

Governance

Messages from Outside Directors	66
Corporate Governance	68
Compliance and Risk Management	74
Executive Management Team	76

Messages from Outside Directors



Shuichi Hoshi

Outside Director

Naomi Eto

Outside Director

Kuniko Urano

Outside Director

Shinji Sakaki

Outside Director

Naomi Eto

Outside Director

This year, the final year of the 2021 Medium-Term Business Plan, I would like to encourage discussions on business portfolio transformation as one of the basic policies for realizing the 2030 Vision, especially the ideal state of our business portfolio to enhance corporate value in 2030 and beyond.

Regardless of further globalization in the future, Japan's population decline is a concern for the Group's sustainable growth, especially given our focus on the domestic business-to-consumer business. On the other hand, as Morinaga aims to become a wellness company, new seeds of growth can be expected in response to the need to maintain and improve health related to Japan's aging population. I will support new challenges from an unparalleled standpoint to see how the Group can create new growth businesses and contribute to solve social issues based on the Group's technical prowess and the trust of customers cultivated over its long history.

The diversity of human resources is also a driving force for major transformation. In "promoting diversity," which is stated in the Company's basic policy, my role is to encourage the appointment of diverse human resources, including women, to decision-making positions.

Shuichi Hoshi

Outside Director

The governance and monitoring of the Board of Directors has become even more important for the Group, which is working toward its 2030 Vision to "change into a wellness company" by flexibly responding to changes in the operating environment and continuously growing together with all employees.

Outside directors are fully briefed on agenda items for meetings of the Board of Directors in advance, and a system is in place to deepen their understanding of the industry and the internal situation. This includes participating in management strategy meetings and conducting factory tours. Meetings to exchange opinions with outside directors and statutory auditors are held on a regular basis to help outside directors express their opinions appropriately.

As an outside director, I will monitor the progress of projects in the overseas business and DX promotion, which are priority challenges in the 2021 Medium-Term Business Plan, and confirm the path toward the targets. In terms of human resources development, I will promote the progress of development plans and succession plans through the Officer Appointment and Remuneration Committee. Furthermore, I will monitor sustainability activities led by the ESG Committee to ensure that the Company responds appropriately to the diverse requests of stakeholders and advances information disclosure.

Kuniko Urano

Outside Director

Over the past year, changes in the operating environment surrounding the Group, symbolized by soaring raw materials prices and exchange rate volatility, have been greater than expected. Yet, sound growth achieved through the efforts of all employees is proof that the Company's ability to respond to changes has steadily improved. Moreover, the Company has shared some direction for the Group's future growth, including a focus on the U.S. business where the Company is growing its presence by maximizing the strengths of its products, as clearly set forth in the 2030 Vision of change into a wellness company. The core pillars are clear, and I believe that it is especially important to make full use of the Group's strengths, especially in the development and placement of human resources and in making timely investments.

I believe there are two fundamental aspects of decision-making and execution. First is frankly discussing risks and opportunities at Board meetings, and second is sharing competitive strengths with everyone. To that end, it is our responsibility as outside directors to support the Company so that it can continue to boldly take on difficult challenges by incorporating perspectives from different industries and experiences. I will make every effort to contribute to the Group's development over the medium to long term.

Shinji Sakaki

Outside Director

In FY2022, the Company had to manage an extremely difficult situation due to multiple factors, such as the rising costs of raw materials procurement and the sharp rise in energy costs triggered by Russia's invasion of Ukraine, along with the yen's depreciation.

The Group has fostered a culture in which all internal and outside directors share and discuss issues related to each business and management issue. Execution-side measures are implemented flexibly and speedily, and progress is being made with the shift to priority areas toward becoming a wellness company and the expansion of the overseas business sales ratio.

However, to realize the 2030 Vision of "change into a wellness company," there are still many business challenges to be cleared, and the Company needs to fulfill its social mission at a high level, such as ESG and sustainability. To improve the sustainable growth curve as much as possible, I would like to support the Company by making use of my experience in management, always thinking ahead without getting too caught up in the past.

Corporate Governance

For more detailed information, refer to our website for Corporate Governance and our Corporate Governance Report.
<https://www.morinaga.co.jp/company/english/about/governance.html>

Corporate Governance Basic Policy

The Morinaga Group will strengthen its corporate governance with the aim of maximizing corporate value and achieving enduring corporate growth based on the basic policies of improving the soundness 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 and promoting appropriate collaboration in accordance with our

corporate philosophy and the code of conduct in an effort to achieve co-existence with society and sustainable growth.

