

Sustainable Management



Practicing Sustainable Management

Fiscal 2021 marks the launch of the Morinaga Group's 2030 Vision, a long-term management plan to achieve the Group's ideals for 2030, aimed at attaining growth and greater corporate value through management based on a long-term perspective. Today, as the world faces various social issues and drastically changing conditions, calls for the establishment of a sustainable society are growing. The Morinaga Group will address these changes, basing all of our corporate activities on our mission statement, which expresses our corporate 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." On this foundation we will pursue sustainable management that integrates both financial and non-financial management issues of importance toward the achievement of our 2030 Vision, which states that "The Morinaga will change into a wellness company in 2030."

Sustainability Promotion Framework

In April 2021, we established the Sustainable Management Department to serve a company-wide, cross-organizational function as part of the framework created for corporate efforts toward sustainability. We will also establish an ESG Committee chaired by the president to discuss, from the perspectives of the environment, society, and governance, agenda items that need to be addressed toward the achievement of continuous business activities and a sustainable society, and pursue sustainable management on a company-wide basis.

ESG Committee Structure and Meeting Frequency

Chairman

President

Secretariat

General Manager of Sustainable Management Department

Members

Directors in charge of relevant divisions or Executive Officers

Meeting Frequency

Held as needed

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

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



Basic CSR Policies

In accordance with the MORINAGA Group's vision of "Delicious, Fun, and Healthy", we aim to resolve various social issues and realize a sustainable society through "food", promoting CSR activities in coordination and cooperation with stakeholders.

1. Providing Value through "Food"

As a business that delivers food to consumers, we not only pursue food safety and reliable food quality, but also provide our customers with value through food that contributes to "Deliciousness, Fun, and Health" for both the mind and body.

2. Nurturing the Next Generation

We support the healthy growth of children, who are the leaders of the future, thereby contributing to the development of the next generation.

3. Consideration for the Global Environment and Society

We are considerate of the global environment and of society, aiming towards the creation of a recycling society and sustainable supply chains.

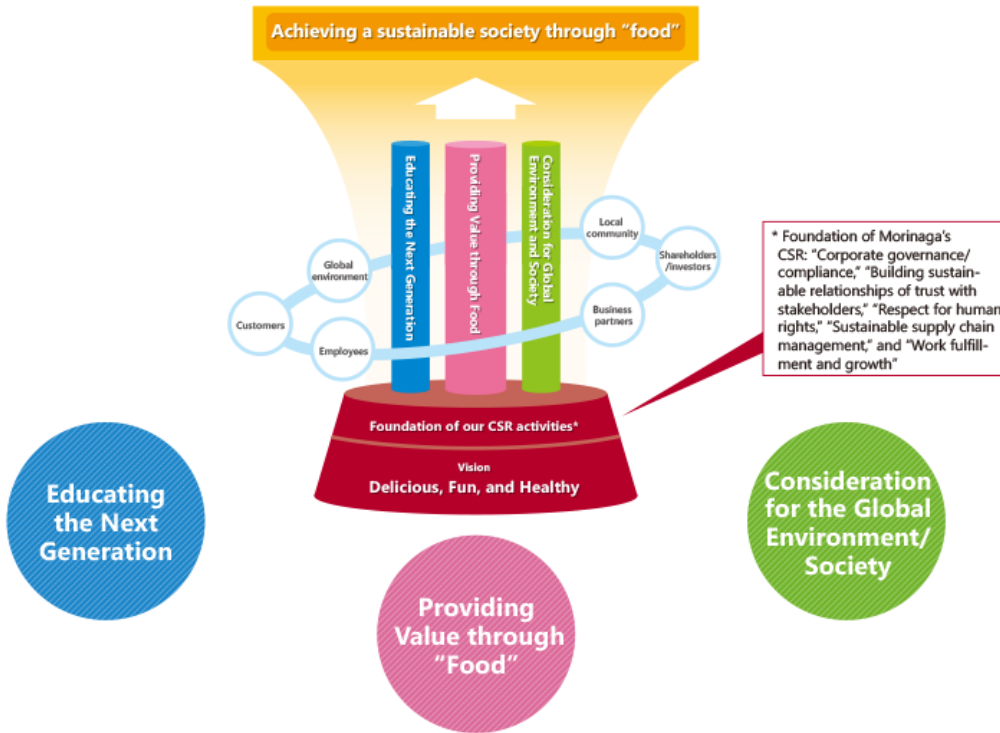
In accordance with the Morinaga Group's vision of "Delicious, Fun, and Healthy", we aim to resolve various social issues and realize a sustainable society through "food," promoting CSR activities in coordination and cooperation with stakeholders.

➤ [GRI Standards Index](#)

➤ [CSR Report](#)

➤ [ESG Data](#)

Morinaga Group CSR Basic Policy/CSR System Diagram



Providing Value through Food Providing Products that Contribute to Healthy and Happy Lifestyle

As a business that delivers food to consumers, we not only pursue food safety and reliable food quality, but also provide our customers with value through food that contributes to the "Deliciousness, Fun, and Health," for both the mind and body.

As a way to make a social contribution through products, we offer products that meet diverse needs, including products designed to support dietary habits in our busy modern days, as well as products that help people lead a healthy life. We are also facilitating communication with our customers based on the inquiries, opinions, and requests received by the Customer Service Center.



- > Providing Value through Food Providing Products that Contribute to Healthy and Happy Lifestyle
- > Together with Customers

Educating the Next Generation

We support the healthy growth of children, who are the leaders of the future, thereby contributing to the development of the next generation.

We provide food education experiences, nature explorations, and sports experiences based on the basic principle of "aiming to nurture children's healthy physical and mental development" through hands-on experiences.



> [Together with Children](#)

Consideration for the Global Environment/Society

We are considerate of the global environment and society, aiming towards the creation of a recycling society and sustainable supply chains.

We continuously improve our environmental management system through, for example, environmentally-conscious product development and initiatives to reduce CO2 emissions, promote the reduction of waste emissions and recycling, encourage the management and reduction of environmental pollutants, and preserve biodiversity.



> [Environmental Initiatives](#)

The Process for Reviewing Our CSR Basic Policy and CSR System

In the aim of incorporating society's demands and expectations for the Morinaga Group into management and steadily promoting CSR in a Group-wide manner toward the achievement of a sustainable society, we reviewed our former CSR Basic Policy and CSR System and established a new Policy and a System Diagram in FY2019/3. From FY2019/3 through FY2020/3, we held CSR training sessions for employees at the headquarters, branches, factories, and the R&D center to embed the Policy into the organization.

In conjunction with the review of the CSR Basic Policy and the CSR System, we revised our Environmental Policy, and formulated the Human Rights Policy and the Procurement Policy in FY2019/3.

> [Morinaga Group Environmental Policy](#)

> [Morinaga Group Human Rights Policy](#)

> [Morinaga Group Procurement Policy](#)



Process to Develop the CSR Basic Principles and System Chart

To draw up the CSR Basic Principles and the CSR System Chart, we listened to the opinions of various stakeholders to thoroughly understand external demands and social challenges. We spent about a year to explore and carefully discuss how the Morinaga Group's CSR Basic Principle should be.

Planning Process

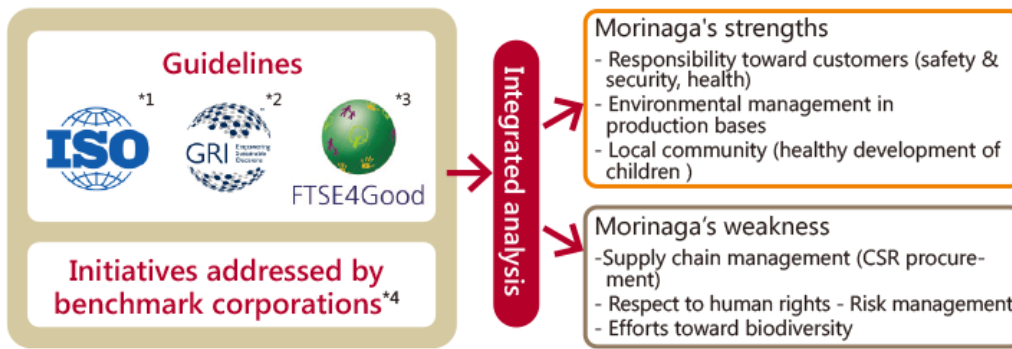
In the planning process, there are roughly five steps prior to final determination: (1) Analysis of matters requested by external institutions, (2) Conducting of stakeholder surveys, (3) Holding of interviews with internal relevant divisions, (4) Holding dialogues with experts, and (5) Approval at the CSR Committee.

Development project begins



STEP1: Analysis of matters requested by external institutions (August 2017)

In light of the international guidelines related to sustainability and social issues considered important by CSR evaluation institutions, we grasped the external request items to corporations, as well as sorted through strengths and weaknesses of the Morinaga Group.

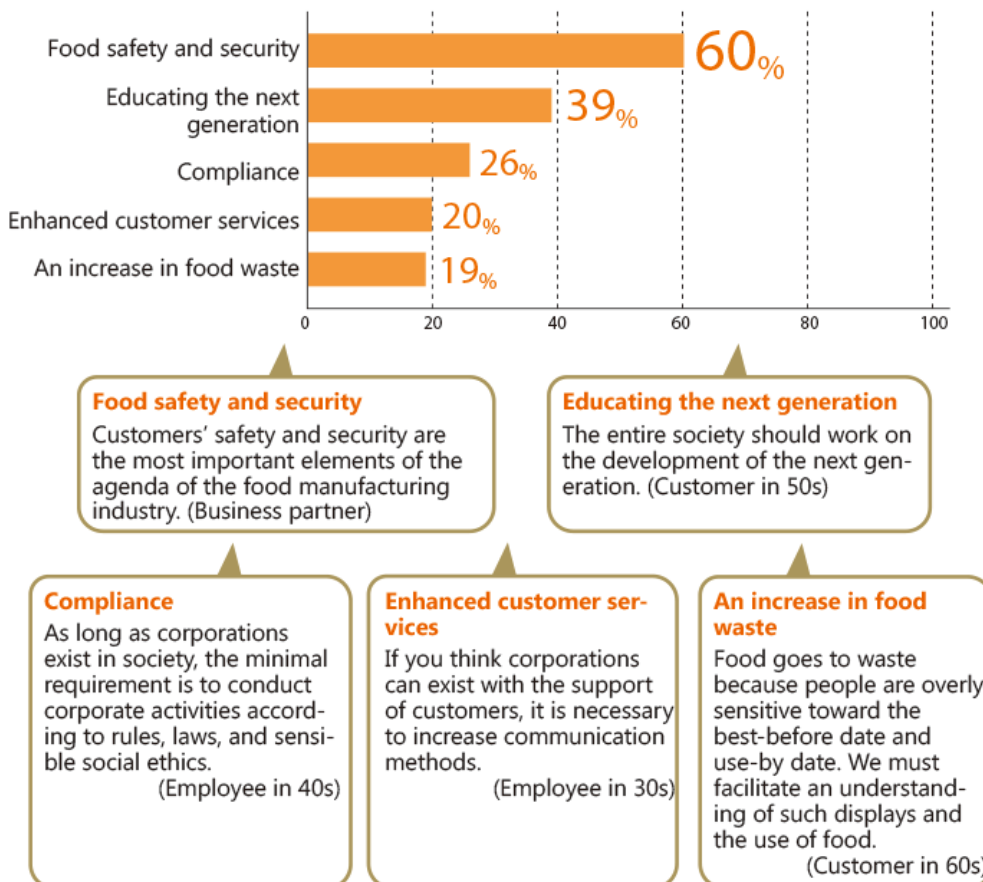


- *1 ISO 26000: The International Organization for Standardization (ISO) established the international standards for social responsibilities in November 2010.
- *2 GRI Guidelines: International guidelines for sustainability reports by corporations.
- *3 FTSE4Good: One of worldwide indicators for Socially Responsible Investment (SRI).
- *4 Benchmark corporations: Corporations in the same industry that engage in initiatives that the Morinaga Group can use as a reference.

STEP2: Conducting of stakeholder surveys (September 2017)

To understand stakeholders' expectations and requests of the Morinaga Group, we implemented a questionnaire about the Morinaga Group's CSR to customers, employees, and business partners. A total of 872 people, including 240 customers, 606 employees, and 26 business partners provided various opinions.

Q Social issues and challenges that the Morinaga Group should address or is expected to contribute



STEP3: Holding of interviews with internal related divisions (December 2017)

By sorting out questionnaire results and external request items, we interviewed CSR-related divisions to organize the internal efforts and extract challenges. This helped clarify the issues to address in the future, promote the

disclosure of ESG information, and make the importance of fostering the awareness of CSR within the company a shared awareness.

STEP4: Holding dialogues with experts (January 2018)

We asked experts for their opinions about how the Morinaga Group should promote its CSR activities. Our board members talked about the health and productivity management and brand strengths. Participants actively exchanged opinions across various areas.



Decision: Approval at the CSR Committee to establish the CSR System (May 2018)

By taking into the results of initiatives from step one to four and the details comprehensively, we translated the ideal CSR for the Morinaga Group into the CSR Basic Principles and the System Chart, which were officially established after approval at the CSR committee.



Stakeholder Engagement

Basic Concept

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.



The Morinaga Group's Sustainability

➤ Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

➤ Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

➤ Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

➤ Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

➤ Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

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)

➤ GRI Standards Index

➤ CSR Report

➤ ESG Data

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

Topics : Communication with Shareholders and Investors

In addition to annual general meetings of shareholders and biannual financial results briefings, we provide various opportunities to communicate with shareholders, investors, and securities analysts, with the aim of helping them better understand our business.

In FY2020/3, we started an email service to provide shareholders and investors with Morinaga's IR information, including IR meetings in the US and the UK, individual meetings by President Ota, small meetings for sell-side analysts, and the latest timely-disclosure information.

We also participated in the "Environmental Reporting Platform" ("ESG Dialogue Platform"), a pilot project undertaken by the Ministry of the Environment to provide a place for communication between businesses and investors. In our Environmental Report for the fiscal year ended March 2019, we included our answers to the CDP Climate Change Questionnaire 2019 to ensure more detailed information disclosure.



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.

Ejiro Ota

Representative Director President

[> Corporate Philosophy](#) ⇨

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

	Sustainability Policies
Sustainable Management	> Basic CSR Policies
Environment	> Environmental Policy
Social	> Human Rights Policy
	> Procurement Policy
	> Quality Policy
	> Diversity and Inclusion Policy
Governance	> Tax Policy
	> Bribery Prevention Policy

	Guideline
	> Supplier Guideline

The Morinaga Group's Sustainability

➤ Sustainable Management

- [> Sustainable Management](#)
- [> Stakeholder Engagement](#)
- [> Sustainability Policies & Guidelines](#)

➤ Environmental Initiatives

- [> Environmental Management](#)
- [> Environmental Load Generated by Business Activities](#)
- [> Realization of a Low-Carbon Society](#)
- [> Creating a Circular Economy](#)
- [> Environmentally-friendly Packaging Materials](#)
- [> Initiatives to Resolve Environmental Pollutants](#)
- [> Initiatives for Biodiversity](#)
- [> Effective Use of Water Resources](#)
- [> Environmental Accounting](#)

➤ Social Contributions

- [> Together with Customers](#)
- [> Together with Children](#)
- [> Collaboration with Social Groups/Non-affiliate Companies/Organizations](#)
- [> Together with Employees](#)

➤ Governance

- [> Corporate Governance](#)
- [> Compliance](#)
- [> Risk Management](#)
- [> Respect for Human Rights](#)

➤ Initiatives of Sustainable Raw Material Procurement

- [> Medium-term Goal for Sustainable Raw Material](#)

Procurement

[➤ GRI Standards Index](#)

[➤ CSR Report](#)

[➤ ESG Data](#)



Environmental Management

Basic Concept

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.

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.

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
 - > Environmental Load Generated by Business Activities
 - > Realization of a Low-Carbon Society
 - > Creating a Circular Economy
 - > Environmentally-friendly Packaging Materials
 - > Initiatives to Resolve Environmental Pollutants
 - > Initiatives for Biodiversity
 - > Effective Use of Water Resources
 - > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

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- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

(Revised in May 2018)

Environmental Management System

The Morinaga Group plans, sets goals, and reviews important environmental policies at its CSR Committee, which is chaired by the President. The Environment Integration Office was established with members from the Production Supervising Division and the Corporate Communication 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 load and increase productivity.

We have built an environmental management system centered on the ISO 14001 (international standard for environmental management system). In January 2018, the Morinaga Group Production Division obtained multiple site certification.

In FY2020/3, we received five inquiries and complaints from neighbors regarding odors, noise, etc. from our factories. We responded promptly to these issues and took remedial measures.

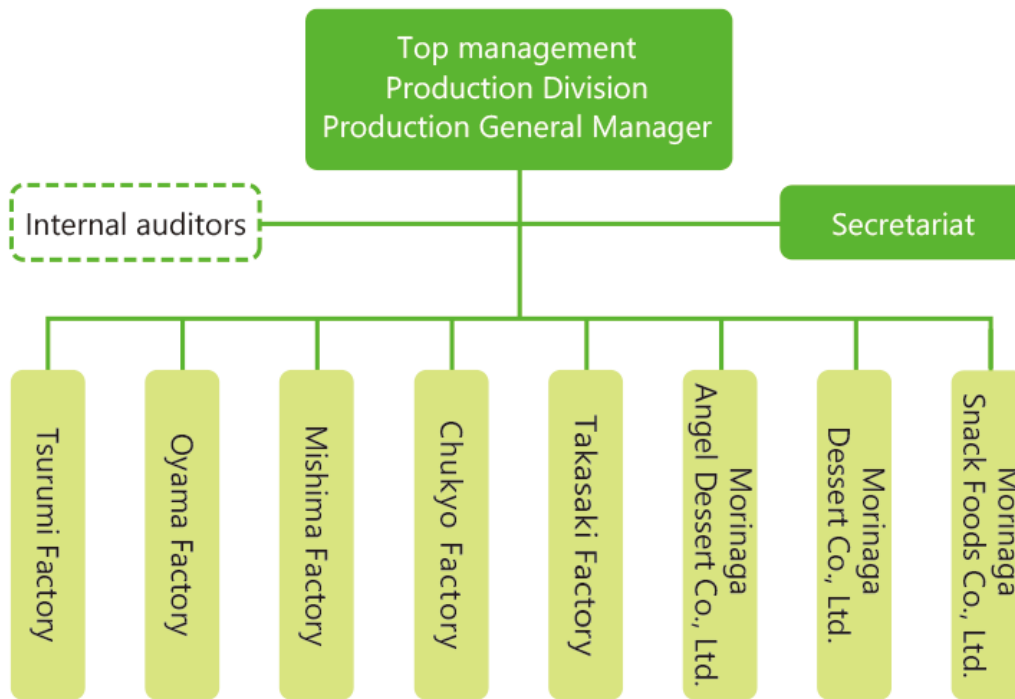
- In July 1998, our Oyama Factory acquired the ISO 14001 certification for the first time in the Japanese confectionery industry.
- Later, all factories and affiliated production companies acquired the accreditation in sequence.

