

Sustainability Management



✓ Sustainability Policy

✓ Contribution to the Achievement of the Sustainable Development Goals (SDGs)

✓ Sustainability Promotion System

Sustainability at Morinaga Group

➤ Sustainability Management

- Sustainability Advisory Board

➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- Contribute to "Health of Mind, Body, and Environment"
- Corporate Citizenship
- Provision of Safe and Reliable Products

➤ Diversity and Inclusion of People

- Human Resource Development
- Fostering Organizations that are Diverse and Dynamic
- Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- Promotion of Sustainable Raw Material Procurement
- Promotion of CSR Supply Chain Management
- Reduction of Food Loss and Waste
- Promotion of Waste Reduction
- Co-existence and co-prosperity with local communities



The Morinaga Group will enhance its overall sustainability management in order to achieve its Purpose and the 2030 Vision with Altruism as the foundation, a tenet valued by the Company's founder.

Machiko Miyai
Director and Managing Executive Officer

Morinaga Group Sustainability Policy

Morinaga Group Sustainability Policy

The Morinaga Group's Purpose is to "continue to create healthy foods that can be enjoyed beyond generations, thereby bringing smiles to the faces of people around the world now and in the future." By conducting our corporate activities to realize this Purpose, we aim to contribute to the creation of a sustainable society and achieve sustainable growth of the Morinaga Group.

- We will provide value to customers and society and make efforts to solve social issues while giving proper consideration to the global environment.
- We will engage appropriately in dialogue and build relationships of trust with all our stakeholders.
- We will realize sound and highly-effective management through fair and transparent governance.

(Established: November 2021)

- [Corporate Philosophy](#)
- [Code of Conduct Standards of Behavior](#)
- [Sustainability Policies & Guidelines](#)

Identifying the Group's Materiality

The Morinaga Group began deliberating material issues for achieving our Purpose and the 2030 Vision in July 2020, and identified material issues (Materiality) from both financial and non-financial aspects following the approval of the Board of Directors.

We will steadily establish social values and a resilient management foundation to achieve sustainable growth through addressing our materiality.

> [Process of Identifying Materiality](#)

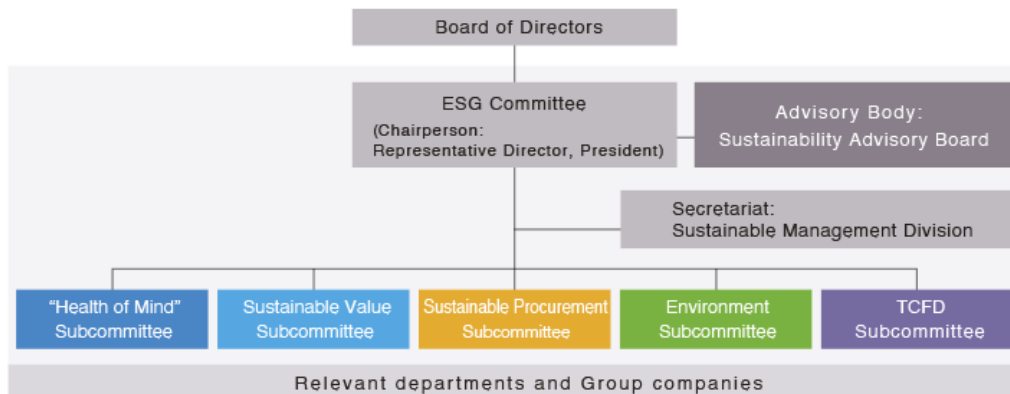
The Morinaga Group's Materiality



Sustainability Promotion System

In April 2021, we established the Sustainable Management Division to support and promote the entire Group's sustainability and ESG initiatives. Moreover, we newly established the ESG Committee, which is chaired by the President and Representative Director in order to promote initiatives for sustainability and achieve the Group's overall Purpose.

Schematics of Sustainability Promotion



Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

Sustainability Policies & Guidelines

Integrated Report

ESG Data

GRI Standards

Sustainable Finance

IR Library

The Sustainable Management Division serves as the secretariat for the ESG Committee, with the heads of departments relevant to the 2030 Targets serving as committee members. The ESG Committee meets about once every two months.

Moreover, we established five new subcommittees under the ESG Committee. Subcommittees are chaired by a Director and comprised of members from relevant departments. Aimed at achieving the Long-Term Targets for 2030, we will steadily implement activities for sustainability. In April 2022, we established the Sustainability Advisory Board, which three outside experts attended in order to qualitatively improve sustainable business management.

The Morinaga Group will further make appropriate disclosure on our activity status and progress through integrated reports and our company website and increase the entire Group's transparency as well as build a trust relationship with all stakeholders through presenting the Morinaga Group's philosophy and activities. Also, we aim to refine our response to requests for ESG information disclosure from external survey organizations and business partners and achieve enhanced corporate value for the medium to long term.

Commitment to the United Nations Global Compact

Since its founding in 1899, Morinaga & Co., Ltd. has continued to uphold standards when dealing with human rights, labor, the environment, and anti-corruption. Given that our recent efforts matched the efforts of the United Nations Global Compact initiative towards corporate responsibility and its 10 Principles, we expressed our support for them in April 2022 and signed the initiative.

The Ten Principles of the United Nations Global Compact

<Human Rights>

Principle1 : Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle2 : make sure that they are not complicit in human rights abuses.

<Labour>

Principle3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle4 : the elimination of all forms of forced and compulsory labour;

Principle5 : the effective abolition of child labour; and

Principle6 : the elimination of discrimination in respect of employment and occupation.

<Environment>

Principle7 : Businesses should support a precautionary approach to environmental challenges;

Principle8 : undertake initiatives to promote greater environmental responsibility; and

Principle9 : encourage the development and diffusion of environmentally friendly technologies.

<Anti-Corruption>

Principle10 : Businesses should work against corruption in all its forms, including extortion and bribery.

Contribution to the Achievement of the Sustainable Development Goals (SDGs)

In 2015, Sustainable Development Goals (SDGs) was adopted at the UN Sustainable Development Summit. The SDGs consist of 17 global common goals that should be achieved through the collaboration of the entire international community by 2030. We, the Morinaga Group, are committed to achieve the SDGs goals through business activities to contribute to the realization of a sustainable society.

SUSTAINABLE DEVELOPMENT GOALS



Sustainability at Morinaga Group

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Sustainability Advisory Board



Objective of Establishment and Operations

First Meeting of the Sustainability Advisory Board

Objective of Establishment and Operations

The Morinaga Group established the Sustainability Advisory Board (SAB) in April 2022 as an advisory body to the ESG Committee. SAB's mission is to accurately identify and respond to the rapidly changing external environment and diversifying needs of stakeholders, and raise the level of sustainable business management. Three outside experts specializing in such fields as the SDGs business, ESG investment and diversity and inclusion participate in SAB to provide advice and recommendations on the Group's strategies and initiatives.

By reflecting the advice and recommendations received from SAB in future measures and initiatives, we hope to make steady progress with the implementation of sustainability management as well as achieve sustainable growth and enhance corporate value.

First Meeting of the Sustainability Advisory Board

The first SAB meeting was held in May 2022. It was attended by these three outside experts along with four representatives from Morinaga, including the President, each director in charge of the Corporate Strategy Division and Sustainable Management Division and the Executive Officer and General Manager of the Sustainable Management Division. Members shared their views on the Group's initiatives for achieving our Purpose and the 2030 Vision.

The main agenda items were as follows.

Main Agendas Items

1. Morinaga Group Integrated Report 2021 and 2030 Business Plan
2. Disclosure of Non-Financial Information
3. Promotion of Diversity and Inclusion

1. SAB praised Morinaga Group Integrated Report 2021 for conveying information concisely to investors and establishing shared understanding of the concept of "health of mind, body, and environment." However, SAB shared the view that certain improvements can be made to the 2030 Vision; for example, providing greater detail regarding the initiatives to change into a wellness company.

2. Regarding disclosure of non-financial information, SAB provided and discussed the latest domestic and overseas information on disclosure trends in recent years, such as the TCFD recommendations and requests for disclosure of human capital.

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Diversity and Inclusion of People

- > Human Resource Development
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3. For promotion of diversity and inclusion, SAB members provided advice and discussed relevant international standards and the considerations that should be made with a global perspective.

These valuable opinions will be reflected in the Group's future sustainable business management and for the Group's new value creation.



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Related information

[Sustainability at Morinaga TOP](#) >

> Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

> Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
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> IR Library



Identifying the Materiality

Process of Identifying Materiality

In order to identify our materiality, we conducted interviews with experts in the fields of sustainability, consumer issues, capital markets and ESG investment, etc., in July 2020 to obtain opinions on issues that we should address.

Following that, we summarized our 30 material issues for the realization of our Purpose and the 2030 Vision based on vital issues in management and business, international standards and initiatives such as SDGs, and Global Compact, expectations and requests from stakeholders such as customers, business partners, and NGOs, survey items received from survey organizations on CSR, ESG, and sustainability, and other factors such as the external environmental trend that surrounds the Morinaga Group and the food industry.

These material issues are evaluated for their importance from the two axes of “impact on the Morinaga Group’s sustainable growth,” and “impact on the society’s sustainable development” by 11 external stakeholders (three investors, four business partners, one NGO, and three Outside Directors) and 10 key members of the Company. As a result, 21 issues have been rated as important, while seven of which have been rated as the most important (see materiality matrix*).

Based on this result and repeated discussion among board members, given comprehensive consideration on their relation to the Morinaga Group’s management and business operations, we have identified five materialities. The materiality and its specific themes will be reviewed on a regular basis.

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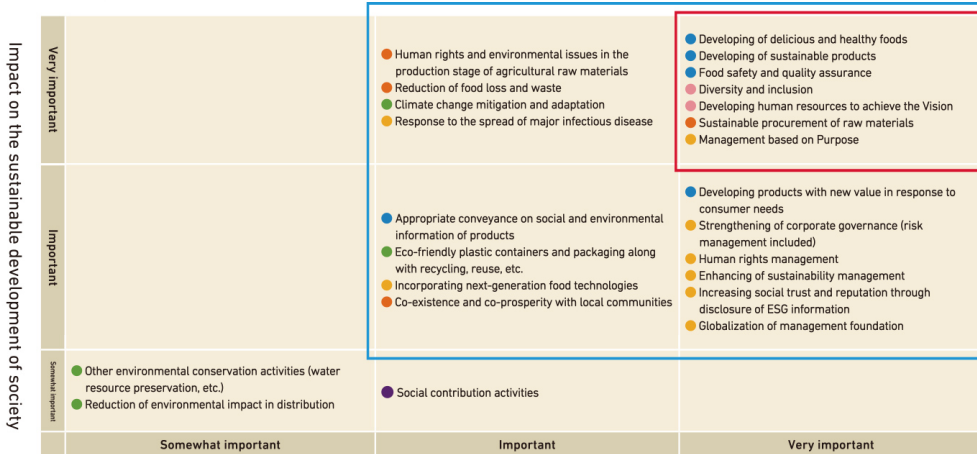
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Conserving the Global Environment

The Morinaga Group’s Materiality Matrix

 Deemed the most important issues Deemed important issues



Impact on the Morinaga Group’s sustainable growth

*Only results of “Somewhat important” and better presented

Five materialities

1. Contribute to healthy lives of people around the world
2. Diversity and inclusion of people
3. Achieve sustainable value chains
4. Conserve the global environment
5. Strengthen the business management foundation

Initiatives for each material issue



Contributions to Healthy Lives of People around the World



Diversity and Inclusion of People



Achieving Sustainable Value Chains



Conserving the Global Environment



Strengthening the Business Management Foundation

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[Stakeholder Engagement](#)





Stakeholder Engagement

Basic Stance

The Morinaga Group attaches great importance to the stakeholder engagement, for which opinions and requests are received from various stakeholders through communication with them, and then reported to the management team so that they can utilize the feedback in the management and corporate activities.

We communicate with our stakeholders actively and regularly, striving to contribute to the achievement of a sustainable society.

Morinaga Group's Stakeholders

We recognize six groups of stakeholders who surround the Morinaga Group, that is, customers, employees, clients/business partners, shareholders/investors, local community, and the global environment.

> [Multi-Stakeholder Policy](#)



Customers

Major expectations and demands from society	Major responses by the Morinaga Group	Examples of engagement and communication opportunities
<ul style="list-style-type: none"> • Food safety and security • Compliance (regulatory compliance) • Enhancement of customer service • Response to environmental issues such as global warming 	<ul style="list-style-type: none"> • Acceptance of various voices, comments, and suggestions • Improvements based on opinions • Disclosure of compliance, environmental response, and other Information 	<ul style="list-style-type: none"> • Customer Service Center • Provision of Q&A and utilized customers' voices on website • Official corporate account for Japanese version of Yahoo Answers • Conducting of stakeholder surveys (FY2018/3)

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Employees

Major expectations and demands from society	Major responses by the Morinaga Group	Examples of engagement and communication opportunities
<ul style="list-style-type: none"> Creation of a worker-friendly workplace environment Promotion of diversity Occupational health and safety 	<ul style="list-style-type: none"> Formulation of human rights policies Promotion of health management Human resource training Work style reform initiatives Promotion of occupational health and safety Elimination of harassment and other inappropriate conduct 	<ul style="list-style-type: none"> Workstyle reform Enhancement of child-raising and nursing care support systems Holding of various training sessions Conducting of employee awareness surveys Conducting of stakeholder surveys (FY2018/3)

Business partners

Major expectations and demands from society	Major responses by the Morinaga Group	Examples of engagement and communication opportunities
<ul style="list-style-type: none"> Food safety and security Fair and impartial transactions Consideration for human rights, working environment, and safety 	<ul style="list-style-type: none"> Formulation of procurement policies Formulation of human rights policies Development of a sustainable procurement plan Strengthening of partnerships with business partners 	<ul style="list-style-type: none"> Communication in raw materials' production areas Morinaga Group procurement policy information session for business partners Conducting of stakeholder surveys (FY2018/3)

Shareholders/investors

Major expectations and demands from society	Major responses by the Morinaga Group	Examples of engagement and communication opportunities
<ul style="list-style-type: none"> Maintenance and improvement of corporate value Appropriate shareholder returns Timely and appropriate information disclosure 	<ul style="list-style-type: none"> Timely and appropriate communication Timely disclosure of management information Engagement between management and investors 	<ul style="list-style-type: none"> Explanation of management strategy at general meeting of shareholders and financial results briefings Holding of IR meetings by management Factory tours for securities analysts and institutional investors Conducting of shareholder surveys Enhancement of information content on the corporate IR sites (Japanese and English)

Local community

Major expectations and demands from society	Major responses by the Morinaga Group	Examples of engagement and communication opportunities
<ul style="list-style-type: none"> Education of next generation Relationships with local communities 	<ul style="list-style-type: none"> Provision of food education experiences, nature explorations, and sports experiences to children Communication with local communities 	<ul style="list-style-type: none"> Visiting lectures "Forest Kindergarten" in the Angel Forest, Iga Exploratory expeditions Ottotto Calisthenics Participation in cleanup activities by local communities

Global environment

Major expectations and demands from society	Major responses by the Morinaga Group	Examples of engagement and communication opportunities
<ul style="list-style-type: none"> Contribution to the solution of environmental issues 	<ul style="list-style-type: none"> Revision of environmental policies Reduction of environmental load in business activities Reflection of environmental issues in business strategies 	<ul style="list-style-type: none"> Development of environmentally conscious products CO2 reduction Promotion of recycling and waste reduction Biodiversity initiatives Measurement of costs and effects of environmental conservation activities

Conserving the Global Environment

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Initiatives for each material issue



**Contributions to Healthy
Lives of People around the
World**



**Diversity and Inclusion of
People**



**Achieving Sustainable
Value Chains**



**Conserving the Global
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**Strengthening the Business
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Contributions to Healthy Lives of People around the World



The Morinaga Group is contributing to the healthy lives of people around the world with our efforts in providing health values for mind, body, and environment.

Materiality

Contribute to Healthy Lives of People around the World

Main challenges included in materiality

1. Develop delicious and healthy foods
2. Develop products with new value in response to consumer needs
3. Develop sustainable products
4. Food security and quality assurance
5. Appropriately convey social and environmental information about products

Main expected opportunities and risks

<opportunities>

- Growing business opportunities following the rising health consciousness of consumers
- Growing business opportunities and improving competitiveness by tapping into latent markets
- Growing business opportunities from rising awareness of sustainability among consumers
- Increasing social trust

<risks>

- Declining market competitiveness over the medium to long term caused by delayed response
- Declining social trust, brand value, and corporate value

Main Actions Ahead of 2030

1. Develop and supply products that contribute to “health of mind and body”
2. Develop and supply products with sustainable value
3. Supply safe and reliable foods

Response to SDGs



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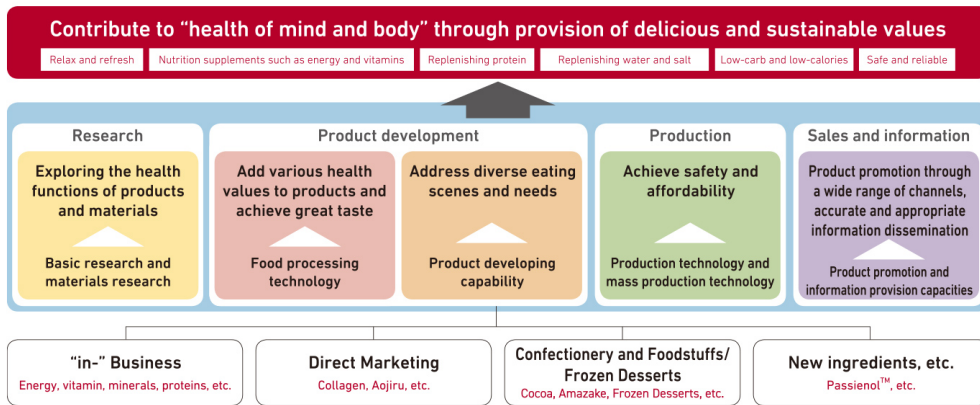
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Basic Stance

The Group's quest for health begins with the founder Taichiro Morinaga's idea to bring delicious and highly nutritious Western confections to Japan and the statement of "rich in nourishment /exquisite flavor," as written on the package of Milk Caramel. Since then, for over 120 years, we have been striving in our basic research, food processing technology, product developing capability, production technology, product promotion capability, and information provision capability, in order to consistently provide customers with values over the age. Even today, we are striving to provide values through a wide range of product categories to bring "health of mind (deliciousness and fun)" and "health of body (nutrition supplement)" to customers of all generations and lifestyles in order to contribute to a healthy life by harnessing these capabilities as our strength. Particularly, lifestyles have been diversifying in recent years, with the needs for nutritional supplements diversifying, such as "to also satisfy a craving," "in dessert form," and "in drinks form." The Morinaga Group will meet customers' needs with various categories and forms of products. For the future, we will focus on the development of products that dive deeper into "health of mind" and sustainable products, in aiming to realise sustainable growth and enhanced corporate value for the Group by achieving the goal of "health of mind, body, and environment" as stated in the 2030 Vision.

Values Provided to Customers



Contribute to "Health of Mind, Body, and Environment"



Provision of Safe and Reliable Products



R&D / Technology / Intellectual Property

> Co-existence and co-prosperity with local communities

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Related information

Plan International



ACE (Action against Child
Exploitation)



Contribute to "Health of Mind, Body, and Environment"



✓ Develop products that contribute to "health of mind, body, and environment"

✓ Initiatives for Resolving Social Issues

✓ Corporate Citizenship

✓ Information Provision to Consumers

✓ Co-creative Action with Consumers

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Develop products that contribute to "health of mind, body, and environment"

Delicious, easy, and quick protein supply

The demand for products that can easily replenish proteins is growing due to interest in body building and habits of training resulting from a rising health awareness, and as prevention for sarcopenia and frailness in the elderly. The Morinaga Group is expanding its lineup of protein supply products among the "in-" brand, including "in Jelly."

Recently, we have been working on enhancing added value such as by introducing E lutein, which strengthens the function of proteins.



> [in jelly](#) · [in bar](#)

Deliciously and easily replenish water and salt

There is an increasing occurrence of heat strokes due to the rising average temperature along with global warming. The Morinaga Group agrees with the Heat Illness Prevention - Communication Project, and is responding to the needs for replenishing water and salt through our products of *in Jelly <Energy Lemon>*, *in Tablet*, *Morinaga Amazake*, and *Ice Box*.



> [Health Illness Prevention-Communication Project](#) ⇨

Deep dive into “health of mind” and evolve into “health of body”

The COVID-19 pandemic has brought about drastic changes to people-to-people communication and stress levels. Given that the demand for healthy minds is stronger than ever before, we are striving to deeply explore “health of mind” in terms of scientific approach and consumer-oriented marketing. At the same time, we are also enhancing our technology to reduce sugar, fat, and calories to meet the growing needs for “health of body” in confectionery and foodstuffs.

We have developed products based on the changing needs of our customers by researching compounding and processing technologies that balance taste with nutritional ingredients and reduction of carbs and calories.

In particular, we created delicious products such as Morinaga Collagen Drink and in Bar Protein which hide the unique taste of certain nutrients.

Many confectionery and frozen desserts products are rich in sugar and carbohydrates, but we are also developing sugar-free and carbohydrate-free products such as “in Jelly” and “HI-CHEW” in addition to calorie-free products in order to appeal to a wider audience.

Information Provision to Consumers

Information dissemination based on sports science

The Morinaga Group operates a training lab that supports the body building and nutrition counseling for top athletes. We provide articles put together by trainers and dieticians of the Training Lab on our website, “Easy-to-understand textbook on protein.” The website gets an average of 1.5 million visits per month with a multitude of information from protein selection by Purpose of use, to food menu, and workout advice.



Initiatives for Resolving Social Issues

Supporting education and preventing child labor in cacao-producing countries (One Chocolate for One Smile)

The One Chocolate for One Smile project is aimed at aiding the activities to improve the educational environment for children in cacao-producing countries, using revenues from the sale of our chocolate products subject to the project (such as Dars). In addition to our year-round donation effort, we donate one yen per eligible chocolate product sold during the designated months. Since 2008, the total amount exceeded 200 million yen in ten years.

The amount donated is used for aid activities by our aid partners, Plan International Japan, a public interest incorporated foundation, and Action against Child Exploitation (ACE), an authorized NPO. These activities, which mainly target African countries such as Ghana and Cameroon, aim to support all children so that they can receive quality education and their homes and communities can achieve stability enough to provide education to the children and protect their rights.

These partners also used the donation money to improve the school and hygiene environment, provide technology guidance to farmers, and to raise awareness of children's rights through education in the aid areas. These activities helped stop child labor, thereby increasing the number of children who can go to school.

- > Co-existence and co-prosperity with local communities

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Children in Ghana enjoying school meals provided by the support program

One chocolate for one smile
Eat chocolate and make someone else happy.

> [Plan International](#) ↗

> [ACE \(Action against Child Exploitation\)](#) ↗

Co-creative Action with Consumers

Project to Connect Smiles to the Future

In 2021, young and mid-career members of the sales division came together to launch the "Project to Connect Smiles to the Future," as a co-creative action with consumers towards a sustainable society. First, the campaign of donating the equivalent amount of *Chocoball* to children's cafeterias throughout Japan based on the number of *Chocoball* purchased and applied for was launched. The campaign was promoted in stores of businesses endorsing the project, where we received 21,816 applications and truly felt the increasing public interest.



We have also launched a website where people can have fun learning about sustainability with "Kyoro-chan", Morinaga's popular bird-like mascot.

By explaining the SDGs and Morinaga Group's efforts in simple terms, we aim to encourage many customers to empathize with and participate in the creation of a sustainable society.

Corporate Citizenship

We also engage in corporate citizenship activities such as education for the younger generation.

> [Corporate Citizenship](#)

Contributions to Healthy Lives of People around the World

Provision of Safe and Reliable
Products





Corporate Citizenship

✓ Basic Stance

✓ Factory Tour

✓ Morinaga Virtual Company Visit

✓ Other

✓ Food Education and Confectionery Education

✓ Visiting Lecture—A Caramel Lesson by Morinaga

✓ Disaster recovery aid

✓ Joint Programs with Non-affiliated Companies through the Angel Smile Project

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Basic Stance

The Morinaga Group's purpose is to "continue to create healthy foods that can be enjoyed beyond generations, thereby bringing smiles to the faces of people around the world now and in the future".

Based on this purpose, we will formulate a social contribution policy, work on solving social issues, and contribute to the realization of a sustainable society.

Morinaga Group Corporate Citizenship Policy

The Morinaga Group will carry out social contribution activities based on the altruistic spirit of thinking about how to be considerate and contribute towards others.

Through cooperation and collaboration with local communities, government agencies, NPOs, and NGOs, we will work as a member of society to contribute to the creation of a society that brings smiles to people's faces.

● Main Activities

Nurturing next generation, Environmental Conservation, Disaster Recovery Assistance, and Local Volunteering, etc.

Food Education and Confectionery Education

Morinaga believes that the value of confectioneries lies in supplementing nutrition and its role in communication that connects people to people and hearts to hearts.

Morinaga donates "Mel and Mar's Picnic," our original picture book for confectionery education, to children's nursery facilities. This is aimed at helping children develop creativity while learning about, in a fun way, confectionery's roles and how to properly associate with confectionery. The nursery facilities use the book for such purposes as storytelling and drama-based workshop.



Morinaga Angel Museum MORIUM & Tsurumi Factory Tour

We conduct guided tours for visitors to see both the Morinaga Angel Museum MORIUM and the Tsurumi factory production line. At MORIUM, we introduce visitors to the history and technology of Morinaga & Co., Ltd. and provide insight into the thought process behind our products through displays and videos. During the factory tour, we hope visitors will be able to feel the excitement and thrill of manufacturing, and get a real sense of our efforts towards food safety and reliability through their own eyes.

What's MORIUM?

Morium is a word coined by combining Morinaga and arium (Latin word for a place associated with something specific) and the name represents our wish to have people come and experience the diverse types of value that Morinaga creates (umu in Japanese).



