent fiscal year must be less than 2% of the consolidated net sales of the candidate or corporation to which the candidate belongs.

[Supplementary Principle 4.11.1 Views on the Composition of the Board of Directors]

Candidates for Director shall be selected by the Officer Appointment and Remuneration Committee, and determined by the Board of Directors.

Standards and procedures for the selection of candidates by the Officer Appointment and Remuneration Committee are as follows:

- (1) Candidates shall possess appropriate character, insight, ability, and leadership for a Director;
- (2) Candidates shall possess the ability to create and implement strategies that contribute to management themselves;
- (3) Candidates shall have a strong sense of ethics, sense of integrity, and other values;
- (4) Once per year, the Officer Appointment and Remuneration Committee requests the recommendation of candidates from all officers, excluding Representative Directors and Part-time Statutory Auditors, deliberates the results thereof, and selects candidates.

The Company believes it is important that the Board of Directors consists of Directors and Statutory Auditors with a range of backgrounds, in order to guarantee the objectivity and independence of the Board of Directors as a whole, and based on this viewpoint, selects two (2) Independent Outside Directors and three (3) Independent Outside Statutory Auditors.

While guaranteeing the diversity of the Board of Directors, the Company also stipulates in its Articles of Incorporation that the number of Directors shall be no more than twelve (12), in order to ensure the promptness of decision-making.

[Supplementary Principle 4.11.2 Concurrent Independent Outside Officer Positions]

If Directors and Statutory Auditors of the Company serve concurrently as officers of other listed companies, it shall be limited to a reasonable number of positions, and the status thereof shall be disclosed in the business report every year.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

In regard to the effectiveness of the Board of Directors as a whole, in April of this year, the Company conducted a survey and held interviews of all Directors and Statutory Auditors, including Outside members,

regarding the composition and operation of the Board of Directors, and conducted evaluation and analysis based on the results thereof.

As a result, the effectiveness of the Board of Directors, including its composition and the status of its operation, was evaluated as being generally appropriate. Based on this evaluation, the Company recognized that the Board of Directors is effective in line with the basic views on corporate governance of the Company

Furthermore, enriching debates, increasing the level of sophistication, and enhancing efficiency were identified as issues that should be focused on following their confirmation in the previous fiscal year's evaluation. Specifically, in regard to making the content of proposals and documents further rich and sophisticated, and making debate more active and in-depth, the Company recognizes that some level of improvement has been made.

On the other hand, the Company shared the fact that it would aim to 1) enhance the content of reports, and reconsider and optimize their scope; and 2) making debate more active beyond each area of responsibilities, as issues with the operation of the Board of Directors as it aims to enhance governance. In addition to focusing on improvement in these areas, the Company also intends to further enhance the effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2 Training Policy for Directors and Statutory Auditors]

In order that Directors and Statutory Auditors may sufficiently perform the functions of supervising and auditing management, the Company provides them with information necessary for the execution of their duties in a timely and appropriate manner.

Additionally, in order to enhance deliberations at meetings of the Board of Directors, the Company distributes and explains documents for meetings of the Board of Directors to Outside Directors ahead of meetings, and provides them with related information, etc., in addition to providing opportunities to deepen their understanding of the Company, such as inspections of business sites.

In addition, the Company also provides opportunities for training by third parties to Directors and Statutory Auditors, at its own expense.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Corporate Communication Division manages the Company's IR activities, and the Company appoints employees dedicated to IR work.

Furthermore, officers, the Corporate Strategy Department, and all other internal divisions provide information required for IR activities, as necessary.

The Company's main IR activities are as follows:

- General Meeting of Shareholders (once per year)
- Holding of briefings for institutional investors and analysts (twice per year)
- Responding to requests for interviews from investors (as necessary)
- Operating an IR-related section on the Company's website.