[GRI Standards Index](#)

[CSR Report](#)

[ESG Data](#)

Multi-site Organization Chart



(As of April 2019)

Environmental goals and progress

Having set long-term goals for reducing CO₂ and waste emissions, the Morinaga Group is working to contribute to the realization of a low-carbon society and the formation of a circular economy.

Environmental goals

CO₂ Emissions

Reduce CO₂ emissions from our factories by **15%** compared to the FY2006/3 level by the end of FY2021/3.

Waste Emissions

Reduce waste emissions from our factories by **25%** compared to the FY2006/3 level by the end of FY2021/3.

Even after the achievement of our CO₂ emission reduction goal in FY2015/3, we are continuously working on the emission reduction activities.

Our waste emission levels remained below set goals for the period from FY2010/3 through FY2012/3; however, since FY2013/3, the emissions have been on an upward trajectory, driving us to accelerate our efforts to achieve the goals again.

In addition, the Morinaga Group is continuing discussions towards the formulation of environmental targets for FY2031/3.

> [Realization of a Low-Carbon Society](#)

> [Creating a Circular Economy](#)

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. For your information, Morinaga Snack Foods Co., Ltd., which discontinued its production in August 2019 and then was merged into Morinaga & Co., Ltd., was removed from the registration scope when we made revisions to the registration on January 23, 2020.

List of ISO 14001-accredited Facilities (As of April 2019)

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 Snack Foods Co., Ltd.	Chiba Prefecture	February 20, 2001
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%**

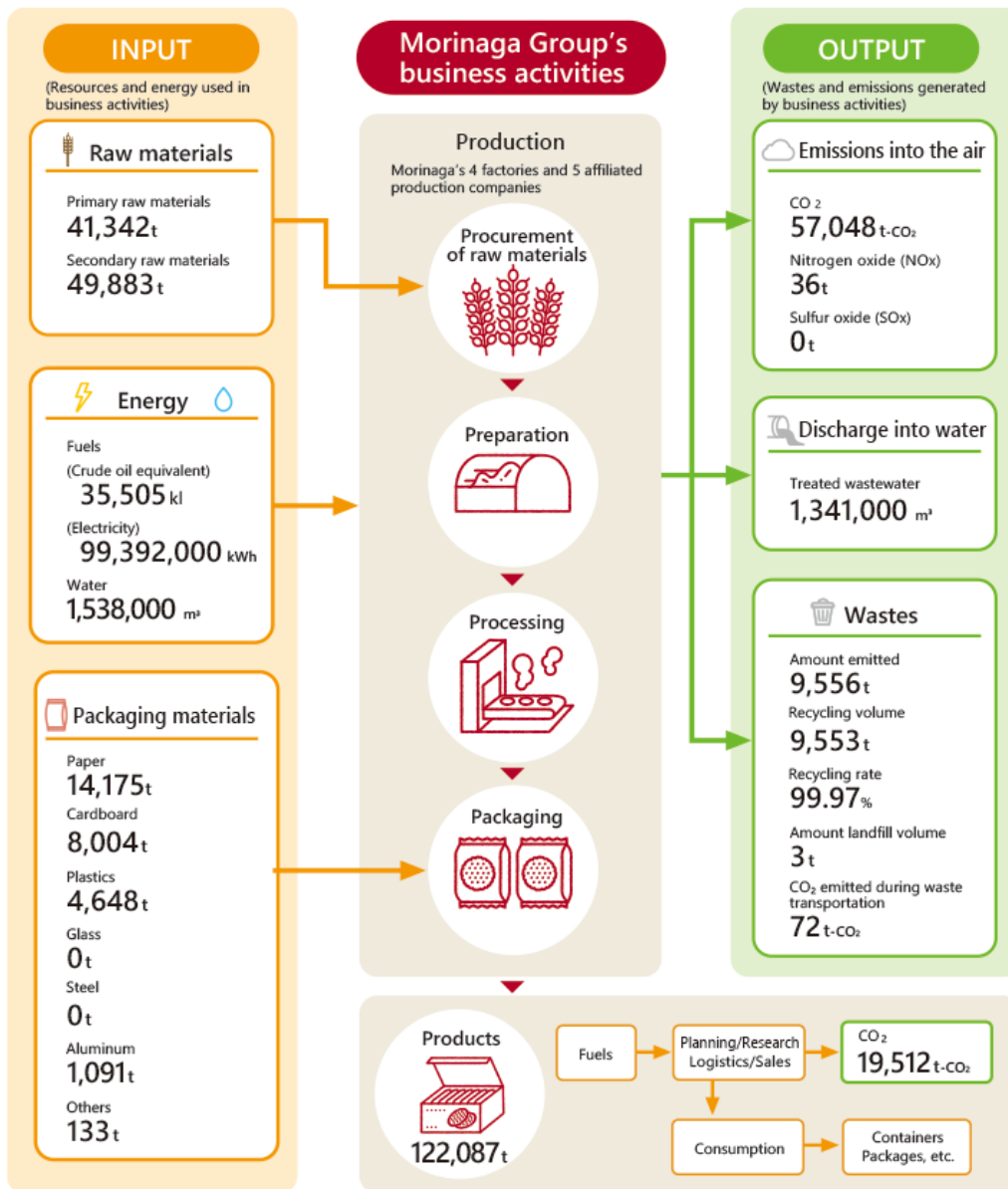
Affiliated production companies...4 companies
(As of April 2019)

Environmental Load Generated by Business Activities



Basic Concept

In the course of business activities, a wide range of environmental loads are caused mainly in the product manufacturing process, including such occasions as consuming energy, raw materials and emitting wastes. We will continue to carry out environmentally-friendly manufacturing, taking each and every environmental load into consideration.



(Results in FY2020/3)

The Morigana Group's Sustainability

- **Sustainable Management**
 - Sustainable Management
 - Stakeholder Engagement
 - Sustainability Policies & Guidelines

- **Environmental Initiatives**
 - Environmental Management
 - **Environmental Load Generated by Business Activities**
 - Realization of a Low-Carbon Society
 - Creating a Circular Economy
 - Environmentally-friendly Packaging Materials
 - Initiatives to Resolve Environmental Pollutants
 - Initiatives for Biodiversity
 - Effective Use of Water Resources
 - Environmental Accounting

- **Social Contributions**
 - Together with Customers
 - Together with Children
 - Collaboration with Social Groups/Non-affiliate Companies/Organizations
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- **Governance**
 - Corporate Governance
 - Compliance
 - Risk Management
 - Respect for Human Rights

- **Initiatives of Sustainable Raw Material Procurement**

> Medium-term Goal for Sustainable Raw Material Procurement

➤ **GRI Standards Index**

➤ **CSR Report**

➤ **ESG Data**



Realization of a Low-carbon Society

Basic Concept

By implementing carbon management measures such as promoting energy-saving and visualizing energy use, as well as reducing emissions of CO₂, the main greenhouse gas, Morinaga aims to realize a low-carbon society and is making efforts towards preventing global warming.

Goal for 2020

Reduce CO₂ emissions from our factories by **15%** compared to the FY2006/3 level by the end of FY2021/3.

Goal for 2030

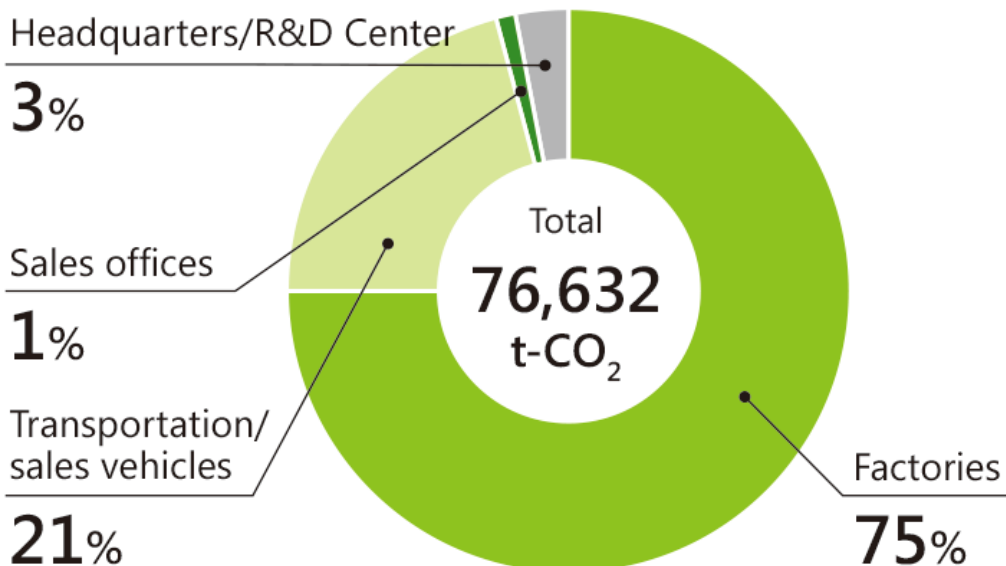
Reduce our domestic consolidated group's Scope 1 and 2 emissions by **30%** from FY2019/3 levels by the end of FY2031/3.

* Scope: Morinaga & Co., Ltd., Takasaki Morinaga Co., Ltd., Morinaga Angel Dessert Co., Ltd., Morinaga Dessert Co., Ltd., Aunt Stella Inc., Morinaga Market Development Co., Ltd., Morinaga Business Partner Co., Ltd., Morinaga Shoji Co., Ltd., Morinaga Takataki Country Co., Ltd., Morinaga Institute of Biological Science, Inc., Morinaga Finance Co., Ltd.

Initiatives to Reduce CO₂ Emissions

We are working on the reduction of CO₂ emissions by measuring overall amount of emissions and promoting the visualization thereof. We set environmental goals and promote initiatives focusing on activities at factories, as CO₂ emissions are largely (75% of overall CO₂ emissions) generated by Morinaga's four factories and five affiliated production companies.

Ratio of CO₂ Emissions



The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities

Realization of a Low-Carbon Society

- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
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- > Medium-term Goal for Sustainable Raw Material

Results in FY2020/3 (Domestic production facilities)

In FY2020/3, the amount of CO₂ emitted from Morinaga's four factories and five affiliated production companies was 57,048 t-CO₂, and the energy consumption rate per production unit was 0.467 t-CO₂. This shows that we reduced our CO₂ emissions by 19.5% compared to the FY2006/3 level. Compared to the FY2019/3 level, the emission amount was cut by 1.9%, and the energy consumption rate per production unit was reduced by 1.7%. Our CO₂ reduction efforts focus on the promotion of energy saving through the installation of energy saving-type equipment, etc. The amount of CO₂ emitted from over overseas production facilities in 2019 was 9,137 t-CO₂.

- [GRI Standards Index](#)
- [CSR Report](#)
- [ESG Data](#)

CO₂ Emissions (Total amount)

Goal	Results		
End of FY2021/3	FY2018/3	FY2019/3	FY2020/3
-15% (vs. FY2006/3)	-19.9% (vs. FY2006/3)	-17.9% (vs. FY2006/3)	-19.5% (vs. FY2006/3)

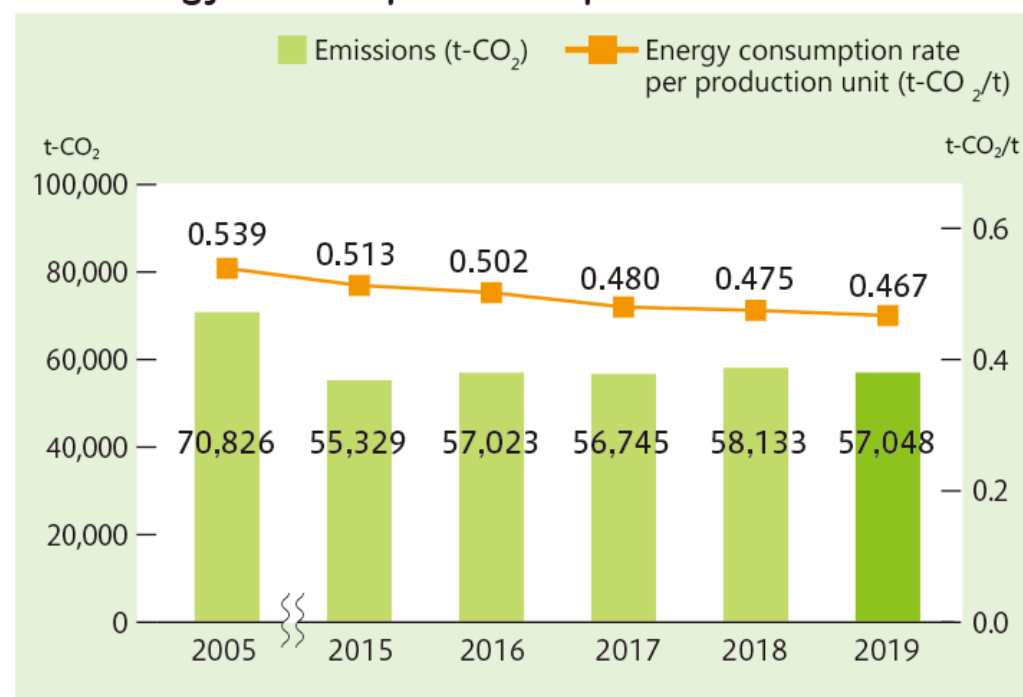
Energy consumption rate per production unit (FY2020/3)

-1.7% (year on year)

CO₂ emissions from overseas production bases (2019)

9,137t-CO₂

Changes in the Amount of CO₂ Emissions from Factories and Energy Consumption Rate per Production Unit



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.

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 major brands' productivity and responding to the diversifying market needs, the Morinaga Group is working on the reorganization of production systems and achieving high efficiency thereof.

In FY2020/3, in order to improve productivity, we decided to merge Morinaga Snack Foods Co., Ltd. and Morinaga Kofu Foods Co., Ltd. We also closed two production bases, transferred part of their production lines to, and rebuilt the lines in, the Tsurumi Factory and the Oyama Factory. We also constructed a third factory in the premises of Takasaki Morinaga Co., Ltd., intending to launch by the end of FY2021/3.

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 Morinaga's Third Factory

Facilitating energy conservation promotion activities

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 FY2020/3, we accelerated our efforts in factories to switch to LED lighting. This resulted in a significant increase in the ratio of LED lights.

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 has created a joint distribution system in collaboration with the corporations in the same industry.

Increasing the loading rate through the joint distribution reduces the number of transportation and delivery vehicles, leading to a decrease in air pollutant emissions.

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, which was 15,809 t-CO₂ in FY2020/3.

* 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.

Creating a Circular Economy



Basic Concept

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

Goal Reduce waste emissions from our factories by **25%** compared to the FY2006/3 level by the end of FY2021/3.

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.

Results in FY2020/3 (Factories)

Waste emissions from Morinaga's four factories and five affiliated production companies were 9,556 tons, a reduction of 19.8% from the FY2006/3 level and 1.6% from the FY2019/3 level. The energy consumption rate per production unit decreased by 0.078 t/t or 1.5% year on year. Along with the results of our continuous productivity improvement activities, improvements in our mainstream work processes, such as the reduction of process losses, have produced an additional effect of reducing the generation of animal and plant residues. In 2019, the amount of wastes emitted from our overseas production bases was 616 tons. We will continue to strengthen our activities to reduce waste emissions.

Waste Emissions from Factories (Total amount)

Goal	Results		
End of FY2021/3	FY2018/3	FY2019/3	FY2020/3
-25% (vs. FY2006/3)	-17.4% (vs. FY2006/3)	-17.9% (vs. FY2006/3)	-19.8% (vs. FY2006/3)

Energy consumption rate per production unit (FY2020/3)

-1.5% (year on year)

Waste emissions from overseas production bases (2019)

616 t

Promotion of Waste Recycling

Initiatives to improve recycling rates

All Morinaga Group factories are working on the improvement of recycling rates. In the aggregate, Morinaga's four factories and five affiliated production companies recycled 99.97% of their emissions in FY2020/3. Going forward,

The Morinaga Group's Sustainability

- **Sustainable Management**
 - > Sustainable Management
 - > Stakeholder Engagement
 - > Sustainability Policies & Guidelines
- **Environmental Initiatives**
 - > Environmental Management
 - > Environmental Load Generated by Business Activities
 - > Realization of a Low-Carbon Society
 - > **Creating a Circular Economy**
 - > Environmentally-friendly Packaging Materials
 - > Initiatives to Resolve Environmental Pollutants
 - > Initiatives for Biodiversity
 - > Effective Use of Water Resources
 - > Environmental Accounting
- **Social Contributions**
 - > Together with Customers
 - > Together with Children
 - > Collaboration with Social Groups/Non-affiliate Companies/Organizations
 - > Together with Employees
- **Governance**
 - > Corporate Governance
 - > Compliance
 - > Risk Management
 - > Respect for Human Rights
- **Initiatives of Sustainable Raw Material Procurement**
 - > Medium-term Goal for Sustainable Raw Material Procurement

GRI Standards Index

Waste recycling rate

Results in FY2020/3

99.97%

Initiatives to recycle food wastes

Morinaga's food recycling rate for FY2020/3 was 75.4%, which was approximately 3.4 percentage points lower than the previous year. 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.