Morinaga Angel Museum MORIUM



MORIUM Exhibition



Tour entrance



Tour guests

Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

Sustainability Policies & Guidelines

Integrated Report

ESG Data

GRI Standards

Sustainable Finance

IR Library

Visiting Lecture—A Caramel Lesson by Morinaga

Employees visit elementary schools to teach a class about the industrial production of milk caramels. The class targets fifth graders and offers a sense of realism as if they are on a factory tour. The class aims to teach about the ingenious attempts and hard work of industrial production, as well as our passion toward manufacturing. This helps deepen their learning in textbook.

We have also been conducting online lessons since FY2022/3, contributing to the creation of equal educational opportunities.

Pupils watch the video of production process and take part in quiz and workshop to participate experience-based class.

Culmulative number of children participated by March 2022

4,022 children

Culmulative number of employees participated by March 2022

230 employees



Lecture



Quiz session



Workshop①



Workshop②

Voice: [Comments of employees who participated in the Caramel Lesson]

Confectioneries have the power to make people happy

I participated in the lesson because I wanted children to love caramel more. I was nervous about standing on the podium, but I was very happy that many children listened to me with serious faces and asked questions earnestly. The smiles the children gave me when they received caramels as a souvenir reminded me that “Confectioneries make people happy,” and made me love caramels even more. This is an opportunity to understand the value of our products. I would like to expand this activity to many employees.



Motoki Matsui
MIRAI Research & Innovation, R&D Center, Morinaga & Co., Ltd.

Morinaga Virtual Company Visit

We host virtual company visits to serve as career education and as class lessons for junior high and high school students.

Employees explain the range of Morinaga's business and about duties and workstyles, and communicate directly with students through question. The aim is to provide an opportunity for students to think about occupation and their future careers, and develop an idea of what working is all about.



Disaster recovery aid

Humanitarian aid to Ukraine

In May 2022, we donated 10 million yen to Plan International Japan, a public interest incorporated foundation, to provide humanitarian aid to Ukrainian children and their parents who were fleeing their country due to the escalation of war in Ukraine.

In addition, 307 directors and employees made humanitarian aid donations, which were matched by the Company with an additional donation of the same amount.

These donations were used to improve the environment, provide psychosocial care, and support education for evacuated Ukrainian children and their parents.

Humanitarian aid for Turkey/ Syria Earthquake

In May 2023, we donated 10 million yen to the Japanese Red Cross Society jointly with Morinaga Milk Industry Co., Ltd. to be used for relief efforts and reconstruction of the areas affected by the Turkey and Syria earthquakes. We also made a donation to the Japanese Red Cross Society through a matching donation initiative, in which 281 directors and employees of the Morinaga & Co., Ltd. and its Group made a donation and the Company matched the amount of money.

Other

KidZania Tokyo

At the Sweets Factory, a pavilion exhibited by Morinaga in the KidZania, children can experience the joy of working and try manufacturing techniques through the production of *HI-CHEW* candies. They can also learn about food hygiene, rules, and manners, while developing independence and sociality.

Education Programs to Support Future Athletes

Naoki Idegawa is a professional downhill mountain bike rider who Morinaga Training Lab has been supporting for many years, and upon his request, we started providing training and nutrition support at the Bicycle Academy. The Bicycle Academy is a bicycle school launched in FY 2021/3 by Idegawa, who serves as the main coach, with the objective of contributing to character building in addition to fostering bicycle knowledge and skills. Its philosophy is

to share the three joys of happiness, growth, and success through mountain biking; pursue activities with love, sincerity, and thankfulness; and contribute to the development of the bicycle community. The Lab's trainers and nutritionists provide support to member elementary school students bike riders and their parents and guardians by offering training programs important for athletes in their growth phase, and by uploading sports-related food education videos once a month. And in July, *in Jelly <Energy Lemon>* was provided to members after their lesson, and they learned about the importance of heat stroke prevention and of supplemental food.



Instruction at the Bicycle Academy on warming up



Take in Jelly <Energy Lemon> after a lesson in summer



Training program instruction for Bicycle Academy coaches



Excerpt of sports-related food education video

Ottotto Calisthenics

Morinaga Training Lab, which is mainly in charge of providing training guidance and nutritional support to athletes, devised the Ottotto Calisthenics in collaboration with Yokohama Sport Association, in the aim of promoting, as much as possible, children's healthy growth through exercise and diet.

The Calisthenics was devised in the expectation that various forms of body movements, such as jumping, rolling, and standing on one leg, will promote the development of athletic ability in early childhood, thereby reducing injuries caused by falls. In the Calisthenics, we incorporated the image of the sea friends, the characters appearing in our Ottotto snack, so that children can enjoy the exercise.



Ottotto Calisthenics educational videos



Participation in the Bellmark Program

Morinaga has continuously participated in the Bellmark program since it was launched in 1960 and has provided support for Bellmark activities, which assist the improvement of school equipment and educational materials, as well as children who are endeavoring to learn with various disabilities. Currently, Morinaga is contributing to the Bellmark program by printing the Bell Mark on six products: Milk Caramel, Hi-Soft, Morinaga Biscuits, ChocoBall, Milk Chocolate, and Ottotto.



Morinaga Angel Foundation

Emphasizing the importance of an "Angel's Heart," which is Morinaga's symbol, the Morinaga Angel Foundation conducts research on forms of abundant human lifestyles and the ideal of families in the future through, for example, art, sports, nature, food, and classics. We are also engaged in activities to deliver a picture book titled "MORI-no-Ehon" to children who are living in the areas hit by recent earthquakes, heavy rains, and other natural disasters, including the Great East Japan Earthquake. The number of the book's copies delivered amounted 8,556. In addition, we plan and offer a variety of lectures for internal use. In 2022, we held one lecture entitled

"Reconsidering Corporate Activities from the Perspective of the SDGs," which was attended by employees from a wide range of divisions, including sales and raw material procurement divisions, to deepen their understanding of how the SDGs have become more deeply involved in business operations.



Activities to deliver the MORI-no-Ehon picture book

Joint Programs with Non-affiliated Companies through the Angel Smile Project

Under the Project, companies (limited to food manufacturers, distributors, and providers) that wish to use Morinaga's trademarks of "Angel" join CSR activities that contribute to the improvement of environments for children's education and training, in lieu of paying a royalty.

In FY2020/3, the project's scope has been expanded to the use of patent rights, and, as the fruit of an initiative to revitalize the local economy, which was jointly undertaken by Kawasaki City, Kawasaki Institute of Industrial Promotion, and Kawasaki Shinkin Bank, a new product Angel no Hoppe (angel's cheeks), a Daifuku confection flavored with powdered green tea and chocolate, was launched by Kashisho Suehiroan, a Japanese-sweets manufacturer, utilizing Morinaga's patented technology.

> [Co-existence and co-prosperity with local communities](#)

Donation of products to the Children's Food Support Box initiative and participation in volunteer packing work using volunteer leave

In 2022, we endorsed the Children's Food Support Box implemented by Save the Children Japan and donated products such as *Moonlight*, *Big Choco Balls*, and other items. This initiative was implemented during the summer and winter holidays with the aim of improving the food situation for children, targeting families in financial difficulty amid the prolonged COVID-19 infection and rising prices. Save the Children Japan delivered support boxes to approximately 8,200 households in FY2022.

In July and December, a total of 13 employees from our company took volunteer leave for three days to participate in the Children's Food Support Box packing program.

The Morinaga Group will continue to encourage participation from our employees to solve social issues in accordance with its social contribution policy, aiming to create a society where people can smile.



Contributions to Healthy Lives of People around the World

Contribute to "Health of Mind, Body, and Environment" >

Provision of Safe and Reliable Products >

Stakeholder Engagement >

Co-existence and co-prosperity with local communities >

Related information

Sustainability at Morinaga TOP >



Provision of Safe and Reliable Products

✓ Commitment to Quality

✓ Efforts in Quality Assurance

✓ Initiatives by Cooperating Companies

✓ Framework for Quality Assurance

✓ Quality Assurance Initiatives Overseas

✓ Communication with Customers

Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to “Health of Mind, Body, and Environment”
- > Corporate Citizenship

> Provision of Safe and Reliable Products

➤ Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Commitment to Quality

The Morinaga Group believes it is its mission as a food manufacturer to constantly ensure the quality and safety of products and deliver safe and reliable products to customers.

Our Philosophy on Quality Assurance

In realizing our Purpose and 2030 Vision, we believe that trust from our customers is the most important. We have established the following quality policy in promoting quality assurance by placing the utmost priority on excellent product quality together with safety and reliability, which are the premise for earning customer trust.

> [Quality Policy](#)

Quality Assurance System

In order to practically implement the quality policy, we have established the Quality Assurance Rules, and are centrally and systematically managing and maintaining the “Quality Assurance Objective (purpose),” “Target Level,” “Manuals Related to Quality Assurance,” and “Quality Standards.” We conduct activities on assuring quality in each department.

All products of the Morinaga brand are developed involving multiple departments and divisions. We implement a cross-sectional “Quality Assessment System” from the product planning phase to eliminate any omissions or oversight in ensuring quality, safety, and legal compliance. In addition, we conduct constant analysis in pursuit of excellent quality. The Analysis Group within the Quality Assurance Division conducts scientific verification and assurance on products and raw materials. Morinaga Institute of Biological Science, Inc. contributes to the verification and assurance of the safety and legal compliance of Morinaga Group's products as well as and legal compliance of products which are produced by the company of Morinaga Group and other company, by developing, manufacturing, and selling food allergy analysis kits. And in preparation of possible quality accidents, we have developed a Crisis Management Response Guidelines that outlines how directors and employees should handle matters in such cases.



➤ **Conserving the Global Environment**

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

➤ **Strengthening the Business Management Foundation**

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

➤ **Sustainability Policies & Guidelines**

➤ **Integrated Report**

➤ **ESG Data**

➤ **GRI Standards**

➤ **Sustainable Finance**

➤ **IR Library**

Framework for Quality Assurance

In an effort to deliver safe products to our customers, we have established a safety-focused quality assurance system that employs various approaches and mechanisms throughout all processes from product development to procurement, production, distribution, and sales.

If a customer gives feedback about our products after the delivery thereof, we respond to it by conducting a variety of quality investigations and analyses and reporting their results back to the customer. We share these types of information within our organization to leverage it for purposes of product development and improvement. If an unexpected event occurs to our products, we would be committed to disclosing information accurately and promptly in order to restore our customers' trust.

Steps We Take Before Our Products Reach Our Customers



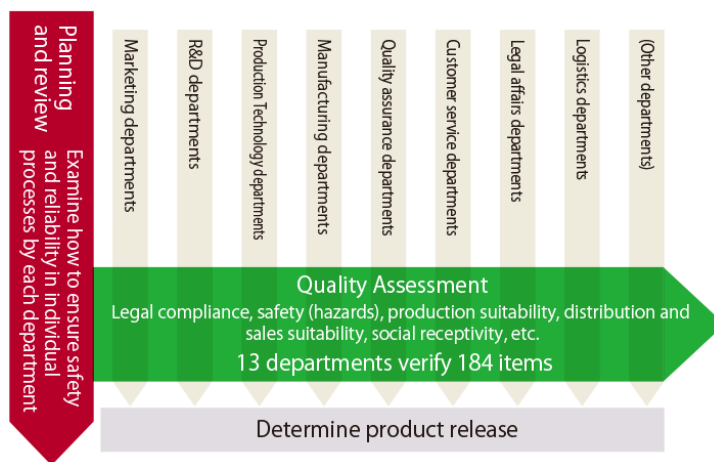
1. Product development stage

While designing the quality and packages/containers and making proper labels, we comply with food-related laws and internal rules set to protect the quality of products on store shelves as well as the quality and safety up to the best-before date.

Quality assessment system

Our Quality Assessment System is designed to identify and remove risks involved in any new or renewed products in the development phase by reviewing and checking them in a cross-sectional and overarching manner before making the decision to launch them into the market, through the use of a checklist that covers 13 categories and approximately 184 items to check. Our product development process involves a number of divisions, with each of them being responsible for reviewing and confirming the product's safety and other specifications. At the same time, our Quality Assessment System serves as a cross-sectional tool to avoid any oversight or unchecked areas and ensure a consistent level of quality and regulatory compliance.

Role of Quality Assessment



2. Procurement of raw materials stage

We have prescribed strict regulations for the raw materials used in our products, and only purchase ingredients from manufacturers who can meet these requirements. We check information on the safety and reliability of raw materials with regard to not only compliance with the Food Sanitation Act but also food additives, allergenic substances and genetically modified organisms (GMOs). We also conduct testing when it is determined to be necessary, confirming that raw materials are safe.

3. Production stage

All of our domestic production factories (four Morinaga factories and four affiliated production companies) have obtained the FSSC 22000 certification, an international standard certification for food safety systems or JFS-B standard certification, a Japanese Food Safety Standard.

> [Food Defense](#)

List of Factories with Certifications (As of August 31, 2023)

FSSC 22000 certification:

Mishima Factory, Oyama Factory, Chukyo Factory, Tsurumi Factory, Takasaki Morinaga Co., Ltd.,
Morinaga Angel Dessert Co., Ltd., Morinaga Dessert Co., Ltd.

JFS-B standard certification:

Osaka Center of Aunt Stella Inc.

4. Shipping development stage

Once produced in a factory, products undergo a shipping inspection as a final check in the factory before they reach our customers. The shipping inspection process is the last line of defense to ensure the safety for our customers. Specifically, the process is designed to verify the product's flavor, alignment with specified color tones, dimensions, and weight, and observance of bacterial standards (microorganism control), to identify any broken or defective packages, and to look at whether the best-before date is printed correctly.



Shipping inspection (measuring that dimensions and weight meet product standards)

5. Transportation/Storage/In-store Management

We set rules and request our business partners in the value chain (such as warehouses and transportation companies) to follow them so as not to impair the quality of our products in order to deliver safe products to our customers.

Response to Customers' Opinions and Feedback

If a product is reported to be defective by a customer, we immediately carry out an investigation and analysis, verify compliance with quality and regulatory requirements, and report the results to the customer. Further, we quarterly hold a meeting of the Customer Voice Committee with the aim of taking customers' opinions and feedback into consideration in our company-wide efforts to improve product quality, packaging, labeling, sales campaigns, advertisements, and so forth.

> [Communication with Customers](#)

Efforts in Quality Assurance

Analysis

The Morinaga Group is constantly engaged in the analysis and the development of analytical techniques for, nutritional and functional ingredients, chemical substances, heavy metals, microorganisms, and food allergens. Based on scientific and objective evidences, we verify the safety and regulatory compliance of, and provide warranty to, the product development, raw materials, production, logistics, and defective products reported by customers.



Measurement of food allergens (specified raw materials)

Food Defense

As part of our efforts to prevent foreign substances being intentionally inserted into foods, we first of all endeavor to create a workplace environment where it is easy to work and importance is placed on communication, raising employee awareness so that they act in a manner that gives highest priority to customers' safety and peace of mind. On top of this, we implement both tangible and intangible measures to reduce risks, including stricter management of entry/exit to/from factory premises and production facilities, rigid compliance with rules concerning the prevention of contamination (restrictions on personal belongings allowed to be brought in and the handling of chemicals), and installation of camera-based recording systems.



Controller room



Camera-based recording system

Traceability

Throughout the process from raw materials and ingredients to manufacturing, storage, and delivery, we maintain product traceability by keeping complete records of, and take strict control over, raw materials and products. We also carry out training on a regular basis and confirm whether the traceability system is working properly.



Traceability is checked using with a bar code reader

Correct and Easy-to-understand Labeling

In addition to being in compliance with laws such as the Food Labeling Act, labeling on packaging provides information important for customers when selecting products. We devise ways to ensure that health-related information such as allergy information, nutritional information, and best-before dates are clearly visible and easy to understand. We also work to raise customer convenience through such efforts as labeling individual packaging with allergen information and cross-contamination statements (a warning for possible contamination arising from production at shared facilities).

And when there are changes in allergen information, it is printed on the package front. Such we are taking steps to accurately communicate information to our customers.

●名称 ビスケット ●原材料名 小麦粉(国内製造)、砂糖、牛乳、マーガリン、ショートニング、全粉乳、バターオイル、ぶどう糖果糖液糖、植物油、食塩、発酵風味液、たんぱく質濃縮ホエイパウダー／膨脹剤、香料、乳化剤(大豆由来) ●内容量 21枚(3枚パック×7袋) ●賞味期限 この面に記載 ●保存方法 直射日光・高温・多湿を避けて保存してください ●販売者 森永製菓株式会社 〒108-8403 東京都港区芝5-33-1

●製造所 高崎森永株式会社 群馬県高崎市宮原町2-1

賞味期限

森永製菓お客様相談室
お問合せ先0120-560-162
不都合品はお取替えいたします

原材料に含まれる
アレルギー物質
(28品目中) 小麦・乳・大豆

卵を含む製品と共通の設備で製造
しています。

Product label on the package of MARIE Biscuit



Allergen information printed on package front when changes are made

Response to Food Allergies

We provide not only legible and easy-to-understand allergen data on product packages but a list of allergens on our website to help customers feel safe when selecting our products. For the sake of customers with allergies, we will continue to carry out strict quality control over specified raw materials and their equivalents as part of our sustained efforts to deliver safe products to our customers.

色のアイコンは原材料に使用されています

特定原材料

卵 乳 小麦 そば かに 鶏卵 落花生

卵を含む製品と共通の設備で製造しています。

特定原材料に準ずるもの ※共通の設備での製造については把握しておりません

あわび いか いくら オレンジ キウイフルーツ 牛肉 くるみ さけ さば 大豆 鶏肉 パナ

豚肉 まつたけ もも やまいも りんご ゼラチン こま ショーナップ

その他

アーモンドの使用については現在調査中です。

国内で製造しています。



Allergen-related information (website) Chocoball <Peanuts>

Genetically Modified Raw Materials

In principle, we do not use genetically modified materials in our products. Soybeans and corn are treated under Identity Preserved Handling (IP Handling) so that genetically modified raw materials are not included.

We use vegetable oils, emulsifiers, flavors, etc. that contain ingredients not critically separated from genetically modified crops. However, it is not required to list these ingredients on product labels, as their protein component has been removed or decomposed during the production process and therefore it is technically infeasible to determine whether the food is genetically modified or not.

Education for the Product Development Department

We conduct training on quality assurance, including product design and labeling, for newly assigned product development staff. In addition to training new staff, we also work to promote understanding of safe and reliable product design through regular training sessions and lectures by our Quality Assurance Division, Legal Affairs Department, and General Affairs Division through the provision of information on product safety and laws once a month.

Membership into External Organizations such as Associations

We join and participate in various academic societies such as the Japanese Society for Food Hygiene and Safety, various fair trade councils, and various food hygiene related associations including the Japan Food Hygiene Association. Through such activities, we gather the latest information on food quality assurance such as food hygiene and standards and use this knowledge to strengthen our quality assurance system.

Quality Assurance Initiatives Overseas

Our overseas production sites (Taiwan Morinaga Co., Ltd., Morinaga [Zhejiang] Co., Ltd. and Morinaga America Foods, Inc.) abide by the Morinaga Group Quality Policy, and based on local situation, have acquired international food safety management system certifications FSSC 22000 (in Taiwan and Zhejiang) and SQF Codes Edition 9* (in the United States), ensuring they manufacture safe products.

* SQF is an acronym for Safe Quality Food. It is an international certification standard for both food safety control systems based on HACCP and quality control systems in order to ensure product safety and quality.



Process inspection in Morinaga America Foods, Inc.



X-ray inspection in Morinaga America Foods, Inc.

Initiatives by Cooperating Companies

In addition to its own production factories, the Morinaga Group has many manufacturing partners in Japan contracted to carry out its production.

When contracting manufacturing partners for production, we confirm in advance that those partners have in place a quality control system that is comparable to that of the Morinaga Group's production factories. Confirmation is made through GMF Inspection,* whose checklist consists of 150 or more items.

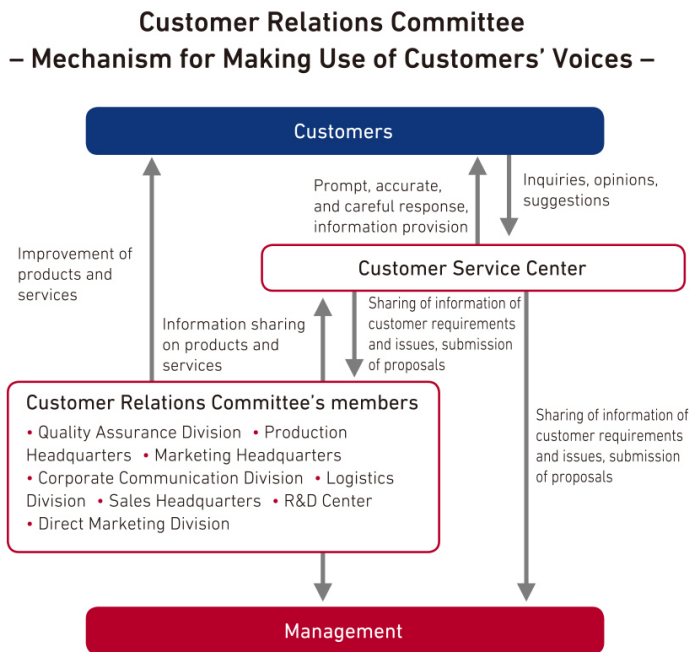
Once contracted, GMF Inspections are conducted regularly and the manufacturing partners are requested to maintain and enhance their quality control systems. To facilitate the efforts of manufacturing partners, the Morinaga Group shares information with them and provides support (information exchange forums, quality improvement support, etc.).

* GMF (Good Manufacturing Factory): Morinaga's quality inspection system in which inspectors visit factories in person to verify that allergen control, avoidance of contamination by foreign substances, microorganism control, etc. are being conducted properly.

Communication with Customers

Framework for customer satisfaction

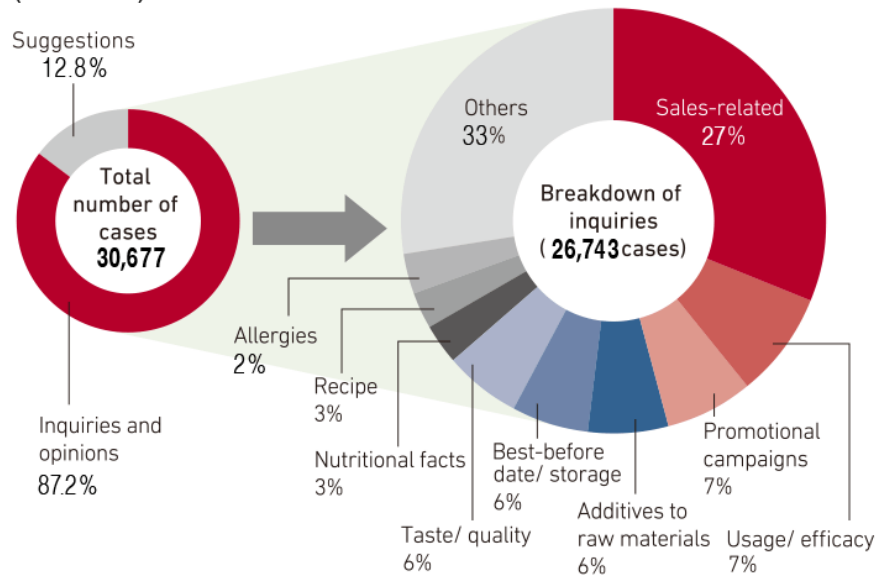
Led by the Customer Service Center, Production Headquarters, and Quality Assurance Division, a meeting of the Customer Relations Committee is held quarterly to share customers' voices among all relevant divisions. We take customers' voices seriously and use them to help improve customer satisfaction. Meeting results from the Committee are reported at the Board of Directors meetings by a representative officer in charge. In addition, we agree with consumer-oriented management recommended by the Consumer Affairs Agency and have made a voluntary declaration on consumer-orientation.



Initiatives by the Customer Service Center

Our Customer Service Center constantly implements improvements aimed at achieving a higher level of customer satisfaction in accordance with ISO 10002, with which the Company made a self-declaration of conformity in 2013. We receive and respond to opinions and requests from customers via a number of channels, including a toll-free number, e-mail, and letters, and are mindful of providing sincere, prompt, and accurate responses. All of the customers' voices we received are shared with the entire company through daily and monthly reports, which enables us to detect issues at their early stages, and incorporate these voices in product and service improvement. Moreover, we have published Q&A on our website to help our customers find solutions speedily.

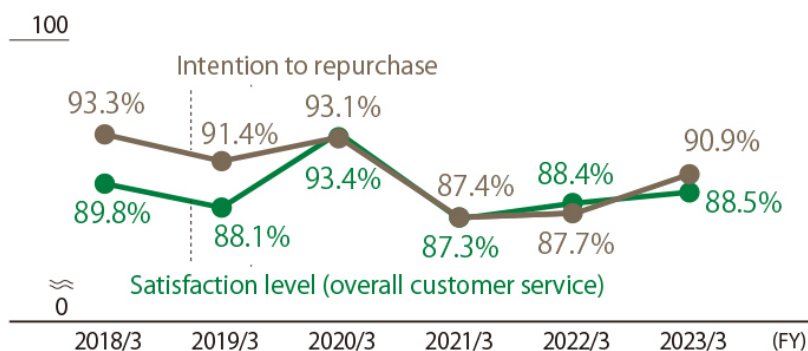
Breakdown of Inquiries to the Customer Service Center (FY2022/3)



Results of Customer Satisfaction Survey

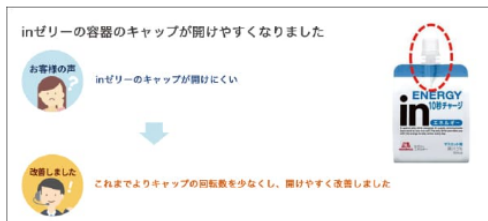
The Customer Service Center analyzes every piece of every suggestion, investigates the cause, and reports the result to the customer who gave the suggestions. With the report, we enclose a postcard that requests the recipient to respond to a survey, and the results of which are regularly analyzed and examined for details on overall satisfaction and repurchase intentions. We will apply the results of the survey to improve our services and continue to strive to increase customer satisfaction by being even more considerate of our customers.

Results of Customer Satisfaction Survey



Improving Products and Services Based on Customers' Voices

We share our customers' voices across the organization and make use of them to detect issues in an early stage and create better products and services. Favorable comments about our products are published in wall newspapers, which are distributed monthly to individual divisions and departments as well as branches and factories nationwide. Even when we receive critical comments, we take them seriously and make use of them to improve our products and services. Some of the improvements made in response to them are posted on our website.