In addition, in order to promote constructive dialogue with shareholders, the Company also takes the following measures:

1. The manager of the division responsible for IR supervises dialogue with shareholders as a whole.
2. To ensure coordination between each internal division related to assisting dialogue, the Company has established an IR Committee, which Directors and senior management attend, and has set forth an IR policy. Based on this policy, the division responsible for IR coordinates with related divisions to ensure that dialogue with shareholders is smoothly conducted.
3. As methods for dialogue with institutional investors and analysts besides individual meetings, the Company holds briefings for institutional investors and analysts, and also operates an IR-related section on its website.
4. Views obtained at briefings for institutional investors and analysts, etc. are reported to the Board of Directors.
5. In order to prevent the suspicion of insider transactions when engaging in dialogue, the Company has created and implements the Insider Transaction Management Regulations and Confidentiality Management Regulations.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Morinaga Trading Partner Stockholding Association	3,195,482	5.89
The Master Trust Bank of Japan, Ltd. (trust account)	2,425,000	4.47
JPMC OPPENHEIMER JASDEC LENDING ACCOUNT (Standing Proxy: MUFG Bank, Ltd.)	2,082,500	3.84
Japan Trustee Services Bank, Ltd. (trust account)	2,055,500	3.79
MUFG Bank, Ltd.	1,704,000	3.14
Mizuho Bank, Ltd. (Standing Proxy: Trust & Custody Services Bank, Ltd.)	1,289,156	2.37
Meiji Yasuda Life Insurance Company (Standing Proxy: Trust & Custody Services Bank, Ltd.)	1,246,086	2.29
GOVERNMENT OF NORWAY (Standing Proxy: Citibank, N.A., Tokyo Branch)	1,145,487	2.11
Japan Trustee Services Bank, Ltd. (trust account 5)	990,100	1.82
STATE STREET CLIENT OMNIBUS ACCOUNT OM44 (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	806,100	1.48

Controlling Shareholder (excluding Parent Company)	-----
Parent Company	None

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	First Section, Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Other Special Circumstances which may have Material Impact on Corporate Governance

The number of shares held by The Master Trust Bank of Japan, Ltd. and Japan Trustee Services Bank, Ltd. in [Status of Major Shareholders] under 2. Capital Structure are all held in relation to trust operations. In addition to the above, the Company holds 3,860,713 shares (7.12%) of its own stock.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Statutory Auditors
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[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	12
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Masato Hirota	From another company												
Shiho Takano	From another company												

- * Categories for "Relationship with the Company"
- * "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past
- * "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲" when a close relative of the Director fell under the category in the past

- a. An executive of the Company or its subsidiaries
- b. A non-executive Director or an executive of a parent company of the Company
- c. An executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof

- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. An executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- i. An executive of a company, between which the Company's Outside Director/Statutory Auditor is mutually appointed (the Director himself/herself only)
- j. An executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masato Hirota	○	-----	Mr. Masato Hirota has experience as an executive in the chemicals industry, and contributes to strengthening corporate governance by providing objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry. Furthermore, Mr. Hirota satisfies the Company's Independence Standards, and the Company has judged that there is no risk of a conflict of interest with general shareholders.
Shiho Takano	○	-----	Ms. Shiho Takano has experience as an executive in the cosmetics industry, and contributes to strengthening corporate governance by providing objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry. Furthermore, Ms. Takano satisfies the Company's Independence Standards, and the Company has judged that there is no risk of a conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Officer Appointment and Remuneration Committee	Officer Appointment and Remuneration Committee
All Committee Members	4	4
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	0	0
Outside Experts	0	0
Other	1	1
Chairperson	Inside Director	Inside Director

Supplementary Explanation

<p>The Company has established the Officer Appointment and Remuneration Committee as an advisory body to the Board of Directors to make decisions on personnel, remuneration, and other matters related to the Company's officers, in order to ensure transparency and objectivity. The one (1) person listed under "Other" is an Outside Statutory Auditor (Standing Statutory Auditor).</p>

[Statutory Auditors]

Establishment of Board of Statutory Auditors	Established
Maximum Number of Statutory Auditors Stipulated in Articles of Incorporation	5
Number of Statutory Auditors	4

Cooperation among Statutory Auditors, the Accounting Auditor and Internal Audit Departments

(1) Status of Cooperation between Statutory Auditors and the Accounting Auditor

Statutory Auditors consult the Accounting Auditor on a regular basis and as necessary when performing accounting audits and business audits.

(2) Meetings between Statutory Auditors and the Accounting Auditor

Statutory Auditors and the Accounting Auditor consult each other on matters including their respective audit plans, audit reports, and the status of the implementation of audits, ten (10) or more times per fiscal year.