Food waste recycling rate

Results in FY2020/3

75.4%

Waste Classification and Management

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

Results in FY2020/3

(Morinaga's four factories and five production affiliates)

	FY2019/3	FY2020/3		
	Emissions (t)	Emissions (t)	Composition (%)	YoY variance (t)
Sludge	1,717	1,619	16.94	-98
Waste oil	10	6	0.06	-4
Waste plastics	546	642	6.72	96
Paper scraps	2,020	2,073	21.69	53
Wood chips, fiber scraps, rubber scraps	15	11	0.12	-4
Animal and plant residues	4,925	4,739	49.59	-186
Metal scraps	422	390	4.08	-32
Glass/ceramic scraps	1	1	0.01	0
Others	60	75	0.79	15
Total	9,716	9,556	100.00	-160
Recycling volume	9,712	9,553	Recycling rate: 99.97%	

Environmentally-friendly Packaging Materials



Basic Concept

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.

Initiatives for Environmentally-friendly Packaging Materials

In FY2020/3, Morinaga identified the amount of packaging materials used by the Company and established a plan for reducing the amount of major packaging materials such as paper (incl. paper boxes), plastics (incl. plastic films), and cardboard (incl. cardboard boxes and cases). In the future, we will further promote: the reduction of use of fossil resource-based plastics; the shift to FSC®-certified paper sourced from well-managed forests and other controlled sources; and the shift to packaging materials with lower emissions.

Promotion of shift to FSC®-certified paper for core products' packaging materials

We replaced packaging materials for some Morinaga Chocolate products (DARS and Carre de chocolat) and the Morinaga Biscuits series (including Marie Biscuits) with those made of FSC®-sourced paper. We intend to promote the shift to the FSC®-certified paper and expand the scope of its use to other products in sequence.



The mark of responsible forestry



Replacement of core products' conventional paper packages with those using FSC®-certified paper

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

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


Procurement

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.

➤ GRI Standards Index

➤ CSR Report

➤ ESG Data



NEWS RELEASE

森永製菓株式会社
東京港区芝5-33-1 〒108-8403
https://www.morinaga.co.jp
2020年1月29日


「inゼリー」
プラスチック使用量削減 バイオマスインキ使用開始
～環境負荷低減活動を推進～

森永製菓株式会社（東京都港区芝 代表取締役社長・木田 栄二郎）は、2020年2月製造より当社主力商品である「inゼリー」の包装におけるプラスチック使用量を削減し、2020年3月製造よりバイオマスインキの使用を開始いたします。

森永製菓グループは「森永製菓グループ環境方針」に基づき、企業活動のあらゆる面で環境に配慮した取り組みを行い、持続可能なサプライチェーンの形成を目指しています。

環境に配慮した取り組みの一環として、2020年2月製造より「inゼリー」の6品^{※1}を対象にキャップ+ストロー部分のプラスチックを軽量化することで、使用量を約9%削減します。また、2020年3月製造より順次、「inゼリー」全品を対象に、印刷に使用しているインキの一部をバイオマスインキ^{※2}に変更いたします。さらに、プラスチック使用量削減と同時に、これまでよりもキャップを開けやすくし、利便性の向上も図りました。

①キャップ+ストロー部分
プラスチック使用量約9%削減
2020年2月製造～



※さらに！キャップが開けやすく
お客様の使いやすさを考え、キャップを開けることが、より少ない回転で可能になりました。

②印刷の一部で、
バイオマスインキ使用
2020年3月製造～

森永製菓グループでは「おいしく、たのしく、すこやかに」というビジョンのもと、「食」を通じて社会課題の解決と持続可能な社会の実現を目指し、ステークホルダーと連携・協働して、CSR活動に取り組んでいます。また今後も、「森永製菓グループ環境方針」に基づき、持続可能な循環型社会の形成を推進してまいります。



Use of biomass plastics in the Milk Cocoa Stick Type product series

Since 2013, we have used plant-derived plastics in part of stick packs of the Milk Cocoa Stick Type product series. This enabled us to reduce greenhouse gas emissions by approximately 1.1 tons a year over the entire life cycle, compared to cases where petroleum-derived materials are used.



Initiatives to Resolve Environmental Pollutants



Basic Concept

In order to prevent the pollution of air and other resources as well as the destruction of natural environment and ecosystem, we control environmental pollutants and promote their reduction.

Management of Environmental Pollutants and Promotion of their Reduction

Initiatives to reduce air pollutant emissions

In order to promote the reduction of NOx and CO₂, we have replaced all boilers in our factories with those that use city gas as fuel. We also request our business partners to stop idling their vehicles in our factory premises.

Furthermore, as a result of our efforts to reduce the environmental impact of commercial vehicles, the percentage of low-emission vehicles in Morinaga's commercial vehicles reached 99.4% as of the end of FY2020/3.

Initiatives to prevent water pollution

We have established voluntary standards that govern the management and operation of all wastewater treatment facilities in our factories. We also use a checklist to monitor their performance regularly. Moreover, we implement measures to strengthen both tangible and intangible resources. Measures for the former include the reviewing of the Operation Management Procedures Manual on an as-needed basis and the provision of employee education and training; measures for the latter include equipment maintenance and investments in the renewal or improvement of facilities.

Management of chemical substances

Our factories promote safe and proper management of chemical substances and reduction of their emissions according to the ISO 14001 management system. In particular, we ensure strict management of chemical substances by establishing and abiding by the Chemical Substance Management Manual in accordance with the "Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof" (the PRTR Act).

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials

Initiatives to Resolve Environmental Pollutants

- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material Procurement

GRI Standards Index

Initiatives for Biodiversity



Basic Concept

For the realization of a sustainable society, 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.

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.

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.

Sustainable cacao beans

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

> [Supply Chain Management](#)

Nature Exploration in the Iga Angel Forest

The Morinaga Group believes that children's exploration in the nature will lead to the conservation of biodiversity by the next generation. Based on this belief, since 2007, we have been engaged in activities designed to help children understand the importance of the environmental conservation. These activities are undertaken in collaboration with an NPO specialized in environmental education in the company-owned Iga Angel Forest in Mie Prefecture.

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants

Initiatives for Biodiversity

- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material Procurement

GRI Standards Index



Forest Kindergarten program (FY2020/3)

Effective Use of Water Resources

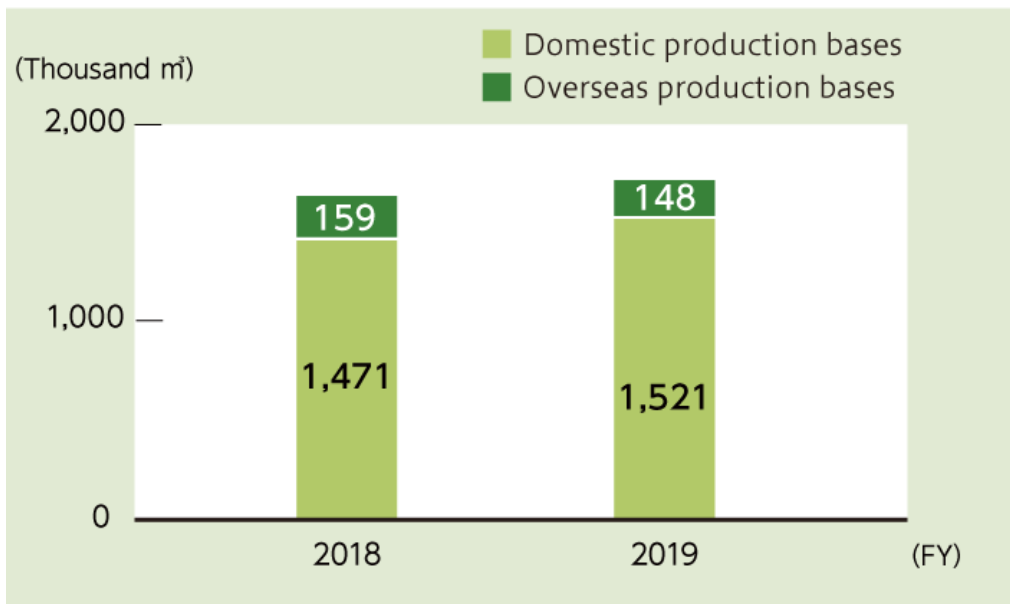


Basic Concept

The Morinaga Group is committed to the effective use of water resources.

With the aim of effectively using water resources, 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.

Water Resource Consumption



Ten locations in total

Four factories of Morinaga & Co. Ltd. (Yokohama, Kanagawa ; Oyama, Tochigi ; Anjo, Aichi ; Mishima, Shizuoka)

Three affiliated production companies (Takasaki, Gunma ; Yamato, Kanagawa ; Tosu, Saga)

Three overseas production bases (North Carolina, USA ; Taipei, Taiwan ; Zhejiang, China)

The Morinaga Group's Sustainability

➤ Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

➤ Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > **Effective Use of Water Resources**
- > Environmental Accounting

➤ Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

➤ Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

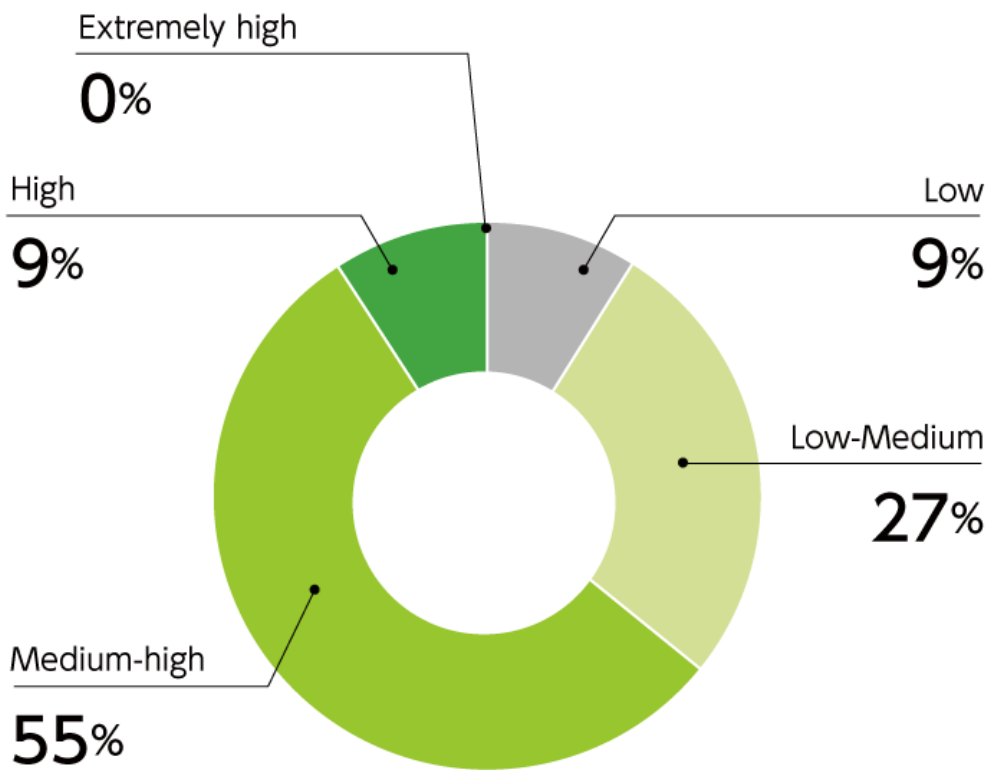
➤ Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material Procurement

➤ GRI Standards Index

Fiscal 2019 Water Stress Evaluation of All Production Bases

ESG Data



Eleven locations in total

Four factories of Morinaga & Co. Ltd. (Yokohama, Kanagawa ; Oyama, Tochigi ; Anjo, Aichi ; Mishima, Shizuoka)

Four affiliated production companies (Takasaki, Gunma ; Yamato, Kanagawa ; Tosu, Saga ; Amagasaki, Hyogo)

Three overseas production bases (North Carolina, USA ; Taipei, Taiwan ; Zhejiang, China)



Environmental Accounting

MORINAGA effectively utilizes environmental accounting as both an indicator for determining levels of achievement of environment-related policies, targets, and objectives, and as a tool for enhancing environmental performance.

Aggregate results for FY2019

Target period: April 1, 2019 - March 31, 2020

Environmental preservation costs (Unit: 1,000 yen)

Classification		Content of main initiatives	Investment	Costs
Costs for controlling environmental load generated in operational areas due to production/service activities (In-operational area costs)			39,945	260,284
Breakdown	Pollution prevention costs	Replacement of wastewater treatment equipment/devices Pollution countermeasures	0	138,975
	Global environment protection costs	Energy-saving measures	39,945	11,212
	Resource recycling costs	Installation of waste plastic compacters Waste recycling costs	0	110,097
Costs for controlling environmental load generated upstream or downstream due to production/service activities (Upstream/downstream costs)		Container/packaging recycling contracting costs Container/packaging-related organizational contributions	0	168,956
Environmental preservation costs related to management activities (Management activity costs)		Steam/electricity meter installation ISO14001 operational costs	0	23,562
Environmental preservation costs related to social activities (Social activity costs)		Cleaning up factory grounds and neighboring areas, CSR report publication costs	0	39,243
Costs related to environmental damage (Environmental damage costs)		Pollution load levy	0	269

The Morinaga Group's Sustainability

➤ Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

➤ Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources

> Environmental Accounting

➤ Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

➤ Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

➤ Initiatives of

Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

Classification	Content of main initiatives	Investment	Costs
Total		39,945	492,315

[➤ GRI Standards Index](#)

[➤ CSR Report](#)

[➤ ESG Data](#)

Environmental effects

Environmental preservation effects (reduction amount compared to the previous fiscal year)			Economic effects of environmental preservation measures (Unit: 1,000 yen)		
Environmental load item	Total volume [t]	Energy consumption rate per production unit* [t/t]	Content of effects	Total amount	Energy consumption rate per production unit
CO ₂ emissions volume	▲794	▲0.005	Profit on sale of valuable items through waste recycling	2,592	
Water consumption volume	▲45,944	▲0.561			
Waste generation volume	▲117	▲0.001			
			Reduction in energy costs compared to the previous fiscal year	149,778	3,383
			Reduction in waste processing costs compared to the previous fiscal year	▲15,171	▲0.236
			Total	137,199	

* "Energy consumption rate per production unit" refers to the CO₂ emissions volume, water consumption volume, or waste generation volume per production volume.

Supplement: The [▲] symbol shows an increase over the previous fiscal year. The main reasons for increases/decreases are as follows.

- Reductions in energy consumption amounts due to facility improvements and efficient operations.
- Control of waste generation due to a "Quality First" mentality of not producing defective products as well as promotion of the conversion of waste into recyclable materials through thorough separation of waste.

Aggregation Method

- The aggregation scope includes MORINAGA's four factories and some Head Office departments.
- In understanding the environmental preservation costs and effects, we also referred to the Ministry of the Environment's "Environmental Accounting Guidelines" and formulated "Environmental Accounting Aggregation Guidelines" as criteria for identifying and aggregating environmental costs and effects, basing our aggregations on these guidelines.

- Environmental preservation costs do not include depreciation costs for capital investment.
- R&D costs are not aggregated.

In future, we will continue to fully consider factors that could potentially causes increases in pollution and promote initiatives for reducing pollutants.



Together with Customers

Commitment to Quality

Basic Concept

Since Morinaga's foundation, the Morinaga Group has consistently developed, manufactured and sold a diverse range of products. We believe that the mission of a food company is to always assure safety and secure quality and contribute to the healthy diet of our customers in addition to accurately read and understand the increasingly diversified needs of customers and society, undertake research and development, and provide new value.

Quality Policy

In realizing our vision—Delicious, Fun, and Healthy—we recognize our customers' trust as the most precious value, and we cherish our relationships of trust with customers.

We are aware that this trust is premised on continuing to develop and provide customers with products, services, and information that contribute to society, on placing the utmost priority on creating excellent quality products, and on ensuring customer safety and well-being, while at the same time expanding all Group company business activities in accordance with our corporate principles and in compliance with laws and ordinances, the corporate Code of Conduct, and internal regulations.

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > **Together with Customers**
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material



Quality Policy

Safe and Reliable Product Quality ...Food safety, food defense, compliance (with laws, corporate regulations), acquiring/maintaining customers' trust, information disclosure, etc.

Satisfying Product Quality ...Taste, aroma, texture, surprise, inspiration, fun plan/ease of handling, etc.

We pursue the goal of delivering products that meet our customers' expectations, by placing the utmost priority on excellent product quality together with safety and peace of mind.

Safe and Reliable Product Quality In carrying out our operations, we put customer safety first. Giving top priority to earning even greater trust from customers, we disclose information as appropriate.