Use of easier-to-open caps (website)



Wall newspaper No. 130, published in May 2021

Expansion of Q&A information on Website

We regularly update the list of questions and answers on our website to improve the content. Most frequently asked questions are included in the FAQ section. Questions in the section are sorted in the order of how frequently they are asked, helping users find necessary information easily.

In-house Education on Advertising and Marketing, and Other Initiatives

We provide training on compliance and labeling related to advertising and marketing for newly assigned product development staff with the aim of offering advertising and marketing in a manner that is responsible to society. In addition, when launching products, we have a mechanism in place for multiple departments to check for inappropriate expressions such as compliance violations so that all related parties can work together to deliver safe and reliable products to our customers.

| Contributions to Healthy Lives of People around the World

Contribute to “Health of Mind, Body, and Environment” >

| Related information

Sustainability at Morinaga TOP >



Diversity and Inclusion of People

The Morinaga Group aims to increase its competitiveness and achieve sustainable growth through creating a work environment that enables diverse personnel to shine and cultivates autonomous human resources who can continuously generate value for society.

Materiality

Diversity and Inclusion of People

Main challenges included in materiality

1. Foster human resources to achieve our vision
2. Diversity and inclusion

Main expected opportunities and risks

<opportunities>

- Securing of talent needed to contribute to realization of our Purpose and the 2030 Vision
- Improving innovation capabilities and environmental response capabilities

<risks>

- Declining sustainable growth capabilities due to delayed response
- Declining organizational competitiveness and social reputation due to delayed response

Main Actions Ahead of 2030

1. Foster people, culture and organizations to achieve our Purpose and the 2030 Vision
2. Foster organizations that are diverse and dynamic
3. Build workplaces that are healthy and comfortable, and drive motivation

Response to SDGs



Basic Stance

The Group has positioned diversity at the center of its management, and is developing a workplace that fosters the active participation of diverse human resources and the satisfaction of taking part in a meaningful job based on the philosophy of "Leveraging each person's individuality."

Sustainability at Morinaga Group

Sustainability Management

- > Sustainability Advisory Board

Identifying the Materiality

Stakeholder Engagement

Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Conserving the Global Environment

Long-term targets for Diversity and Inclusion of People

Goal for 2030

Rate of positive responses on the employee awareness survey: 80%

more affluent and sustainable through its businesses.

- The active participation of diverse human resources leads to the Company's growth and persistence.
- Employees find their job meaningful and they are in good mental and physical health at work.

Progress of Goal for 2030

Targets	FY2031/3 Targets	Results for FY2022/3
The Morinaga Group is contributing to enriching people's lives and creating a society that is more affluent and sustainable through its businesses	80%	89.7%
The active participation of diverse human resources leads to the Company's growth and persistence	80%	70.1%
Employees find their job meaningful and they are in good mental and physical health at work	80%	74.6%

*Scope: Permanent employees of Morinaga & Co., Ltd. (non-consolidated) excluding forwarded employees

We are working on themes listed in the table on the right based on our human resources strategy in order to achieve the targets above.

Initiative Themes to Achieve Long-Term Targets for 2030

1. Foster people, culture, and organizations to achieve our Purpose and the 2030 Vision
2. Foster organizations that are diverse and dynamic
3. Build healthy and comfortable workplaces and help employees to find their work meaningful

- > Response to Climate Change-Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

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Human Resource Development



Fostering Organizations that are Diverse and Dynamic



Achieving a Healthy and Worker-friendly Workplace Environment

| Related information

[ESG Data](#)



[Sustainability at Morinaga TOP](#)





Human Resource Development

✓ Human Resources Development that Leads to the Achievement of the Purpose and 2030 Vision

✓ OJT · Off-JT · Other

✓ Communication with Employees

✓ Initiatives to Facilitate Innovation

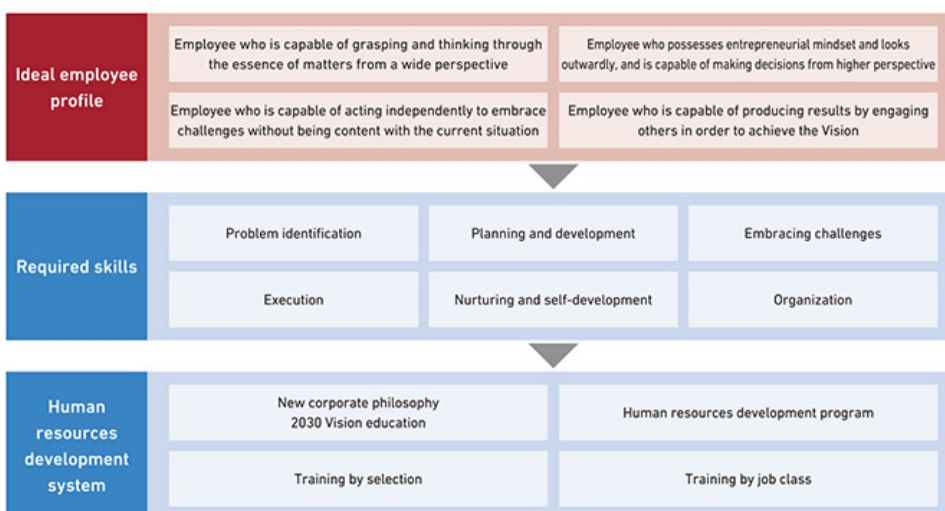
Human Resources Development that Leads to the Achievement of the Purpose and 2030 Vision

We believe that human resources and organization development are the most crucial aspects in achieving our Purpose and 2030 Vision. We are conducting ongoing activities to permeate the Purpose and 2030 Vision among all directors and employees in order to promote deep understanding and share the Purpose and 2030 Vision.

In our basic policy for human resource development, we state, "we will promote human resource development with the integration of 'human resource development as the company's will' and 'individual self-sustaining career and autonomous growth' based on the premise of linking with the management strategy.

Our ideal employee profile for creating values through business is as follows. We have defined "problem identification," "planning and development," "embracing challenges," "execution," "nurturing and self-development," and "organization" as six essential skills and conducting human resources development through strengthening the training program that will instill these skills. In addition, we have also established a training system linked to the three main topics in human resources strategy: leader training, expertise enhancement, and productivity enhancement, which are implemented as a combination with training by job class and selfdevelopment.

Ideal Employee Profile and the System for Their Cultivation



Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

➤ Diversity and Inclusion of People

> Human Resource Development

- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

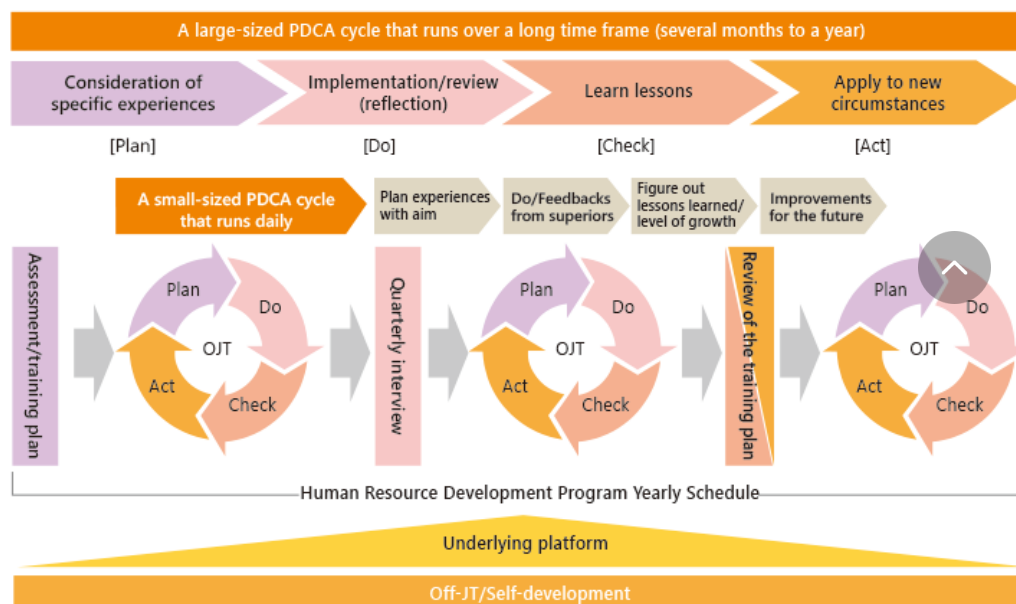
Categories of training	Specific examples (abstract)
1 Leader training	Management skills and nurturing skills enhancement training
	Next-generation leaders training
2 Expertise enhancement	Marketing Headquarters: Advanced marketer training
	Production Headquarters: Production technology training
	Sales Headquarters: SP* training
	Overseas Business Headquarters: Language skills enhancement program
3 Productivity enhancement	Problem-solving skills enhancement training
	Business foundation skill training

* An acronym for Sales Promotion

Training PDCA Cycle

Aimed at clearly defining individual employees' growth path and properly running a training PDCA cycle on site, the Program consists of three phases: assessment, development of a training plan based thereon, and implementation of the plan. In the assessment phase, the person subject to the training identifies his/her own strengths and weaknesses jointly with his/her supervisor according to the definition of capabilities required for all Morinaga employees regardless of the job type, and develop an annual OJT- and Off-JT-based training plan. In the implementation phase, an interview session is held every quarter to review the employee's performance and confirm programs scheduled in the future. When these phases are completed, a training PDCA cycle is run.

Training PDCA Cycle



Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
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Strengthening the Business Management Foundation

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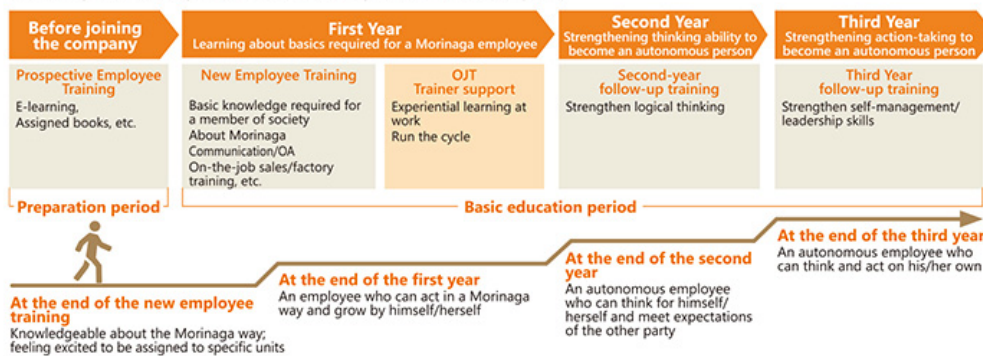
IR Library

Training through Off-JT

Basic employee education to develop “autonomous personnel” in 3 years

Morinaga has been particularly focused on the education and training of young employees and provide them with a basic training program that spans three years after joining the company. Included in the program are the OJT Trainer System for new employees, annual group training in the form of an Off-JT, and career interviews by the Human Resources Division. The Human Resources Division provides diversified support to younger personnel in such areas as skill, mind, and career. The three year program is designed to help participants develop.

Morinaga’s three-year basic training for new employees



Rank-based training

We continue to provide training to employees who have completed the three-year basic training program to help them further improve their skills, mindset, and behavior, according to the organizational roles they are expected to play.

Theme-based training

Our theme-based training programs, which are focused on management and business challenges, include the following: next-generation leader training, managementgame training, and educational training to improve specialized knowledge and skills required to perform duties specific to each division.

Human Resource Development through OJT

At their assigned workplace, new employees learn how to accomplish their duties by running the experiential learning cycle for a period of one year, under the guidance of the OJT trainer in charge of them. An increasing number of facilities and employees have adopted the Human Resource Development Program in sequence, and, in conjunction with the use of personnel appraisal system, each workplace is actively implementing OJT programs to ensuring that employees can grow and develop their skills through the programs.

Self-development Training

We provide a wide range of programs that motivate employees to learn more, according to individual employees' training themes. These free-choice programs include distance learning, e-learning, Company-sponsored theme-based training, and external seminars whose fees are partly paid by the Company. Participants in the distance-and/or e-learning programs can freely select their own courses from approximately 200 options. We have established financial assistance programs under which employees can receive an amount roughly equivalent to half of tuition fees, or monetary incentives if they attend a course as a group. A number of affiliate companies have adopted similar assistance programs to support their employees' learning.

> [ESG Data: Length and cost of training per employee](#) 

Communication with Employees

Conducting regular interviews

In an effort to listen to our employee's opinion, we hold various interview sessions between supervisors and their subordinates every quarter. These opportunities include quarterly accomplishment review, the Human Resource Development Program, and career design interviews. In this process, we make efforts to enhance employees' skills and performance by providing guidance and support for problem solving and growth while also emphasizing the process of reaching goals as well as evaluations based on MBO. We have established a system whereby employees who are subject to 360 degree evaluation are given feedback each time the evaluation is conducted, and are able to reflect on their own management style by receiving advice from their superiors.

In addition, the Human Resources Division holds an individual interview with participants in the rank-based training programs, ensuring that the Division can directly listen to employees and share their opinions.

Labor union

The All Morinaga Labor Union, which consists of nine labor unions—six from Morinaga Group member companies and three from Morinaga Milk Industry Group member companies—operates under a union shop system. All regular employees, except for managerial or executive positions, are members of the Union. The Union discusses various measures and is working on such issues as the improvement of workplace environment.

Initiative to make a better organization with good culture

We have continuously and regularly conducted employee awareness survey for more than 40 years. The survey is designed to identify issues to be resolved about corporate culture and various measures. The survey questions include those concerning the level of satisfaction with work, company, workplace, and supervisors, as well as other unique questions aligned with the times or circumstances, such as those asking the respondents' degree of understanding of the Medium-term Management Plan and their awareness of regulatory revisions. The results are shared with the management and each division's top executives, allowing them to use the results as important data for formulating management strategies and solving issues in respective organizations.

Morinaga is characterized by high employee satisfaction with the top management's communication regarding corporate vision and employees' great pride in their work and the Company.

Initiatives to Facilitate Innovation

Every year, Morinaga carries out initiatives to employ the diversity of ideas produced by individual employees and generate innovation.

President's Awards for Inventions and the Spirit of Challenge and Action

Under this system, the President personally screens and honors employees (teams) who have brought tremendous tangible benefits to the company through inventions, discoveries, or ideas, or who have demonstrated the spirit of challenge and action in achieving goals that would be impossible to achieve through ordinary efforts or ideas.

Initiatives through new business divisions

New Business Development Division, which is engaged in efforts to create new business models, has recruited members through an internal open recruitment system.

The Division is also creating a culture of pioneering spirit, by providing training sessions for employees who wish to be involved in the creation of new businesses and by organizing lectures to learn about changes in the external environment and gain a heightened or broad perspective.

Diversity and Inclusion of People

Fostering Organizations that are
Diverse and Dynamic >

Achieving a Healthy and Worker-
friendly Workplace Environment >

Fostering Organizations that are Diverse and Dynamic



✓ Diversity and Inclusion

✓ Systems and initiatives to support diversity and inclusion

Diversity and Inclusion

Our diversity promotion efforts began in FY2002/3, when the Company started its initiative to promote women's empowerment with the goal of creating an organization where women can demonstrate their abilities and play active roles.)

Later, in FY2013/3, Morinaga appointed the Diversity Promotion Team, and In April 2020, established the Diversity Promotion Office under the direct supervision of the President.

Based on the philosophy set out in the Morinaga Group Diversity and Inclusion Policy, we will promote the creation of inclusive workplaces that enable diverse human resources with various differences, not only in terms of gender, age, ethnicity, nationality, and presence or absence of disabilities, but also in values on work and life, individual character, and previous work experiences to give their strengths full play.

Morinaga Group Diversity and Inclusion Policy

“Leverage each person's individuality”

To deliver happiness to ever more people, the Morinaga Group aims to be a sustainable company that keeps growing. Our employees are the driving force toward achieving that aim: implementing diversity and inclusion maximizes that force. Therefore, we place those values at the core of our management strategy.

We take the approach of “leveraging each person's individuality” and at the same time develop relationships of mutual trust. In that way, we will create conditions where everyone can demonstrate their strengths and play an active role. By enhancing our ability to respond to changes (resilience) and creating new value (innovation) through augmenting the diverse knowledge generated by various individuals, we will continue to address those customers' and society's challenges.

— Five Guidelines for implementing the Policy —

1. Understanding and Respecting Individuals

The Morinaga Group is aware of, recognizes and mutually respects each person's differences.

When all employees properly understand unconscious bias and enhance the quality and quantity of communication, they will grasp one another's ways of thinking, values and backgrounds. They will then leverage differences among those elements to produce synergistic effects.

Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to “Health of Mind, Body, and Environment”
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

➤ Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction

2. Promoting the Active Participation of All Employees

The Morinaga Group aims to enable all employees to play an active role. We will strive to create circumstances where every one of them can expand their potential and demonstrate their abilities—regardless of age, gender, race, nationality, community, education, beliefs, religion, disabilities, sexual orientation, gender identity, health status, or other attributes—through putting the right people in the right positions according to their experience and abilities.

3. Providing Fair Support

The Morinaga Group respects every employee and provides fair support by understanding employees' diverse lifestyles. The Group will strive to create good working environments and conduct fair evaluations according to employees' achievements and contributions to the company. In that way, the employees will be able to participate actively—even when various circumstances and constraints arise.

4. Building Relationships of Trust

The Morinaga Group values relationships of mutual trust. All employees will build relationships of mutual trust with one another by having a spirit of altruism and valuing connections among people.

5. Emphasizing Independence and Challenge

The Morinaga Group aims to grow in line with the personal growth of its employees. The Group will provide various opportunities such that all employees can grow as professionals who act autonomously while considering their own lifestyles and ways of working. The Group will also value an attitude of independence and willingness to take on challenges as a mindset that is essential for growth.

(Established: April 2021)

Systems and initiatives to support diversity and inclusion

Morinaga has established a workplace environment in which employees in different life stages can demonstrate their abilities and play an active role, while feeling motivated to grow further. This environment was achieved through the implementation of various employee programs, including the childcare leave program that is available to both male and female employees, as well as other programs that reduce the workload of employees who have an infant, child, or parent who needs care (see the table on p. 30).

Furthermore, Morinaga has been certified by the government as a “parent-friendly company” for the sixth consecutive term since 2007, and has continuously achieved the Platinum Kurumin certification criteria since September 2017. In FY2020/3.

Meanwhile, to increase the percentage of male employees who take childcare leave, we have been making efforts including revising manuals, cooperating with the All Morinaga Labor Union, and speaking individually with employees.

- > Co-existence and co-prosperity with local communities

▶ Conserving the Global Environment

- > Response to Climate Change Issues
 - > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

▶ Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

▶ Sustainability Policies & Guidelines

▶ Integrated Report

▶ ESG Data

▶ GRI Standards

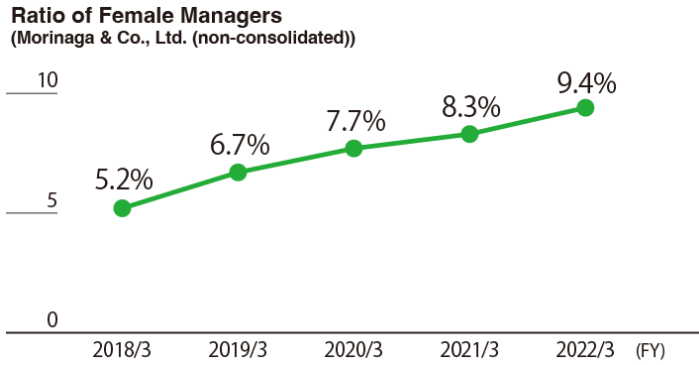
▶ Sustainable Finance

▶ IR Library

Goal for 2030

20% for ratio of female managers*

* Morinaga & Co., Ltd. (non-consolidated)



* The Platinum Kurumin : A certification mark is granted by the Ministry of Health, Labor and Welfare to companies that provide support to their employees who want to achieve a good work-childcare balance and implement high-level initiatives as a parent-friendly company.

Outline of Programs and Schemes (MORINAGA & CO.,LTD.)

Program Title (For Women)	Scheme Outline
Outpatient/ morning sickness leave	A leave of up to 7 days if it is difficult to work during pregnancy or within 1 year after giving birth
Prenatal and postnatal leave	A leave of 6 weeks before and 8 weeks after childbirth

Program Title (Regardless of gender)	Scheme Outline
Childcare leave at the time of birth	A leave of up to 4 weeks in total within 8 weeks after childbirth (can be taken in parts)
Childcare leave	A leave of up to 30 months (can be taken in parts)
Shorter work hour system for childcare	4 working hours until the child reaches 18 months of age; 6 working hours until the child completes the third grade of elementary school
Child nursing leave	Up to 5 days a year in the case of one child or up to 10 days a year in the case of 2 or more children in the third grade of elementary school or younger
Long-term nursing care leave/ short working hours for nursing care	A total of up to 1 year for each family member in need of nursing care, if the long-term nursing care leave and the 4-short working for nursing care are combined
Nursing care leave	Up to 5 days a year for one family member or up to 10 days a year for two or more family members in need of nursing care; available in units of 1 day
Angel Return Program	Employees may rejoin the company after their voluntary turnover

> [ESG Data: Acquisition record of each programs:](#) 


Promotion of Employing People with Disabilities

Under the company policy of providing a place where each employee can demonstrate their personal qualities and skills, we have employees with disabilities playing an active role in a range of workplaces within the company from the Administration and Sales Divisions to the Production Division. In the future, we will continue to proactively create employment opportunities for people with disabilities.

> [ESG Data: Employment rate for people with disabilities](#) 

Reemployment

Morinaga has introduced a retiree reemployment system. As a general rule, all retiring employees who wish to do so are reemployed for the period until they reach the age of eligibility for pension benefits. We have also introduced a senior ranking system and evaluation system in the expectation that employees will continue to demonstrate their expertise even after retirement age, encouraging motivation and the desire to take on challenges.

> [ESG Data: No. of employees wishing to be reemployed after retirement and Reemployment rate of post retirement employees](#) 

Joint Diversity Promotion Activities by Six Food Companies

Sharing a number of similarities in their business models, history, and personnel issues, a group of six food companies, including Morinaga, formed a collaborative network in an effort of promoting diversity and inclusion beyond organizational boundaries and contributing to the improvement of corporate value and the development of the food industry. In the Network, they jointly organize a wide range of events such as the Diversity Forum.

(The six food companies: Sapporo Holdings Limited, Nichirei Foods Inc., Nisshin Seifun Group Inc., Morinaga &

Co., Ltd., Morinaga Milk Industry Co., Ltd., and Lotte Co., Ltd.)

Initially, the group focused on the promotion of active participation of women in society. Later, they came to the view that, in order to create a vibrant industry that can continue to provide new value to its customers, each and every employee, irrespective of gender, must fully demonstrate his or her strength. Based on the view, the group expanded the scope of their activities to the promotion of the spirit of diversity and inclusion. In January 2020, a Diversity Forum entitled "SPIRAL UP!—What is Kaisha for you?" was held at 64 satellite venues nationwide, and participated by approximately 900 people in total.

| Diversity and Inclusion of People

Human Resource Development



Achieving a Healthy and Worker-friendly Workplace Environment



Achieving a Healthy and Worker-friendly Workplace Environment



✓ Basic Stance

✓ Promotion of Health Management

✓ Realizing Work-life Balance

Basic Stance

In order to create better values for society, it is essential to maintain and promote “health of mind and body” among employees and their families and develop a workplace environment for employees to work actively and healthily. To this end, we are promoting initiatives on work-life balance and health management.

Realizing Work-life Balance

We are cutting back on the annual total labor hours and developing a worker-friendly labor environment aimed at striking a balance between work and life. We have introduced systems such as teleworking, flextime, staggered commuting, and personal holiday calendar where employees can set their holidays freely, and are minimizing restrictions based on time, location, and weekdays in creating an environment that is employee-friendly. We have also enabled employees to select working styles where they do not have to relocate, if so desired. We hope to enable work that suits each employee's requirement by family, childcare, nursing care, etc.

- > [Fostering Organizations that Diverse and Dynamic~Systems and initiatives to support diversity and inclusion](#)
- > [Total annual working hours, Average overtime hours, Annual paid leave acquisition rate, and so on: "ESG Data"](#)



Telework system

In April 2017, Morinaga introduced a telework program that covers approximately 1,000 employees. At the time of the introduction, we made some enhancements to our facilities and institutional arrangements, such as the use of ICTs and the removal of the core time requirements from the flexible work arrangements. In FY2020/3, more than 80% of eligible employees used the telework program, achieving a good balance between work and childcare, as well as a higher efficiency through an effective use of traveling time.

Promotion of Health Management

For our group, our employees are important stakeholders and are essential for us to change into a wellness company in 2030.

Considering that our initiatives to maintain and promote “health of mind and body” among employees will lead to revitalization of our organization, such as enhancement of vitality of our employees and productivity, we have strengthened our commitment by establishing the Morinaga Health Declaration in 2018.

Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to “Health of Mind, Body, and Environment”
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

➤ Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic

> Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction

While maintaining this declaration as our guideline also in the future, we will strategically work on promotion of health management along with diversity promotion efforts as well as improvement and enhancement of work style reform and engagement. By realizing a workplace environment where employees can work actively and healthily, we will continue to create better value for society, aiming to achieve sustainable growth of our Group.

Morinaga Group Declaration on Health

As a sustainable company that keeps growing, we are committed to promoting the health of each and every employee working for the Morinaga Group, in order to make food that contributes to keep people's mind and body healthy toward the creation of a sustainable society where everyone can lead happy lives.

1. We support each and every employee so that they can enhance their awareness towards their health and work proactively to maintain and improve their health.
2. We will promote diversity management and support employees' challenges and autonomous growth to enhance engagement.
3. We will strive to create a work environment where our employees can work safely and securely.