(3) Information regarding the Accounting Auditor

The Company has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor, and certified public accountants performing audit operations are as follows, but there is no one for whom the number of continuous audit years exceeds seven (7) years:

Designated Limited Liability Partner	Engagement Partner	Shigeo Kawashima
Designated Limited Liability Partner	Engagement Partner	Toru Igarashi

Furthermore, there are a total of eleven (11) persons assisting audit operations, including five (5) certified public accountants and six (6) other persons.

Remuneration for the Accounting Auditor

Remuneration for audit certification based on the audit agreement 51 million yen

Furthermore, the Company has not entered into a liability limitation agreement with the Accounting Auditor.

(4) Status of Cooperation between Statutory Auditors and Internal Audit Departments

Standing Statutory Auditors and the General Manager of the Internal Audit Department consult each other on matters including their respective audit plans and the status of the implementation of audits every fiscal year. In addition, when conducting audits of each division, Standing Statutory Auditors accompany the Internal Audit Department, and attend meetings to exchange views with these divisions.

Appointment of Outside Statutory Auditors	Appointed
Number of Outside Statutory Auditors	3
Number of Independent Auditors	3

Outside Statutory Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Akiyuki Igarashi	From another company											△			
Koichi Sakaguchi	Lawyer														
Hiroshi Iwamoto	From another company					△									

* Categories for "Relationship with the Company"

- * "○" when the Statutory Auditor presently falls or has recently fallen under the category;
- "△" when the Statutory Auditor fell under the category in the past
- * "●" when a close relative of the Statutory Auditor presently falls or has recently fallen under the category;
- "▲" when a close relative of the Statutory Auditor fell under the category in the past

- a. An executive of the Company or its subsidiary
- b. Non-executive Director or accounting advisor of the Company or its subsidiaries
- c. Non-executive Director or an executive of a parent company of the Company
- d. Statutory Auditor of a parent company of the Company
- e. An executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Statutory Auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. An executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Statutory Auditor himself/herself only)
- k. An executive of a company, between which the Company's Outside Director/Statutory Auditor is mutually appointed (the Statutory Auditor himself/herself only)
- l. An executive of a company or organization that receives a donation from the Company (the Statutory Auditor himself/herself only)
- m. Others

Outside Statutory Auditor's Relationship with the Company (2)

Name	Designation as Independent Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Akiyuki Igarashi	○	Mr. Akiyuki Igarashi was previously serving as an executive of Mitsubishi Corporation, which is a major trading partner of the Company, until June 2010, but a considerable period of time has passed since his retirement.	Mr. Akiyuki Igarashi has a wealth of management experience in the wholesale industry. He provides objective and neutral audits from a broad perspective that extends beyond Company's industry. No special interest exists between Mr. Igarashi and the Company. Furthermore, Mr. Igarashi satisfies the Company's Independence Standards, and the Company has judged that there is no risk of a conflict of interest with general shareholders.
Koichi Sakaguchi	○	----	Mr. Koichi Sakaguchi has a high level of expertise and experience as a judge and lawyer. He utilizes this knowledge and experience to audit the Company's management from an objective standpoint. Furthermore, Mr. Sakaguchi satisfies the Company's Independence Standards, and the Company has judged that there is no risk of a conflict of interest with general shareholders.
Hiroshi Iwamoto	○	Mr. Hiroshi Iwamoto was previously serving as an executive of Mizuho Bank, Ltd., which is a major trading bank of the Company, until September 2004, but a considerable period of time has passed since his retirement.	Mr. Hiroshi Iwamoto has experience in financial operations accumulated in the financial industry, followed by a wealth of management experience in the information and communication industry. He provides objective and neutral audits from a broad perspective that extends beyond Company's industry. No special interest exists between Mr. Iwamoto and the Company. Furthermore, Mr. Iwamoto satisfies the Company's Independence Standards, and the Company has judged that there is no risk of a conflict of interest with general shareholders.

[Independent Officers]

Number of Independent Officers	5
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Matters relating to Independent Officers

The Company designates all Outside Officers who satisfy the requirements for Independent Officers as Independent Officers.