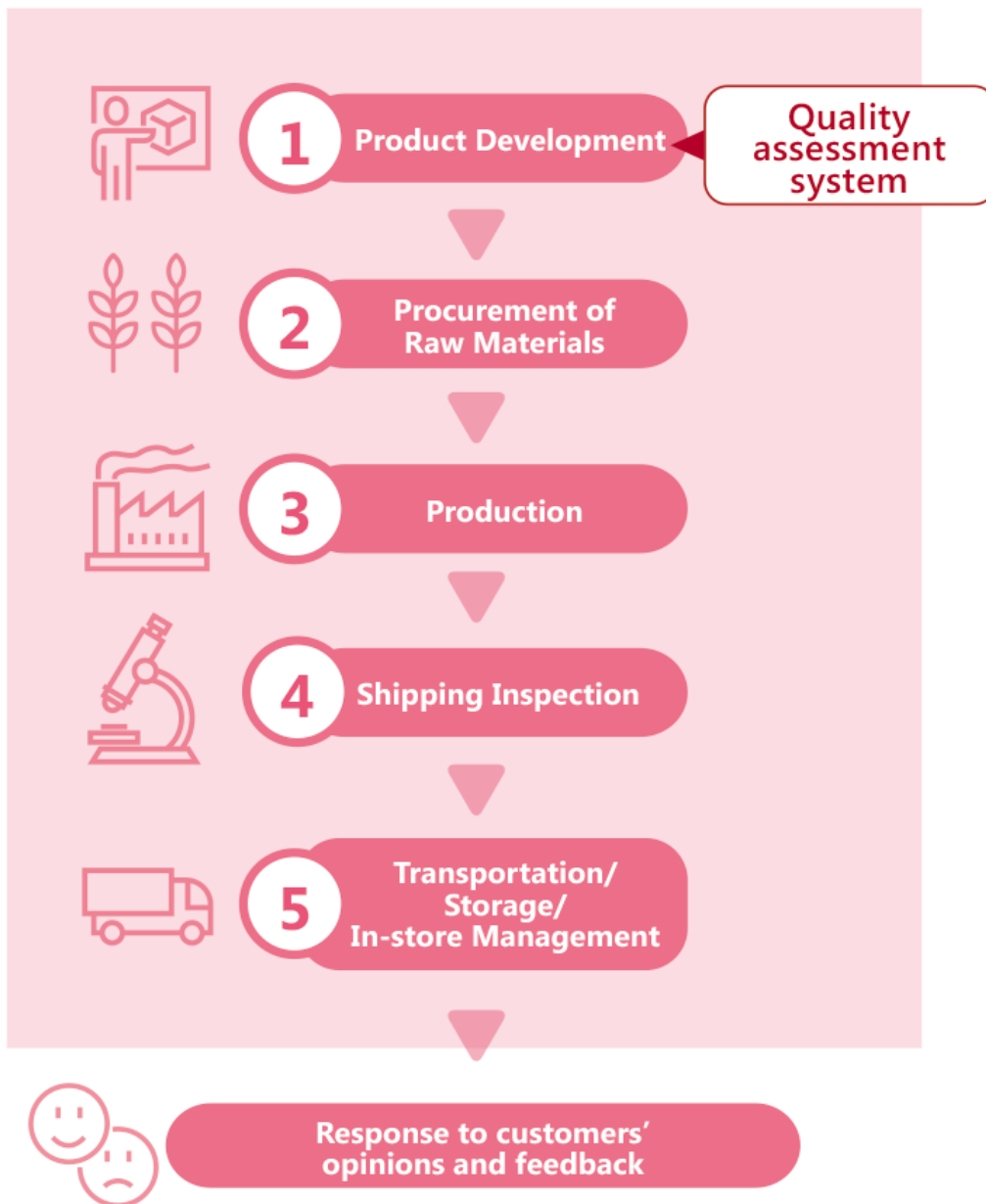
Satisfying Product Quality In carrying our operations, we place top priority on having customers feel value and inspiration from our products.

Quality Initiatives

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 and Quality Assurance System Until Our Products Reach Our Customers



1. Product Development

In designing the quality and packages/containers and making proper labels, we comply with food-related laws and our 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 12 categories and approximately 180 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.

2. Procurement of Raw Materials

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

3. Production

All of our domestic production factories (four Morinaga factories and three affiliated production companies) have obtained the FSSC 22000 accreditation, an international accreditation standard for food safety systems.

[Accredited factories] (As of June 30, 2020)

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

4. Shipping Inspection

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.



Product inspection (measurement of the length and weight to determine the adherence to specifications)

5. Transportation/Storage/In-store Management

To deliver safe products to our customers, we request our business partners in the logistics chain—warehouses, transportation companies, wholesale and retail trade—to set rules, provide employee training, and ensure cooperation so as not to impair the quality of our products.

The Morinaga Group is constantly engaged in the analysis and material characterization of, and the development of analytical techniques for, nutritional and functional ingredients, chemical substances, heavy metals, microorganisms, food allergens, and genetically modified organisms (GMOs). 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, products, and defective products reported by customers.



Measurement of food allergens (specified raw materials)

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](#)

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

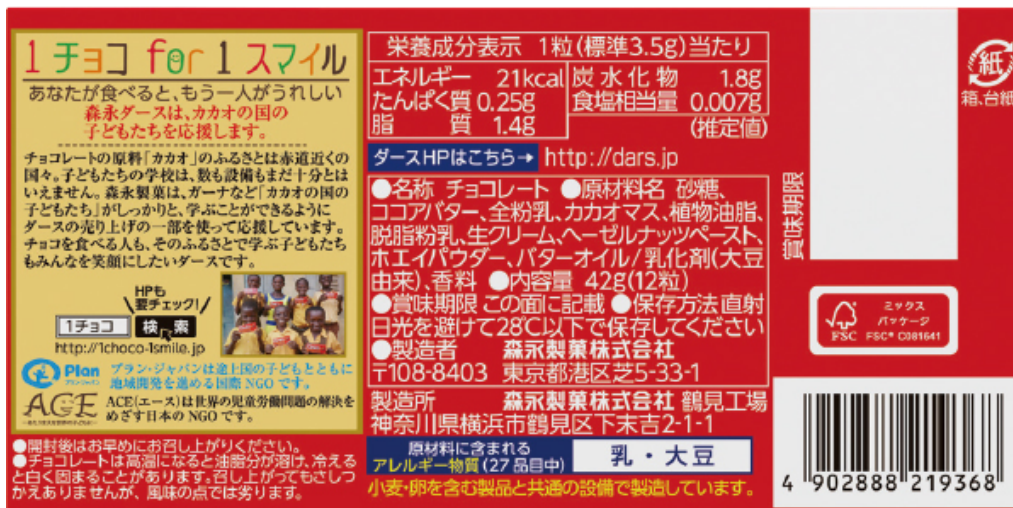
Throughout the process from raw materials and ingredients to manufacturing, storage, and delivery, we maintain product traceability by keeping complete records of, and take strict control over, raw materials and products. We also carry out training on a regular basis and confirm whether the traceability 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 important information for customers when selecting products. We contrive ways to ensure health-related information such as allergy information, nutritional information, and best-before dates are easy to read and understand. We are also engaged in efforts to label individual packaging with allergen information and cross-contamination statements in sequence (a warning for possible contamination arising from production at shared facilities) (excluding those of certain products).



Product label on the package of DARS <Milk>

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.



Allergen-related information (website) Chocoball <Peanuts>



Genetically Modified Raw Materials

In principle, we do not use genetically modified materials in our products. Soybeans and corns 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.

Quality Assurance Initiatives Overseas

All of our three overseas production bases—Taiwan Morinaga Co., Ltd., Morinaga Food (Zhejiang) Co., Ltd., and Morinaga America Foods, Inc.—have received third-party accreditation under an international accreditation standard for food safety systems (FSSC 22000 and SQF*), demonstrating their commitment to safe production procedures. We also include our overseas production subcontractors in the scope of quality inspections to confirm that they ship safe products under an appropriate quality assurance system.

* SQF (Safe Quality Food): An international accreditation standard that combines a HACCP-based food safety management system and a quality control system to ensure food safety and quality.



Process inspection in Morinaga America Foods, Inc.



X-ray inspection in Morinaga America Foods, Inc.

Initiatives by Cooperating Companies

The Morinaga Group has not only its own production facilities but a number of cooperating companies (approximately 90 companies as of April 2020) who act as our production subcontractors in Japan.

Before entering into a subcontract with a cooperating company, we confirm that they have in place a quality control system that is comparable to that of the Morinaga Group's production facilities by conducting a Good Manufacturing Factory (GMF) Inspection[†] and checking a maximum of more than 150 points.

Even after the subcontract is entered into, we continue to carry out the GMF Inspection regularly and request the cooperating company to maintain and enhance its quality control system, while sharing necessary information through information exchange forums, etc. and providing support imperative for quality improvement.

* GMF (Good Manufacturing Factory): Morinaga's quality inspection system in which factories are visited by inspectors to determine whether systems are in place for allergen control, avoidance of contamination by foreign substances, microbial control, etc.

Communication with Customers

Framework for Customer Satisfaction

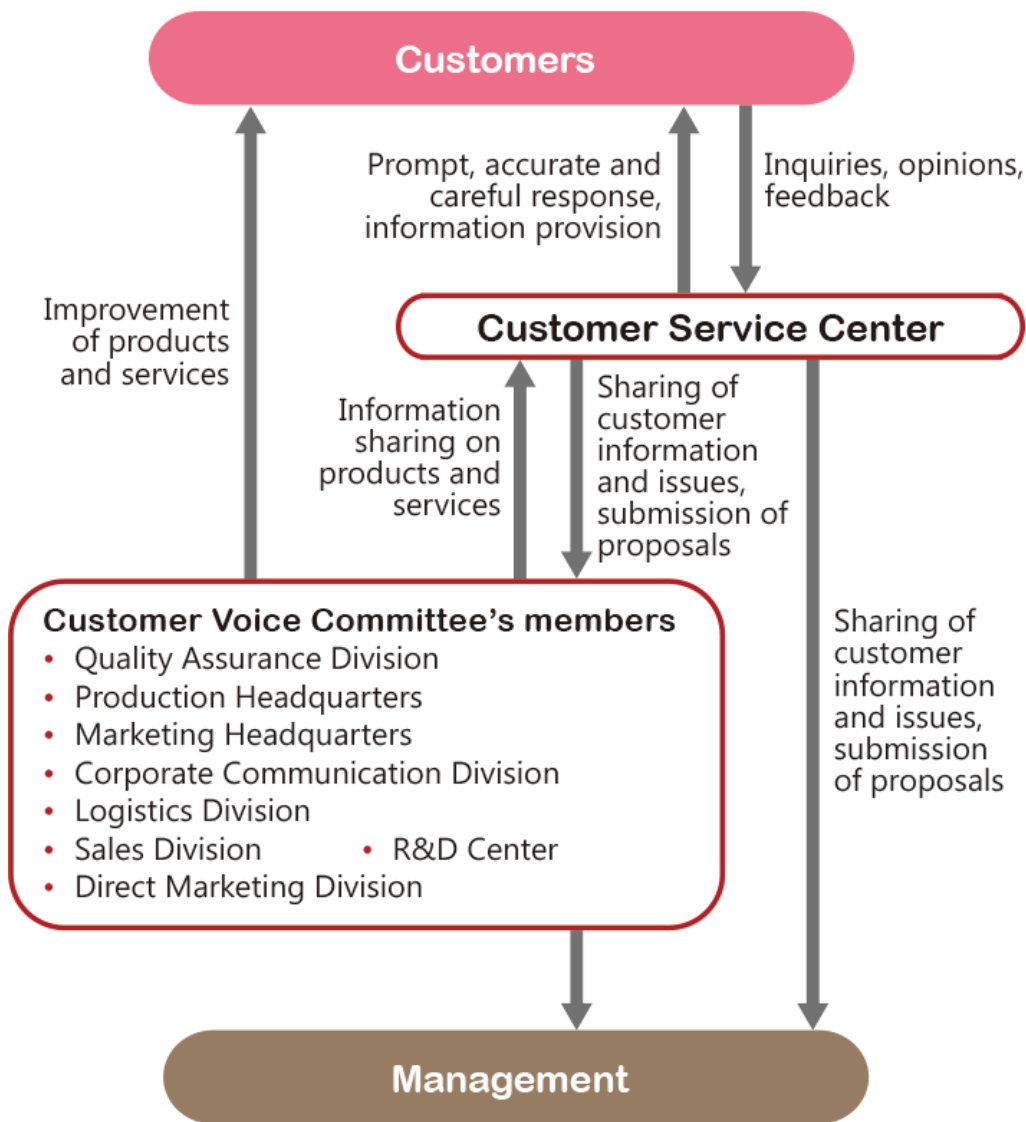
The Morinaga Group considers customers' voices as the key to creating better products and services and to formulating management strategies. Led by the Customer Service Center, Production Management Division, and Quality Assurance Division, a meeting of the Customer Voice Committee is held quarterly to share customers' voices among all relevant divisions.

In the meeting, attendees share, for example, ideas that may lead to an improvement of products and services and measures to improve the manufacturing-related division, and the Director in charge reports them to the Board of Directors.

All of the customers' voices we received are shared by officers and the entire organization, on a daily basis through the daily report, and on a monthly basis as a tabulated data. This enables us to detect issues at their early stages, take countermeasures promptly, and make efficient use of the voices in our marketing activities including product development and sales promotion.

Furthermore, our Customer Service Center has committed itself to achieving a higher level of customer satisfaction in accordance with ISO 10002, with which the Company made a self-declaration of conformity in 2013.

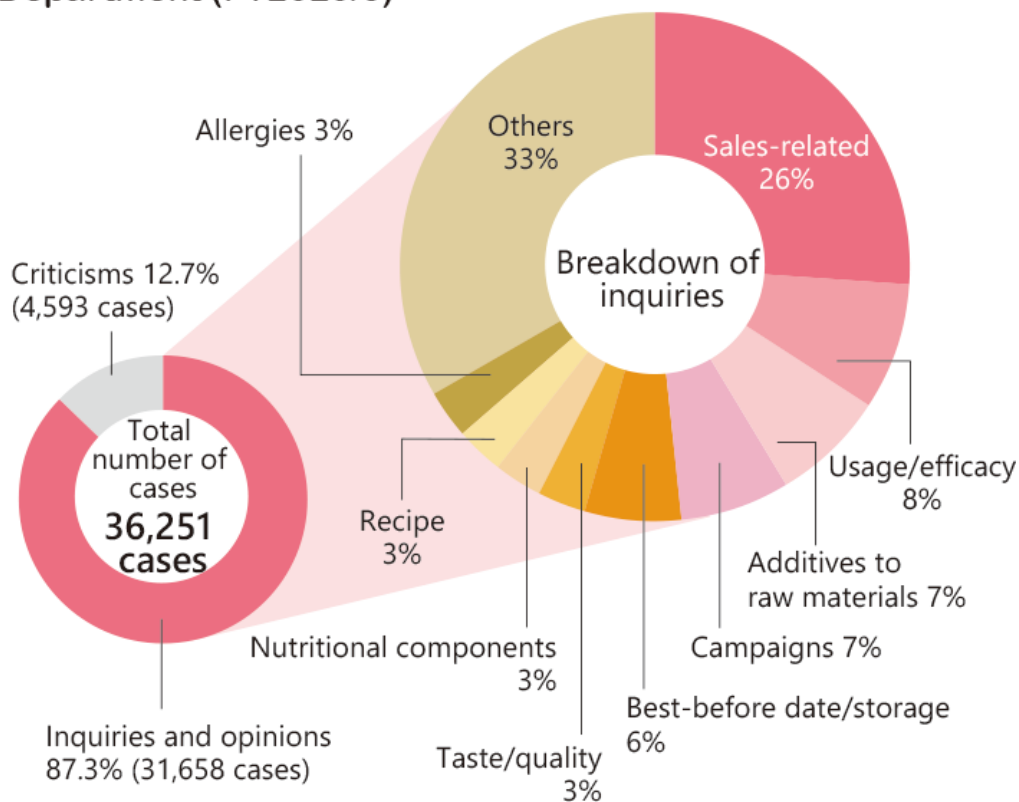
Customer Voice Committee —Mechanism for Making Use of Customers’ Voices—



Initiatives by the Customer Service Center

Having established the Customer Service Department as a point of direct contact with customers, we ensure to respond to our customers in a sincere, swift, and accurate manner through such means as telephone numbers, emails, and letters. We share customers' opinions and requests across the organization and make use of them for the improvement of products and services. We have published frequently asked Q&A on our website to help our customers find solutions speedily.

Breakdown of Inquiries to the Customer Service Department (FY2020/3)



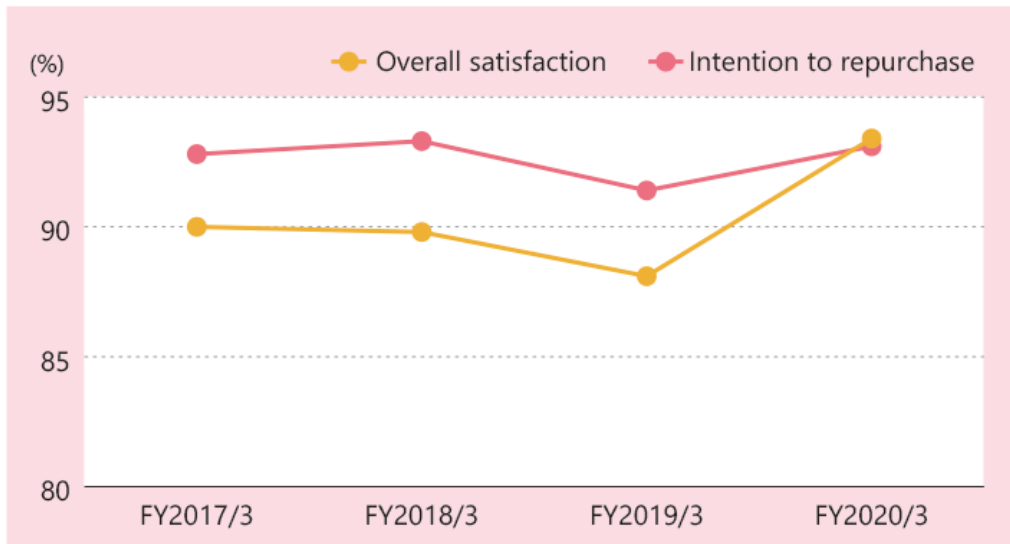
Results of Customer Satisfaction Survey

Our Customer Service Department is in charge of addressing feedback from customers. It analyzes every piece of feedback, investigate the cause, and report the result to the customer who gave the feedback. With the report, we enclose a postcard that requests the recipient to respond to a survey, which we undertake annually to assess the level of customer satisfaction with our customer service. We use the survey results to make further improvements to our customer service practices.

The FY2020/3 survey shows that 93.4% of our customers are satisfied with our customer service as a whole, and 93.1% want to buy our products "more than ever" or "as ever." We interpret that these favorable responses from those who once gave feedback regarding our products or services are the results of our ongoing efforts to offer sincere, prompt, and accurate service.

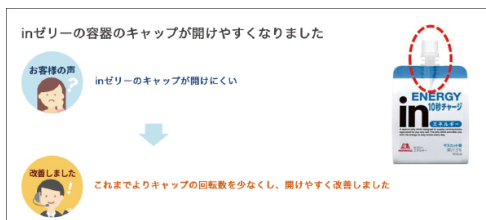
On the other hand, we also hear critical comments and remarks from our customers. Seeing them as valuable feedback that helps us make our services better, we will make use of them in our efforts for the future.

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. 112, published in December 2019

Wider 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.