- > Co-existence and co-prosperity with local communities

Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
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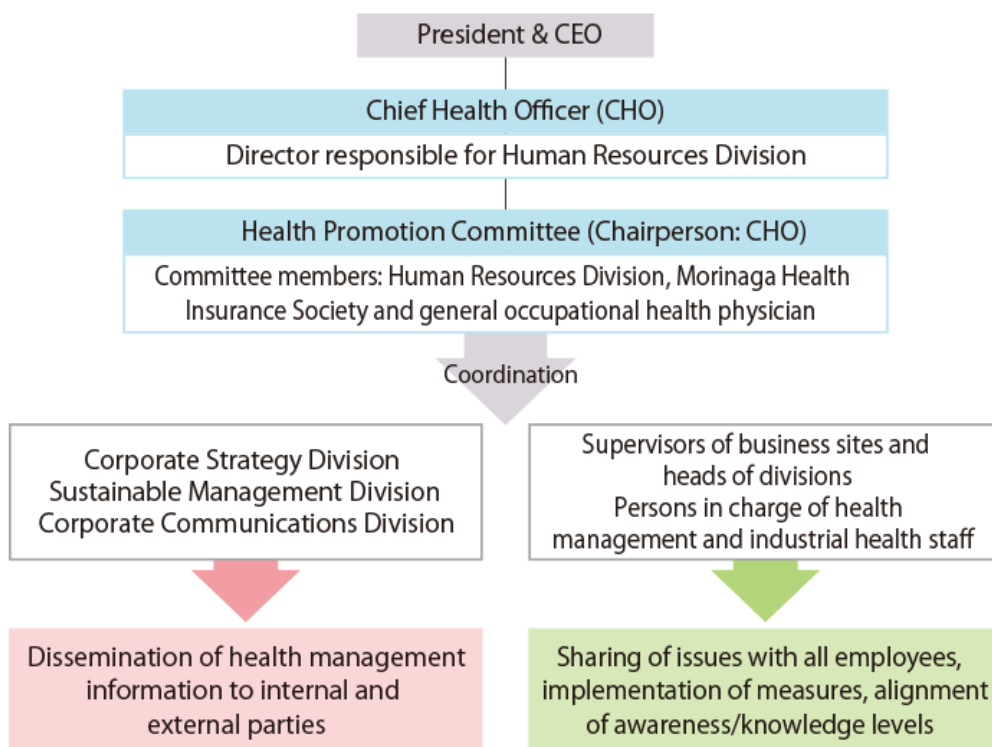
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Health Management Promotion Structure

Our Health Management Promotion Structure is as shown in the figure below.

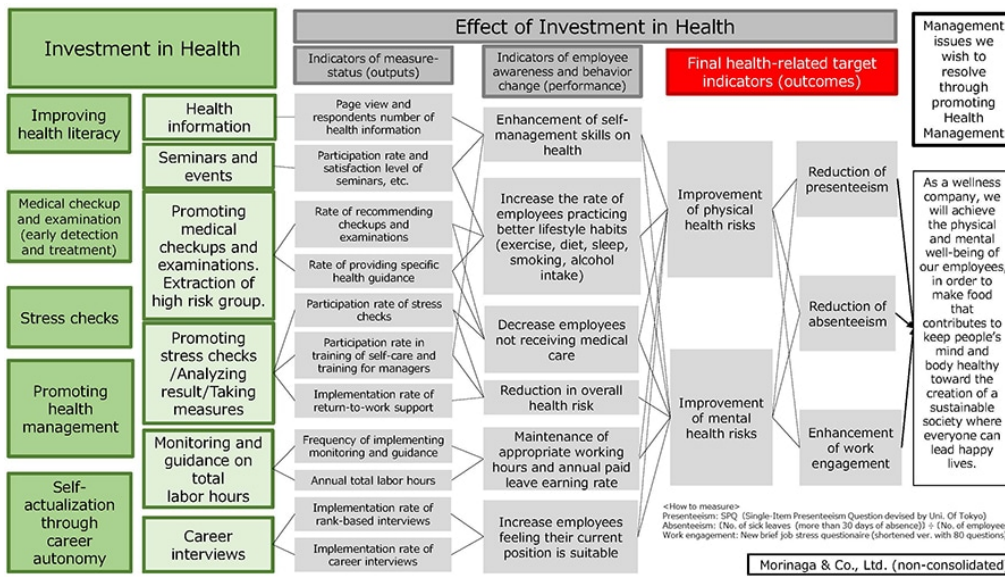


> ESG Data: Percentage of employees participating in health checkups

The Health Promotion Committee creates philosophy and policies, analyzes issues, sets goals, and plans measures. Under the leadership of the Chief Health Officer (CHO), who reports directly to the President and Representative Director, the Committee will continue to strengthen information sharing and collaborations with occupational health staff and the Morinaga Health Insurance Association, and will promote initiatives to help employees realize rich and fulfilling lives in a cross-sectoral manner.

Health Management Strategy Map

We have organized our management issues and health indicators based on Guidelines for Administrative Accounting of Investment in Health and Productivity Management.



> [Health Management Strategy Map\(for more details\)](#)

Goal and Initiatives

The employee survey
"Employees find their job meaningful at work and they are in good mental and physical health at work"
Rate of positive responses: 80%

In achieving health management, we believe it is important for each and every employee to be able to work vigorously while realizing job satisfaction and mental and physical health. To that end, we are implementing initiatives regarding (1) health of mind, (2) health of body, and (3) labor environment.

As for (1) health of mind, we are maintaining 90% or more of the rate of our employees undergoing stress checks and implementing various measures based on stress check analysis. We also hold seminars on strengthening stress tolerance and women-specific health issues.

As for (2) health of body, we are working on reducing the total number of annual working hours and are committed to maintaining 100% in the rate of employees undergoing medical examinations. We hold a health forum every year and the theme for FY2021 was "the importance of health checkups". Many employees participated in the seminar online from across the country, and in the post-seminar questionnaire, we received comments saying that they were able to deepen their understanding towards the results of health checkups.

Health Forum Data since FY2011

Number of forums held	29
Number of participants	501



Health Forum

We also hold an event called “Habit” every year as part of a company-wide health promotion initiative in collaboration with the Morinaga Health Insurance Association, thus individual employees set health goals suitable for themselves and work on maintaining and improving their health.

As for (3) labor environment, we are working to deter the spread of the infectious disease by ensuring the following infection prevention measures: staggered working hours, utilization of telework, washing and disinfecting hands when arriving at the workplace, and maintaining seating distance from other workers.

In the future, we will also enhance measures for senior workers in order to create a workplace where such workers with rich experience and high skills can play more active roles.

Recognized as The Certified Health and Productivity Management Organization

This is a program from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi intended for recognizing companies, including large enterprises and small to medium-sized enterprises, for their outstanding efforts towards promoting health through their health and productivity management. Morinaga & Co., Ltd. has been selected for six consecutive years since 2018 as a "Certified Health & Productivity Management Outstanding Organization in the large enterprise category".

In the future, we will continue our efforts to create and maintain a workplace environment that allows employees to actively and enthusiastically demonstrate their maximum capabilities and to proactively support the maintenance and improvement of the physical and mental health of all employees. Under our Vision and Mission, we will focus on the expansion of the health product segment.



Occupational Health and Safety Initiatives

Based on the idea that “employees are the source of corporate vitality and the most important management resource,” the company’s labor and management work together to create a safe and comfortable working environment, by, for example, establishing the Health and Safety Committee, carrying out workplace safety and health patrols, providing safe driving training, and holding anti-overtime labor-management meetings.

We are also stepping up our health management efforts in collaboration with the Health Insurance Society, by encouraging employees to have health checkups and follow post-diagnosis health guidance to prevent lifestyle-related diseases.

We are also focusing on the prevention of mental health problems by taking various measures such as the setting up of an external point of consultation and providing employee training sessions.

Furthermore, we have been working to improve occupational health and safety, by ensuring that all employees receive safety education that is reviewed as necessary, while taking safety measures for using company equipment, illustrating the results of our safety efforts.

> [Occupational Health and Safety Policy](#) 

> [Occupational Health and Safety Management System](#) 

> [ESG Data: LTIFR and TRIR](#) 

Diversity and Inclusion of People

[Human Resource Development](#) >

[Fostering Organizations that are Diverse and Dynamic](#) >

Related information

[Sustainability at Morinaga TOP](#) >

Achieving Sustainable Value Chains



Taking actions to address social issues relevant to our businesses across the entire value chain in contributing to a sustainable society.

Materiality

Achieve Sustainable Value Chains

Main challenges included in materiality

1. Sustainable procurement of raw materials
2. Human rights and environmental issues in the production stage of agricultural raw materials
3. Reduce food loss and waste
4. Co-exist and co-prosper with local communities

Main expected opportunities and risks

<opportunities>

- Achieving long-term stable procurement of safe and high-quality raw materials
- Reducing human rights and environmental risks
- Lowering costs by reducing manufacturing loss and returns
- Increasing social trust

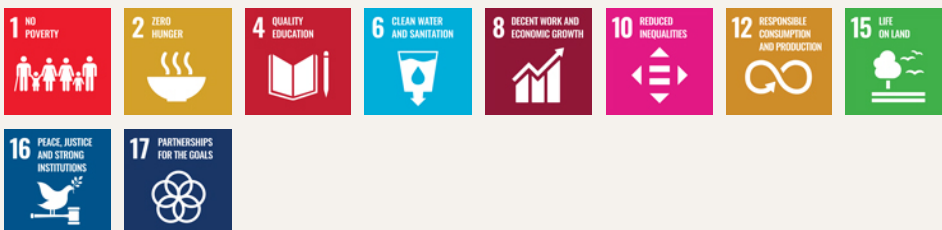
<risks>

- Growing risks surrounding procurement of agricultural raw materials due to delayed response
- Declining social trust, brand value, and corporate value
- Declining social reputation due to delayed response
- Growing operational risks at business sites, etc.

Main Actions Ahead of 2030

1. Promote sustainable raw materials procurement
2. Promote CSR supply chain management
3. Reduce food loss and waste
4. Co-exist and co-prosper with local communities

Response to SDGs



Sustainability at Morinaga Group

Sustainability Management

- > Sustainability Advisory Board

Identifying the Materiality

Stakeholder Engagement

Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

Diversity and Inclusion of People

- > Human Resource Development
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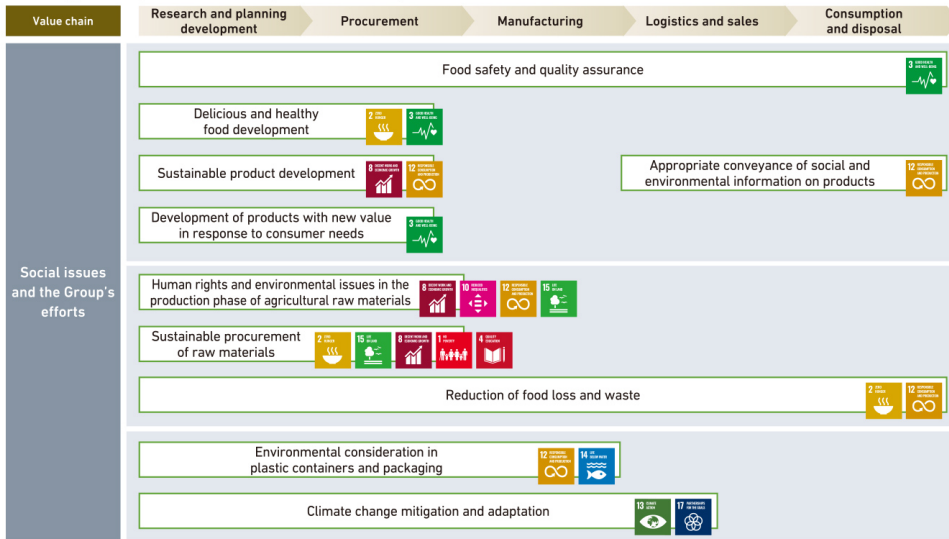
Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Basic Stance

With the intensifying severity of social issues such as climate change, all stakeholders are expected to address these issues in accordance with their own abilities and responsibility. The Morinaga Group is also making efforts to realize “health of environment” which will contribute to the sustainability of society and the environment throughout our entire value chain. In particular, we consider human rights and environmental issues in the production phase of agricultural raw materials, social and environmental issues that arise in the supply chain when procuring raw materials, challenges in stable procurement, and food loss and waste as our top priorities. As such, it is our plan to promote sustainable raw materials procurement, CSR supply chain management, and food loss and waste reduction.

Morinaga Group's Value Chain, Social Issues, and Efforts



Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
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Promotion of Sustainable Raw Material Procurement



Promotion of CSR Supply Chain Management



Reduction of Food Loss and Waste



Promotion of Waste Reduction



Co-existence and co-prosperity with local communities

| Related information

Procurement Policy >

Supplier Guideline 

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Promotion of Sustainable Raw Material Procurement



✓ Basic Stance

✓ Cacao beans

✓ Paper

✓ Medium- to long-term targets for Sustainable Raw Material Procurement

✓ Palm oil

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➤ Identifying the Materiality

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➤ Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

➤ Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
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- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Basic Stance

Based on the Morinaga Group Procurement Policy, we intend to contribute to the realization of a sustainable society by building transparent, fair and equitable relationships with our business partners, and cooperating with them to conduct socially-responsible and environment-friendly procurement activities.

Morinaga Group Procurement Policy

In order to realize food safety and reliability as well as a sustainable society, the Morinaga Group endeavors to build fair and equitable relationships with our business partners and carry out procurement activities that are considerate of society and the environment.

1. Compliance/adherence to social norms, etc.

We comply with laws and social norms, etc., carrying out healthy procurement activities in accordance with the Morinaga Group's Code of Conduct.

2. Product quality/safety assurance

Placing top priority on customers' safety and peace of mind, we strive to ensure product quality in carrying out our procurement activities.

3. Strengthening partnerships

We work together with our business partners with the common goals of "Customer Delight" and "Customer First," building relationships that enable mutual expansion.

4. Fair and equitable trading

Comprehensively taking into account efforts related to product quality, prices, delivery deadlines, technological strength, and social/environmental aspects, we undertake fair and equitable trading activities.

5. Consideration for human rights/work environment/safety

Based on the Morinaga Group's human rights policies, we carry out procurement activities giving consideration to human rights, the work environment, and safety.

6. Consideration for the global environment

Based on the Morinaga Group's environmental policies, we carry out procurement activities aimed at realizing a sustainable society, giving consideration to the global environment.

Medium- to long-term targets for Sustainable Raw Material Procurement

Goal for 2030

100% for cacao beans, palm oil, and paper^{*1}

^{*1} Group consolidated. Paper covers product packaging only.

Medium-term Targets

Raw materials for products of Morinaga & Co., Ltd. sold in Japan

- Cacao beans Switch to 100% of cacao beans from sustainable sources by FY2026/3
- Palm oil Switch to 100% of palm oil from sustainable sources by FY2024/3
- Paper Switch to 100% of paper from sustainable sources by FY2023/3^{*2}

^{*2} Paper covers product packaging only.

Progress of Medium-term Targets

Initiatives	Results for FY2022/3	Single Month Results for March 2022
Cacao beans	9%	26%
Palm oil	2%	6%
Paper	98%	-

※ Scope: Morinaga products in Japan. Paper covers product packaging only.

Cacao beans

Cacao beans, a key raw material for chocolate, are associated with a range of social issues including poor working conditions of cacao farmers, poverty, child labor, and global warming due to deforestation. During the fiscal year ending March 31, 2021, the Morinaga Group started using certified cacao beans (Cocoa Horizons^{*1}*2-certified cacao supplied by the Barry Callebaut Group) in some of its chocolate products.

> [Guidelines for the Procurement of Cacao Beans](#) 

^{*1} Cocoa Horizons is a non-profit program run by the Cocoa Horizons Foundation, an NPO whose vision is to promote the prosperity of cacao farmers by building self-sustaining communities that protect nature and children. By using cacao raw materials that meet the certification standards of Cocoa Horizons Foundation, the Morinaga Group can contribute to supporting better lives of cacao farmer, reducing deforestation and CO₂ emissions, and eradicating of child labor.

^{*2} Cocoa Horizons' cacao certification is a mass balance system (a certification model that allows certified and non-certified ingredients to be mixed).

➤ Conserving the Global Environment

- > Response to Climate Change Issues
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- > Biodiversity
- > Management of Environmental Pollutants

➤ Strengthening the Business Management Foundation

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We work to understand the realities of cacao farmers by such means as having directors in charge visit cacao sapling farms.



Inspection Scenery

Collaboration with Cacao Farmers and Production Partners (Vietnam)

In order to deliver high quality chocolate to our customers, we are particular about the taste and aroma of the cacao beans used as raw materials.

At times, our researchers interact with partners in producing regions to jointly develop high-quality cacao beans. In Vietnam, for example, we worked with the partners, including farmers, to pursue optimal quality control and fermentation conditions for cacao beans, leading to quality improvement and stable income for farmers.



Interacting with the production partners
in front of the cacao pods



Ensuring the quality with the partners



Drying cacao beans on the equipment
donated by Morinaga & Co., Ltd.

Supporting Education and Preventing Child Labor in Cacao-producing Countries (One Chocolate for One Smile)

The One Chocolate for One Smile project is aimed at aiding the activities to improve the educational environment for children in cacao-producing countries, using revenues from the sale of our chocolate products subject to the project (such as Dars. In addition to our year-round donation effort, we donate one yen per eligible chocolate product sold during the designated months. Since 2008, the total amount exceeded 200 million yen in ten years. In cooperation with NGOs, we are working to support education and the eradication of child labor in cacao-producing countries.



Children in Ghana enjoying school meals provided by the support program

> [Plan International](#) ⇨

> [ACE \(Action against Child Exploitation\)](#) ⇨

Membership in the World Cocoa Foundation (WCF)

Morinaga supports the activities of the World Cocoa Foundation (WCF)—which promotes various programs aimed at providing technical guidance and educational support for cacao farmers, as well as realizing societies without child labor, and provide support for cacao-producing countries through our activities as a WCF member.



Providing technical guidance to cacao farmers

Endorsing the Elimination of Child Labor in the Cacao Industry

The Morinaga Group endorses the Action Plan to Eliminate Child Labour in the Cocoa Industry, a cacao industry issue promoted by Platform for Sustainable Cocoa in Developing Countries, for which the Japan International Cooperation Agency (JICA) serves as the secretariat. This platform is a place where Japanese companies, non governmental organisations (NGO), and other organizations related to the cacao industry collaborate to solve issues facing the industry such as farmer poverty, deforestation, and child labor. The goal is to realize a sustainable cacao industry. By using the Action Plan to Eliminate Child Labour in the Cocoa Industry as a practical guidance for understanding, preventing, and reducing child labor, which is one of the major issues related to business and human rights, we will increase efforts to promote human rights related to supply chain. As a member of the "Sustainable Cacao Platform in Developing Countries," we will continue our efforts to resolve these issues.

> ["Platform for Sustainable Cocoa in Developing Countries" ↗](#)



Palm oil

Although palm oil is used in a wide range of products including processed foods and detergents, environmental destruction and human rights problems in producing regions have become social issues. Like other companies, The Morinaga Group uses palm oil in many of its products, and regards it as necessary to switch to certified palm oil (e.g., RSPO* -certified) that contributes to sustainable procurement.

> [Guidelines for the Procurement of Palm Oil](#) 

* RSPO (Roundtable on Sustainable Palm Oil)
<https://rspo.org/>



Paper

Japan relies on imports for around 70 percent of the paper raw materials it uses, and the incorporation of illegal timber products into these raw materials has become an issue. The Company aims to help prevent global warming by making effective use of timber resources that are not associated with illegal logging or destruction of ecosystems, and are not harmful to the environment or local communities. To that end, it has started environmentally conscious procurement of raw materials such as FSC[®]*1-certified paper^{*2} and recycled paper.

> [Guidelines for the Procurement of Paper](#) 

*1 FSC[®] (Forest Stewardship Council[®]): An international NPO that works to ensure that forests are used appropriately and protected.

*2 FSC[®]-certified paper: Paper made of raw materials from managed sources of supply, including raw materials that have been assessed and certified as deriving from forests where forest management and logging are controlled appropriately to preserve ecosystems as a means of environmental conservation.



The mark of
responsible forestry

> [ESG Data: Sustainable Raw Material Ratio, etc](#) 

| Other raw materials

We will also examine measures for other raw materials believed to pose new risks in the future.

> [Promotion of Environmental Consideration in Containers and Packaging including Plastic](#)

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Promotion of CSR Supply Chain Management

Basic Stance

In the supply chain, we will work together with business partners such as raw material suppliers in order to avoid conflicts with human rights, labor, or the environment.

CSR Supply Chain Management: Long-Term Targets

Goal for 2030

Implement for 80% or more of raw materials transaction value*

* Group consolidated.

Progress of Goal for 2030

Targets			Results for FY2022/3
FY2031/3	Raw materials	80% or more	81%
	Materials	80% or more	81%

※ Morinaga & Co., Ltd in Japan (non-consolidated)

See "[CSR Procurement Survey](#)" below for more details about results for FY2022/3.

In June 2021, we formulated the Morinaga Group Supplier Guideline.

In October 2021, we held a briefing session for raw material suppliers with the participation of 49 companies.

> [Supplier Guideline](#)

We share this guideline with our business partners and ask them to follow legal compliance, enact governance, promote human rights, and reduce environmental impact. In addition, we regularly monitor their activities through surveys and other means.

Furthermore, information on progress will be published hereafter on our website and by other means.

Strengthening Partnerships with Business Partners

In order to realize food safety and reliability as well as a sustainable society, it is necessary to have a cooperative relationship with business partners based on trust throughout the supply chain, from procurement to production and distribution.

At our annual information exchange meeting with cooperating companies, we exchange information on various

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- > Provision of Safe and Reliable Products

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themes such as the "Morinaga Group Procurement Policy" (cooperation for procurement activities in the supply chain that are considerate towards society and the environment) and content related to quality assurance. In July 2021, 42 companies participated. Also, through our Supplier Guideline, we promote our suppliers to strengthen their initiatives by encouraging them to respect for human rights and consider for the working environment and occupational safety and health such as implementing employee health and workplace safety measures, managing appropriate working hours, and provide proper wage payments. We will continue to convey our cooperative stance on sustainability to our business partners and ask them for their understanding and the implementation of initiatives.

CSR Procurement Survey

To better understand the ESG measures of our raw material suppliers, in March 2022, we conducted a CSR procurement survey on the 48 main business partners of Morinaga & Co., Ltd.(Japan).

In FY2022/3, we adopted the CSR/Sustainable Procurement Self-assessment Questionnaire of Global Compact Network Japan, which has a high affinity with our Supplier Guideline, to evaluate the main items of the environment and human rights.

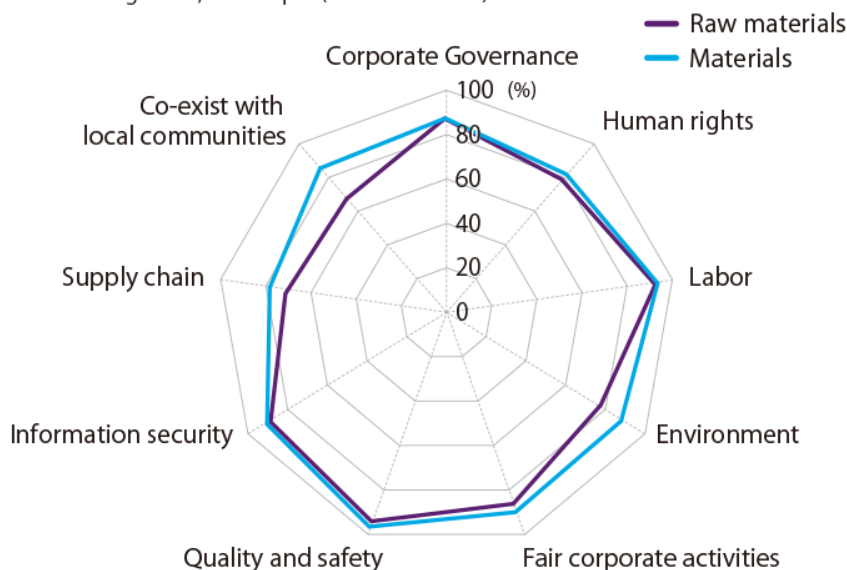
The survey response rate was 100%, with an average score of 85%. Scores for quality and safety were high at 95% or higher together with raw materials, but scores for supply chain and coexistence with local communities were somewhat low. We will hold dialogues with suppliers that had low scores to encourage improvement.

The Morinaga Group will continue building strong, long-term partnerships with suppliers through briefings and surveys based on the procurement policy. Using regular monitoring, we will realize sustainable procurement by continuing activities following the Supplier Guideline.

FY2022/3 Results of the CSR Procurement Survey*

	Number of companies receiving the survey	Raw materials transaction value*	Survey response rate	Average score
Raw materials	35 companies	81%	100%	83%
Materials	13 companies	81%	100%	88%
Total	48 companies	—	100%	85%

* Morinaga & Co., Ltd. in Japan (non-consolidated)



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Reduction of Food Loss and Waste



✓ Basic Stance

✓ Initiatives to Reduce Food Waste Emissions

✓ Cooperation and Joint Efforts with Others to Reduce Food Loss and Waste

✓ Food Loss And Waste Reduction: Long-Term Targets

✓ Initiatives to recycle food wastes

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➤ Achieving Sustainable Value Chains

- Promotion of Sustainable Raw Material Procurement
- Promotion of CSR Supply Chain Management
- **Reduction of Food Loss and Waste**
- Promotion of Waste Reduction
- Co-existence and co-prosperity with local communities

➤ Conserving the Global Environment

Basic Stance

As the world population increases, the reduction of food loss and waste has become a global issue, which as a member of the food industry, we must seriously address. As the first step for the Morinaga Group, we have established long-term goals for reducing food loss and waste occurring in the stages of raw materials receipt, manufacturing, logistics and product delivery. Going forward, we will consider our efforts in the consumption stage, while contributing to the reduced occurrence of food loss and waste, improving the recycling rate and donations to food banks, in promoting a cycle and effective use of food resources.

Food Loss And Waste Reduction: Long-Term Targets

Goal for 2030

Food loss and waste reduced by 70% from receiving of raw materials to delivery (distribution)

*1 Domestic Group consolidated

*2 Intensity [Annual Food Loss and Waste Amount (t) ÷ Annual Production Weight (t)]

*3 Compared to FY2020/3

*4 Food loss and waste is defined as food that has been processed and disposed of by incineration, landfill, etc., except for food waste that has been returned to the circulation of food resources, such as feed and fertilizer.

