

# Targets and Progress of Materiality

Materiality	Action Themes	Main Assumed Opportunities and Risks (●: opportunities, ▲: risks)	Indicator	Targets and Progress				Progress
				Results		Targets		
				FY2023	FY2024	FY2028	FY2030	
<b>1</b> Contribute to Healthy Lives of People around the World 	<b>1</b> Contribute to delicious and healthy foods	● Growing business opportunities following the rising health consciousness of consumers ▲ Declining market competitiveness and social reputation over the medium to long term caused by delayed responses	Providing "health of mind and body" value to customers					<ul style="list-style-type: none"> <li>Encouraging each business segment to develop products that provide "health of mind and body" aimed at becoming a Wellness Company</li> <li>Carrying out various measures in terms of "health of mind" to promote employee understanding and behavioral change</li> <li>Carrying out quality management in line with international food safety standards and certification regimes*3</li> <li>Providing customer service based on international standards of customer satisfaction*4</li> </ul>
	<b>2</b> Address diversifying consumer needs	● Growing business opportunities and improving market competitiveness by tapping into latent markets ▲ Declining market competitiveness and social reputation over the medium to long term caused by delayed responses	Percentage of Japan's population provided value of health through new initiatives aimed at becoming a Wellness Company*1	63%	62%	—	70% or higher	
	<b>3</b> Develop sustainable products and provide information	● Growing business opportunities from rising awareness of sustainability among consumers ▲ Declining market competitiveness and social reputation over the medium to long term caused by delayed responses	"Health of mind": Positive response rate to Morinaga's corporate image of "Makes me smile"* 2	87%	85%	—	90% or higher	
	<b>4</b> Ensure food security and quality	● Improving social trust through excellent food safety and quality assurance initiatives ▲ Declining social trust, brand value, and social reputation due to delayed responses						
<b>2</b> Diversity and Inclusion of People 	<b>5</b> Foster human resources to achieve our Purpose and the 2030 Vision	● Securing of talent needed to contribute to the realization of our Purpose and the 2030 Vision ● Promoting corporate growth through the active participation of highly engaged employees ▲ Declining sustainable growth capabilities due to delayed responses	Positive response rate on the employee awareness survey*5	88.2%	88.1%	90% or higher*6	90% or higher*7	<ul style="list-style-type: none"> <li>Continuously conducting D&amp;I policy training, creating action plans for each workplace, and promoting initiatives</li> <li>Carrying out interviews and initiatives for improvement at business sites where there was a gap between targets and results</li> <li>Regularly conducting self-care seminars and training for managers to improve health awareness and self-management skills</li> </ul>
	<b>6</b> Promote diversity and inclusion	● Improving resilience thanks to improved ability to create innovation and respond to changes in the environment ● Increasing competitiveness in global markets ● Increasing employee loyalty by creating a corporate culture that embraces diverse values ▲ Declining organizational competitiveness and social reputation due to delayed responses	1) Morinaga Group's contributions to building a sustainable society	71.4%	74.1%	77% or higher*6 NEW	80% or higher	
	<b>7</b> Promote health management	● Promoting corporate growth by enhancing employee performance ▲ Declining sustainable growth capabilities due to delayed responses	2) Corporate growth driven by a diverse workforce	73.2%	75.8%	77% or higher*6 NEW	80% or higher	

\*1 Scope: Products the Company defines as "Deep dive into 'health of mind,'" "Accelerate 'health of body,'" and "Evolve 'health of mind' to 'health of body.'" Population percentage calculated based on the INTAGE Inc. SCI annual purchase rate (scope: consumers nationwide ages 15–79). The Company will explore the establishment of a vision on a global basis.

\*2 Survey by Morinaga & Co., Ltd.  
 \*3 FSSC 22000, SQF Codes edition 9, JFS-B standards, and other guidelines

\*4 ISO 10002  
 \*5 Scope: Group consolidated basis

\*6 New target set for FY2028  
 \*7 Changed initial target from 80% to 90%.