お問い合わせ窓口



Q&Aをさがす

▼お問い合わせはこちら

お知らせ

> 一覧

2020/06/10 電話受付再開のお知らせ

2020/02/26 お電話によるお問い合わせ窓口 営業日変更について

2020/02/21 おもちゃのカンヅメ「走る！キョロちゃん缶」 発送状況について

Q&Aをさがす

商品名やキーワードを入力

🔍 検索



アレルギー情報はこちら

※スペースで区切って複数検索が可能です。

プロテイン

ホットケーキ

ココア

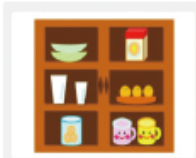
賞味期限

クッキー

よくいただくご質問



おもちゃのカンヅメの応募要項・未着などの問い合わせ先を教えてください。



ミックス粉（ホットケーキミックス・パンケーキミックス）の保管方法を教えてください。



ココアは何歳くらいから飲ませてもよいですか。



便秘とプロテインは関係ありますか。



Together with Children

Philosophy of Activities

Basic Concept

Spanning over 120 years, Morinaga's history has been sustained by the smiles of our customers, especially children.

With gratitude in our hearts, we therefore wish to continue to carry out activities that put even brighter smiles on the faces of children who will lead the future.

Basic principles of Morinaga's social contribution activities

"Aiming to nurture children's healthy physical and mental development" through hands-on experiences

Offering Experience-based Programs

Children develop by interacting with people in society and by accumulating a broad range of experiences.

Nowadays, however, the social environment is changing because of advances in IT and other factors, and the opportunities for children to have direct experiences are decreasing.

Just as our founder wished to provide nutritional support to children of the Meiji and Taisho periods (the late 1800s and early 1900s) through Western confectioneries, Morinaga today aims to support the healthy physical and mental development of children—leaders of the future—by providing experience-based programs tailored to the developmental stage and appropriate themes for each age group from the perspectives of experience in food education, nature exploration, and sports.

Food Education Experiences

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.

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

- [➤ GRI Standards Index](#)
- [➤ CSR Report](#)
- [➤ ESG Data](#)



Children listening to stories/participating in drama-based workshops



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.

Factory Tour

Through factory tours, participants see and experience, through hands-on activities, the fun and true pleasure of manufacturing, as well as the measures used to ensure food safety and security. Furthermore, as a 120th anniversary commemoration project, we opened the Morinaga Angel Museum “MORIUM” within the premises of the Tsurumi Factory in the spring of 2020. Visitors to MORIUM can learn about Morinaga’s history in a fun manner through various exhibits and videos.



Oyama Factory



Morinaga Angel Museum “MORIUM”
(Public open day: Yet to be decided)

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.

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

Number of children participated (FY2020/3)	1,760 children
Number of employees participated (FY2020/3)	69 employees



Lecture



Quiz session



Workshop

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.

Nature Exploration

Business Philosophy

—To support the healthy physical and mental development of children who will lead the future—

“Help children find something important for their lives with their own eyes through hands-on experiences in the great outdoors.”

Based on this business philosophy, we provide camping opportunities to children in the hope that they will gain the “ability to survive” spontaneously in an extraordinary environment.

Exploratory Expeditions

Since 1999, we have organized six-day/five-night exploratory expeditions to uninhabited Islands under the Morinaga Little Angels Education Project. The Project, a commemoration of the 100th anniversary of our founding, was launched to reflect on the significant changes occurred in our children’s living environment during the last ten decades and to help them have an active but lively and spiritually-affluent childhood in the 21st century.

In FY2020/3, the Project’s location was shifted from uninhabited islands to the Fuji Five Lakes area near the majestic Mt. Fuji. A total of 32 elementary school pupils went on a five-day/four-night adventure as a team of comrades who had never met before with each other. They explored the transparent lake waters, clear skies, dense woodlands, and caves. By participating in the camp and various adventures away from their everyday lives, the children gained the ability to survive and achieved a significant growth.



Over two hours of mountain climbing



Adventurous swimming in the Lake Saiko

Participating in SDGs Work in Camping Trip (Exploratory Expeditions)

In the exploratory expedition event, which was held for the first time in FY2020/3, we conduct the SDGs Work in which children work on the SDGs through the camping experience. Participants in the SDGs Work, an original program developed by Morinaga, learn about the SDGs before joining the camp, select the SDGs goals they want to work on during the camping trip, and share the goals with their group's members. They also select goals to be worked on as the group, take actions necessary to achieve the goals in cooperation with the group's members, and carry out a review after the camp.

The most selected SDGs goal was the "Goal 12: Responsible Consumption and Production."

To achieve the Goals, the participants made efforts voluntary and daily. These efforts included avoiding food waste, eating all the food cooked, and ensuring recycling to reduce garbage.



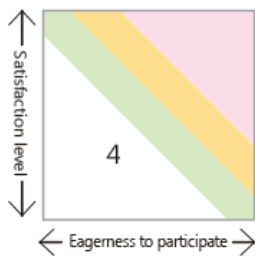
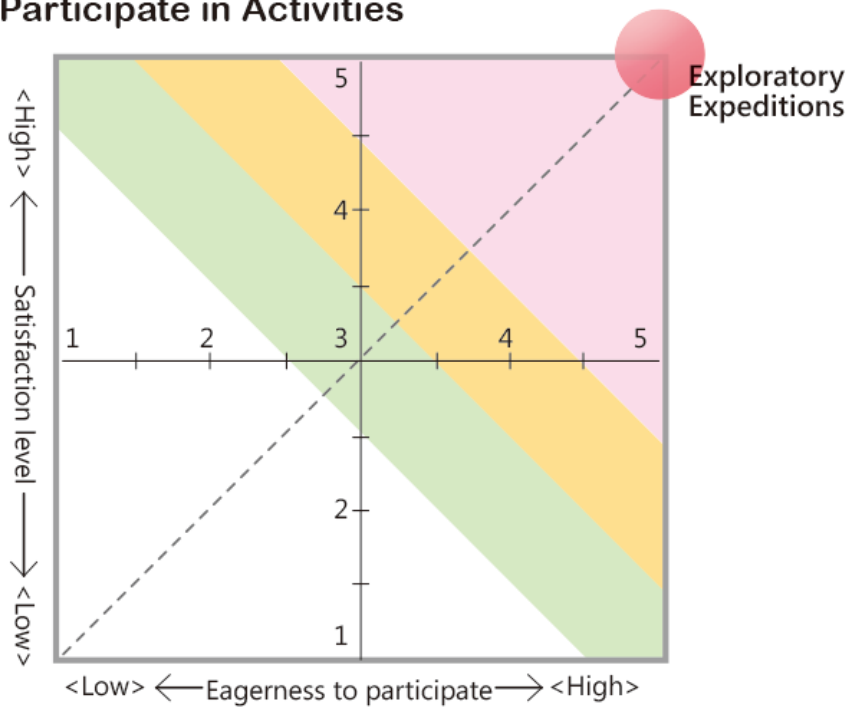
Group discussions on SDGs

Industry-Academia Joint Research on Exploratory Expeditions

Since 2008, we have been conducting industry-academia joint research in collaboration with Tokyo Gakugei University, in an effort to evaluate our nature exploration program from an external professional perspective and upgrade the content of the program's activities. In the research, we conduct surveys before, immediately after, and one month after the camp, to measure their level of satisfaction with the camp, eagerness to participate in activities, and the degree of their growth. The research's results are used to further improve the program. In the survey conducted in FY2020/3, a high score was observed for all items.

Balance between Satisfaction Level and Eagerness to Participate in Activities

● denotes the position of the exploratory expedition.



[Descriptions of Zones]

- 1) **Highly active region**... An extremely activated state is observed.
- 2) **Active region**..... A very activated state is observed.
- 3) **Normal region**..... A certain degree of activation is observed.
- 4) **Improvement-required region**... It is seemingly necessary to make improvements to the program, etc.

Voice: [Comment by the partner of the industry-academia joint research on the exploratory expedition program]

Great social contribution! —Development of children through nature exploration—

It has been 22 years since the launch of the joint research. It was launched in 1999, when I participated as staff member in the exploratory expedition to an uninhabited Islands under the Morinaga Little Angels Education Project, which was carried out to commemorate the 100th anniversary of Morinaga's founding. Since then, the project has been continued until today on an annual basis, as a gift for children.

Since I assumed my current position (in Tokyo Gakugei University) in 2008, I have also been engaged in the verification of the project's educational effect in the form of industry-academia joint research, which pays particular attention to children's "ability to survive." The research showed, with a scientific evidence, that the camping experience allows children to grow significantly, by playing and cooperating with friends in the wilderness and overcoming various challenges.

No other company implements any initiative like this. I know that camping is a risky project for a company.

However, I hope that Morinaga will continue the project in the future and make use of its expertise to play a pioneering role and act as a model case of a social contribution project aimed at developing the youth through nature exploration.



Shin-ichi Komori
Associate Professor, Advisor to the President
Tokyo Gakugei University

Sports Experiences

| Supporting Junior Athletes

We annually hold a nutrition seminar and an exercise event designed to improve athletic competency for athletes—elementary school pupils and junior to high school students who belong to the “AEON Bike Jr. Academy,” a project jointly led by professional mountain bike athletes and AEON Bike Co., Ltd.—and their parents. After a demonstration by professional mountain bikers, trainers and nutritionists from Morinaga Training Lab (see p. 32) provide training lessons in which participants are required to do physical activities, as well as lectures on the hydration and recovery and on nutrients necessary for children in their growth phases.



Exercise to improve athletic competency (FY2020/3)



A lecture on the nutrients required in the growth phase (FY2020/3)

| 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.



Ototo Calisthenics educational videos



Collaboration with Social Groups/Non-affiliate Companies/Organizations



Basic Concept

To resolve various social issues, the Morinaga Group is engaged in donation, sponsorship and cooperation, and joint programs in collaboration with customers, society, governmental bodies, organizations, and other corporations that have shared values with us.

Collaboration with NPOs—Contribution to cacao producing countries

In 2008, Morinaga launched a support program for children living in cacao-producing countries. We are working toward the achievement of a society where everyone can smile and have access to education in a safe environment, not only those who enjoy chocolate but also children in the countries producing cacao, a raw material for chocolate.

Social issues surrounding cacao-producing countries

Some of the equatorial countries producing cacao, the raw material for chocolate, have not achieved financial independence, preventing their people from accessing an appropriate educational environment. Education plays a key role in helping children acquire an ability to choose their own future and live in their own way. However, in the world, there are some children who are subjected to child labor and deprived of opportunities to receive a proper education due to poverty and insufficient understanding about the importance of education, as demonstrated by aged or a lack of school buildings or classrooms, as well as the shortage of teachers and supplies that are necessary for lessons.

With the wish to bring a smile to everyone—not only those who enjoy chocolate but also children who are learning in the countries that are home to chocolate—in mind, Morinaga launched the One Chocolate for One Smile project in 2008 to improve the situation in cacao-producing countries.

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

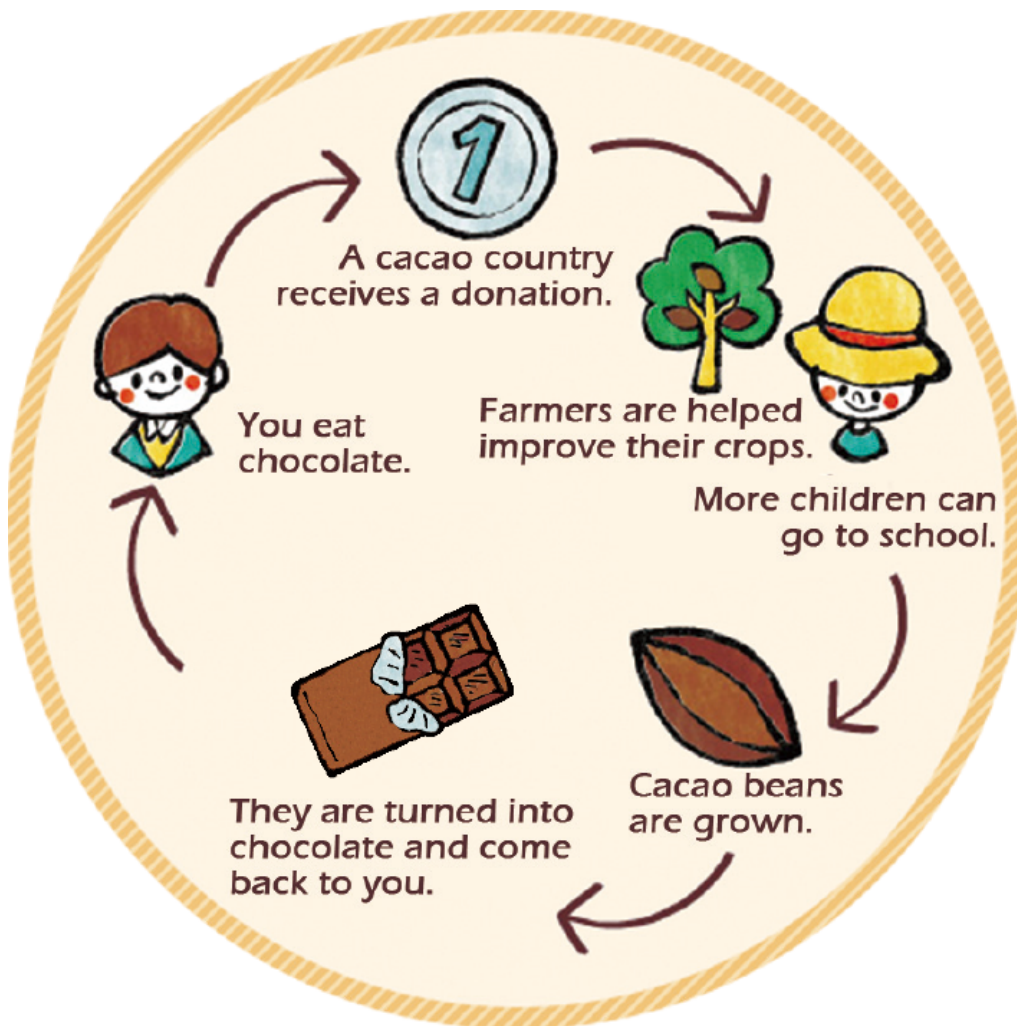
Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement



Framework of One Chocolate for One Smile

Bring a smile to consumers, manufacturers, and everyone—Aid activities through the One Chocolate for One Smile campaign

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.

> [Plan International](#) ⇨

> [Japanese NGO ACE](#) ⇨

Total amount of
donations made
so far

237,145,148 yen

(From 2008 to February 14, 2020)



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

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

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.



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.

Collaboration with Schools and Organizations

As part of our educational courses on resolving social issues, we present lectures at the seminars sponsored by various organizations such as high schools, consumer groups, NGOs, and government bodies. In 2018, members of the CSR Group in the Corporate Communication Division gave a lecture on the One Chocolate for One Smile project at Ritsumeikan Moriyama Senior High School in Shiga Prefecture, in response to its request. The lecture, which was delivered in an active-learning format, provided students with an opportunity to learn about a variety of social issues and to consider ways to contribute to the international cooperation. The students enthusiastically contributed opinions and presented concrete proposals.



A lecture at a school

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. Further, we participate in local cleanup activities in the areas near our factories and offices to promote communication with the local community.

Supporting activities to improve the environment in Rakujuen, Mishima City



Together with Employees

Diversity

Basic Concept

The Morinaga Group promotes diversity as a management strategy.

Our objective in promoting diversity is to encourage employees to work enthusiastically while demonstrating their individual strengths, as well as to generate innovation while showing respect for each other and exchanging knowledge.

To this end, we are undertaking initiatives that include health management, human resource development, and workstyle reform.

Diversity Promotion System

In April 2020, in an effort to position diversity at the centerpiece of its management strategy, Morinaga established the Diversity Promotion Office as a direct report to the President. Our diversity promotion efforts began in 2001 when the Company started its initiative to promote women's empowerment with a goal of creating an organization where women can demonstrate their abilities and play an active role. Later, in FY2013/3, Morinaga appointed the Diversity Promotion Team to accelerate the initiative. As society increasingly considers that maintaining a job even after a childbirth or during child care is a more usual option than quitting a job, roles of corporations' diversity initiatives is shifting from the creation of an organization where employees can have a long career to the creation of organization that can provide job satisfaction to all employees. In order to pursue the happiness of each and every customer and employee and continue to be a company recognized and selected by society, we will continue to promote activities toward the goal of leveraging each person's individuality, engaging all of them in the activities.

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

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- > Environmental Load Generated by Business Activities
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- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

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- > Together with Customers
- > Together with Children
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- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material



Workstyle Reform

We aim to create an organization that enables our employees to demonstrate their creativity to the full potential through: 1) the implementation of flexible work hours and locations; and 2) the use of ICTs and office functions. We have taken various measures including the introduction of telework arrangements for 1) above, as well as the adoption of a free-address system to replace the conventional arrangement of desks at the headquarters, research lab, certain sales branches, and factories for 2).

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.

In March 2020, the scope of eligible employees was expanded to associate employees. As of May 2020, the number of employees eligible to the program has reached approximately 1,400.

Other programs that support work-life balance

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, we set a primary goal of increasing the percentage of male employees who take childcare leave, and implemented relevant measures such as a revision of manuals, negotiation with the All Morinaga Labor Union, and approaching individual male employees. As a result, the percentage increased 2.9 times compared to the previous year.

[GRI Standards Index](#)

[CSR Report](#)

[ESG Data](#)



* 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.

Actual Ratio of Female Managers (Morinaga & Co., Ltd.)

April 2017	5.2%
April 2018	6.7%
April 2019	7.7%
April 2020	8.3%

Outline of Programs and Schemes/Number of Leave Days Taken (Morinaga & Co., Ltd.)