Progress of Goal for 2030

Target		Results for FY2022/3
FY2031/3	-70%	+8%

* Scope: from receiving raw materials to product delivery (distribution) (Domestic Group consolidated)

* Intensity [Annual Food Loss and Waste Amount (t) ÷ Annual Production Weight (t)] (Compared to FY2020/3)

* Food loss and waste is defined as food that has been processed and disposed of by incineration, landfill, etc., except for food waste that has been returned to the circulation of food resources, such as feed and fertilizer.

➤ [ESG Data: Progress of Food Waste Emissions and Recycling Rate, etc.](#)

Initiatives to Reduce Food Waste Emissions

In order to achieve the goal of reducing food loss and waste, we are committed to reducing food waste emissions by continuously undertaking productivity improvement activities and improving our mainstream work processes through, for example, the reduction of process losses.

Initiatives to recycle food wastes

Our factories are endeavoring to reduce the generation of waste and to recycle the food wastes they generated by transforming them mainly to animal feed, fertilizer, and raw materials for methane fermentation. Due to their characteristics, our product wastes are not always suitable for recycling. However, in the future, we will continue to promote recycling by selecting food waste recyclers in a manner aligned with our products' characteristics in order to achieve the goal of reducing food loss and waste.

Cooperation and Joint Efforts with Others to Reduce Food Loss and Waste

Committing to the UN Food Systems Summit

Through the Ministry of Agriculture, Forestry and Fisheries, the Morinaga Group has declared its support for the UN Food Systems Summit held in September 2021, and has submitted its commitment towards achievement of the sustainable development goals.

Going forward, the Group will work to cut down greenhouse gas emissions, pursue sustainable raw-materials procurement, and reduce Food Loss and Waste with the aim of contributing to sustainable food systems as set forth at the Food Systems Summit, particularly to boosting nature-positive production and to the shift to sustainable consumption patterns.

Donating to the Japan Association for the World Food Programme's Zero Hunger Challenge

The World Food Programme is the sole food-assistance organization of the United Nations, and it is dedicated to achieving zero hunger.

The Japan Association for the World Food Programme is conducting a campaign titled Zero Hunger Challenge: Food Loss and Waste x Zero Hunger under the concept of providing school meals to children in developing countries through efforts to reduce Food Loss and Waste.

The campaign is aimed at achieving a zero-hunger world in which everyone can eat, and it links people's efforts to reduce Food Loss and Waste with support for school meals for children suffering from hunger in developing countries.

We have been donating to this campaign since FY2021/3.

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Participating in Osaka Prefecture's Food Loss and Waste reduction network roundtable

Osaka Prefecture has set up a Food Loss and Waste reduction network roundtable to verify the outcomes of efforts being made on measures based on its plan to reduce Food Loss and Waste, as well as on related issues, by diverse actors including consumers, government bodies, and businesses engaged in the manufacture, wholesale, and retail of food, as well as in food services and other operations. The objective is to devise more effective reduction methods and other measures.

Morinaga has endorsed Osaka's plan from FY2022/3, and attended the first Food Loss and Waste reduction network roundtable for the fiscal year. At the meeting, we shared information on the challenges that our sales teams face on the issue of reducing Food Loss and Waste during distribution. Going forward, we plan to discuss examples of specific actions taken by Morinaga on Food Loss and Waste.

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Promotion of Waste Reduction

✓ Basic Stance

✓ Promotion of Waste Recycling

✓ Cooperation and Joint Efforts with Outside Parties

✓ Initiatives to Reduce Waste Emissions

✓ Waste Classification and Management

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Basic Stance

With the aim of creating a circular economy, Morinaga is promoting the reduction of waste emissions and recycling activities.

Initiatives to Reduce Waste Emissions

We are committed to reducing waste emissions by continuously undertaking productivity improvement activities and improving our mainstream work processes through, for example, the reduction of process losses.

> [ESG Data: Waste Emissions](#)

Promotion of Waste Recycling

All Morinaga Group factories are working on the improvement of recycling rates. Going forward, we will continue to ensure an effective use of resources and promote efforts to convert them into value-added materials.

> [ESG Data: Waste Recycling Rate](#)

> Initiatives for reducing plastic waste: *in Jelly Recycling Program*

Waste Classification and Management

Morinaga's four factories and three affiliated production companies are working on the waste classification and management to ensure an effective use of resources.

> [ESG Data: Waste Actual Results](#)

Cooperation and Joint Efforts with Outside Parties to Promote Trash Separation and Recycling around Town

The Morinaga Group supported the installation of SmaGO smart trash bins, which incorporated IoT technology, along Omotesando and at Rayard Miyashita Park during 2020 and 2021.

* SmaGO smart trash bins: Using electricity generated by the solar panels installed on the top, the bins communicate with cloud servers via a 3G network enabling the amount trash inside to be monitored in real time. When the bins become full, trash is compressed automatically, making room for 5 to 6 times more trash than conventional bins. This makes for more efficient trash collection, and it promises reductions in the costs and CO₂ emissions associated with collection. Because the bin uses only solar power, there are no electricity costs. SmaGO's side lid opens with a foot pedal, so trash can be thrown in without touching the lid.

* The SmaGO smart trash bin project is provided by Forcetech Inc.

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Co-existence and co-prosperity with local communities



Contributions to Areas Home to Our Headquarters or Offices

As a member of the Minato Net, a network comprising CSR personnel from companies whose headquarters or offices are located in Minato Ward, Tokyo, Morinaga is eager to exchange information with them and contribute to the Minato community. We have also joined the Minato Community Welfare Forum since 2016. Furthermore, we participate in local cleanup activities in the areas near our factories and offices to promote communication with local communities.



Supporting activities to improve the environment in Rakujuen, Mishima City



Cleanup around Chukyo Factory on a continuing basis



Morinaga America Foods, Inc.
Cleaning 1.2 miles of public roads around the business site on a continuing basis

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Support with our Product to Heavy Rain Disaster Areas

As relief supplies to Kumamoto prefecture, which was affected by heavy rain and floods in July 2020, we provided 24,000 units of in Jelly for easy nutritional support.

Support for the Fight against COVID-19

We provided 360,000 units of in Jelly to medical institutions and donated to the WeSupport project, which offers food support to healthcare workers.

Through Meals on Wheels Japan and Musubie, the national children's cafeteria support center, we provided 30,000 units of confectioneries to children's cafeterias.

We made a donation for the purpose of addressing the COVID-19 pandemic to the city in which Morinaga (Zhejiang) Co., Ltd. is located.

Supporting local activities towards sustainability

In support of Yokohama city's ethical consumption campaign promoting the purchase of environment-friendly and socially-responsible products, we provided our products as gifts to be given out as part of the campaign.

Supporting Education and Preventing Child Labor in Cacao-producing Countries

The One Chocolate for One Smile project is aimed at aiding the activities to improve the educational environment for children in cacao-producing countries, using revenues from the sale of our chocolate products subject to the project (such as Dars). In addition to our year-round donation effort, we donate one yen per eligible chocolate product sold during the designated months. Since 2008, the total amount exceeded 200 million yen in ten years. In cooperation with NGOs, we are working to support education and the eradication of child labor in cacao-producing countries.

> [Plan International](#) 

> [ACE \(Action against Child Exploitation\)](#) 

Conserving the Global Environment

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Conserving the Global Environment



In order to achieve “health of environment,” we strive for the health of society surrounding people by minimizing environmental impacts in our important business activities and conducting environmental conservation activities from a medium- to long-term perspective.

Materiality

Conserve the Global Environment

Main challenges included in materiality

1. Mitigate and adapt to climate change
2. Eco-friendly plastic containers and packaging along with recycling and reuse

Main expected opportunities and risks

<opportunities>

- Creation of innovation through external collaboration

<risks>

- Growing risks in procurement of agricultural raw materials
- Rising production costs due to carbon taxes, etc.
- Declining corporate value due to delayed response

Main Actions Ahead of 2030

1. Respond to climate change issues
2. Promote environmental consideration in containers and packaging
3. Effective use of water resources

Response to SDGs



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- > Sustainability Advisory Board

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Stakeholder Engagement

Contributions to Healthy Lives of People around the World

- > Contribute to “Health of Mind, Body, and Environment”
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Conserving the Global Environment

Basic Stance

Global environmental issues, such as climate change and plastic pollution, can potentially impact the Group's business and performance over the medium- to long-term. We will accelerate our initiatives on environmental conservation appropriately and strategically following our environmental policy in achieving sustainable growth for the Group and providing "health of environment."

Morinaga Group Environmental Policy

Through our business activities, the Morinaga Group promotes the creation of a sustainable circular economy.

We are also continually improving our environmental management system, implementing environmentally conscious initiatives in various aspects of our business activities.

1. Compliance with environment-related laws, ordinances, and regulations, etc.

We will comply with domestic and international environment-related laws, ordinances, and regulations, adhering to international standards and norms.

2. Reduction of environmental load in all product-related processes

From the product planning and development through to production, sales, and disposal, we will consider and strive to reduce environmental load in all product-related processes.

3. Reduction of CO₂ and other greenhouse gas emissions

We will implement carbon management through measures such as the promotion of energy-saving and visualization of energy consumption amounts, endeavoring to reduce CO₂ and other greenhouse gas emissions and prevent global warming.

4. Promotion of resource saving, waste reduction, and recycling

We will strive to use water resources, raw materials effectively, endeavoring to both reduce waste generation amounts and promote recycling.

5. Promotion of management and reduction of environmental pollutants

We will appropriately manage harmful chemicals and other environmental pollutants, striving to prevent and reduce pollution.

6. Biodiversity preservation and ecosystem protection

We will endeavor to deepen our understanding of biodiversity, maintain and preserve biodiversity, and protect ecosystems.

- > Response to Climate Change-Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

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(Revised: May 2018)



**Response to Climate
Change Issues**



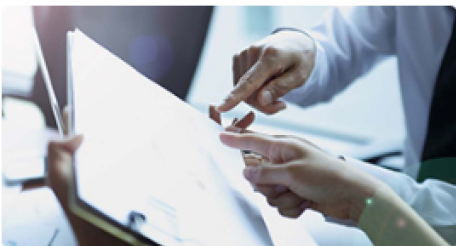
**Promotion of
Environmental
Consideration in Containers
and Packaging**



**Effective Use of Water
Resources**



Biodiversity



**Management of
Environmental Pollutants**

Promotion System and Environmental Management

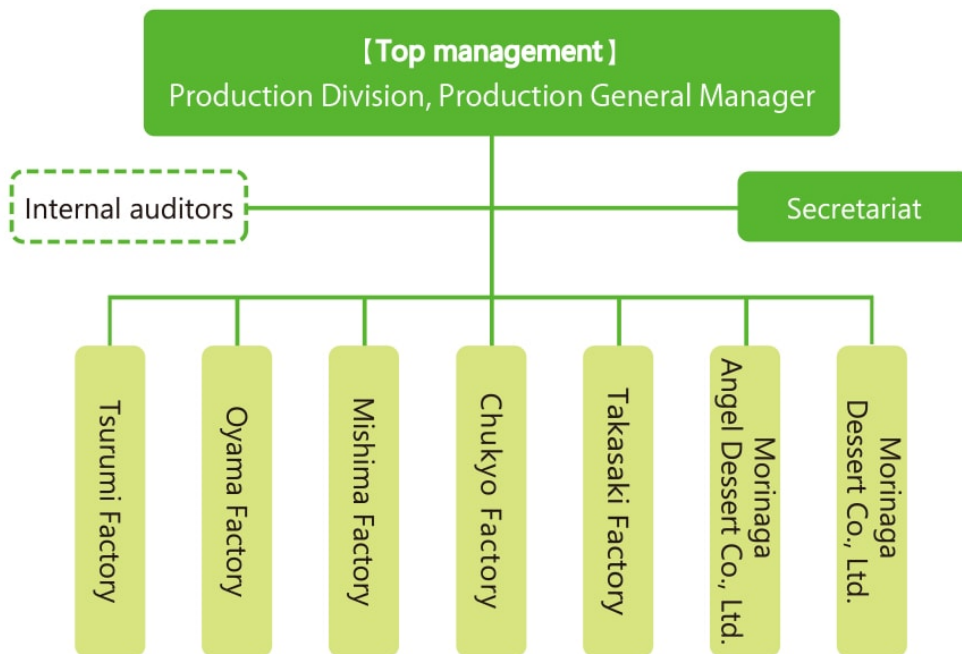
The ESG Committee, which is chaired by the Representative Director and President, conducts deliberation, formulation, and progress status review on important policies and goals related to the environment in order to realize these missions. The Environment Integration Office was established with members from Production Administration Division and Sustainable Management Division to exchange information with the Factory Environment Management Committee and other organs, as well as to promote continuous improvements to our management system and to reduce the environmental impacts and increase productivity.

We have built an environmental management system centered on ISO 14001. In July 1998, our Oyama Factory acquired the ISO 14001 certification for the first time in the Japanese confectionery industry. Later, all factories and affiliated production companies acquired the accreditation in sequence. In January 2018, the Morinaga Group's Production Sites obtained multiple site certification (four factories of Morinaga & Co., Ltd., and three affiliated production companies).

In April 2022, we also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and joined the TCFD Consortium. We will analyze and consider our initiatives to promote information disclosure following the TCFD recommendations. For more information, please refer to "Initiatives in Response to the TCFD Recommendations" which is linked below.

> [Initiatives in Response to the TCFD Recommendations](#)

Environmental Management Promotion System (ISO14001 Multi-site Organization Chart)



(As of April 2021)

Acquired multi-site ISO 14001 certification

Previously, each production sites acquired the ISO 14001: 2004 certification individually. Simultaneously with the transfer to a new standard ISO 14001: 2015, the Morinaga Group Production Division including the Headquarters Environment Integration Office has obtained the multiple site certification on January 23, 2018, using the multiple-site method integrating multiple sites as one organization.

> [Environmental Management System \(EMS\) Certification: ISO 14001](#) 

* Only Japanese ver. is available

List of ISO 14001-accredited Facilities (As of April 2021)

Name of Accredited Production Sites	Location	First Registration Date
Oyama Factory, Morinaga & Co., Ltd.	Tochigi Prefecture	July 7, 1998
Chukyo Factory, Morinaga & Co., Ltd.	Aichi Prefecture	March 15, 2000
Mishima Factory, Morinaga & Co., Ltd.	Shizuoka Prefecture	March 16, 2000
Tsurumi Factory, Morinaga & Co., Ltd.	Kanagawa Prefecture	July 26, 2000
Morinaga Angel Dessert Co., Ltd.,	Kanagawa Prefecture	March 20, 2001
Morinaga Dessert Co., Ltd.,	Saga Prefecture	March 20, 2001
Takasaki Morinaga & Co., Ltd.	Gunma Prefecture	December 21, 2018

Percentage of ISO 14001-accredited production sites

Morinaga & Co., Ltd. ... 4/4 factories **100%**

Affiliated production companies... 3 companies

(As of August 2023)

| Conserving the Global Environment

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Response to Climate Change Issues

✓ Basic Stance

✓ Main Initiatives Aimed at Reducing Greenhouse Gas Emissions

✓ Initiatives for Energy Saving

✓ Reduction of the Greenhouse gas (GHG) : Medium- to Long-Term Targets

✓ Initiatives to Reduce CO₂ Emissions

✓ Major Initiatives in Logistics Process

Sustainability at Morinaga Group

➤ Sustainability Management

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➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
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➤ Diversity and Inclusion of People

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➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Basic Stance

The Group has set a long-term goal of net-zero greenhouse gas emissions by 2050 in order to contribute to the realization of a decarbonized society. To achieve this goal, we are conducting carbon management including energy conservation and visualization of energy consumption. Going forward, we plan to utilize renewable energy. In April 2022, we also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures(TCFD) and joined the TCFD Consortium. We will analyze and consider our initiatives to promote information disclosure following the TCFD recommendations. For more information, please refer to "Initiatives in Response to the TCFD Recommendations" which is linked below.

> [Initiatives in Response to the TCFD Recommendations](#)

Reduction of the Greenhouse gas (GHG) : Medium- to Long-Term Targets

Goal for 2050

Goal of net-zero GHG emissions*1

*1 Group consolidated basis.

Goal for 2030

30% reduction in CO₂ emissions*2

*2 Scope 1 + 2 (domestic Group consolidated, compared to FY2019/3)

Progress of Goal for 2030

	Target	Results for FY2022/3
FY2031/3	-30%	+2%

* Scope 1 + 2 (domestic Group consolidated basis; compared to FY2019/3).

> [ESG Data: Greenhouse Gas Emissions](#)

In 2022/3, CO₂ emissions increased owing to the new frozen desserts manufacturing line at Takasaki Morinaga Co., Ltd., and other factors. We will continue to explore utilization of renewable energy while conserving energy to reduce CO₂ emissions.

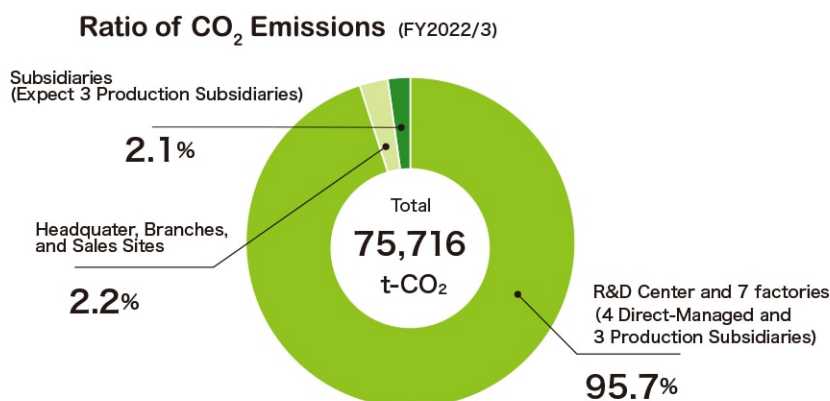
Main Initiatives Aimed at Reducing Greenhouse Gas Emissions

Initiatives	Detail
1.Reducing CO ₂ emissions at factories	<ul style="list-style-type: none"> Promote visualization of CO₂ emissions Establish a highly efficient production system Implement energy conservation initiatives (adopt high-efficiency and energy-saving equipment, operate air conditioning efficiently, etc.)
2.Initiatives at facilities using fluorocarbons	<ul style="list-style-type: none"> Consideration for switch to alternative fluorocarbons with a low ozone depletion potential and non-fluorocarbon materials Strengthen preventive management of fluorocarbon leakage Introduction of natural refrigerant equipment with zero ozone depletion potential and low global warming potential (Morinaga Angel Dessert Co., Ltd., Morinaga Dessert Co., Ltd.)
3.Initiatives in logistics	<ul style="list-style-type: none"> Improve loading rate and reduce transportation and delivery vehicles by joining other companies in the industry in transportation and delivery

Initiatives to Reduce CO₂ Emissions

We are working on reducing emissions by measuring the overall volume of current CO₂ emissions and making emissions visible.

Because Morinaga's four factories and three affiliated production companies account for a large portion of our CO₂ emissions, we are stepping up efforts chiefly in our production division.



Conserving the Global Environment

Response to Climate Change Issues

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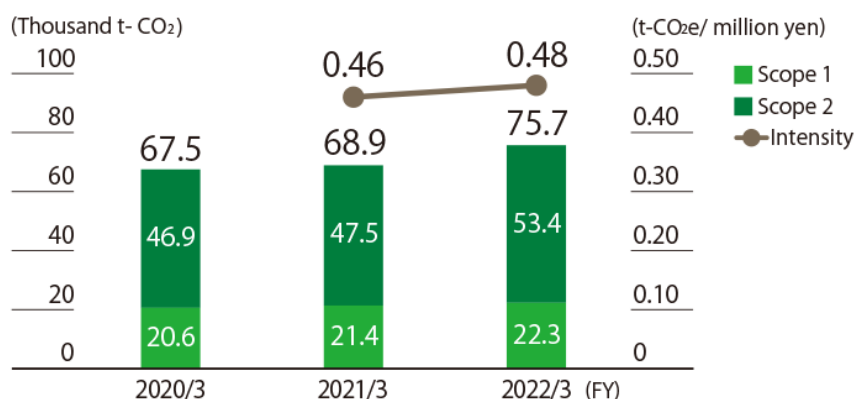
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CO₂ Emissions (Scope 1+2)*



* Domestic Group consolidated basis. CO₂ emissions are rounded up to the second decimal place. Figures for FY2021/3 and onward are third-party-assured by LRQA. The Company applied the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)", etc., from the beginning of FY2022/3. The figures for FY2021/3 are from after retroactive application of the said accounting standard.

> [ESG Data: Greenhouse Gas Emissions](#) 

> [Third Party Guarantee](#)

Initiatives on CFC-using facilities

We are currently examining the possibility of replacing CFC-using facilities with those using HCFCs and HFCs, with a low ozone depletion potential, or natural refrigerants. We intend to replace, in a planned manner, equipment and devices that use CFC R-22 with those using a low-global-warming-potential refrigerant. We have also implemented stricter measures to prevent leakage of CFC gas from existing facilities.

Morinaga Angel Dessert and Morinaga Dessert, whose product lines include frozen desserts, are proceeding with the replacement of refrigerant-equipments in their large-sized refrigerators with natural refrigerants that has zero ozone-depletion potential and low climate-change coefficient. Moreover, freezers that use natural refrigerant were adopted for the cold storage warehouse newly built at Takasaki Morinaga Co., Ltd. Going forward, we will work from various angles to further reduce the Group's CO₂ emissions.

Reducing environmental load during storage and transportation

In an effort to load as many products as possible on a pallet, a platform used for product storage and transportation, we have adjusted dimensions of cardboard cases and apply our efficient stacking pattern for loading cases onto the pallets. Furthermore, we save the use of energy in the storage and transportation processes by designing our products to minimize the wasted space.

Initiatives for Energy Saving

Energy-saving initiatives through production system reorganization

With a view to increasing the productivity of our core brands and responding to diversifying market needs, the Morinaga Group is reorganizing its production systems to make them highly efficient. In FY2020/3, in order to improve productivity, the decision was made to merge Morinaga Snack Foods Co., Ltd. and Morinaga Kofu Foods Co., Ltd. into the Company. The two production bases were closed, while their production lines were partially transferred to the Tsurumi Factory and the Oyama Factory and rebuilt there.

We also built a third factory on the premises of Takasaki Morinaga Co., Ltd., and started production of chocolates in FY2021/3 and frozen desserts in FY2022/3.

In the new factory and relocated production lines, we made capital investments taking into consideration energy saving. For example, we installed highly efficient energy-saving equipment and adopted a building design that features ceilings set lower than those of former buildings for the reduction of air conditioning loads.



Takasaki Factory No.3

Promotion of Energy-saving

The Morinaga Group has continuously been engaged in the activities to promote energy conservation. In order to make as much contributions as possible to the prevention of global warming, an international environmental issue, we are focusing on the facilitation of energy conservation promotion activities at our production sites, as most of our energy consumption is attributable to these facilities.

We have so far implemented such measures as: conducting energy-saving patrols to prevent overlooking of compressed-air or steam leakage from pipes and failures to switch off the lights; replacement of aged equipment with highly efficient one; switching to LED lighting; and ensuring the optimal electricity consumption by installing inverters on pumps and fans with a power of 7.5 kW or above to respond to changes in equipment loads.

In FY2021/3, we proactively went ahead with renewing air conditioning equipment at factories, and the resulting energy savings are expected to lead to a 117.7-ton annual reduction in CO₂ emissions.

We intend to facilitate our energy consumption promotion activities further, by seeking advice from energy conservation consultants, energy management companies, and equipment manufacturers, and planning and implementing energy conservation measures based on their advice.

Major Initiatives in Logistics Process

As a measure to ensure efficient distribution and environmental friendliness, Morinaga works to improve loading rate using modal shift, joint deliveries with other companies, design product specifications for high loading rates, and introduce demand forecasting using AI for optimal inventory allocation and upgrade supply operations, etc.

As a Specified Consignor* under the revised Act on the Rationalization etc. of Energy Use (“Energy Saving Act”), we calculate and identify the amount of CO₂ emitted during transportation.

* A Specified Consignor under the revised Energy Saving Act refers to a consignor whose annual volume of freight transportation orders reaches 30 million ton kilometers per year or above.

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Information Disclosure Following the TCFD Recommendations



✓ Scenario Analysis

✓ Morinaga Group's Important Opportunities

✓ Morinaga Group's Important Risks

✓ Basic Approach to Initiatives and Progress

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Sustainability Management

- > Sustainability Advisory Board

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The Morinaga Group recognizes that climate change is an important issue that affects the continuity of its operations and sustainable growth. In April 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB). Since then, we have been addressing the TCFD recommendations, including conducting climate change scenario analysis.