[Incentives]

Incentive Policies for Directors	Other
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Supplementary Explanation

As a plan unique to the Company, a portion equivalent to approximately 30% of remuneration is linked to the Company's performance, within the framework for remuneration determined by the General Meeting of Shareholders.

In regard to retirement bonuses for officers, the Company stopped accumulating new provisions from July 2003, and will pay bonuses to officers for their time in office up to June 2003 at the time of their retirement or resignation, pursuant to a resolution of the General Meeting of Shareholders held on June 28, 2007.

Recipients of Stock Options

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

The Company discloses the total amount of remuneration for all Directors.

In the previous fiscal year, remuneration paid to Directors based on the Articles of Incorporation and resolutions of the General Meeting of Shareholders was as follows:

Persons receiving payment	12
Payment amount	257 million yen

(Note) The number of persons receiving payment is the total number of recipients.

At the 170th Annual General Meeting of Shareholders held on June 28, 2018, the Company resolved to introduce a performance-linked stock compensation plan that uses the framework of a BIP (Board Incentive Plan) trust.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Decisions regarding remuneration amounts and calculation methods are made by the Board of Directors, after deliberation by the Officer Appointment and Remuneration Committee.

[Supporting System for Outside Directors and/or Outside Statutory Auditors]

A system is in place for communicating various matters to Outside Directors and providing them with information, with the Secretariat of the Board of Directors, etc. as the contact point.

There are three (3) Outside Statutory Auditors, two (2) of which are Part-time Statutory Auditors. Standing Statutory Auditors and the Secretary's Office provide the Part-time Statutory Auditor with information on a regular basis, and when meetings of the Board of Directors are held, meetings of the Board of Statutory Auditors are held in advance, where Standing Statutory Auditors provide detailed explanations and exchange opinions.

[Retired Representative Directors, Presidents, etc.]

Information on Retired Representative Directors, Presidents, etc. Holding Advisory Positions (Counselor, Advisor, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full-time/part-time, with/without compensation, etc.)	Date on which former role as President, etc. ended	Term
Gota Morinaga	Chief Advisor	Social contribution activities, etc. (No involvement in management)	Part time, with compensation	June 28, 2018	One (1) year
Toru Arai	Advisor	Social contribution activities, etc. (No involvement in management)	Part time, with compensation	June 27, 2019	One (1) year

Number of Retired Representative Directors, Presidents, etc. Holding Advisory Positions (Counselor, Advisor, etc.)

2

Other

Appointment as Chief Advisor and Advisor is determined by resolution of the Board of Directors, based on consideration by the Officer Appointment and Remuneration Committee.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

(1) Business Execution

In accordance with the Rules for Decision-making Criteria, the Board of Directors, management meetings, individual Directors, Operating Officers, General Managers, and Directors are all assigned specific responsibilities and authority.

The Board of Directors carefully makes decisions related to legal matters and important business operations based on the principles of managerial judgment, and oversees business operations. The Board of Directors consists of nine (9) members: two (2) members are Outside Directors and seven (7) are male and two (2) are female.

Management meetings are attended by members of the Board of Directors and Standing Statutory Auditors. At these meetings, decisions are made after deliberations regarding important management issues and matters that have been referred by the Board of Directors.

To ensure the practicality and efficiency of the decisions of the Board of Directors and management, detailed deliberations are conducted in advance by various committees, which act in advisory roles.

For example, the IR Committee has been established to discuss disclosure of information, and the Officer Appointment and Remuneration Committee has been established to discuss personnel matters and remuneration for Directors.

Furthermore, the Company has adopted an Operating Officer System in order to improve its agility in responding to changes in the business environment and speed up the decision-making process. Under this system, the executive authority and responsibilities for daily operations with respect to strategic corporate activities are assigned to Operating Officers to ensure the efficiency of management and clarify management responsibilities.

(2) Auditing System

Operating under the direct supervision of the President, the Internal Audit Department (which is responsible for conducting internal audits) comprises five (5) staff members who systematically audit all divisions, including subsidiary companies, and together with Standing Statutory Auditors conduct discussions with each division.

There are four (4) Statutory Auditors, three (3) of whom are Outside Statutory Auditors. Of the two (2) Outside Statutory Auditors, one (1) is a Standing Statutory Auditor, and all four (4) Statutory Auditors are male.