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				FY2023	FY2024	FY2028	FY2030				
3	<p>Achieve Sustainable Value Chains</p> <p>8 Achieve higher-order sustainable supply chain management</p> <p>9 Reduce food loss and waste</p> <p>10 Co-exist and co-prosper with local communities</p> 	<ul style="list-style-type: none"> <li>● Achieving stable procurement of safe and high-quality raw materials</li> <li>● Reducing human rights and environmental risks</li> <li>● Strengthening social trust and brand value through sustainable procurement initiatives</li> <li>▲ Growing risks surrounding procurement of raw materials due to delayed responses</li> <li>▲ Declining social trust, brand value, and corporate value due to delayed responses</li> </ul>	1) Sustainable procurement of raw materials	Morinaga & Co., Ltd., in Japan* 1	Morinaga & Co., Ltd., in Japan* 1	—	Group consolidated basis* 2	<ul style="list-style-type: none"> <li>● Promoting sustainable procurement for domestic products of Morinaga &amp; Co., Ltd., per the results at left</li> <li>● Implementing initiatives to reach targets at both domestic and overseas Group companies</li> <li>● Conducting a CSR procurement survey with raw material suppliers to understand their efforts</li> <li>● Both our factories and distribution centers worked to recycle food waste that was previously difficult to recycle, contributing to the reduction of food loss and waste</li> </ul>			
			Cacao beans	78%	78%	—	100%				
			Palm oil	52%	100%	—	100%				
			2) CSR supply chain management: Ratio of raw materials' transaction value	—	Morinaga & Co., Ltd., in Japan* 3 Raw materials 81% Materials 82%	Morinaga & Co., Ltd., in Japan* 3 80% or higher* 4 <b>NEW</b>	Group consolidated basis 80% or higher				
			3) Reduce food loss and waste* 5	▲70%	▲83%	▲70% or higher* 4 <b>NEW</b>	▲70% or higher				
4	<p>Conserve the Global Environment</p> <p>11 Mitigate and adapt to climate change</p> <p>12 Incorporate environmentally concerned plastic containers and packaging for recycling and reuse</p> <p>13 Sustainable use of water resources</p> <p>14 Maintain and conserve natural capital and biodiversity</p> 	<ul style="list-style-type: none"> <li>● Reducing manufacturing and transportation costs through the development of efficient manufacturing and distribution processes</li> <li>● Increasing demand for jelly drinks and frozen dessert products due to global warming</li> <li>▲ Rising raw material procurement costs and development costs due to delayed responses</li> <li>▲ Rising cost burden due to the introduction of carbon taxes</li> <li>● Creating innovation through external collaborations</li> <li>▲ Declining social reputation and corporate value due to delayed responses</li> <li>● Reducing manufacturing costs through efficient use of water resources</li> <li>▲ Growing operational risks due to delayed responses</li> <li>● Stabilizing raw materials procurement and operations of manufacturing factories</li> <li>▲ Declining market competitiveness and social reputation over the medium to long term caused by delayed responses</li> </ul>	1) CO <sub>2</sub> emission reduction* 6 (Achieve net-zero GHG emissions by FY2050* 7)	▲6%	▲15%	▲23% or higher* 4 <b>NEW</b>	▲30% or higher	<ul style="list-style-type: none"> <li>● Reducing CO<sub>2</sub> emissions through energy-saving activities and the introduction of renewable energy</li> <li>● Working with packaging manufacturers to reduce plastic use such as caps and straws</li> </ul>			
						2) Reduce the plastics used for in Jelly products* 8	—		▲4.7%	▲13% or higher* 4 <b>NEW</b>	▲25% or higher
5	<p>Strengthen Governance in Sustainability</p> <p>15 Strengthen corporate governance</p> <p>16 Strengthen group governance</p> <p>17 Strengthen risk management</p> <p>18 Respect human rights</p> 	<ul style="list-style-type: none"> <li>● Enhancing corporate value by improving management efficiency and enhancing reputation and trust in the capital markets</li> <li>▲ Declining reputation and trust from the capital markets due to delayed responses</li> <li>● Maximizing synergies across the Group</li> <li>▲ Declining corporate value of the entire Group due to the materialization of risks at Group companies</li> <li>● Maintaining and enhancing corporate value by reducing risks that pose barriers to management</li> <li>▲ Increasing probability of crisis occurrence and increased damages due to delayed responses</li> <li>● Enhancing social trust from stakeholders</li> <li>● Increasing employee loyalty</li> <li>▲ Declining social trust, brand value, and corporate value due to delayed responses</li> </ul>	Instead of uniform targets for 2030, we promote responses to individual issues as needed	—	—	—	—	<ul style="list-style-type: none"> <li>● Discussing a wide range of management issues by appropriately selecting issues to improve the effectiveness of the Board of Directors</li> <li>● Further enhancing discussions on medium- to long-term business issues such as sustainability and medium-term business plans</li> <li>● Implementing human rights due diligence</li> <li>● Conducted human rights training for all employees</li> </ul>			

\*1 Scope: Morinaga products in Japan. Paper covers product packaging only.

\*2 Group consolidated basis excluding Food Merchandise. Paper covers product packaging only.

\*3 Scope: Morinaga & Co., Ltd., in Japan (non-consolidated)

\*4 New target set for FY2028

\*5 Scope: Food loss and waste occurring from receipt of raw materials to delivery (distribution) (domestic Group consolidated basis; intensity; compared with FY2019). Food loss and waste is defined as food that has been processed and disposed of by incineration, landfill, or other means, except for food waste that has been returned to the circulation of food resources, such as feed and fertilizer.

\*6 Scope 1 + 2 (domestic Group consolidated basis; compared with FY2018)

\*7 Group consolidated basis

\*8 Target: Amount of plastics used in packaging materials (intensity; compared with FY2019; including replacement with biomass plastics)