Area	Details
Governance	<p>The Morinaga Group's analysis, target setting and progress monitoring of risks and opportunities concerning sustainability initiatives are deliberated on by the ESG Committee, which is chaired by the Representative Director, President. The Board of Directors receives reports from the committee and monitors the status of activities. In FY2023/3, the ESG Committee convened eight times. The deliberations of the ESG Committee are considered in various aspects of decision making concerning management.</p> <p>For the examination of climate change matters, we established the TCFD Subcommittee*1 under the ESG Committee in FY2022/3. This subcommittee is responsible for analyzing the Morinaga Group's risks and opportunities and reviewing responses following the TCFD recommendations.</p> <p>The TCFD Subcommittee is led by the Director and Managing Executive Officer in charge of the Sustainable Management Division. It convened two times in FY2023/3. The results of this review process are reviewed by the ESG Committee and then reported to the Board of Directors, which supervises the status of activities.</p> <p style="text-align: center;">Review and Promotion</p> <div style="text-align: center;"> <pre> graph TD A[Board of Directors] --- B[ESG Committee] B --- C[TCFD · TNFD Committee] </pre> </div> <p style="text-align: center;">*1</p> <p style="text-align: right;">(Chair: Representative Director, President)</p> <p style="text-align: right;">(Chair: Director and Managing Executive Officer)</p>
Strategy	<p>In the process of identifying the risks and opportunities of climate change, Morinaga established the 4°C, 2°C, and 1.5°C scenarios for its domestic food manufacturing business. Based on the information released by the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA), we use these scenarios to analyze the impacts in Japan in 2030 and 2050. As a result, the 4°C scenario identified the risks of a reduction in quality of agricultural produce, changes in yield caused by changes in weather patterns, and increasing frequency of extreme weather events. The 2°C and 1.5°C scenarios found that rising costs due to stricter energy conservation policy and carbon taxes will have a larger impact on business operations. In response to these risks, we will strive to reduce our own CO₂ emissions and address the risks and opportunities that are important.</p>

Risk Management	<p>The Morinaga Group established the Total Risk Management Committee, which is led by the President and Representative Director. This committee identifies the risks, evaluates the severity, and implements countermeasures against these risks, which manage and address them appropriately. Climate change risks are managed and addressed appropriately as management risks by the same committee. The TCFD Subcommittee under the ESG Committee conducts reviews on climate change following the TCFD recommendations, with the results discussed by the ESG Committee. The details of discussions held by both committees are reported to the Board of Directors, which oversees the progress of risk management.</p>										
Indicators and targets	<p>To mitigate climate change risks, the Morinaga Group has established targets to reduce CO₂ emissions (Scope 1 and 2) by 30% from FY2019/3 in Japan by 2030 and to achieve net-zero GHG emissions by 2050. We are actively improving energy efficiency at our production sites (preventing air leaks, adding insulation, etc.), by upgrading our infrastructure and utilizing new and efficient equipment, thus highlighting our shift away from fossil fuel. At the same time, we are considering the introduction of renewable energy and implementing measures to achieve these targets.</p> <div data-bbox="427 712 981 1086" style="text-align: center;"> <p>CO₂ emissions (Scope1+2) *Domestic consolidated basis</p> <p>(Thousand t-CO₂)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>CO₂ Emissions (Thousand t-CO₂)</th> </tr> </thead> <tbody> <tr> <td>FY2019/3 (Base year)</td> <td>74.1</td> </tr> <tr> <td>FY2021/3</td> <td>68.9</td> </tr> <tr> <td>FY2031/3</td> <td>51.8</td> </tr> <tr> <td>FY2051/3 (FY)</td> <td>Aim for net zero</td> </tr> </tbody> </table> </div>	Fiscal Year	CO ₂ Emissions (Thousand t-CO ₂)	FY2019/3 (Base year)	74.1	FY2021/3	68.9	FY2031/3	51.8	FY2051/3 (FY)	Aim for net zero
Fiscal Year	CO ₂ Emissions (Thousand t-CO ₂)										
FY2019/3 (Base year)	74.1										
FY2021/3	68.9										
FY2031/3	51.8										
FY2051/3 (FY)	Aim for net zero										

*1 The TCFD Subcommittee was renamed the TCFD/TNFD Subcommittee in FY2023/3.

Scenario Analysis

We established the 4°C, 2°C and 1.5°C scenarios for Morinaga & Co., Ltd.'s domestic food manufacturing business to analyze the impacts in 2030 and 2050.

We referenced scenarios of government institutions and research institutes for the identification and evaluations of climate change risks and opportunities and for the analysis of the impact on the Morinaga Group's business, strategies and financial standing caused by these risks and opportunities.

*Referenced scenarios, etc.

4°C	<p>Stated Policy Scenario (STEPS) (IEA、2020年) Representative Concentration Pathways (RCP6.0, 8.5) (IPCC、2014年)</p>
2°C	<p>Sustainable Development Scenario (SDS) (IEA、2020年) Representative Concentration Pathways (RCP2.6) (IPCC、2014年)</p>
1.5°C	<p>Net Zero Emission by 2050 case (NZE2050) (IEA、2021年) Representative Concentration Pathways (RCP1.9) (IPCC、2021年)</p>

Conserving the Global Environment

- > Response to Climate Change Issues
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Morinaga Group's Important Risks

Category	Sub-category	Risk factors	Impact on operations	Importance	Response
Transition risks	Policy and regulation	Spread of GHG emissions pricing and stricter GHG emissions reporting obligations	Rising energy costs and logistical costs caused by the introduction of carbon taxes	Medium	<ul style="list-style-type: none"> Consider and implement ways to reduce CO₂ emissions by 30%^{*1} by 2030 and to achieve net-zero GHG emissions by 2050^{*2} Promote visualization of CO₂ emissions at factories, implement energy conservation measures, and establish highly efficient production system through reorganization
		Stricter energy conservation policy	Rising cost of capital investment for manufacturing facilities due to the company's response to energy conservation driven by stricter energy conservation policy	Large	<ul style="list-style-type: none"> Consider use of renewable energy Establish more efficient logistics system/transport and deliveries with fewer environmental impacts (improve loading rate using modal shift and joint deliveries with other companies, design product specifications for high loading rates, and introduce demand forecasting using AI for optimal inventory allocation and upgrade supply operations, etc.)
		Decarbonization-related mandates and regulations on existing products and services	Rising packaging costs due to regulations on the use of plastics derived from petroleum	Large	<ul style="list-style-type: none"> Promote raw materials procurement in consideration of the environment in line with Procurement Policy and Supplier Guidelines Promote initiatives aimed at a 25% reduction in plastics usage for <i>in Jelly</i> products by 2030^{*3} Expand the use of biomass plastics
	Markets	Changes in consumer behavior	Increased environmental awareness among consumers leads to a decline in sales due to consumer defection from products that have been slow to respond to the environment and a decrease in the adoption of such products by retailers	Large	<ul style="list-style-type: none"> Promote initiatives aimed at 100% sustainable procurement of cacao beans, palm oil and paper by 2030^{*4}

Physical risks	Acute	Rising severity and weather, such as cyclones and flooding	Loss of opportunities and decrease in sales procurement, production, logistics, and sales activities caused by damage to factories, warehouses, and employees due to extreme weather, disruption of logistics, etc.	Medium	<ul style="list-style-type: none"> Continuously review BCP for natural disasters and promote BCM time of manufacturing base relocation or new establishment based on hazard map Decentralize manufacturing bases of mainstay products Purchase raw materials from multiple suppliers (or multiple sites)
	Chronic	Changes in rainfall patterns and extreme changes in weather patterns	Rising raw material and development costs due to poor crop quality and reduced yield caused by changes in weather patterns and frequent occurrences of extreme weather	Large	<ul style="list-style-type: none"> Promote raw materials procurement in consideration of the environment in line with Procurement Policy and Supplier Guidelines Promote initiatives aimed at 100% sustainable procurement of cacao beans, palm oil and paper by 2030^{*4} Purchase raw materials from multiple suppliers (or multiple sites) Strengthen collaboration with suppliers and increase communication aimed at risk response Consider shifting milk ingredients to plant-based materials

*1 Scope 1 and 2 (domestic Group consolidated basis; compared to FY2019/3)

*2 Group consolidated basis

*3 Target: usage of plastics in packaging materials (intensity, compared to FY2020/3, including shift to biomass plastics)

*4 Group consolidated basis; paper covers product packaging

Morinaga Group's Important Opportunities

Category	Opportunity factors	Impact on operations	Importance	Response
Resource efficiency	Development and use of efficient production and distribution processes	Declining manufacturing and transport costs due to development of efficient manufacturing and distribution processes	Large	<ul style="list-style-type: none"> Promote efficient production activities by rebuilding the production system and creating smart factories^{*5} Promote initiatives aimed at 70% reduction in food loss and waste by 2030^{*6} Establish more efficient logistics system/transport and deliveries with fewer environmental impacts

Products and services	Changes in consumer preferences	Rising demand for eco-friendly products amid increasing environmental awareness among consumers including Generation Z	Large	<ul style="list-style-type: none"> • Implement “One Chocolate for One Smile” campaign^{*7} • Develop eco-friendly products
	Adaptation to climate	Rising demand for <i>in Jelly</i> and frozen desserts due to global warming	Medium	<ul style="list-style-type: none"> • Increase sales of <i>in Jelly</i> and frozen desserts
Resilience	Substitution/ Diversification of resources	Increasing capacity of operations under various conditions from review of substitution/diversification of raw materials	Large	<ul style="list-style-type: none"> • Consider substitution and diversification of raw materials based on climate change risks
		Increased trust in supply chain and fewer opportunity loss due to formulation of resilience plan (BCP)	Large	<ul style="list-style-type: none"> • Continuously review BCP for natural disasters and promote BCM

*5 Smart factory: Using IoT and AI technologies to upgrading technologies with utilizing digital data of production equipment to ensure stable operations and increase production efficiency.

*6 Scope: Food loss and waste occurring from receipt of raw materials to delivery (distribution) (domestic consolidated basis; intensity; compared to FY2020/3). Food loss and waste is defined as food waste that is disposed of thorough incineration or landfill, excluding food waste recycled into fertilizer or feed, etc.

*7 “One Chocolate for One Smile” campaign: Donates one yen for every purchase of applicable products during the campaign period to support children in cacao-producing countries.

Going forward, we will also consider deepening our response and expanding the scope of our scenario analysis.

Basic Approach to Initiatives and Progress

- > Materiality “Conserving the Global Environment” (Morinaga Group Environmental Policy, Promotion System, Environmental Management System, List of ISO 14001-accredited Facilities)
- > Response to Climate Change Issues (Medium- to Long-Term Targets, Main Initiatives Aimed at Reducing Greenhouse Gas Emissions, Initiatives for Energy Saving, etc.)
- > Promotion of Environmental Consideration in Containers and Packaging (Long-Term Targets, Environmental Initiatives in the Containers and Packaging of Major Brands, etc.)
- > Promotion of Sustainable Raw Material Procurement (Medium- to Long-Term Targets, Initiatives for Cacao Beans, Palm Oil and Paper, etc.)
- > Reduction of Food Loss and Waste (Long-Term Targets, Cooperation and Joint Efforts with Others to Reduce Food Loss and Waste)
- > One Chocolate for One Smile

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Promotion of Environmental Consideration in Containers and Packaging



✓ Basic Stance

✓ Environmental Initiatives in the Containers and Packaging of Major Brands

✓ Reduction of the Plastics: Long-Term Targets

Sustainability at Morinaga Group

➤ Sustainability Management

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- > Promotion of Waste Reduction

Basic Stance

Owing to the variety and wideness of its product range, the Morinaga Group uses packaging materials made of diversified materials. It also uses packing materials for the storage and transportation purposes.

We are promoting environmentally conscious initiatives for packaging materials that involve multifaceted issues such as plastic issues, deforestation, and climate change.

As one such initiative, we have newly established a long-term reduction target for the volume of plastic used in the packaging material of our mainstay product *in Jelly*. With efforts to meet this target as our reference point, we will pursue environmental conservation towards the establishment of a recycling society.

Reduction of the Plastics: Long-Term Targets

Goal for 2030

Reduce the plastics used in *in Jelly* products by 25%^{*1*2}

*1 Scope: Amount of plastics used in packaging materials

*2 intensity; compared to FY2020/3; including replacement with biomass plastics

Environmental Initiatives in the Containers and Packaging of Major Brands

Initiatives	Current initiatives (includes tentative items)
Reduce weight and volume of plastic	Reduce the amount of plastic used in the packaging of products including <i>in Jelly</i> and <i>Choco Monaka Jumbo</i> .
Switch to eco-friendly materials for packaging	Switch plastic package of <i>HI-CHEW</i> and <i>in Jelly</i> to biomass-derived plastic packaging.
Promote recycling	Launched <i>in Jelly</i> Recycling Program in September 2021

Reduction of plastics used in/use of biomass ink for “in Jelly” brand's packages

In February 2020, we reduced the amount of plastics used in the “in Jelly” brand's packages by saving the weight of plastic cap and straw by approximately 9% (approximately 70 tons per year) compared to the conventional level. In addition, we partly replaced the printing ink used in the product with plant-derived, environmentally-friendly biomass ink. At the same time, we adopted easier-to-open caps to improve customer convenience.



> Co-existence and co-prosperity with local communities

Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations

Promotion of Environmental Consideration in Containers and Packaging

- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

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Initiatives for reducing plastic waste: in Jelly Recycling Program

To further reduce plastic waste, Morinaga and TerraCycle Japan G.K. launched a recycling program to collect empty jelly drink containers in September 2021. The program works to collect used containers and recycle them into new plastic products as resources. We will continue to promote recycling initiatives for in Jelly as a leading jelly drink brand.



The collection box and students of Koriyama High School in Fukushima Prefecture

| Efforts For The Use Of Sustainable Paper(for product packaging)

- > Procurement of Sustainable Raw Material: Paper (for Packaging Product)
- > ESG Data: Sustainable Raw Material Ratio, etc. 

| Conserving the Global Environment

Response to Climate Change Issues



Effective Use of Water Resources



Biodiversity



Management of Environmental Pollutants





Effective Use of Water Resources

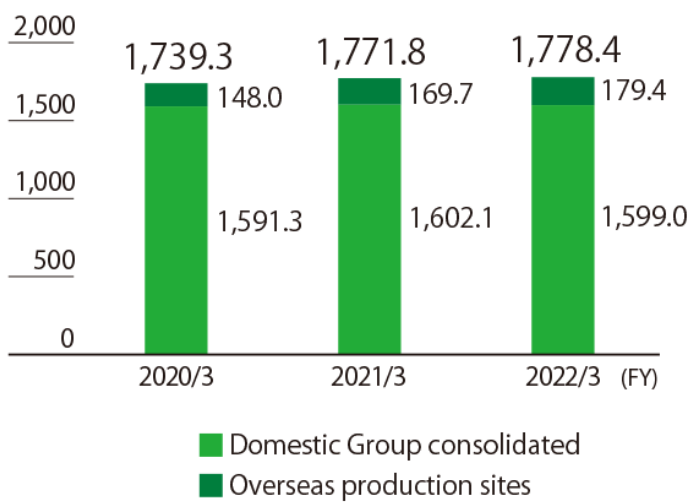
Basic Stance

In recent years, natural disasters, such as droughts and floods, are frequently occurring as a result of climate change. There are regions with increasing risks of water resource shortages as the world population increases. We believe that water resources are essential to our Group's business activities, and it is important to promote business activities that effectively assess water stress* and utilize water resources. Our Group is working to reduce the use of water resources by recycling cooling water for equipment and reducing raw materials waste, including water used for preparations.

We will identify regions facing high water stress and consider possible actions by conducting water withdrawal surveys and evaluating our domestic and overseas production facilities for water stress using the World Resources Institute's Aqueduct Water Risk Atlas with the aim of effectively using water resources.

* Water stress: A state in which water supply and demand is tight. Water stress is when maximum available water resources per capita falls below 1,700 m³.

Amount of Water Resource Usage* (Thousand t)



* Domestic figures reflect Group consolidated figures. Overseas figures reflect figures at production sites. The domestic Group consolidated figure for FY2021/3 and later is third-party assured by LRQA.

> [ESG Data: Details of the Water Resources Consumption](#)

> [Third Party Guarantee](#)

Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

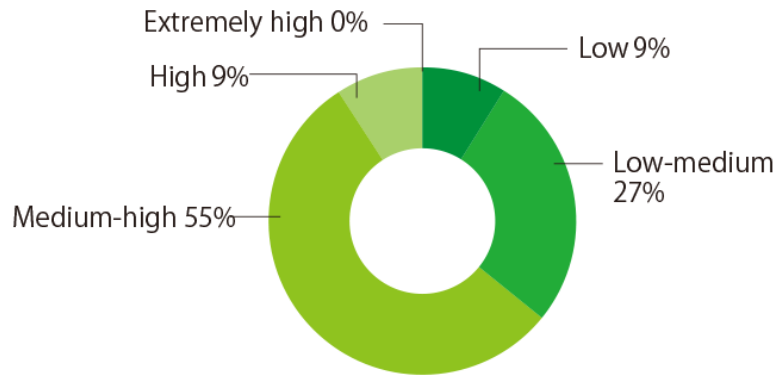
➤ Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Water Stress Evaluation of all Production Sites (FY2022/3)



* Scope: Four factories of Morinaga & Co., Ltd. (Yokohama, Kanagawa; Oyama, Tochigi; Mishima, Shizuoka; Anjo, Aichi), four affiliated production companies (Takasaki, Gunma; Yamato, Kanagawa; Tosu, Saga; Amagasaki, Hyogo), and three overseas production sites (North Carolina, USA; Taipei, Taiwan; Zhejiang, China.)

Conserving the Global Environment

Response to Climate Change Issues >

Promotion of Environmental Consideration in Containers and Packaging >

Biodiversity >

Management of Environmental Pollutants >

Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > **Effective Use of Water Resources**
- > Biodiversity
- > Management of Environmental Pollutants

Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
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Biodiversity

Basic Stance

For conserving biodiversity, we ensure we ensure the conservation of biodiversity and the protection of ecosystems.

Biodiversity Conservation Initiatives

Formulation of Morinaga Group Procurement Policy

In accordance with the Morinaga Group Procurement Policy, we are committed to the conservation of biodiversity and engaged in our procurement activities focusing on the raw materials that are considerate of the global environment.

> [Procurement Policy](#)

Membership in RSPO

In October 2019, Morinaga & Co., Ltd. joined the Roundtable on Sustainable Palm Oil (RSPO) and took the first steps towards the use of RSPO-certified oils.

> [Procurement of Sustainable Raw Material: Palm Oil](#)

Use of FSC®-certified paper

We aim to promote the shift to FSC®-certified paper sourced from well-managed forests and other sources and expand the scope of its use in sequence.

> [Procurement of Sustainable Raw Material: Paper \(for Packaging Product\)](#)

> [ESG Data: Sustainable Raw Material Ratio, etc](#)

Sustainable cacao beans

We have started using Cocoa Horizons-certified raw materials in certain products.

> [Procurement of Sustainable Raw Material: Cacao Beans](#)

Sustainability at Morinaga Group

Sustainability Management

- > Sustainability Advisory Board

Identifying the Materiality

Stakeholder Engagement

Contributions to Healthy Lives of People around the World

- > Contribute to “Health of Mind, Body, and Environment”
- > Corporate Citizenship

- > Provision of Safe and Reliable Products

Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

Conserving the Global Environment

Response to Climate Change Issues >

Promotion of Environmental Consideration in Containers and Packaging >

Effective Use of Water Resources >

Management of Environmental Pollutants >

Related information

ESG Data >

> Conserving the Global Environment

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Strengthening the Business Management Foundation



We will enhance our sustainability as a corporation as well as achieving sustainable growth and enhancing corporate value.

Materiality

Strengthen the Business Management Foundation

Main challenges included in materiality

1. Strengthen corporate governance
2. Globalize management foundation (strengthen base for overseas expansion and respect local cultures, etc.)
3. Human rights management
4. Address next-generation food technologies (nextgeneration food services, DX and robotics, etc.)
5. Increase social trust and reputation through disclosure of ESG information

Main expected opportunities and risks

<opportunities>

- Increasing management efficiency and corporate value
- Acquiring trust from countries and regions where we operate
- Increasing ability to promote and implement management strategy
- Improving productivity
- Growing business opportunities from innovation
- Increasing social trust and corporate value

<risks>

- Declining evaluations from capital markets
- Damage to social trust, brand value and corporate value

Main Actions Ahead of 2030

1. Build a highly transparent and efficient governance system
2. Promote globalization of management foundation
3. Reinforce human rights management
4. Evolve business operations using DX
5. Increase ESG information disclosures

Response to SDGs



Sustainability at Morinaga Group

Sustainability Management

- > Sustainability Advisory Board

Identifying the Materiality

Stakeholder Engagement

Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
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- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction

Basic Stance

To achieve our Purpose and the 2030 Vision, we will need to enhance our sustainability as a corporation, respond quickly and appropriately to changes in the external environment, and flexibly engage in business operations. The Morinaga Group will steadily work on initiatives for the following five themes through monitoring by the management meeting and ESG Committee.

Action Themes

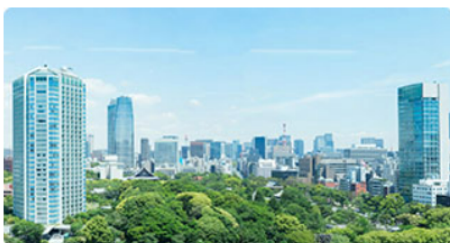
<p>1.Achieve highly transparent and efficient governance</p>	<p>We will achieve effective corporate governance that is highly transparent and efficient based on Japan's Corporate Governance Code in order to respond appropriately to changes in society as well as achieving sustainable growth and enhancing corporate value</p>
<p>2.Globalize management foundation</p>	<p>We will support the growth of our overseas business by building a foundation for corporate activities based on the unique situation in the countries and regions where we operate.</p>
<p>3.Establish human rights management</p>	<p>We will build a global human rights management system based on the UN Guiding Principles on Business and Human Rights in response to rapidly increasing international request for respect of human rights.</p>
<p>4.Promote business operations using DX</p>	<p>We will promote company-wide and cross-functional DX aimed at increasing the Group's productivity, strengthening the management foundation, and creating new business in response to the rapid advancement in digitalization.</p>
<p>5.Expand disclosures of ESG information</p>	<p>We will enhance our disclosure of ESG information in order to obtain appropriate evaluation from the market and in response to the requests for non-financial information disclosure from the capital markets.</p>



Build a Highly Transparent and Efficient Governance System



Human Rights Management



Indices and Awards

> Co-existence and co-prosperity with local communities

Conserving the Global Environment

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- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
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Strengthening the Business Management Foundation

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- > Human Rights Management
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- > Indices and Awards

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Related information

ESG Data



Corporate Governance



< Corporate Governance

Compliance >

Contact Us >

Risk Management >

Human Rights Management >

Investor Relations

Corporate Governance Basic Policy

The Morinaga Group will enhance its corporate governance with the aim of maximizing corporate value and achieving enduring corporate growth based on the basic policies of improving the health and efficiency of management, ensuring the reliability of its financial position, 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 Statutory Auditors, requiring attendance by Standing Statutory Auditors at important meetings, and placing the Audit Division 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 the Group's member companies.

Corporate Governance System

Management of Corporate Affairs

Morinaga's "Rules on Decision-Making Criteria" states clear definitions of authority and responsibility for respective decision-making units, including the Board of Directors, Business Execution Meetings, Directors, Executive Officers, and General Managers of individual divisions and departments.

> Management Policy

- > Message from the President
- > Executive Management
- > 2030 Business Plan/2021 Medium-Term Business Plan
 - > 2030 Business Plan
 - > 2021 Medium-Term Business Plan
- > Medium- and Long-Term Financial Strategy

> Value Creation Process

> Corporate Governance

- > Compliance
- > Risk Management
- > Human Rights Management
- > Disclosure Policy

> Financial/Performance

- > Financial/Performance Highlights
- > Highlights by Segment

> IR Library

- > Financial Results
- > Presentations
- > IR Day
- > Timely Disclosure
- > Integrated Report
- > ESG Data

> IR News

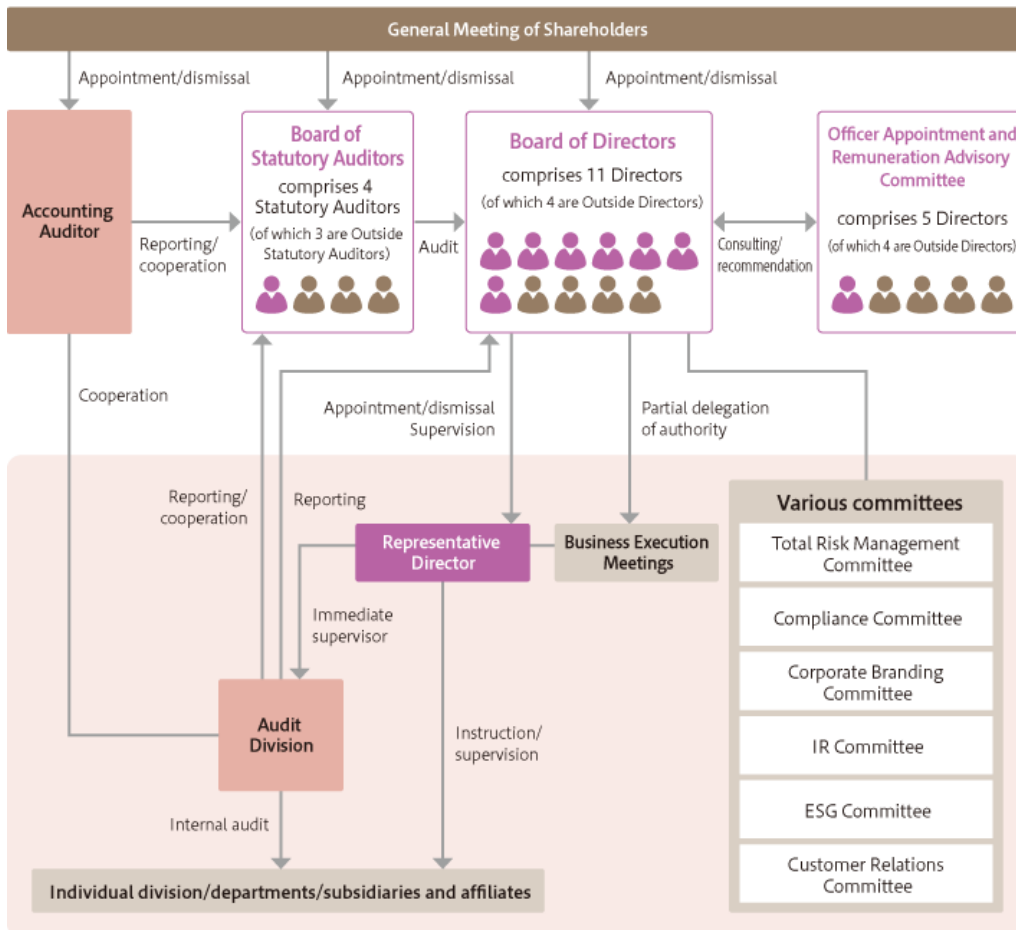
> IR Calendar

> Share-related Information

- > Stock information

(As of June 29, 2023)

Internal  Outside 



- > General Meeting of Shareholders
- > Dividends & Shareholder Return
- > Bonds and Rating
- > Analyst Coverage
- > Articles of Incorporation

> To Our Investors

- > About MORINAGA
 - > Message from the President
 - > OUR PHILOSOPHY
 - > Corporate Development and History
 - > Introduction of Business Fields
- > To those considering investing in MORINAGA
 - > 2030 Business Plan/2021 Medium-Term Business Plan
 - > Financial/Performance Highlights
 - > Share-related Information
- > MORINAGA's initiatives
 - > Research and Development
 - > Sustainability at Morinaga Group

> Data

- > Financial Results
- > Presentations
- > Integrated Report
- > ESG Data
- > Corporate Profile

> Sustainability



<Board of Directors>

The Board of Directors deliberately makes decisions on statutory matters and the execution of important business based on the business judgment principle and supervises the execution of business. The Board consists of eleven Directors, out of which four are Outside Directors, eight are male, and three are female Directors.