Program Title	Scheme Outline	Actual Number of Leave Days Taken (FY2020/3)
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	22 persons (124 days)
Prenatal and postnatal leave	A leave of 6 weeks before and 8 weeks after childbirth	26 persons (1,327 days)
Childcare leave (female)	A leave of up to 30 months	92.3%
Childcare leave (male)		41% (2.9 times the previous fiscal year)
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	26 persons (As of March 2020)
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	3 persons (8 days)
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-hour short working for nursing care are combined	0 persons
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	1 person (4 days)
Angel Return Program	Former employees can rejoin the company after their resignation due to marriage, spouse's job transfer, child-raising, or family member's nursing care	0 persons

Initiatives for Health Management

Health Management Initiatives

Morinaga's health management

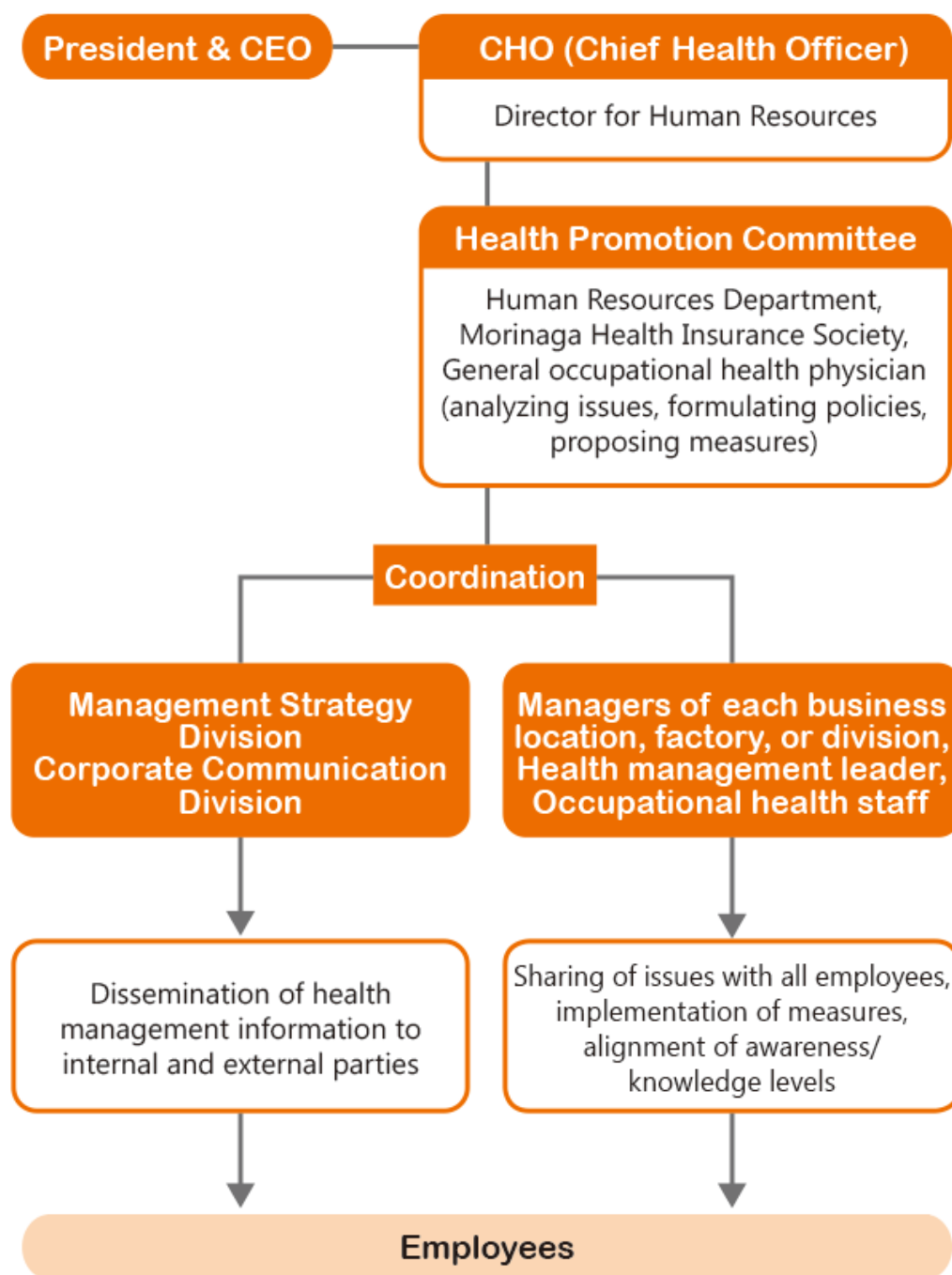
By supporting the maintenance and enhancement of the health of employees—who are the source of our corporate vitality and our most important assets—and their families, Morinaga promotes health management in order to create a company where it is rewarding to work and that enriches the lives of each employee.

In April 2018, we issued the Morinaga Health Declaration. Led by the Chief Health Officer (CHO), our Health Promotion Committee is active to strengthen collaborations with occupational health staff and the Morinaga Health Insurance Association, accelerate the promotion of health management, and promote various initiatives by seeing employees' health from a managerial perspective.

By definition, the CHO is the chief executive who is responsible for helping a company or organization recognize its employees' and their family members' health as part of corporate management, and carrying out health management systematically as a member of management, for employees and others.

The Morinaga Group will continue to actively support its employees' and their family members' mental and physical health through work style reform and health maintenance/promotion activities, in an effort to establish a foundation for active and extended work life.

Health Management Promotion Structural Chart (Morinaga & Co., Ltd.)



Practice of Morinaga Calisthenics

Since October 2018, Morinaga Calisthenics, which were devised by the Morinaga Training Lab,* have been practiced every day at all Morinaga offices and factories. These simple exercises can be performed in the workplace and are helpful in ameliorating stiff shoulders and preventing back pain.

They were devised by the Lab's staff to enhance employees' health and work performance, based on the knowledge they gained during supporting top athletes.

Furthermore, in FY2020/3, we held an app-based walking event to help all Morinaga employees nationwide improve their health and exercise habits.



A Morinaga Calisthenics session in progress

* Morinaga Training Lab: A training facility focused on the improvement of top athletes' performance through training, nutrition, and conditioning programs.

Recognized as The Certified Health and Productivity Management Organization in the White 500 category

For three consecutive years from 2018 through 2020, Morinaga was certified as The Certified Health and Productivity Management Organization in the White 500 (large enterprise) category. This program awards enterprises that practice particularly outstanding health management based on health promotion initiatives. 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.



Initiatives to Reduce Overtime Hours

We are committed to helping our employees have a wide range of work-style options through company-wide initiatives such as the telework arrangements and Premium Friday, as well as experimental efforts at some offices, including No Overtime Day, rules for leaving work on time, and personal-choice holidays. As a result of these initiatives, Morinaga & Co. Ltd. successfully reduced the overtime work of FY2019 by 26 hours per person in average, compared to FY2018/3.

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, in FY2020/3, we achieved zero lost time injuries for the first time, by ensuring that all employees receive safety education that will be reviewed as necessary, while taking safety measures for using company equipment. The rate of frequency is on a downward trend from 3.07 in FY2018/3 to 2.02 in FY2019/3 to 1.05 in FY2020/3, illustrating the results of our daily safety efforts.

Rate of Frequency

	FY2018/3	FY2019/3	FY2020/3
Rate of frequency	3.07	2.02	1.05
Lost time injury frequency rate	1.18	0.50	0.00

(1)The rate of frequency indicates the frequency of occupational accidents, using the number of employees taking leave from work due to work-related injuries per million actual work hours.

(2)The lost time injury frequency rate indicates the frequency of occupational accidents, using the number of employees who suffered lost time injuries per million actual work hours.

*Definition of lost time injury (Morinaga & Co., Ltd.)

Occupational injuries that force the injured to take a leave of absence from the day after the accident to receive a medical treatment and cure the injury or illness.

*Scope of frequency rate analysis

Four factories of Morinaga & Co., Ltd.

Tsurumi Factory, Oyama Factory, Mishima Factory, Chukyo Factory

Five affiliated production companies

Takasaki Morinaga Co., Ltd., Morinaga Angel Dessert Co., Ltd., Morinaga Dessert Co., Ltd., Morinaga Snack Foods Co., Ltd., Morinaga Kofu Foods Co., Ltd.

Human Resource Development

Basic Concept

A company's growth depends on its individual employees' development.

We consider that human resource development is an important strategic challenge that must be overcome not only to achieve our vision and mission but to ensure an enduring growth. Based on the concept above, we continue to support the growth of each and every employee.

| Morinaga Group's Ideal Employee Profile

To prepare for the next new age, the Morinaga Group is looking for personnel who are highly motivated, eager to take on challenges, and capable of creating new value. The Group has defined an ideal employee profile and broken it down into the following four characteristics: 1) capable of taking on challenges; 2) capable of acting independently; 3) capable of thinking thoroughly; and 4) capable of engaging others.

| Human Resource Development Framework

In an effort to promote human resource development, we support our employees' growth by providing training and educational opportunities according to their job grade, division, and skill, taking into account qualifications required for an employee of Morinaga & Co., Ltd.

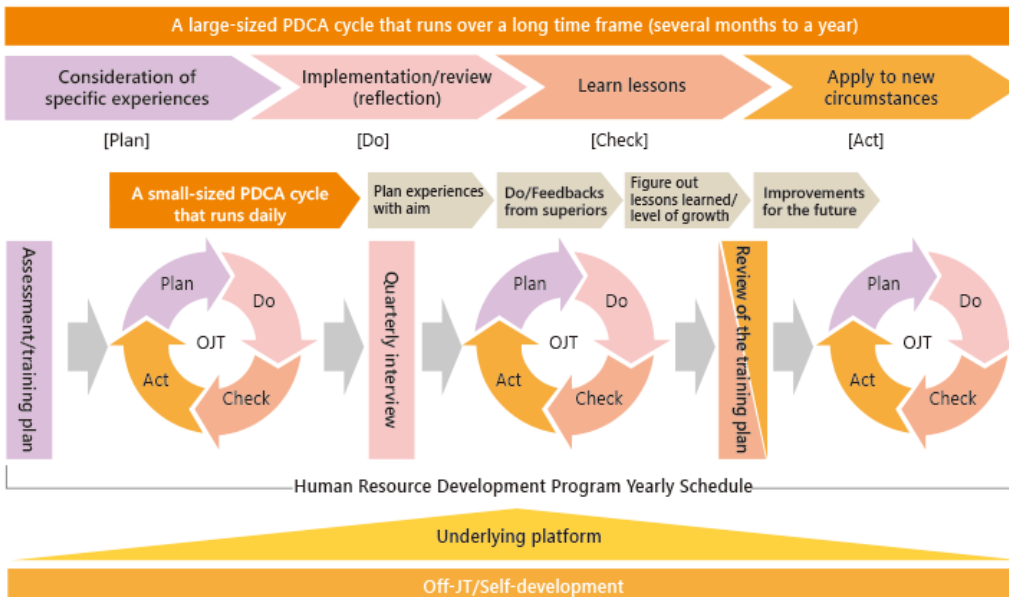
Moreover, to ensure effective upgrading of employee skills, we adopted the Human Resource Development Program—a new framework for human resource development—in FY2019/3, and are expanding the scope of employees subject to the Program in sequence.

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..

FY2020/3 training cost per employee (Morinaga & Co., Ltd.)

Approx. 70,000 yen

Training PDCA Cycle



Morinaga's Human Resource Development System

We view OJTs, Off-JTs, and self-development as the three pillars of our human resource development system. The system is aimed at supporting the growth of our employees based on the career path envisioned by each of them and helping them achieve self-actualization. In pursuit of the aim, the system provides varied training programs ranging from on-the-job trainings (OJTs) to job-rank-based and other off-the-job trainings (Off-JTs) to self-development training programs such as distance learning and e-learning programs.

We also actively support employees' efforts to acquire qualifications, by providing official qualification acquisition incentives and offering a license acquisition course as part of the self-development training (distance learning).

Corporate Governance



▼ Corporate Governance

▼ Compliance

▼ Risk Management

▼ Respect for Human Rights

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, Management Meetings, Directors, Executive Officers, and General Managers of individual divisions and departments.

About Us

▶ Message from the President

▶ Corporate Principles

- > Our episode based on altruism
- > Code of Conduct Standards of Behavior

▶ Corporate Profile

▶ Introduction of Business Fields

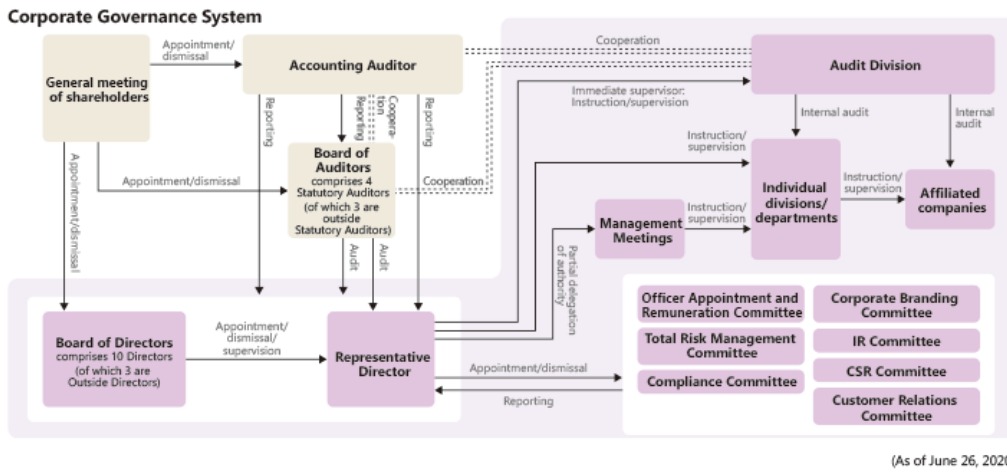
▶ Business Office Guide

▶ Group Network

▶ Corporate Development and History

- > Meiji/Taisho Eras
- > Showa Era
- > Heisei Era

▶ Corporate Governance



<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, seven are male, and four are female Directors.

Diversity of Directors (As of June 26, 2020)



<Management Meetings>

Management Meetings, which is mainly comprised of Directors 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 Management 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 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, 2021)

Name	Attribute	Title	FY2021/3 Board Meeting Attendance
Eijiro Ota		Representative Director and President	100% (16/16 times)
Machiko Miyai		Director Managing Executive Officer	100% (16/16 times)
Takashi Hirakue		Director Senior Executive Officer	94% (15/16 times)
Shinichi Uchiyama		Director Senior Executive Officer	100% (16/16 times)
Toshiyuki Sakai		Director Senior Executive Officer	100% (16/16 times)
Shinya Mori		Director Senior Executive Officer	100% (16/16 times)
Daisuke Fujii		Director Senior Executive Officer	100% (16/16 times)
Shiho Takano	Outside Independent	Director	100% (16/16 times)
Naomi Eto	Outside Independent	Director	100% (11/11 times)
Shuichi Hoshi	Outside Independent	Director	100% (11/11 times)
Kuniko Urano	Outside Independent	Director	Newly appointed

CSR Issues Discussed at the Board of Directors

In FY2021/3, the Board of Directors discussed the following matters related to CSR:

- Product and monetary donations toward battle against COVID-19

The Board passed a resolution to donate products including 370,000 in Jelly products as well as ¥1 million to medical professionals responding the COVID-19 pandemic.

- Risk management

Implementation of risk management and challenges in FY2020/3; activity plan for the current year

- Compliance

Compliance efforts and challenges in FY2020/3; activity plan for the current year

- Customers' voice and feedback

The Board discussed response to customers' opinions and requests and associated issues

- Assessment of the Board's effectiveness

The Board discussed whether it was functioning effectively based on third-party assessments and agreed on the issues towards improvement.

- Internal Control

The Board confirmed the effectiveness of internal control and approved the internal control report.

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 all of the four Statutory Auditors are male. 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 management 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 five 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. Morinaga appointed Deloitte Touche Tohmatsu LLC as its accounting auditor.

List of Statutory Auditors (As of June 26, 2020)

Name	Attribute	FY2020/3 Board of Auditors Attendance	FY2020/3 Board Meeting Attendance
Tadashi Nishimiya	Standing	100% (21/21 times)	100% (16/16 times)
Akiyuki Igarashi	Outside Standing	100% (15/15 times)	100% (11/11 times)
Koichi Sakaguchi	Outside	100% (21/21 times)	100% (16/16 times)
Hiroshi Iwamoto	Outside	100% (15/15 times)	100% (11/11 times)

Basic Policy on Officer Remuneration and Composition of Officer Remuneration

(1) Executive Remuneration Basic Policy

The Company's Executive Remuneration Basic Policy stipulates that the Company shall establish and operate a system that prioritizes the strengthening of executives' motivation for contributing to the enhancement of corporate value over the medium- to long-term and the achievement of sustainable growth, while discouraging excessive risk-taking. We are determined to continue pursuing a better remuneration system, ensuring the objectivity and transparency of the remuneration determination process and taking into account regulatory revisions and social trends in the future.

(2) Content of Executive Remuneration System

a. Level of executive remuneration and structure

The Company's executive remuneration is determined in accordance with the Executive Remuneration Basic

Policy stated in the above item 1, referring to the levels of executive remuneration paid by leading companies that are similar in size to the Company.

Remuneration for Directors (excluding Outside Directors and non-residents of Japan) consists of basic compensation, which is paid monthly, executive bonuses (monetary remuneration), and stock compensation. Basic compensation consists of fixed remuneration according to job title (70%) and performance-based remuneration according to the business performance for the previous fiscal year (30%). Executive bonuses are paid at a specified time following the approval and resolution by the General Meeting of Shareholders. 10% of the amount of basic compensation for Directors (excluding Outside Directors and non-residents of Japan) is provided as stock compensation, which is non-monetary remuneration, for the purpose of motivating them to make contributions to an improvement of medium- to long-term performance and corporate value.

b. Matters concerning performance-linked remuneration

Performance-linked remuneration consists of monetary remuneration in the amount equivalent to 30% of basic compensation, executive bonuses to be paid when the performance is at a certain level, and stock compensation, which is non-monetary remuneration.

The amount of performance-linked remuneration is calculated based on financial performance indicators, including the Group's consolidated operating income, as well as individuals' performance evaluation.

c. Content of non-monetary remuneration

As non-monetary remuneration, stock compensation equivalent to 10% of the amount of basic compensation for Directors (excluding Outside Directors and non-residents of Japan) is provided for the purpose of motivating them to make contributions to an improvement of medium- to long-term performance and corporate value.