In accordance with the Guidelines for Auditors, the Statutory Auditors oversee the activities of the Directors.

In addition, Standing Statutory Auditors regularly meet with Representative Directors and attend important management meetings in order to monitor and audit the activities of the Directors.

The Accounting Auditor meet with all Statutory Auditors, and the General Manager of the Internal Audit Department meets with the Standing Statutory Auditors on a regular basis or as necessary to exchange information and opinions while maintaining cooperation.

The audit manager and Standing Statutory Auditor also attend meetings of the Internal Control Management Committee, which comprises members selected from the primary departments within the corporation, and regularly conduct discussions with members of this committee.

The Company has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor, and detailed information regarding the Accounting Auditor is provided in the above "Cooperation among Statutory Auditors, the Accounting Auditor and Internal Audit Departments (1) – (3)."

(3) Selection and Remuneration of Directors

Selection and remuneration of Directors are decided by the Officer Appointment and Remuneration Committee and approved by the Board of Directors.

(4) Remuneration for Statutory Auditors

Remuneration for Statutory Auditors is determined through discussions amongst the Statutory Auditors.

3. Reasons for Adoption of Current Corporate Governance System

(1) Outside Directors

The Company has appointed two (2) Outside Directors, who contribute to strengthening corporate governance from an objective and neutral standpoint in regard to overall management, from a broad perspective.

(2) Outside Statutory Auditor

The Company has appointed three (3) Outside Statutory Auditors (including one (1) Standing Statutory Auditor), who conduct audits of the execution of duties by Directors.

(3) Management Monitoring Functions

The Board of Statutory Auditors meets once per month, in principle, and also meets appropriately as necessary.

In addition, Standing Statutory Auditors regularly meet with Representative Directors and attend important management meetings in order to monitor and audit the activities of the Directors.

Standing Statutory Auditors audit applications for approval regarding important matters about which authority has been transferred to Directors, Operating Officers, General Managers, etc.

Statutory Auditors exchange opinions with the Accounting Auditor, and Standing Statutory Auditors exchange opinions with the audit manager on a regular basis and as necessary when performing accounting audits and business audits.

Based on the above systems, the Company has judged that audits of the execution of duties by Directors are functioning effectively.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	Date of General Meeting of Shareholders: June 27, 2019; Date of dispatch of Notice of Convocation: June 7, 2019; Date of online disclosure of Notice of Convocation: May 30, 2019
Other	The Company provides visual materials in relation to the General Meeting of Shareholders.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	Held at the end of every November and May, with explanations of financial details, management policy, and management strategy by Representative Directors.	Yes
Posting of IR Materials on the Website	Shareholder newsletters, electronic public notices, financial summaries, IR news, results briefing materials, financial highlights, the IR calendar, and other materials are posted on the Company's website at the following URL: https://www.morinaga.co.jp/company/ir.html	
Establishment of Department and/or Manager in Charge of IR	Corporate Communication Division	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has formulated a basic policy for each type of stakeholder, based on the Basic CSR Principles.
Implementation of Environmental Activities, CSR Activities, etc.	Since 2014, the Company has created the CSR Report, which contains information on the Company's social contribution activities as a whole, as an extension of the Environmental Report posted from 2000. The CSR Report is posted on the Company's website at the following URL: https://www.morinaga.co.jp/company/csr/report/pdf/csr2017/csr2018_all.pdf
Development of Policies on Information Provision to Stakeholders	Decisions regarding the assessment of information to be disclosed to securities exchanges, etc. and the content thereof are made by the Board of Directors, after deliberation by the IR Committee.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1 Basic Views

In order to maximize corporate value and achieve perpetual corporate growth, the Morinaga Group is committed to strengthening its internal control system and increasing the efficiency of its management in order to appropriately execute business and ensure the effectiveness of oversight and audit functions.

2 Status of Development

In order to maximize corporate value and achieve perpetual corporate growth, the Morinaga Group is committed to strengthening its internal control system and increasing the efficiency of its management in order to appropriately execute business and ensure the effectiveness of oversight and audit functions.