Diversity of Directors (As of June 29, 2023)



<Business Execution Meetings>

Business Execution Meetings, which is mainly comprised of Directors, Senior Operating Officer and Standing Statutory Auditors, deliberates and makes decisions on important management themes and other matters for which authority is delegated by the Board of Directors. To ensure the effectiveness and efficiency of deliberations at the Board of Directors and Business Execution Meetings, sufficient prior discussions are made at various committees that serve as advisory bodies for the Boards. These committees include the IR Committee, which is concerned with information disclosure, and the Officer Appointment and Remuneration Advisory Committee, a forum to discuss matters concerning Directors' personnel and remuneration matters.

<Executive Officer System>

With the aim of increasing the agility to respond to the changing business environment and accelerating the decision-making process, Morinaga has adopted an executive officer system. With this move, the Company delegated authority and responsibility for executing regular business relating to the implementation of strategies to Executive Officers, ensuring efficient management and a clarification of responsibilities for business execution.

List of Directors (As of June 29, 2023)

Name	Attribute	Title	FY2023/3 Board Meeting Attendance	FY2023/3 Officer Appointment and Remuneration Committee ※ Meeting Attendance
Eijiro Ota		Representative Director and President	100% (15/15)	100% (3/3)
Machiko Miyai		Director, Managing Executive Officer	100% (15/15)	—
Shinya Mori		Director, Managing Executive Officer	100% (15/15)	—
Daisuke Fujii		Director, Managing Executive Officer	100% (15/15)	—
Takashi Hirakue		Director, Senior Executive Officer	100% (15/15)	—
Hideki Matsunaga		Director, Senior Executive Officer	100% (11/11)	—
Tetsuya Takagi		Director, Senior Executive Officer	100% (11/11)	—
Naomi Eto	Outside Director Independent Officer	Director	100% (15/15)	100% (3/3)
Shuichi Hoshi	Outside Director Independent Officer	Director	87% (13/15)	100% (3/3)
Kuniko Urano	Outside Director Independent Officer	Director	100% (15/15)	100% (3/3)
Shinji Sakaki	Outside Director Independent Officer	Director	100% (11/11)	100% (2/2)

< Auditing System >

We have four Statutory Auditors, including three Outside Statutory Auditors. One of these three Outside Statutory Auditors is a Standing Statutory Auditor, and three of Statutory Auditors are male and one is female. In accordance with the Guidelines for Auditors, Statutory Auditors audit the Directors' performance of their duties based on the Rules on Statutory Auditors' Audit. Standing Statutory Auditors hold regular meetings with the Representative Director and attend Board of Directors, Business Execution Meetings of the Board of Directors and other important gatherings to audit the Directors' performance of their duties. Audit Division, which is responsible for carrying out internal audit, directly reports to the President. Composed of six members, the Division audits all divisions (including subsidiaries) in a planned manner, and exchanges opinions with the divisions jointly with Standing Statutory Auditors. To ensure close cooperation, opinion exchange sessions are held regularly and as needed basis between all Statutory Auditors and the Accounting Auditor, as well as between Standing Statutory Auditors and the General Manager of the Audit Division. The General Manager of the Audit Division and the Standing Statutory Auditors attend the meetings of the Internal Control Steering Committee, which is composed of members selected from major divisions and departments, and exchange opinions with the Committee members on a regular basis. Furthermore, the Audit Division enhances the effectiveness of internal audits by reporting directly not only to Representative Director, but also to the Board of Directors and the Board of Statutory Auditors, as necessary and appropriate. Morinaga appointed Deloitte Touche Tohmatsu LLC as its accounting auditor.

List of Statutory Auditors (As of June 29, 2023)

Name	Attribute	FY2023/3 Board of Auditors Attendance	FY2023/3 Board Meeting Attendance
Toshiaki Fukunaga	Standing	100% (16/16)	100% (15/15)
Takehiko Sasamori	Outside Standing	Newly appointed	Newly appointed
Koichi Sakaguchi	Outside	100% (16/16)	100% (15/15)
Sawako Ueno	Outside	Newly appointed	Newly appointed

<Explanation of director and statutory auditor skills matrix>

We have created skills matrices for the core skills of each director and statutory auditor, as well as the knowledge, experience, abilities, etc. required of the Board of Directors as a whole in order for us to put our corporate philosophy into practice and achieve the aims of our business plans.

Name and Position	Specialty and Experience							
	Corporate management/ management strategy	ESG/ sustainability	Finance/ accounting	Human resources/ labor affairs	Legal affairs/ compliance/ risk management	Marketing/ sales	Global	R&D/ production/ logistics
Eijiro Ota Representative Director, President	●	●		●	●	●	●	●
Machiko Miyai Director, Managing Operating Officer	●	●				●		●
Shinya Mori Director, Managing Operating Officer	●					●		●
Daisuke Fujii Director, Managing Operating Officer	●	●		●	●			
Takashi Hirakue Director, Senior Operating Officer	●	●		●	●	●		●
Hideki Matsunaga Director, Senior Operating Officer	●					●		
Tetsuya Takagi Director, Senior Operating Officer	●		●	●	●		●	
Naomi Eto Director	●	●			●			
Shulchi Hoshi Director	●					●	●	
Kuniko Urano Director	●	●		●				●
Shinji Sakaki Director	●	●			●	●	●	
Toshiaki Fukunaga Statutory Auditor	●						●	●
Takehiko Sasamori Statutory Auditor	●	●	●	●	●		●	
Koichi Sakaguchi Statutory Auditor				●	●			
Sawako Ueno Statutory Auditor			●		●		●	

> Executive Management

<Executive Appointment Policy>

An overview of the Executive Appointment Policy is as follows.

1. In order to realize the purpose and vision of the Morinaga Group, Directors and Statutory Auditors of the Company shall be persons with specialties and experience in the necessary fields, taking into consideration diversity such as nationality, gender and age.
2. Executive Directors shall meet the "Morinaga Group Management Personnel Requirements" (persons who demonstrate basic qualities, popularity, leadership, challenging spirit, foresight and imagination, practical ability, and the utilization of new technologies and new fields), and shall be persons who can contribute to the sustainable growth of the Group.
3. Outside Directors shall meet the Company's Independence Standards stipulated separately, and shall be persons who can be expected to provide appropriate opinions and raise questions about the Group's management issues, etc. from an independent and objective standpoint.
4. Statutory Auditors shall be persons who can be expected to conduct accurate audits from an objective and neutral perspective utilizing their knowledge and experience regarding the legality and appropriateness of business execution. At least one Statutory Auditor shall have sufficient knowledge of financing and accounting, and Outside Statutory Auditors shall be persons who meet the Company's Independence Standards.

< Morinaga Group Executive Independence Standards >

The Company shall determine that Outside Directors, Outside Statutory Auditors, and candidates thereof are independent provided that they do not fall under any of the following categories.

1. A person for whom the Group is a major business partner, or a business executive thereof Specifically, a person, or a corporation to which said person belongs, for whom net sales to the Group in the most recent fiscal year account for 2% or more of the annual consolidated net sales of the Group
2. A major business partner of the Group, or a business executive thereof Specifically, a person, or a corporation to which said person belongs, to whom net sales by the Group in the most recent fiscal year account for 2% or more of the annual consolidated net sales of the Company
3. A consultant or accounting or legal professional who receives a large amount of money or other property from the Company other than executive remuneration, or a member of a corporation or organization, etc. that receives such property A large amount of property refers to an amount equal to or more than 2% of the annual consolidated net sales of said corporation, etc. in the most recent fiscal year, or \10 million, whichever is higher.
4. A person who falls under categories 1. to 3. in the past year
5. A person who was a business executive of the Company or a subsidiary of the Company at the time of their appointment and for a period of 10 years prior to their appointment
6. A relative within the second degree of kinship of any person described in 1. to 5. above.
7. A person who is in conflict with the independence criteria stipulated by the Tokyo Stock Exchange, or a person who may cause a conflict of interest with the shareholders of the Company
8. A person whose term of office is more than 8 years in total

Main Topics of Discussion at the Board of Directors

In FY2023/3, the Board of Directors discussed the following matters as main topics.

	Topics
Management strategy and sustainability-related	<ul style="list-style-type: none">• Progress of the business plan• Progress in Focus Domains (i n and Frozen Desserts) and Basic Domain (Confectionery and Foodstuffs)• Status of the U.S. Business• Smart factory initiatives• Initiatives related to intellectual property strategy and R&D• Activities of the ESG Committee and Other Committees
Governance-related	<ul style="list-style-type: none">• Evaluation of the effectiveness of the Board of Directors• Conflict of Interest Transactions• Holding status of Cross-shareholdings• Executive personnel and officer remuneration• Group company governance
Compliance and risk management-related	<ul style="list-style-type: none">• Activities of the Compliance Committee• Activities of the Total Risk Management Committee• Whistleblower system• Measures against unauthorized access and the information management system• Operation of the internal control system• Aceivities of the Compliance Committee and the Total Risk Management Committee
Finance, investment, and loan-related	<ul style="list-style-type: none">• Changes in accounting policies (translation of revenue and expenses of foreign subsidiaries)• Execution of financial measures (fundraising, fund management, and shareholder returns)• Status of updating of production facilities• Status of renewal of systems• New Shibaura Building construction plans

Basic Policy on Officer Remuneration and Composition of Officer Remuneration

1. Executive Remuneration Basic Policy

The Company's Executive Remuneration Basic Policy is as follows.

- 1) Contribute to the realization of the purpose and vision of the Morinaga Group.
- 2) Promote the realization of medium- to long-term business plans in order to enhance corporate value into the future.
- 3) Establish a system and standards that support appropriate risk-taking by Directors and strengthen their motivation to contribute.
- 4) Ensure that the system is transparent, fair, and rational for stakeholders, and is determined through an appropriate process to ensure this.

2. Content of Executive Remuneration System

- 1) Composition and content of remuneration, etc.

- a. Directors

- (i) Basic compensation: Consists of two types: fixed remuneration (equivalent to 70%) and performance-based remuneration (equivalent to 30%) and is a fixed amount paid monthly in cash. 10% of basic compensation is paid as "(iii). Stock compensation (non-monetary remuneration).

- (ii) Executive bonuses: Paid in cash in a lump sum in July subject to a resolution of the General Meeting of Shareholders

- (iii) Stock compensation (non-monetary remuneration): Stock compensation is paid when Directors retire(excluding non-residents of Japan) Details are provided in "5) Content of non-monetary remuneration."

- b. Outside Directors and Statutory Auditors

In view of the roles of Outside Directors and Statutory Auditors, basic compensation consists of fixed remuneration only and is a fixed amount paid monthly in cash.

- 2) Policy on determination of basic compensation

A standard amount is determined for each job title according to responsibilities. The standard amount is set at a level that ensures market competitiveness and strengthens the motivation of each Director to make a contribution.

- 3) Policy on determination of executive bonuses

Executive bonuses are monetary remuneration according to job title, responsibilities, performance, etc., and their payment is determined following the resolution by the General Meeting of Shareholders.

- 4) Matters concerning performance-linked remuneration

The performance indicators for performance-linked remuneration for the President are "the Group's consolidated operating income and ROE," and for Executive Directors other than the President, are as follows: "15% of the 30% performance-linked remuneration included in basic compensation is based on the Group's consolidated operating income and ROE, and the remaining 15% is based on individuals' performance evaluations, including contributions to ESG initiatives."

- 5) Content of non-monetary remuneration

As non-monetary remuneration, Executive Directors are provided stock compensation equivalent to 10% of the amount of basic compensation for the purpose of motivating them to make contributions to an improvement of medium- to long-term performance and corporate value, and sharing profit awareness with shareholders.

Based on the performance-linked stock compensation plan approved at the 170th General Meeting of Shareholders, Executive Directors receive points equivalent to 10% of their post-performance-linked basic compensation each year, and receive Company shares, etc. through the BIP trust, in proportion to the points accumulated, when they retire.

3. Matters concerning Resolution by the General Meeting of Shareholders about Remuneration for Directors and Statutory Auditors

At the 169th Annual General Meeting of Shareholders held on June 29, 2017, the maximum amount of remuneration for Directors was resolved to be 500 million yen per annum (including 40 million yen per annum for Outside Directors and excluding the employee salaries of Directors who concurrently serve as employees). (The number of Directors immediately following the conclusion of the said General Meeting of Shareholders was 11, including two Outside Directors.) In addition, at the 175th Annual General Meeting of Shareholders held on June 29, 2023, it was resolved to increase the number of Outside Directors in order to strengthen corporate governance. It was also resolved to increase the maximum amount of remuneration for Outside Directors to 80 million yen per annum in consideration of the expansion in the roles and responsibilities expected of the Outside Directors. (The number of Outside Directors immediately following the conclusion of the said General Meeting of Shareholders was 4)

Moreover, separately from the said monetary remuneration, at the 170th Annual General Meeting of Shareholders held on June 28, 2018, the introduction of a performance-linked stock compensation plan using a trust for Directors (excluding Outside Directors and non-residents of Japan) was approved. The maximum amount of cash to be contributed by the Company to the trust for each target period covering three fiscal years was resolved to be ¥180 million in total, and the maximum number of points to be awarded as stock compensation was resolved to be 15,000 points for one fiscal year. The number of Directors (excluding Outside Directors and non-residents of Japan) at the conclusion of the said General Meeting of Shareholders was 8. The maximum amount of remuneration for Statutory Auditors was resolved at the 169th Annual General Meeting of Shareholders held on June 29, 2017 to be ¥80 million per annum. The number of Statutory Auditors at the conclusion of the said General Meeting of Shareholders was 4.

4. Policy on Determination of Remuneration for Individual Directors

Summary of the Determination Policy

- 1) Amount of remuneration for individual Directors
 - a. The level of basic compensation is verified by the Officer Appointment and Remuneration Advisory Committee based on the Company's financial performance, taking into consideration the remuneration level, etc. of peer companies or those of similar size as the Group.
 - b. The Officer Appointment and Remuneration Advisory Committee determines individual amounts of remuneration after discussing the draft on individual amounts of remuneration, including performance evaluations, prepared by the President, and reports the determination process to the Board of Directors.
- 2) Executive bonuses
 - a. Following consultation with the Board of Directors, the Officer Appointment and Remuneration Advisory Committee deliberates on whether it is appropriate to submit the payment of executive bonuses to the Annual General Meeting of Shareholders. If deemed appropriate, the Committee recommends it to the Board of Directors together with the proposed payment amount, and the Board of Directors makes a decision.
 - b. Payment is subject to approval of the total amount by the General Meeting of Shareholders.

5. Matters concerning delegation of authority concerning determination of remuneration for individual Directors

At the meeting of the Board of Directors held on March 23, 2023, it was resolved to delegate to the Officer Appointment and Remuneration Advisory Committee, which consists of all the Company's Outside Directors and the President, the authority to determine details of remuneration for individual Directors. The reason for the delegation is to ensure objectivity and fairness in determining the amount of remuneration for individual Directors. The Officer Appointment and Remuneration Advisory Committee makes its determination after deliberating the proposal on the amount of remuneration for individual Directors prepared by the President, including performance evaluations, and reports the determination process to the Board of Directors.

Regarding stock compensation, which is non-monetary compensation, its maximum amount is the amount resolved at the General Meeting of Shareholders, separately from monetary remuneration. The Company awards a certain number of points to Directors (excluding Outside Directors and non-residents of Japan) in accordance with the provision of the "Share Delivery Rules" following consultation with the Officer Appointment and Remuneration Advisory Committee and receiving its recommendations.

Title	Fixed remuneration (%)	Performance-based remuneration (%)
Directors (excluding Outside Directors)	70	30
Outside Directors	100	0
Statutory Auditors	100	0

Evaluation of the Effectiveness of the Board of Directors

(1) Method of analysis and evaluation

In regard to the effectiveness of the Board of Directors as a whole, the Company conducted a survey of all Directors including Outside Directors, and all Statutory Auditors including Outside Statutory Auditors, from February to March this year, as it does each year. The survey covered the composition, operation, and agenda of the Board of Directors, the nomination and remuneration of senior management, risk management, dialogue with shareholders, etc., systems to support the Board of Directors, and issues indicated in previous evaluations of the Board of Directors. The Board of Directors conducted an exchange of opinions on the results of the survey, and each Director executed an evaluation. In addition, the results of the survey were analyzed and evaluated by a third-party organization (law firm), in order to provide an expert and objective opinion, and the evaluation of the Board of Directors was discussed and decided at a meeting of the Board of Directors, with reference to this third-party analysis and evaluation.

(2) Result of the evaluation

As a result of analysis and evaluation by a third-party organization (law firm), the Company's Board of Directors was determined to be functioning effectively in fiscal 2022. Based on this evaluation, the Company recognized that the Board of Directors was effective and functioning effectively in line with the basic views on corporate governance, etc. of the Company.

(3) Initiatives for improvement

Based on the evaluation of the effectiveness of the Board of Directors in fiscal 2022, the Company recognizes that certain improvements have been made with respect to the issues identified in the previous fiscal year's evaluation of the effectiveness of the Board of Directors: (a) the further enhancement of discussions on risk management; and (b) strengthening the functions of the Board of Directors as a monitoring Board.

(4) Initiatives for the future

The Company will place particular emphasis in working on:

- (i) deepening discussions and initiatives on risk management, including at Group companies; and
- (ii) further enhancing discussions relating to medium- to long-term management issues, including sustainability and medium-term management plans, as future issues.

Based on this effectiveness evaluation of the Board of Directors, we will further improve the effectiveness of the Board of Directors of the Company, and further strengthen corporate governance, including by taking the necessary initiatives to improve the above issues.

Changes in Our Response to the Corporate Governance Code

November 2015	Submitted a Corporate Governance Report that was aligned with the Corporate Governance Code
June 2016	Appointed multiple Independent Outside Directors [Supplementary Principle 4-8 ②]
June 2017	Introduced an electronic voting system and provided English translations of the notice of convocation of general meeting of shareholders [Supplementary Principle 1-2 ④]
June 2018	Introduced a stock remuneration system for 10% of total remuneration for non-Outside Directors [Supplementary Principle 4-2 ①]
July 2019	Published an English translation of Corporate Governance Report on our website
June 2021	The Company has changed the composition of the Officer Appointment and Remuneration Committee, with Outside Directors now making up the majority, and the Committee is to be chaired by an Outside Director. [Supplementary Principle 4-10 ①]
June 2022	Disclose the impact of climate change-related risks and revenue opportunities on the company's business activities, in line with the TCFD's reduction (Supplementary Principle 3-1 ③)

Internal Controls

The Morinaga Group is committed to maximizing corporate value and achieving an enduring corporate growth by strengthening our internal control system, increasing the management efficiency, operating its business properly, and ensuring effective supervisory and audit practices. To ensure appropriate execution of duties, the Board of Directors endeavors to establish an effective internal control system as well as a system of compliance to legal requirements and internal rules including the Articles of Incorporation, while Statutory Auditors are responsible for auditing the effectiveness and functionality of such systems. In addition, Morinaga and its subsidiaries home and abroad have introduced a helpline to collect a wide range of information about compliance issues take appropriate measures against them.

Human Rights Management



[Corporate Governance](#) >

[Compliance](#) >

[Contact Us](#) >

[Risk Management](#) >

< [Human Rights Management](#)

[Investor Relations](#)

Basic Stance

Companies must implement management that respects the human rights of stakeholders within the company and in the value chain pursuant to the UN Guiding Principles on Business and Human Rights.

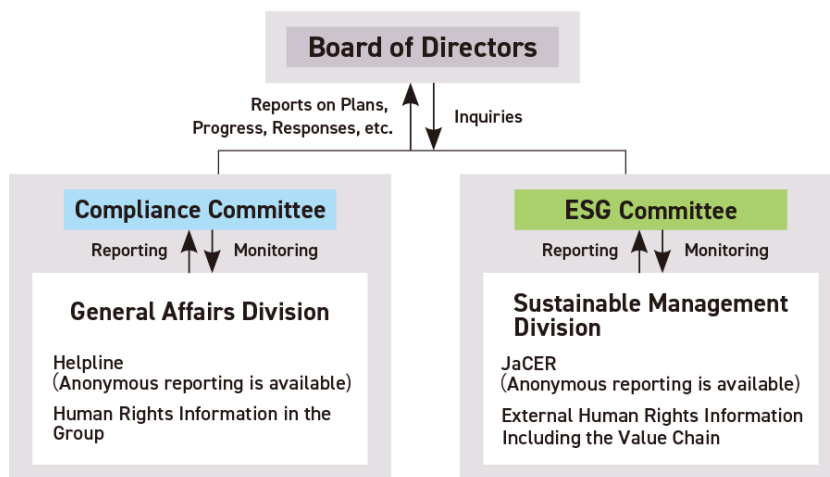
We established the Morinaga Group Human Rights Policy in 2018, which requires that we respect basic human rights and have workplaces that are free of discrimination and harassment. It also requires that we eliminate child labor and forced labor in the supply chain of raw materials procurement partners. In addition to applying this policy to all employees and directors of our group, we also ask all of our business partners, including suppliers, to understand this policy and to work together to respect human rights. Through collaboration and cooperation, we aim to build a responsible value chain.

[> Human Rights Policy](#)

Human Rights Management System

We have established the Morinaga Group Code of Conduct and Standards of Behavior, the Morinaga Group Human Rights Policy and the Morinaga Group Supplier Guideline. We are working to share our philosophy on human rights defined in these policies through compliance training sessions for all employees and supplier briefings. We have a system in place to discuss the Group's response at both committees indicated on the right in case of concerns about possible human rights infringements. If such concerns arise within the Group or if a complaint is made to the Helpline, we will report to the Compliance Committee. If these concerns arise outside the company or are made to the JaCER "Engagement and Remedy Platform", an external reporting system, the Sustainable Management Division will summarize the information and report to the ESG Committee. Directors who receive such reports from both committees will supervise and provide instructions for the response to the relevant divisions to correct the situation.

Human Rights Management System Diagram



Management Policy

- > Message from the President
- > Executive Management
- > 2030 Business Plan/2021 Medium-Term Business Plan
 - > 2030 Business Plan
 - > 2021 Medium-Term Business Plan
 - > Medium- and Long-Term Financial Strategy
- > Value Creation Process
- > Corporate Governance
 - > Compliance
 - > Risk Management
 - > **Human Rights Management**
- > Disclosure Policy

Financial/Performance

- > Financial/Performance Highlights
- > Highlights by Segment

IR Library

- > Financial Results
- > Presentations
- > IR Day
- > Timely Disclosure
- > Integrated Report
- > ESG Data

IR News

IR Calendar

Share-related Information

- > Stock information

Reinforce Human Rights Management

The Morinaga Group respects the human rights of stakeholders within the Group and across its value chain. The Morinaga Group Human Rights Policy established in 2018 requires that we respect human rights and provide workplaces that are free of discrimination and harassment. It also requires that we eliminate child labor and forced labor in the supply chain. The Group supports initiatives to eradicate child labor and gender equality awareness activities in cacao-producing countries through the One Chocolate for One Smile campaign. We exchange opinions for future initiatives while learning about local conditions from relevant NPOs and NGOs, and we deepen understanding of human rights issues in palm oil producing regions through communication with the RSPO*. We are also assessing and addressing human rights issues in the supply chain through our CSR procurement surveys based on the Supplier Guideline.

* RSPO is an acronym for Roundtable on Sustainable Palm Oil, which is involved in the development and operation of the sustainable palm oil certification scheme.

[> 1 Chocolate for 1 Smile](#)

[> RSPO](#) 

Consideration for Employees' Human Rights

Anti-harassment training

According to our pro-human rights policy, we set the elimination of harassments as a goal of our compliance activities. In our compliance training sessions, we continuously provide educational programs designed to prevent and raise awareness about power, sexual, and other harassments.

These anti-harassment training programs led by both external and internal lawyers target all directors and employees including general managers, heads of sites, and directors of Morinaga subsidiaries. The lectures are held in person and through live or recorded videos online.

In addition, through periodic trainings, all employees who have direct reports confirm how to respond when they receive a report or communication concerning harassment.

Identifying harassments through compliance survey

The Morinaga Group conducts a compliance survey in every December, targeting all employees working at domestic Group companies (the number of respondents to the survey conducted in December 2022: 3,730), with the view to determine the level of compliance in the Group on a regular basis. In the survey, we attach a special attention to harassing behaviors and include questions asking whether the respondent was directly harassed or saw or heard of a harassing behavior in the last 12 months and in any past year, respectively. Answers to these questions are tabulated separately so that we can have a detailed view of the Company's level of compliance. We also ask questions about the corporate culture that respects for workplace compliance as well as the respondent's view on the Company's degree of engagement in the compliance management, in an effort to identify our employees' level of compliance awareness. The summary of the survey results is fed back to all the survey respondents to share the understanding about the extent of the Group's compliance.

Examples of questions in the compliance survey

- Have you ever been a victim of a power or sexual harassment?
- In the workplace, do you consult or confirm with your supervisor or colleague when you have any compliance or work-related questions? Alternatively, does your workplace have an atmosphere (environment) that allows such consultation or confirmation?

- > General Meeting of Shareholders
- > Dividends & Shareholder Return
- > Bonds and Rating
- > Analyst Coverage
- > Articles of Incorporation

To Our Investors

- > About MORINAGA
 - > Message from the President
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 - > Corporate Development and History
 - > Introduction of Business Fields
- > To those considering investing in MORINAGA
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Sustainability



Furthermore, as part of our proactive activities for an improvement of corporate culture, these results are used as a basis for holding interviews and opinion exchange sessions with respective business offices and making proposals on possible measures to solve compliance issues.



Online anti-harassment training

Consideration for Stakeholders in the Supply Chain

Establishment of an External Reporting System

In October 2022, the Morinaga Group joined Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as one of its inaugural members, and established an external third-party grievance platform as a grievance mechanism for various stakeholders other than employees.