Regarding stock compensation, during the trust period, the Company awards a certain number of points to Directors (excluding Outside Directors and non-residents of Japan) each year according to job title, the degree of achievement of the financial performance targets (consolidated operating income, etc.), etc. in each fiscal year, and the points will be accumulated. When a Director satisfies the beneficiary requirements, according to cumulative points, the Director will receive delivery of shares of the Company and money equivalent to the amount obtained through the conversion of such shares into cash through the trust for the board incentive plan (BIP). In principle, delivery will be after retirement.

(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 the maximum 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 Annual General Meeting of Shareholders was 11 (including 2 Outside Directors). 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 for each target period covering 3 fiscal years is 180 million yen in total.

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 yen per annum. The number of Statutory Auditors at the conclusion of the said Annual General Meeting of Shareholders was 4.

(4) Policy on Determination of Remuneration for Individual Directors

a. Method of determination of the policy on determination of remuneration for individual Directors

The Board of Directors drafted the policy on determination of remuneration for individual Directors (hereinafter referred to as the "Determination Policy") based on the Executive Remuneration Basic Policy stated above, consulted the Officer Appointment and Remuneration Committee, and resolved the Determination Policy at a meeting of the Board of Directors, according respect to the report of the Officer Appointment and Remuneration Committee.

b. Summary of the Determination Policy

(i) Basic compensation

Basic compensation is fixed remuneration paid monthly and is determined according to job title, responsibilities, and the number of years in office, taking into consideration the remuneration level of other

companies, the Company's financial performance, the level of employee salaries, etc., in a comprehensive manner. The amount equivalent to 30% of the basic compensation is determined, taking into consideration the financial performance in the previous fiscal year, etc.

(ii) Executive bonuses

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

(iii) Stock compensation

Stock compensation equivalent to 10% of the amount of basic compensation is provided as non-monetary remuneration for the purpose of motivating Directors to make contributions to an improvement of medium- to long-term performance and corporate value.

c. Reasons that the Board of Directors judged that the content of remuneration for individual Directors for the fiscal year under review is in accordance with the Determination Policy

In determining the content of remuneration for individual Directors, the Officer Appointment and Remuneration Committee examined the draft from multifaceted perspectives. The Board of Directors respects the report of the Committee, in principle, and judges that the content of remuneration for individual Directors is in accordance with the Determination Policy.

(5) Matters concerning Delegation of Authority concerning Determination of Remuneration for Individual Directors

The Board of Directors has resolved to delegate President and Representative Director to determine details of the amounts of remuneration for individual Directors. The authority pertains to determination of the amount of basic compensation for each Director and evaluation of the performance-linked portion of each Director. Such authority was delegated to the President and Representative Director because the President and Representative Director is the most suitable person to evaluate each Director from a broad perspective, considering the Company's overall financial performance. In order to ensure that the authority is appropriately exercised, the Board of Directors consults the Officer Appointment and Remuneration Committee, which consists of Directors including Outside Directors, about the draft and the President and Representative Director determines the individual amounts of remuneration based on the report of the Officer Appointment and Remuneration Committee.

Of monetary remuneration, payment of executive bonuses is determined by the resolution of the General Meeting of Shareholders and determination of the individual amounts of bonuses shall be delegated to the President and Representative Director, based on the resolution of the Board of Directors. The Board of Directors consults the Officer Appointment and Remuneration Committee about the draft and the President and Representative Director determines the individual amounts of bonuses based on the report of the Officer Appointment and Remuneration Committee.

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 Committee and receiving its report.

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 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 held in April 2021, with reference to this third-party analysis and evaluation.

(2) Result of the evaluation

As a result of analysis and evaluation by the third-party law firm, the Company's Board of Directors was determined to be functioning effectively in fiscal 2020, in light of the Companies Act and the Corporate Governance Code, without any significant dysfunction or structural deficiency, etc. 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

The following issues were identified in the evaluation of the effectiveness of the Board of Directors in the previous fiscal year: optimization of the composition of the Board of Directors; establishment of appropriate matters for resolution and matters for reporting; further clarification of the decision process regarding Directors' nomination and remuneration; making thorough debate regarding risk management; making debate more active based on the perspectives of stakeholders; and making debate more active beyond each area of responsibilities. The Company recognizes that a considerable degree of improvement has been achieved in these issues based on the evaluation of the effectiveness in fiscal 2020.

(4) Initiatives for the future

The Company recognizes the following issues for the future, in order to strengthen the function of the Board of Directors, and further enhance its effectiveness and governance.

- 1) Ample discussions to step up risk management
- 2) Study to strengthen the function of the Board of Directors as a monitoring board

By implementing necessary measures to improve the above issues, based on this evaluation of the effectiveness of the Board of Directors, the Company intends to further enhance the effectiveness of the Board of Directors, and further strengthen corporate governance.

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

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.

Compliance



✓ Corporate Governance

✓ Compliance

✓ Risk Management

✓ Respect for Human Rights

Promotion of Compliance

Based on its awareness that compliance is a priority issue for all business activities, the Morinaga Group formulated the “Morinaga Code of Conduct/Standards of Conduct” in FY2002/3. In FY2009/3, it was revised to the “Morinaga Group Code of Conduct/Standards of Conduct” to ensure that the Group can share a common compliance management system.

Furthermore, we set up the Compliance Committee to establish and promote the compliance management. As a way to report compliance violations and seek consultation about compliance issues, we have established a helpline system. Under the system, we set up three points of contact for consultation—within the Company, labor union, and an external lawyer’s office—to prevent compliance violations from occurring.

About Us

➤ Message from the President

➤ Corporate Principles

- > Our episode based on altruism
- > Code of Conduct Standards of Behavior

➤ Corporate Profile

➤ Introduction of Business Fields

➤ Business Office Guide

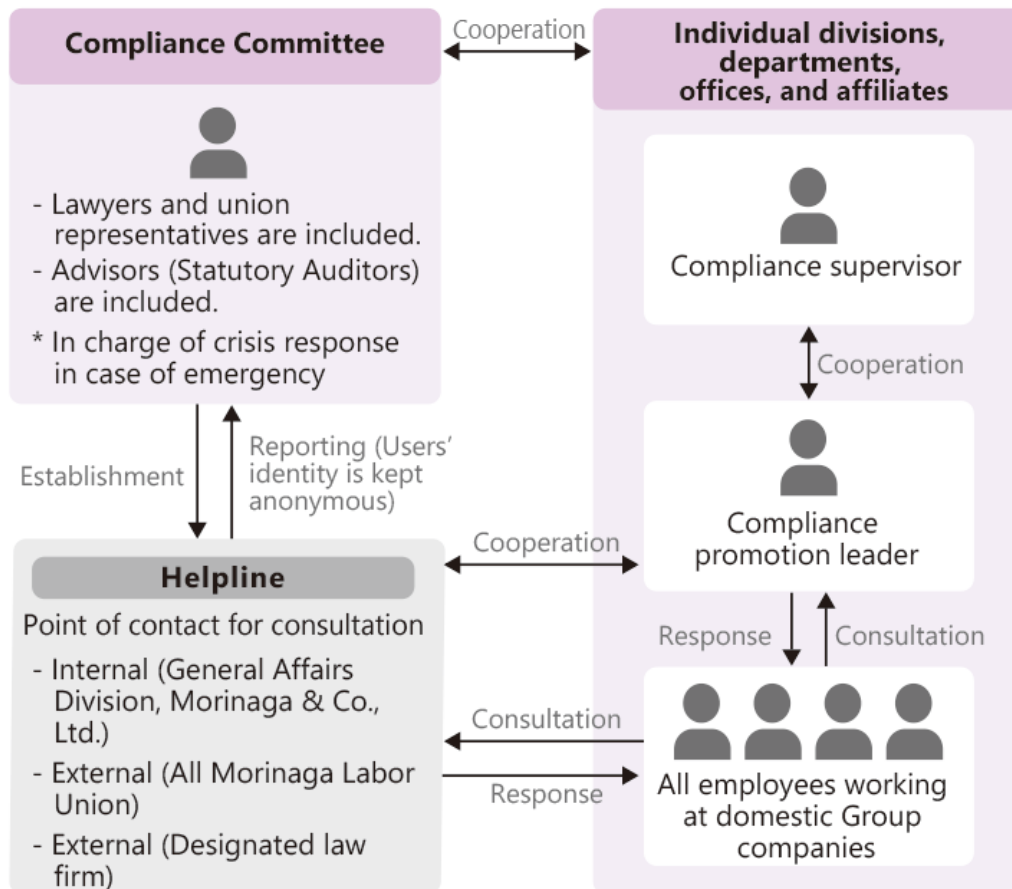
➤ Group Network

➤ Corporate Development and History

- > Meiji/Taisho Eras
- > Showa Era
- > Heisei Era

➤ Corporate Governance

Morinaga Group Compliance Management System



Increasing Compliance Awareness

With the aim of embedding a compliance culture into the organization, we display the Morinaga Group Code of Conduct/Standards of Behavior on panels in each office, and distribute booklets and cards to all employees. In order to increase compliance awareness, we provide compliance training not only as part of training sessions by job class, including those for new recruits and newly appointed managers, but at such locations as the headquarters and individual offices.

In addition, we conduct an annual compliance questionnaire that covers all employees working at a domestic member company of the Group, and use it to identify the Group's level of compliance and take appropriate measures in the future.

> [Respect for Human Rights](#) ⇨

Compliance Training Sessions

In FY2020/3, the secretariat of the Compliance Committee held the following compliance training sessions:

New employee training	Morinaga Group's new employees	82 employees
Second-year training	Morinaga Group's second-year employees	32 employees
Third-year training	Morinaga Group's third-year employees	28 employees
Fifth-year training	Morinaga Group's fifth-year employees	24 employees
Newly-appointed S-grade employee training	Morinaga's employees appointed to the S grade (chief class)	34 employees
New manager training	Morinaga's employees appointed to a managerial position	31 employees
Training provided by office	Conducted based on the results of the compliance questionnaire Employees of Morinaga and affiliated companies	510 employees in total

In addition to the above, respective branches, factories and other business offices, and affiliated companies provide their own compliance training.

Risk Management



▼ Corporate Governance

▼ Compliance

▼ Risk Management

▼ Respect for Human Rights

Philosophy of Total Risk Management

The Morinaga Group identifies total risk that potentially exists in its business activities and takes appropriate measures against the risk based on the philosophy of total risk management.

(1) To Fulfill Corporate Social Responsibility

- (i) Ensuring of the safety of employees and visitors
- (ii) Safeguarding of assets
- (iii) Early business recovery and ensuring of business continuity

(2) To Gain Corporate Social Responsibility

- (i) Timely and appropriate information disclosure
- (ii) Contribution to local communities
- (iii) Humanitarian considerations

Major Risks and Responses

In an effort to respond to potential risks existing in its business activities, the Morinaga Group established the "Total Risk Management Rules" in FY2002/3 as part of its internal control system. Based on the Rules, we classify and assess possible risks and implement preventive measures in normal times. See the table below for major possible risks and countermeasures.

The Total Risk Management Rules includes various manuals such as the Natural Disaster Crisis Preparedness Manual, which sets out measures to ensure an early resumption of business in case of crisis. In FY2018/3, in an attempt to take our business continuity plan (BCP) a step further, we began to work on the development of business continuity management (BCM), a framework of continuous improvements that allow the Company to continue operations even when being affected by a disaster or accident, or resume operations as early as possible after an interruption.

In the event of a crisis, we will assess and judge the situation promptly, take necessary actions such as the establishment of a task force and information disclosure, while conducting a cause analysis and implementing recurrence prevention measures.

Further, to demonstrate our strong stance against anti-social forces, we appointed a person in charge of preventing unreasonable demands. We also work to collect information from related administrative agencies, and, in case of an emergency, we will take organization-wide actions swiftly, working closely with these agencies.

About Us

▶ Message from the President

▶ Corporate Principles

- > Our episode based on altruism
- > Code of Conduct Standards of Behavior

▶ Corporate Profile

▶ Introduction of Business Fields

▶ Business Office Guide

▶ Group Network

▶ Corporate Development and History

- > Meiji/Taisho Eras
- > Showa Era
- > Heisei Era

▶ Corporate Governance

Morinaga Group's Total Risk Management System



Major Risks Anticipated by the Morinaga Group and Responses Thereto

Risk Items	Assumptions	Anticipated Risks	Response by the Morinaga Group
1. Risks related to food safety	The Group recognizes that ensuring food safety is the highest priority issue for a food company.	There is a risk that, if a large-scale recall or product liability compensation occurs due to an unexpected quality accident, our performance and financial position are negatively affected as a result of incurrence of significant costs and the Group's reputation being damaged severely.	<ul style="list-style-type: none"> Establishment of the Quality Policy and the Quality Assurance Rules to build a systematic quality assurance framework Introduction of FSSC 22000 and strengthening of the Quality Assessment System Crisis Response Manuals should be referred to in case of a quality accident.
2. Risks in the production system	Basically, the Company adopts the one product/one factory production system.	There is a risk that the Group's business performance and financial position are negatively affected in the event of a large-scale disaster or accident that may have a significant impact not only on the Group's production and sales activities but on consumers' purchasing behavior.	<ul style="list-style-type: none"> Identification of possible measures for core products as part of the business continuity management (BCM).

Risk Items	Assumptions	Anticipated Risks	Response by the Morinaga Group
3. Raw material procurement risk	<ul style="list-style-type: none"> • Our primary raw materials are agricultural products such as wheat flour, cacao beans, and vegetable oils/fats. • We use petroleum products as packaging materials. 	There is a risk that the Group's performance and financial position are negatively affected in the event of price hike or difficulties in acquiring a sufficient volume of raw materials due to such reasons as poor crops resulting from unseasonable weather or political instability in the country of origin.	<ul style="list-style-type: none"> • Strengthening of information collection, diversification of procurement sources, maintenance of appropriate inventory levels, forward exchange contracts, etc.
4. Weather, natural disasters, infectious diseases, etc. (environmental and social risks in the supply chain)	<ul style="list-style-type: none"> • Products purchasing behavior of which are susceptible to weather conditions. • Unforeseen, large-scale natural disasters and infectious disease pandemics 	There is a risk that the Group's performance and financial position are negatively affected by a stagnation of supply chain (mainly production and logistics).	<ul style="list-style-type: none"> • Flexible production management based on the collection and analysis of weather information • Prompt establishment of a task force as well as a production and supply system in case of a natural disaster, infectious disease, etc.
5. Leakage of corporate and/or personal information	Information systems cover all of the business operations and handle classified data.	In the event of an unexpected information leakage due to, for example, an unauthorized access using an unforeseen technology, there is a risk that our performance and financial position are negatively affected as a result of incurrence of significant costs and the Group's reputation being damaged severely.	<ul style="list-style-type: none"> • Enhancement of the Group's preparedness through the establishment of Personal Information Handling Policy • In the unlikely event of information leakage, restore our reputation by immediately announcing the incident and taking specific measures.
6. Business expansion into overseas markets	As a global strategy, we expand our business into overseas markets through our subsidiaries in the United States, China, Southeast Asia, etc.	There is a risk that the Group's performance and financial position are negatively affected in case of unpredictable events such as a war, terrorism, political and social changes, changes in local regulatory and taxation frameworks, business practices, and sudden exchange rate fluctuations.	<ul style="list-style-type: none"> • Strengthening of business and risk management systems through information collection in host countries

Risk Items	Assumptions	Anticipated Risks	Response by the Morinaga Group
7. Corporate Social Responsibility	Compliance with laws and social norms	A regulatory violation or anti-social behavior will entail a risk of legal punishment, social sanctions, loss of trust, and damage to the reputation and brand.	<ul style="list-style-type: none"> • Strengthening of compliance with laws, rules, and regulations by establishing the Morinaga Group Code of Conduct • Management of compliance risks by the Compliance Committee

Respect for Human Rights



▼ Corporate Governance

▼ Compliance

▼ Risk Management

▼ Respect for Human Rights

Human Rights Policy

The Morinaga Group considers that respect for human rights is an important corporate social responsibility. Based on the Morinaga Group Human Rights Policy, each and every employee shall respect human rights, proceed with the creation of a workplace free from discriminations and harassments, and take human rights into consideration on a supply chain-wide basis.

Morinaga Group Human Rights Policy

As a member of the international community, the Morinaga Group respects fundamental human rights, undertaking sincere business activities that do not tolerate human rights violations.

1. Respect for human rights and prohibition of discrimination

We respect fundamental human rights, and will not discriminate in any way based on a person's race, gender, nationality, religion, ideology, age, or physical characteristics, or for any other reason.

2. Prohibition of harassment

We will not participate in power harassment, sexual harassment, or any other behavior whatsoever that injures human dignity.

3. Consideration for safety/hygiene

We will give consideration to safety and hygiene in the workplace, endeavoring to ensure a comfortable work environment, and respect employees' fundamental human rights.

4. Building and maintenance of good labor-management relations

We will respect the right to freedom of association and collective bargaining and other fundamental rights, building and maintaining good labor-management relations.

5. Elimination of child labor/forced labor

In our various business activities, we will not accept child labor, forced labor, or any other unfair labor practices.

(Established in May 2018)

Consideration for Employees' Human Rights

About Us

▶ Message from the President

▶ Corporate Principles

- > Our episode based on altruism
- > Code of Conduct Standards of Behavior

▶ Corporate Profile

▶ Introduction of Business Fields

▶ Business Office Guide

▶ Group Network

▶ Corporate Development and History

- > Meiji/Taisho Eras
- > Showa Era
- > Heisei Era

▶ Corporate Governance

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.

Such programs ranges from two types of anti-harassment trainings for executives (one are trainings provided by external lawyers targeting all executives of Morinaga, the other are those for Morinaga's all General Managers leading a division or department, heads of business offices, and executives of Group companies) to training session videos that can be accessed online by every employee of the Company.

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 2019: 3,733), 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?

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

Initiatives of Sustainable Raw Material Procurement

Basic Concept

The Morinaga Group intends to contribute to the realization of a sustainable society by formulating the Morinaga Group Procurement Policy, building equitable, fair, and transparent relationships with clients, and engaging socially and environmentally conscious procurement activities working together with the clients/business partners.