(1) Systems to Ensure that the Execution of Duties by Directors and Employees Complies with Laws and Regulations and the Articles of Incorporation

To ensure that the duties are executed appropriately, Directors endeavor to construct an effective internal control system and establish a system to comply with laws and regulations and the Articles of Incorporation. The system is also designed so that the effectiveness and functions of the aforementioned systems are audited by Statutory Auditors.

In addition, the Internal Audit Department, which operates under the direct supervision of the President, conducts internal audits of all departments, including those of subsidiaries, and ensures the effectiveness of internal audits.

Under the Code of Conduct, the Company has established a Compliance Committee, and endeavors to maintain and enhance a culture of compliance through ongoing training, including at subsidiaries, and other initiatives, while also particularly rejecting all illegal and unjust demands from anti-social forces, in accordance with the Company's approach of endeavoring to firmly counter and eliminate anti-social forces.

Furthermore, helplines (both internal and external) have been established for all related entities, including domestic subsidiaries, as a means of gathering information related to compliance issues and implementing appropriate measures.

In order to ensure the reliability of financial reporting, the Company has established and operates a system for appropriate reporting in accordance with generally accepted standards for the evaluation of internal controls pertaining to financial reporting.

(2) Systems Related to the Retention and Management of Information Pertaining to the Execution of Duties by Directors

Under the Document Handling Rules, etc., the Company retains and manages the minutes of important meetings, application documents for approval for important matters, and other documents (in writing and electromagnetic formats), having established periods for storage in accordance with laws and regulations and the importance of the documents.

(3) Rules and Other Systems Related to Management of the Risk of Loss

The Company has created a Total Risk Management Committee and formulated the Rules for Total Risk Management for the Company and subsidiaries, in addition to analyzing and evaluating expected risks by category and implementing preventative measures during normal times.

In addition, the Internal Audit Department audits the status of risk management in regular internal audits.

In the event of a crisis, the Company endeavors to swiftly evaluate and determine the situation, set up a Disaster Response Headquarters, disclose information, and implement any other necessary response measures in accordance with the nature of the crisis, in addition to identifying causes and implementing recurrence prevention measures.

With regard to anti-social forces, the Company gathers information on a regular basis from the relevant government agencies and organizations and the entire organization responds swiftly in the event of an incident by cooperating closely with the police and other related agencies.

(4) Systems to Ensure the Effectiveness of the Execution of Duties by Directors

By formulating and operating the Rules for Decision-making Criteria, the Board of Directors makes decisions related to legal matters and important business operations for the Company and subsidiaries, and authority for other business operations is partially transferred to the responsible Directors, etc., thereby ensuring the

effectiveness of execution of business operations.

(5) Systems to Ensure the Propriety of Business Operations of the Corporate Group Comprising the Company and its Subsidiaries

Under the Group Company Operation Rules, subsidiaries are required to make regular reports to the Company regarding operating policies, operating performance, financial status, and other important information.

The Company has formulated the Rules for Total Risk Management in regard to risk management for the Morinaga Group as a whole, and manages risks for the entire Morinaga Group in a comprehensive, integrated manner. As the body responsible for risk management for the Morinaga Group, the Total Risk Management Committee manages risks for the Morinaga Group as a whole and deliberates risk management issues, countermeasures, etc.

Subsidiaries execute business operations based on procedures equivalent to those of the Company, and a system is in place whereby they obtain a prior approval of the Company when making decisions on important matters, based on the Rules for Decision-making Criteria.

In addition, through internal audits shared across the Morinaga Group, the Internal Audit Department of the Company audits subsidiaries, and ensures the propriety of business operations across the Morinaga Group as a whole.

(6) Systems Regarding Employees Assisting Statutory Auditors in their Duties in the Event that Statutory Auditors have Requested the Appointment of Such Employees, and Systems Related to Ensuring the Independence of these Employees from Directors and the Effectiveness of Directions Given to these Employees

If the Board of Statutory Auditors requests the appointment of employees to assist them with their duties, the Company shall assign such employees.

These employees shall not concurrently hold other positions related to executing business operations and assist Statutory Auditors, following directions and orders only from Statutory Auditors.

In addition, in order to ensure the independence of these employees from Directors, a prior consent of the Board of Statutory Auditors shall be required for decisions related to matters pertaining to personnel issues for these employees, such as appointment, transfer, etc.