The Company aims to ensure legitimacy of the process and improve the effectiveness, efficiency, objectivity, and transparency of grievance handling by accepting grievances through "Engagement and Remedy Platform", a non-judicial and third-party platform which is in compliance with the United Nations guiding principles on business and human rights.

We will make every effort to help the parties concerned by protecting the personal information of the informant, and upon the informant's request, ensure the anonymity and confidentiality of the content of the report.

> [JaCER "Engagement and Remedy Platform" ⇨](#)



Participation in Initiatives

Main Initiatives in which Morinaga participates

• UN Global Compact (UNGC)

The United Nations Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. Morinaga Group has been signing and participating since April, 2022, and we are summarizing and reporting on the status of progress for addressing the ten principles of the United Nations Global Compact.

> [Click here for details](#) ⇨



• The Consumer Goods Forum

Retailers and manufacturers are bringing together in the global network of consumer goods distribution industries, and are promoting practices and standardization that are useful to the consumer and consumer goods industry around the world. Morinaga Group has participated since its establishment in 2009.

> [Click here for details](#) ⇨

• Task Force on Climate-related Financial Disclosures (TCFD)

The Financial Stability Board (FSB) created the TCFD at the behest of the G20. The Task Force recommends that companies assess the financial impact of climate change risks and opportunities on their business and disclose their governance, strategy, risk management, and indicators, and targets.

Morinaga Group has endorsed the TCFD recommendations in April 2022 and has also participated in the TCFD Consortium.

> [Click here for details](#) ⇨



• Disclosures (TNFD) Forum

The TNFD was officially launched in June 2021 with a mission to develop framework for private companies and financial institutions to appropriately assess and disclose a risks and opportunities related to natural capital and biodiversity. In August 2023, Morinaga & Co., Ltd. joined the TNFD Forum, which is a stakeholder organization and supports the development of the TNFD framework.

> [Click here for details](#) ⇨



Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

➤ Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

• Membership in the World Cocoa Foundation (WCF)

Morinaga Group supports the activities of the World Cocoa Foundation (WCF)—which promotes various programs aimed at providing technical guidance and educational support for cacao farmers, as well as realizing societies without child labor, and provide support for cacao-producing countries through our activities as a WCF member.

> [Click here for details](#) ⇨

• Platform for Sustainable Cocoa in Developing Countries

Morinaga Group endorses the Action Plan to Eliminate Child Labour in the Cocoa Industry, a cacao industry issue promoted by Platform for Sustainable Cocoa in Developing Countries, for which the Japan International Cooperation Agency (JICA) serves as the secretariat. This platform is a place where Japanese companies, non governmental organisations (NGO), and other organizations related to the cacao industry collaborate to solve issues facing the industry such as farmer poverty, deforestation, and child labor.

> [Click here for details](#) ⇨

• Roundtable on Sustainable Palm Oil (RSPO)

RSPO is a non-profit organization to pursue developing and implementing global standards for the sustainable palm oil economically, environmentally, and socially. Morinaga Group has participated since October, 2019.

> [Click here for details](#) ⇨

• Japan Sustainable Palm Oil Network (JaSPON)

JaSPON is a network established with retailers, consumer goods manufacturers, and NGOs to accelerate the procurement and consumption of sustainable palm oil in the Japanese market with the aim of addressing various issues, including environmental and social aspects of palm oil production. Morinaga Group has participated since October, 2019.

> [Click here for details](#) ⇨

• The Green Purchasing Network (GPN)

The Green Purchasing Network (GPN) is a non-profit organization composed of the central and local governments, businesses, and consumers. In order to promote the formation of markets for products and services with low environmental impact and contribute to the construction of a sustainable society and economy, the Network's objectives are to disseminate the concept of, and promote the practice of green purchasing among the central and local governments, businesses, and consumers to provide guidelines and information necessary for practicing green purchasing and to promote ideas and practices of green purchasing in Japan. Morinaga Group has participated since June, 2000.

> [Click here for details](#) ⇨



➤ Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

➤ Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

➤ Sustainability Policies & Guidelines

➤ Integrated Report

➤ ESG Data

➤ GRI Standards

➤ Sustainable Finance

➤ IR Library



When we participate in external initiatives, it is necessary to go through an internal approval process. Even after participation, we continue to check the status of our membership in external initiatives every year to manage the appropriateness of our membership.

Trade associations in which our directors hold positions

As of August 2023

All Nippon Kashi Association (ANKA) Chair :

Morinaga & Co., Ltd. Representative Director, President Eijiro Ota

| Strengthening the Business Management Foundation

Indices and
Awards



| Related information

Sustainability at
Morinaga TOP



Indices and Awards



Inclusion in ESG Indices

- FTSE4Good Global Index
- FTSE Blossom Japan Index

Morinaga & Co., Ltd. is a constituent of FTSE4Good Index Series and FTSE Blossom Japan Index (targeting Japanese companies), investment indices selected by FTSE Russell, a subsidiary of the London Stock Exchange Group, in which companies that excel in activities for ESG (Environment, Society, and Governance).



FTSE4Good



FTSE Blossom Japan Index

- MSCI ESG LEADERS

Morinaga & Co., Ltd. is a constituent of MSCI ESG LEADERS, an investment index selected by a U.S. company MSCI, in which companies that excel in activities for ESG (Environment, Society, and Governance).^{*1}



- The MSCI Japan Empowering Women Index

Morinaga & Co., Ltd. is a constituent of the MSCI Japan Empowering Women Index, an index for ESG investment selected by the Government Pension Investment Fund (GPIF).

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

- FTSE Blossom Sector Relative Japan Index

Morinaga & Co., Ltd. is a member of the FTSE Blossom Japan Sector Relative Index (an index that reflects the performance of Japanese companies with excellent environmental, social and governance measures) which is selected by FTSE Russell, a subsidiary of the London Stock Exchange Group.



FTSE Blossom Japan Sector Relative Index

- The S&P/JPX Carbon Efficient Index

Morinaga & Co., Ltd. has been a constituent of the S&P/JPX Carbon Efficient Index, an index for ESG investment selected by the Government Pension Investment Fund (GPIF), since 2018. The index focuses on companies' disclosure of environment-related information and on their carbon efficiency level (amount of carbon emissions per unit of revenue).



Sustainability at Morinaga Group

Sustainability Management

- > Sustainability Advisory Board

Identifying the Materiality

Stakeholder Engagement

Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship

- > Provision of Safe and Reliable Products

Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

• The Somo Sustainability Index, an index

Morinaga & Co., Ltd. has been selected to the Somo Sustainability Index, an index established independently by Somo Asset Management Co., Ltd., since 2016. About 300 companies with superior environmental, social, and governance performance are selected each year to the index, which is used in the company's sustainable investment.

*1 THE INCLUSION OF MORINAGA & CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF MORINAGA & CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



➤ Conserving the Global Environment

- > Response to Climate Change Issues
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- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

Awards

• CDP Climate Change 2021

Morinaga & Co. Ltd. has achieved a A- score in the Climate Change Report issued by the CDP, an international non-profit organization that works on the achievement of sustainable economy.



➤ Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

• The Platinum Kurumin certification

• The Certified Health and Productivity

Management Organization

A system established by the Ministry of Health, Labour and Welfare to certify companies that are making special efforts as "parent-friendly companies" from among those that are supporting employees in balancing work and childcare. Morinaga was certified by the government as a "parent-friendly company" for six consecutive terms from 2007, and has continuously achieved the Platinum Kurumin certification criteria since September 2017.



➤ Sustainability Policies & Guidelines

➤ Integrated Report

➤ ESG Data

➤ GRI Standards

➤ Sustainable Finance

➤ IR Library

This is a program from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi intended for recognizing companies, including large enterprises and small to medium-sized enterprises, for their outstanding efforts towards promoting health through their health and productivity management. Morinaga & Co., Ltd. has been selected for six consecutive years since 2018 as a "Certified Health & Productivity Management Outstanding Organization in the large enterprise category".



• Sports Yell Company 2023

This is a program from the Japan Sports Agency which certifies companies actively promoting measures to improve employees' health through sport. Morinaga has been certified in 2023.



| Strengthening the Business Management Foundation

Participation in
Initiatives [>](#)

| Related information

Sustainability at
Morinaga TOP [>](#)



Sustainability Policies & Guidelines



We conduct our corporate activities while connecting with various stakeholders to realize our purpose: “The Morinaga Group will continue to create healthy foods that can be enjoyed beyond generations, thereby bringing smiles to the faces of people around the world now and in the future.”

Our basic approach and guidelines for our corporate activities are clearly stated in our “Policy” and “Guidelines.”

By adhering to these principles and working together with trust earned from our various stakeholders, we aim to achieve sustainable corporate growth and contribute to the creation of a sustainable society, where everyone can lead happy lives.

太田 栄二郎

Representative Director, President

> [Corporate Philosophy](#) ⇨

> [Code of Conduct Standards of Behavior](#) ⇨

	Sustainability Policies
Sustainability Management	> Sustainability Policy ⇨
Environment	> Environmental Policy
Social	> Human Rights Policy ⇨
	> Procurement Policy
	> Quality Policy ⇨
	> Diversity and Inclusion Policy ⇨
	> Corporate Citizenship Policy
	> Occupational Health and Safety Policy ⇨
Governance	> Tax Policy ⇨
	> Bribery Prevention Policy ⇨

Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

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➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

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	Guideline
Raw Material	> Guidelines for the Procurement of Cacao Beans 
	> Guidelines for the Procurement of Palm Oil 
	> Guidelines for the Procurement of Paper 
Supplier	> Supplier Guideline 

	Declaration
	> Morinaga Group Declaration on Health

* We formulate policies, guidelines, and declarations by deliberating at ESG committees and similar meetings, and report to the Board of Directors.

➤ Conserving the Global Environment

- > Response to Climate Change Issues
- > Information Disclosure Following the TCFD Recommendations
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ESG Data



Policies and performance data related to ESG (Environment-Society-Governance) in Morinaga Group business activities are organized by item in accordance with multiple ESG reporting guidelines and the perspicuity of the information is enhanced.

- > [ESG Data Book](#)
- > [FY2022 Third Party Independent Assurance Statement : GHG Emmission\(Scope 1,2\), Total Energy Consumption, and Water Consumption](#)
- > [Environmental Management System \(EMS\) Certification: ISO 14001](#)

ESG Data Back Number

- > [ESG Data \(FY2021\)](#)
- > [ESG Data \(FY2020\)](#)
- > [ESG Data \(FY2019\)](#)

The Previous documents related to Third Party Independent Assurance

- > [FY2021 Third Party Independent Assurance Statement : GHG Emissions\(Scope1,2\) , Total Energy Consumption, and Water Consumption](#)
- > [FY2020 Third Party Independent Assurance Statement : GHG Emissions\(Scope1,2\) , Total Energy Consumption, and Water Consumption](#)

Sustainability at Morinaga Group

- > **Sustainability Management**
 - > Sustainability Advisory Board
- > **Identifying the Materiality**
- > **Stakeholder Engagement**
- > **Contributions to Healthy Lives of People around the World**
 - > Contribute to "Health of Mind, Body, and Environment"
 - > Corporate Citizenship
 - > Provision of Safe and Reliable Products
- > **Diversity and Inclusion of People**
 - > Human Resource Development
 - > Fostering Organizations that are Diverse and Dynamic
 - > Achieving a Healthy and Worker-friendly Workplace Environment
- > **Achieving Sustainable Value Chains**
 - > Promotion of Sustainable Raw Material Procurement
 - > Promotion of CSR Supply Chain Management
 - > Reduction of Food Loss and Waste
 - > Promotion of Waste Reduction
 - > Co-existence and co-prosperity with local communities

➤ **Conserving the Global Environment**

- Response to Climate Change Issues
 - Information Disclosure Following the TCFD Recommendations
 - Promotion of Environmental Consideration in Containers and Packaging
 - Effective Use of Water Resources
 - Biodiversity
 - Management of Environmental Pollutants
-

➤ **Strengthening the Business Management Foundation**

- Build a Highly Transparent and Efficient Governance System
 - Human Rights Management
 - Participation in Initiatives
 - Indices and Awards
-

➤ **Sustainability Policies & Guidelines**

➤ **Integrated Report**

➤ **ESG Data**

➤ **GRI Standards**

➤ **Sustainable Finance**

➤ **IR Library**

GRI Standards



GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
102: General Disclosures (2016)	102-1	Name of the organization	> Corporate Profile
	102-2	Activities, brands, products, and services	> Introduction of Business Fields > Integrated Report (cover and profile pages)
	102-3	Location of headquarters	> Corporate Profile
	102-4	Location of operations	> Business Office Guide > Group Network
	102-5	Ownership and legal form	> Corporate Profile
	102-6	Markets served	> Corporate Profile > Introduction of Business Fields > Group Network
	102-7	Scale of the organization	> Corporate Profile > ESG Data
	102-8	Information on employees and other workers	> ESG Data
	102-9	Supply chain	> Achieving Sustainable Value Chains
	102-10	Significant changes to the organization and its supply chain	
	102-11	Precautionary Principle or approach	> Achieving Sustainable Value Chains (Basic Stance) > Promotion of Sustainable Raw Material Procurement > Conserving the Global Environment (Basic Stance and Environment Management System) > Build a Highly Transparent and Efficient Governance System > Compliance

Sustainability at Morinaga Group

> Sustainability Management

- > Sustainability Advisory Board

> Identifying the Materiality

> Stakeholder Engagement

> Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
- > Corporate Citizenship
- > Provision of Safe and Reliable Products

> Diversity and Inclusion of People

- > Human Resource Development
- > Fostering Organizations that are Diverse and Dynamic
- > Achieving a Healthy and Worker-friendly Workplace Environment

> Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
- > Promotion of CSR Supply Chain Management
- > Reduction of Food Loss and Waste
- > Promotion of Waste Reduction
- > Co-existence and co-prosperity with local communities

		<ul style="list-style-type: none"> > Risk Management > Human Rights Management
102-12	External initiatives	<ul style="list-style-type: none"> > Promotion of Sustainable Raw Material Procurement (World Cocoa Foundation · RSPO)
102-13	Membership of associations	<ul style="list-style-type: none"> > Promotion of Sustainable Raw Material Procurement (World Cocoa Foundation · RSPO)
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> > Message from the President > Sustainability Policies & Guidelines
102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> > Risk Management > Contributions to Healthy Lives of People around the World > Diversity and Inclusion of People > Achieving Sustainable Value Chains > Conserving the Global Environment > Strengthening the Business Management Foundation
102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> > Corporate Principles > 2030 Business Plan/ 2021 Medium-Term Business Plan > Sustainability Management > Sustainability Policies & Guidelines
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> > Compliance
102-18	Governance structure	<ul style="list-style-type: none"> > Corporate Governance (Corporate Governance System)
102-19	Delegating authority	<ul style="list-style-type: none"> > Corporate Governance (Corporate Governance System)
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> > Sustainability Management > Conserving the Global Environment (Basic Stance and Environment Management System) > Corporate Governance System > Compliance (Promotion of Compliance)
102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> > Stakeholder Engagement

> Conserving the Global Environment

- > Response to Climate Change Issues
 - > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
- > Management of Environmental Pollutants

> Strengthening the Business Management Foundation

- > Build a Highly Transparent and Efficient Governance System
- > Human Rights Management
- > Participation in Initiatives
- > Indices and Awards

> Sustainability Policies & Guidelines

> Integrated Report

> ESG Data

> GRI Standards

> Sustainable Finance








> IR Library

102-22	Composition of the highest governance body and its committees	> Corporate Governance (Corporate Governance System)
102-23	Chair of the highest governance body	> Build a Highly Transparent and Efficient Governance System
102-24	Nominating and selecting the highest governance body	> Build a Highly Transparent and Efficient Governance System
102-25	Conflicts of interest	> ESG Data
102-26	Role of highest governance body in setting purpose, values, and strategy	> Build a Highly Transparent and Efficient Governance System > Compliance > Sustainability Management > Conserving the Global Environment (Basic Stance and Environment Management System)
102-27	Collective knowledge of highest governance body	> Sustainability Management
102-28	Evaluating the highest governance body's performance	> Corporate Governance (Evaluation of the Board's effectiveness)
102-29	Identifying and managing economic, environmental, and social impacts	> Sustainability Management > Identifying the Materiality > Stakeholder Engagement
102-30	Effectiveness of risk management processes	> Corporate Governance (Internal Controls) > Risk Management
102-31	Review of economic, environmental, and social topics	> Sustainability Management
102-32	> Highest governance body's role in sustainability reporting	> Sustainability Management
102-33	Communicating critical concerns	> Compliance (Promotion of Compliance)
102-34	Nature and total number of critical concerns	
102-35	Remuneration policies	> Corporate Governance (Basic Policy and Structure of Executive Remuneration System)
102-36	Process for determining remuneration	> Corporate Governance (Basic Policy and Structure of Executive Remuneration System)

	102-37	Stakeholders' involvement in remuneration	
	102-38	Annual total compensation ratio	
	102-39	Percentage increase in annual total compensation ratio	
	102-40	List of stakeholder groups	> Stakeholder Engagement
	102-41	Collective bargaining agreements	> Human Resource Development
	102-42	Identifying and selecting stakeholders	> Stakeholder Engagement
	102-43	Approach to stakeholder engagement	> Stakeholder Engagement
	102-44	Key topics and concerns raised	
	102-45	Entities included in the consolidated financial statements	> Integrated Report
	102-46	Defining report content and topic Boundaries	> Integrated Report
	102-47	List of material topics	> Identifying the Materiality
	102-48	Restatements of information	> Integrated Report
	102-49	Changes in reporting	> Integrated Report
	102-50	Reporting period	> Integrated Report
	102-51	Date of most recent report	> Integrated Report
	102-52	Reporting cycle	> Integrated Report
	102-53	Contact point for questions regarding the report	> Integrated Report
	102-54	Claims of reporting in accordance with the GRI Standards	
	102-55	GRI content index	> GRI Standards
	102-56	External assurance	> ESG Data
Material topics			
103: Management Approach (2016)	103-1	Explanation of the material topic and its Boundary	> Sustainability Management > Identifying the Materiality

			<ul style="list-style-type: none"> > Contributions to Healthy Lives of People around the World > Diversity and Inclusion of People > Achieving Sustainable Value Chains > Conserving the Global Environment > Strengthening the Business Management Foundation > Integrated Report
	103-2	The management approach and its components	<ul style="list-style-type: none"> > Sustainability Management > Contributions to Healthy Lives of People around the World > Diversity and Inclusion of People > Achieving Sustainable Value Chains > Conserving the Global Environment > Strengthening the Business Management Foundation > Integrated Report > Build a Highly Transparent and Efficient Governance System > Risk Management > Human Rights Management
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> > Indices and Awards
201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> > Integrated Report
	201-2	Financial implications and other risks and opportunities due to climate change	
	201-3	Defined benefit plan obligations and other retirement plans	
	201-4	Financial assistance received from government	
202: Market Presence (2016)	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2	Proportion of senior management hired from the local community	
203: Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	

	203-2	Significant indirect economic impacts	
204: Procurement Practices (2016)	204-1	Proportion of spending on local suppliers	
205: Anti-corruption (2016)	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	> Bribery Prevention Policy  > Compliance (Compliance Training Sessions)
	205-3	Confirmed incidents of corruption and actions taken	> ESG Data (Governance) 
206: Anti-competitive Behavior (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
207: Tax (2019)	207-1	Approach to tax	
	207-2	Tax governance, control, and risk management	
	207-3	Stakeholder engagement and management of concerns related to tax	
	207-4	Country-by-country reporting	
301: Materials (2016)	301-1	Materials used by weight or volume	> ESG Data (Environment) 
	301-2	Recycled input materials used	
	301-3	Reclaimed products and their packaging materials	
302: Energy (2016)	302-1	Energy consumption within the organization	> ESG Data (Environment) 
	302-2	Energy consumption outside of the organization	> ESG Data (Environment) 
	302-3	>Energy intensity	> ESG Data (Environment) 
	302-4	Reduction of energy consumption	> Response to Climate Change Issues
	302-5	Reductions in energy requirements of products and services	
303: Water And Effluents (2018)	303-1	Interactions with water as a shared resource	

	303-2	Management of water discharge-related impacts	
	303-3	Water withdrawal	> ESG Data (Environment) 
	303-4	Water discharge	> ESG Data (Environment) 
	303-5	Water consumption	> Effective Use of Water Resources
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	
	304-3	Habitats protected or restored	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	
305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	> Response to Climate Change Issues > ESG Data (Environment) 
	305-2	Energy indirect (Scope 2) GHG emissions	> Response to Climate Change Issues > ESG Data (Environment) 
	305-3	Other indirect (Scope 3) GHG emissions	> ESG Data (Environment) 
	305-4	GHG emissions intensity	> Response to Climate Change Issues > ESG Data (Environment) 
	305-5	Reduction of GHG emissions	> Response to Climate Change Issues
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	> ESG Data (Environment) 
306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	> Promotion of Waste Reduction > Reduction of Food Loss and Waste
	306-2	Management of significant waste-related impacts	> Promotion of Waste Reduction

	306-3	Waste generated	> ESG Data (Environment) 
	306-4	Waste diverted from disposal	> ESG Data (Environment) 
	306-5	Waste directed to disposal	> ESG Data (Environment) 
30: Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	> ESG Data (Environment) 
308: Supplier Environmental Assessment (2016)	308-1	New suppliers that were screened using environmental criteria	
	308-2	Negative environmental impacts in the supply chain and actions taken	
401: Employment (2016)	401-1	New employee hires and employee turnover	> ESG Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	> Fostering Organizations that are Diverse and Dynamic
	401-3	Parental leave	> Fostering Organizations that are Diverse and Dynamic > ESG Data (Society) 
402: Labor/Management Relations (2016)	402-1	Minimum notice periods regarding operational changes	
403: Occupational Health and Safety	403-1	Occupational health and safety management system	> Achieving a Healthy and Worker-friendly Workplace Environment (Promotion of Health and Productivity Management)
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	> Achieving a Healthy and Worker-friendly Workplace Environment
	403-5	Worker training on occupational health and safety	> Achieving a Healthy and Worker-friendly Workplace Environment
	403-6	Promotion of worker health	> Achieving a Healthy and Worker-friendly Workplace Environment
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	

	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	<ul style="list-style-type: none"> > Achieving a Healthy and Worker-friendly Workplace Environment > ESG Data (Society) 
	403-10	Work-related ill health	
404: Training and Education (2016)	404-1	Average hours of training per year per employee	
	404-2	Programs for upgrading employee skills and transition assistance programs	> Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	
405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> > Fostering Organizations that are Diverse and Dynamic > ESG Data (Society) 
	405-2	Ratio of basic salary and remuneration of women to men	<ul style="list-style-type: none"> > Fostering Organizations that are Diverse and Dynamic > ESG Data (Society) 
406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	
407: Freedom of Association and Collective Bargaining (2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	> Human Rights Management
408: Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> > Promotion of Sustainable Raw Material Procurement > Human Rights Management
409: Forced or Compulsory Labor (2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<ul style="list-style-type: none"> > Promotion of Sustainable Raw Material Procurement > Human Rights Management
410: Security Practices (2016)	410-1	Security personnel trained in human rights policies or procedures	
411: Rights of Indigenous Peoples (2016)	411-1	Incidents of violations involving rights of indigenous peoples	
412: Human Rights Assessment (2016)	412-1	Operations that have been subject to human rights reviews or impact assessments	> Human Rights Management

	412-2	Employee training on human rights policies or procedures	> Human Rights Management
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	
413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	> Co-existence and co-prosperity with local communities > Corporate Citizenship
	413-2	Operations with significant actual and potential negative impacts on local communities	
414: Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	
	414-2	Negative social impacts in the supply chain and actions taken	> Promotion of CSR Supply Chain Management
415: Public Policy (2016)	415-1	Political contributions	
416: Customer Health and Safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	> Provision of Safe and Reliable Products
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
417: Marketing and Labeling (2016)	417-1	Requirements for product and service information and labeling	> Provision of Safe and Reliable Products
	417-2	Incidents of non-compliance concerning product and service information and labeling	
	417-3	Incidents of non-compliance concerning marketing communications	
418: Customer Privacy (2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
419: Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	



Sustainable Finance

The Morinaga Group is committed to the realization of its Purpose, "the Morinaga Group will continue to create healthy foods that can be enjoyed beyond generations, thereby bringing smiles to the faces of people around the world now and in the future."

In the "2030 Business Plan," our long-term business plan for 2030 announced in May 2021, we set forth our 2030 Vision, "the Morinaga Group will change into a wellness company in 2030."

As one of the ongoing initiatives in line with this Vision, we have decided to issue Sustainability Bonds.

Sustainability Bonds

Outline of the Issuance

Official name	Morinaga & Co., Ltd., Limited 15th unsecured straight bonds (Sustainability bond with specific inter-bond pari passu clause for short)
Tenor	5 years
Issue date	December 8, 2022
Size	9 billion yen
Coupon	0.490%
Use of proceeds	Expenditure for rebuilding the Morinaga Shibaura Building (tentative name)
Lead manager	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd.
Structuring agent	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
External reviewer	Japan Credit Rating Agency, Ltd.,

> [News Release](#)

Sustainable Finance Framework

> [Sustainable Finance Framework](#)

Second Party Opinion

We have obtained a Second Party Opinion from Japan Credit Rating Agency, Ltd.

> [Second Party Opinion](#)

Sustainability at Morinaga Group

➤ Sustainability Management

- > Sustainability Advisory Board

➤ Identifying the Materiality

➤ Stakeholder Engagement

➤ Contributions to Healthy Lives of People around the World

- > Contribute to "Health of Mind, Body, and Environment"
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➤ Diversity and Inclusion of People

- > Human Resource Development
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➤ Achieving Sustainable Value Chains

- > Promotion of Sustainable Raw Material Procurement
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List of investors who declared investment

Here are the investors who made investment declaration of the Sustainability Bonds.

> [List of investors who declared investment](#) 

Reporting

Allocation reporting and impact reporting will be updated in the future.

Related information

[IR information](#) >

> Conserving the Global Environment

- > Response to Climate Change Issues
 - > Information Disclosure Following the TCFD Recommendations
- > Promotion of Environmental Consideration in Containers and Packaging
- > Effective Use of Water Resources
- > Biodiversity
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