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.

(Established in May 2018)

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

Supply Chain Management System

In May 2018, in pursuit of sustainable procurement of raw materials, the Morinaga Group established its procurement policy under the leadership of Morinaga & Co., Ltd. Based on the policy, primary responsible divisions—the Procurement Division, the Marketing Headquarters, and the Sustainable Management Department—develop plans, set goals, and assess activities undertaken by the Group’s member companies.

[➤ GRI Standards Index](#)

[➤ CSR Report](#)

[➤ ESG Data](#)

Medium-term Goal Setting for Sustainable Raw Material Procurement

In October 2020, Morinaga & Co., Ltd. set new medium-term targets for procuring 100 percent of its cacao beans, palm oil, and paper (for product packaging) as sustainable raw-materials, in order to contribute to realizing a sustainable society through food.

[➤ Medium-term Goal for Sustainable Raw Material Procurement](#)

Medium-term Goal for Sustainable Raw Material Procurement



Morinaga & Co., Ltd. is making efforts to realize a sustainable society through food and resolve social issues through its business activities by pursuing initiatives such as choosing FSC®-certified paper when procuring raw materials, and biomass plastics and inks, and reducing its use of plastics.

The Company considers its key tasks as a food manufacturer to be delivery of safe, reliable products to customers and procurement of sustainable raw materials that are not harmful to the global environment or society.

Accordingly, it has now set medium-term targets for its products in Japan.

The Company will continue coordinating and collaborating with its stakeholders to pursue sustainable procurement throughout its supply chains.

> [Morinaga Group Procurement Policy](#)

Sustainable Raw Material Procurement: Medium-Term Targets¹

Cacao beans

Procure 100% of cacao beans from **sustainable sources** by FY 2025

Palm oil

Procure 100% of palm oil from **sustainable sources** by FY 2023

Paper

Procure 100% of paper (for product packaging) from **sustainable sources** by FY 2022

Plastics

Reduce plastic used for in Jelly packaging by **25%** by FY 2030.^{2,3}

Notes:

1. Targets are for Morinaga & Co., Ltd. products in Japan
2. Volume of plastic used in packaging material
3. In terms of intensity; compared to FY 2019; includes switch to biomass (plant-derived) plastics

Cacao beans

Cacao beans, a key raw material for chocolate, are associated with a range of social issues including poor working conditions for cacao farmers, poverty, child labor, and global warming due to deforestation. During FY 2020 (the fiscal year ending March 31, 2021), the Company started using certified cacao beans (Cocoa Horizons*-certified cacao supplied by the Barry Callebaut Group) in some of its chocolate products. These certified cacao beans contribute to resolving the social issues described, facilitating sustainable procurement. **The Company aims to switch 100 percent of the cacao beans used in its products in Japan to beans from sustainable sources by FY 2025 (the fiscal year ending on March 31, 2026).**

* Cocoa Horizons

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 Cocoa Horizons Foundation's certification standards, the Company can contribute to cacao farmer prosperity, reduced deforestation and CO₂ emissions, and the eradication of child labor.

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material Procurement



➤ CSR Report

➤ ESG Data

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 Company 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. **The Company aims to switch 100 percent of the palm oil used in its products in Japan to palm oil from sustainable sources by FY 2023 (the fiscal year ending on March 31, 2024).**

* 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. **The Company aims to switch 100% of the paper (for product packaging*³) used in its products in Japan to paper from sustainable sources by FY 2022 (the fiscal year ending on March 31, 2023).**

*¹ FSC[®] (Forest Stewardship Council[®]): An international NPO that works to ensure that forests are used appropriately and protected
<https://www.fsc.org/en>

*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.

*³ Paper (for product packaging) refers to container wrapping paper and packaging material.



**The mark of
responsible forestry**

Reference: Morinaga & Co., Ltd.'s initiatives to procure sustainable raw materials (during 2020)

- > [The Company starts using Cocoa Horizons-certified cacao \(news release posted on English-language website on September 8, 2020\)](#)
- > [The Company reduces plastic used for in Jelly packaging and starts using biomass ink \(news release posted on English-language website on February 17, 2020\)](#)

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 > Providing Value through Food Providing Products that Contribute to Healthy and Happy Lifestyle
	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 (Social)
	102-8	Information on employees and other workers	> ESG Data (Social)
	102-9	Supply chain	> Our Value Chain and Response to Social Issues
	102-10	Significant changes to the organization and its supply chain	

The Morinaga Group's Sustainability

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
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- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> > Initiatives of Sustainable Raw Material Procurement (Basic Concept) > Environmental Management (Basic Concept) > Corporate Governance > Compliance > Risk Management > Respect for Human Rights
	102-12	External initiatives	<ul style="list-style-type: none"> > Sustainable Management > Initiatives for Biodiversity
	102-13	Membership of associations	
	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> > Message from the President
	102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> > Message from the President > Our Value Chain and Response to Social Issues
	102-16	Values, principles, standards, and norms of behavior	<ul style="list-style-type: none"> > Corporate Principles > Sustainable Management (Basic CSR Policies) > Together with Customers (Commitment to Quality) > Initiatives of Sustainable Raw Material Procurement > Together with Children (Philosophy of Activities) > Environmental Management (Basic Concept)
	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)

[➤ GRI Standards Index](#)
[➤ CSR Report](#)
[➤ ESG Data](#)

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> > Sustainable Management (Sustainability Promotion Framework) > Together with Customers (Communication with Customers) > Initiatives of Sustainable Raw Material Procurement > Together with Employees (Diversity) > Together with Employees (Initiatives for Health Management) > Environmental Management (Environmental Management System) > Corporate Governance (Corporate Governance System) > Compliance (Promotion of Compliance)
	102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> > Sustainable Management (The Process for Reviewing Our CSR Basic Policy and CSR System) > Stakeholder Engagement > Together with Customers (Communication with Customers)
	102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> > Corporate Governance (Corporate Governance System)
	102-23	Chair of the highest governance body	
	102-24	Nominating and selecting the highest governance body	
	102-25	Conflicts of interest	<ul style="list-style-type: none"> > ESG Data (Governance)

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> > Sustainable Management (Sustainability Promotion Framework) > Together with Customers (Communication with Customers) > Initiatives of Sustainable Raw Material Procurement > Together with Employees (Diversity) > Together with Employees (Initiatives for Health Management) > Environmental Management (Environmental Management System) > Corporate Governance (Corporate Governance System) > Compliance (Promotion of Compliance)
	102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> > Sustainable Management (Measures to Embed into the Organization)
	102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> > Corporate Governance (Assessment of the Board's effectiveness)
	102-29	Identifying and managing economic, environmental, and social impacts	
	102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> > Corporate Governance (Internal Controls) > Risk Management

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> > Sustainable Management (Sustainability Promotion Framework) > Together with Customers (Communication with Customers) > Initiatives of Sustainable Raw Material Procurement > Together with Employees (Diversity) > Together with Employees (Initiatives for Health Management) > Environmental Management (Environmental Management System) > Corporate Governance (Corporate Governance System) > Compliance (Promotion of Compliance)
	102-32	Highest governance body's role in sustainability reporting	
	102-33	Communicating critical concerns	<ul style="list-style-type: none"> > Compliance (Promotion of Compliance)
	102-34	Nature and total number of critical concerns	
	102-35	Remuneration policies	<ul style="list-style-type: none"> > Corporate Governance (Basic Policy and Structure of Executive Remuneration System)
	102-36	Process for determining remuneration	<ul style="list-style-type: none"> > 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	

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	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	> Sustainable Management (The Process for Reviewing Our CSR Basic Policy and CSR System) > Stakeholder Engagement
	102-44	Key topics and concerns raised	
	102-45	Entities included in the consolidated financial statements	> Editorial Policy
	102-46	Defining report content and topic Boundaries	> Editorial Policy
	102-47	List of material topics	
	102-48	Restatements of information	
	102-49	Changes in reporting	
	102-50	Reporting period	> Editorial Policy
	102-51	Date of most recent report	> Editorial Policy
	102-52	Reporting cycle	
	102-53	Contact point for questions regarding the report	> Editorial Policy
	102-54	Claims of reporting in accordance with the GRI Standards	
	102-55	GRI content index	> GRI Standards Index
	102-56	External assurance	
Material topics			
103: Management Approach (2016)	103-1	Explanation of the material topic and its Boundary	
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> > Collaboration with Social Groups/Non-affiliate Companies/Organization (Collaboration with NPOs—Contribution to cacao producing countries) > Environmental Accounting
	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	> 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	

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	207-4	Country-by-country reporting	
301: Materials (2016)	301-1	Materials used by weight or volume	<ul style="list-style-type: none"> > Environmental Load Generated by Business Activities > 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	<ul style="list-style-type: none"> > Environmental Load Generated by Business Activities > ESG Data (Environment)
	302-2	Energy consumption outside of the organization	
	302-3	Energy intensity	> ESG Data (Environment)
	302-4	Reduction of energy consumption	<ul style="list-style-type: none"> > Realization of a Low-carbon Society (Initiatives for Energy Saving) > Examples of Energy-saving Initiatives
	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	<ul style="list-style-type: none"> > ESG Data (Environment) > Effective Use of Water Resources
	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	

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	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	<ul style="list-style-type: none"> > Environmental Load Generated by Business Activities > Realization of a Low-carbon Society (Initiatives to Reduce CO₂ Emissions) > ESG Data (Environment)
	305-2	Energy indirect (Scope 2) GHG emissions	> ESG Data (Environment)
	305-3	Other indirect (Scope 3) GHG emissions	> ESG Data (Environment)
	305-4	GHG emissions intensity	<ul style="list-style-type: none"> > Realization of a Low-carbon Society (Initiatives to Reduce CO₂ Emissions) > ESG Data (Environment)
	305-5	Reduction of GHG emissions	> Realization of a Low-carbon Society (Initiatives to Reduce CO ₂ Emissions)
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<ul style="list-style-type: none"> > Environmental Load Generated by Business Activities > ESG Data (Environment)
	306: Waste (2020)	306-1	Waste generation and significant waste-related impacts
306-2		Management of significant waste-related impacts	> Creating a Circular Economy
306-3		Waste generated	<ul style="list-style-type: none"> > Environmental Load Generated by Business Activities > Creating a Circular Economy > ESG Data (Environment)

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	306-4	Waste diverted from disposal	<ul style="list-style-type: none"> > Environmental Load Generated by Business Activities > ESG Data (Environment)
	306-5	Waste directed to disposal	<ul style="list-style-type: none"> > Environmental Load Generated by Business Activities > ESG Data (Environment)
307: Environmental Compliance (2016)	307-1	Non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> > 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	<ul style="list-style-type: none"> > ESG Data (Social)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> > Together with Employees (Diversity)
	401-3	Parental leave	<ul style="list-style-type: none"> > Together with Employees (Diversity) > ESG Data (Social)
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	<ul style="list-style-type: none"> > Together with Employees (Initiatives for Health 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	<ul style="list-style-type: none"> > Together with Employees (Initiatives for Health Management)
	403-5	Worker training on occupational health and safety	<ul style="list-style-type: none"> > Together with Employees (Initiatives for Health Management)
	403-6	Promotion of worker health	<ul style="list-style-type: none"> > Together with Employees (Initiatives for Health Management)

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	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"> > Together with Employees (Initiatives for Health Management) > ESG Data (Social)
	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	> Together with Employees (Diversity)
	405-2	Ratio of basic salary and remuneration of women to men	
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	> Respect for Human Rights
408: Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	<ul style="list-style-type: none"> > Collaboration with Social Groups/Non-affiliate Companies/Organization (Collaboration with NPOs—Contribution to cacao producing countries) > Initiatives of Sustainable Raw Material Procurement > Respect for Human Rights

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
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"> > Collaboration with Social Groups/Non-affiliate Companies/Organization (Collaboration with NPOs—Contribution to cacao producing countries) > Initiatives of Sustainable Raw Material Procurement > Respect for Human Rights
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	> Respect for Human Rights
	412-2	Employee training on human rights policies or procedures	> Respect for Human Rights
	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	<ul style="list-style-type: none"> > Collaboration with Social Groups/Non-affiliate Companies/Organization (Collaboration with NPOs—Contribution to cacao producing countries) > Together with Children
	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	
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	> Together with Customers (Commitment to Quality)

GRI Standards	Disclosures		Medium of publication
GRI 101: Foundation 2016			
General Disclosures			
	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	> Together with Customers (Commitment to Quality)
	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	

CSR Report



CSR Report

The Morinaga Group's Sustainability

Editorial Policy



The Morinaga Group has issued "Morinaga CSR Report" in booklet and PDF formats since FY2015/3 to help stakeholders better understand its attitude towards, and initiatives on, corporate social responsibility (CSR) that should be fulfilled by the Group based on its vision and mission statement.

The FY2021/3 version is designed to cover a wider range of CSR information than ever before. We are committed to promoting our CSR activities, while using this Report as a way to help our stakeholders better understand what we do for CSR and build a deeper and more trustful relationship with them.

> [For our latest CSR information, please visit our corporate website at:](#)

Scope of reporting

This report is mainly relevant to Morinaga & Co., Ltd. However, the environmental data of the ESG data section shows the aggregate results of the Morinaga Group, including four factories of Morinaga & Co., Ltd and five affiliated production companies, as well as the results of overseas production bases.

- Four factories of Morinaga & Co. Ltd.: Tsurumi Factory, Oyama Factory, Mishima Factory, and Chukyo Factory
- Affiliated production companies: Takasaki Morinaga Co., Ltd., Morinaga Angel Dessert Co., Ltd., Morinaga Dessert Co., Ltd., Morinaga Snack Foods Co., Ltd., and Morinaga Kofu Foods Co., Ltd.
- Overseas production bases: Taiwan Morinaga Co. Ltd., Morinaga Food (Zhejiang) Co., Ltd., and Morinaga America Foods, Inc.

Period covered by the Report

April 1, 2019 through March 31, 2020

- * The Report includes certain initiatives before FY2020/3 and activities after April 2020.
- * The ESG data of the overseas production bases covers the period from January 1, 2019 to December 31, 2019.

Month of issuance

Japanese version: September 2020 (previous issue: October 2019)

Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

Reference guidelines

- “Environmental Reporting Guidelines 2018” issued by the Ministry of the Environment
- ISO 26000 (Guidance on Social Responsibility)
- GRI Standards

[GRI Standards Index](#)
[CSR Report](#)
[ESG Data](#)

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Morinaga & Co., Ltd.
Tel: +81-(0)3-3456-0143/Fax: +81-(0)3-3769-6129

Evaluation by external bodies

-The Certified Health and Productivity Management Organization 2020 (White 500)

Morinaga & Co., Ltd. has been selected as the Certified Health and Productivity Management Organization 2020 in the White 500 category for three consecutive years and ranked within the top 10% of the food industry under a program jointly administered by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

- MSCI Japan Empowering Women Index (WIN)

Morinaga & Co., Ltd. has been selected as a constituent of the MSCI Japan Empowering Women Index as a company with excellent gender diversity.

- CDP Climate Change 2019

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



2020 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)



CSR Report 2020 (Download)


[Download the Full Report](#)


P1-2 [> Mission/Contents](#)

P3-6 [> Message from the President](#)

P7-8 [> Morinaga Group's Founding Spirit and 120 Years of History](#)

P9-10 [> Our Value Chain and Response to Social Issues](#)

P11-12 > [Providing Value through Food](#)
[Providing Products that Contribute to Healthy and Happy Lifestyle](#) 

P13-20 > [CSR Management](#) 

P21-26 > [Together with Customers](#) 

P27-28 > [Together with Clients/Business Partners](#) 

P29-36 > [Together with Employees](#) 

P37-40 > [Together with Children](#) 

P41-48 > [Environmental Initiatives](#) 

P49-54 > [Governance](#) 

P55-58 > [ESG Data](#) 

P59-60 > [Network of the Morinaga Group/Corporate Profile/Editing Policy](#) 

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.

For concrete examples of initiatives, please refer to CSR Information items.

> [ESG Data Book](#)

> [FY2020 Third Party Independent Assurance Statement : GHG Emissions\(Scope1,2\) & Water Consumption](#)

The Morinaga Group's Sustainability

➤ Sustainable Management

- > Sustainable Management
- > Stakeholder Engagement
- > Sustainability Policies & Guidelines

➤ Environmental Initiatives

- > Environmental Management
- > Environmental Load Generated by Business Activities
- > Realization of a Low-Carbon Society
- > Creating a Circular Economy
- > Environmentally-friendly Packaging Materials
- > Initiatives to Resolve Environmental Pollutants
- > Initiatives for Biodiversity
- > Effective Use of Water Resources
- > Environmental Accounting

➤ Social Contributions

- > Together with Customers
- > Together with Children
- > Collaboration with Social Groups/Non-affiliate Companies/Organizations
- > Together with Employees

➤ Governance

- > Corporate Governance
- > Compliance
- > Risk Management
- > Respect for Human Rights

➤ Initiatives of Sustainable Raw Material Procurement

- > Medium-term Goal for Sustainable Raw Material

[▶ GRI Standards Index](#)

[▶ CSR Report](#)

[▶ ESG Data](#)

Recommended Information



Medium-term Goal for Sustainable Raw Material Procurement

The Company considers its key tasks as a food manufacturer to be delivery of safe, reliable products to customers and procurement of sustainable raw materials that are not harmful to the global environment or society.



Morinaga Group's Founding Spirit and 120 Years of History

"I wish to provide delicious, highly nutritious Western confectionaries to the people of Japan." Morinaga & Co., Ltd. was launched with this strong desire as expressed by Taichiro Morinaga, the company's founder.



Our Value Chain and Response to Social Issues

The Morinaga Group is aware of various social issues that it faces at every stage of its value chain (planning and development, procurement, production, distribution and sales, and consumption/disposal) and is promoting measures to resolve them.



Providing Products that Contribute to Healthy and Happy Lifestyle

Society as a whole is becoming increasingly health-conscious and there is a growing need to take proper nutrients in an easy and functional way. The Morinaga Group has been working on the development of wellness products that can help people lead a healthy and happy life.