As of June 27, 2019, the Company has not appointed any such employees.

(7) System Related to Reports to Statutory Auditors and Systems to Ensure the Effectiveness of Audits by Statutory Auditors

The Company adopts a system whereby Standing Statutory Auditors attend management meetings and other important meetings, and audit the execution of duties by Directors. In addition, a system is in place whereby if a Director or employee of the Company or a subsidiary discovers, in regard to the execution of duties, a material violation of laws and regulations or the Articles of Incorporation, the fact of an improper conduct, or facts that may cause considerable damage to the Company, or if a person receives a report from such a person, they shall promptly report it to a Standing Statutory Auditor.

The Company shall not treat any Director or employee unfavorably on the basis of such reporting.

(8) Items Relating to Procedures for the Advance Payment or Reimbursement of Expenses Resulting from the Execution of Duties by Statutory Auditors, and Other Policies Related to Treatment of Expenses or Obligations Resulting from the Execution of these Duties

If a Statutory Auditor requests the advance payment of expenses in relation to the execution of their duties, the Company shall promptly pay these expenses, excluding cases when the expenses are deemed unnecessary. The Board of Statutory Auditors shall, to the extent possible, report a budget in advance for expenses deemed necessary for the execution of duties of Statutory Auditors.

In addition, if a Statutory Auditor makes an urgent or extraordinary payment, they may request a reimbursement from the Company.

2. Basic Views on Eliminating Anti-Social Forces and Creation of Related Systems

Under the Code of Conduct, the Company has established a Compliance Committee, and endeavors to maintain and enhance a culture of compliance through ongoing training and other initiatives, while also particularly rejecting all illegal and unjust demands from anti-social forces, in accordance with the Company's approach of endeavoring to firmly confront and eliminate anti-social forces.

With regard to anti-social forces, the Company gathers information on a regular basis from the relevant government agencies and organizations, and responds swiftly as an organization as a whole in the event of an incident by cooperating closely with the police and other related agencies.

V. Other

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	Adopted
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Supplementary Explanation

Based on the approval at the Annual General Meeting of Shareholders of the Company held on June 29, 2017, the Company renewed its existing measures to address a large-volume acquisition of the Company's shares (takeover defense measures), with the objective of protecting and enhancing the corporate value of the Company and shareholders' common interests (hereinafter, the takeover defense measures after the renewal are referred to as this "Plan").

This Plan prevents large-volume acquisitions that will harm the corporate value of the Company and shareholders' common interests, in ways that include ensuring the necessary and sufficient information and time for shareholders to make an appropriate assessment in the event that a large-volume acquisition is conducted for the Company's shares, in addition to securing the opportunity to consult or negotiate, etc. with the purchaser, etc.

For details of this Plan, please refer to the Company's press release, "Renewal of Measures to Address a Large-volume Acquisition of the Company's Shares (Takeover Defense Measures)," dated May 12, 2017 (posted on the IR News page of the Company's website (available in Japanese only): <http://pdf.irpocket.com/C2201/wReJ/I9CD/ttYe.pdf>).

2. Other Matters Concerning the Corporate Governance System

Additionally, the Company's Articles of Incorporation contain the following provisions:

(1) A resolution for the election of Directors shall be adopted by a majority vote of the shareholders in attendance who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights. No cumulative voting shall be used for the election of Directors.

(2) Matters for resolution at the general meeting of shareholders that may be resolved by the board of directors

1 Acquisition of the Company's own shares

In accordance with the provisions of Article 165, Paragraph 2 of the Companies Act, the Company may acquire its own shares through market transaction, etc. by resolution of the Board of Directors.

2 Interim dividend

In accordance with the provisions of Article 454, Paragraph 5 of the Companies Act, the Company may pay an interim dividend each year with a record date of September 30, by resolution of the Board of Directors.

(3) Resolutions provided for in Article 309, Paragraph 2 of the Companies Act shall be adopted by a majority vote equivalent to two thirds (2/3) or more of the voting rights of the shareholders in attendance who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.

(4) In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may enter into agreements with Outside Directors and Outside Statutory Auditors to limit their liabilities under Article 423, Paragraph 1 of the same to the minimum amount stipulated by laws and regulations.