2. Management Monitoring Functions

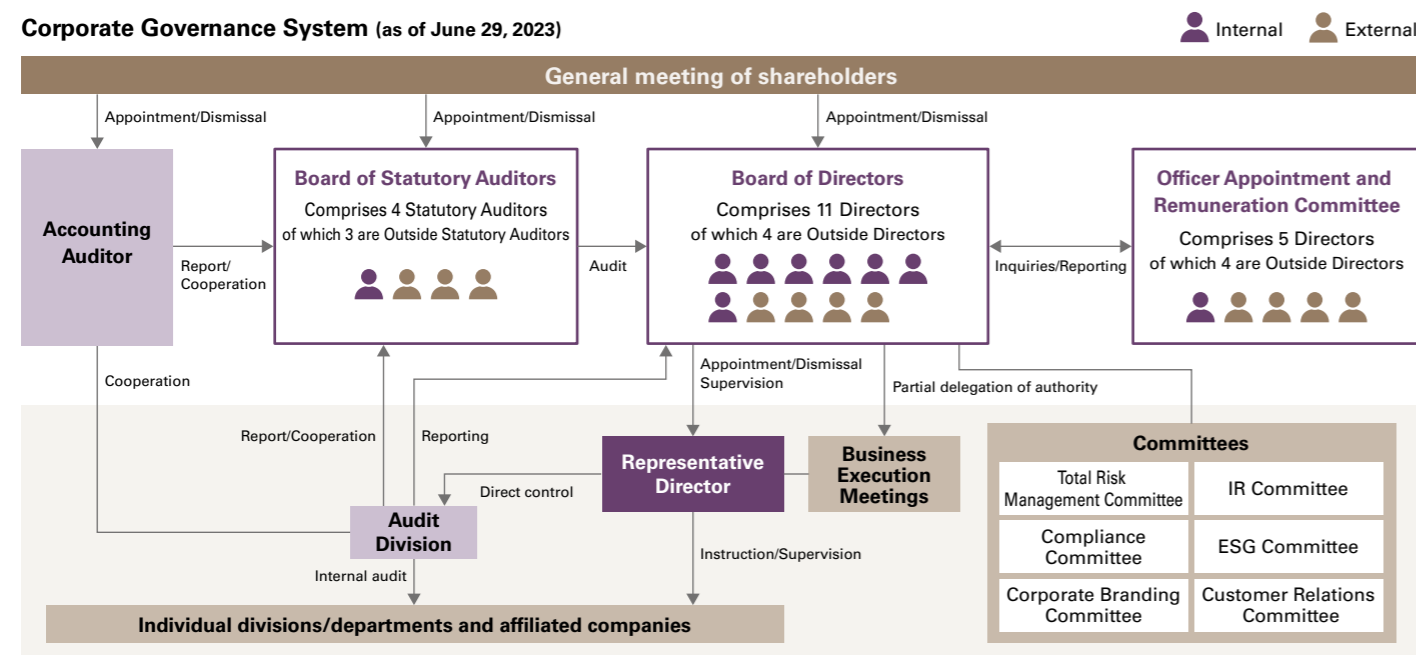
We are working to build an effective internal control system by strengthening the management monitoring functions of the Board of Directors, appointing Outside Directors and Outside Statutory Auditors, requiring attendance by Standing Statutory Auditors at important meetings, and placing the Audit Division under the direct control of the President.

3. Consistent Approach throughout the Group

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

Corporate Governance System and Features

Corporate Governance System (as of June 29, 2023)



POINT 1 Strengthening the management supervision function of the Board of Directors

The Board of Directors deliberates and makes resolutions on management plans and other important management matters and supervises business execution. It also delegates authority for less important business execution functions other than matters resolved by the Board of Directors to modestly separate management supervision functions from business execution functions.

In addition, the Board of Directors evaluates the contribution and performance of management through confirmation of the progress of the medium- to long-term business plans and strengthens the management supervision function.

POINT 2 Effectiveness of Board of Directors' deliberations and independence and diversity of its composition

To ensure the effectiveness and efficiency of deliberations at the Board of Directors, sufficient prior discussions are made at the Officer Appointment and Remuneration Committee and various other committees (see diagram above).

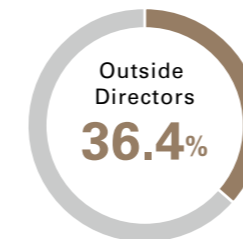
In addition, in consideration of the independence and diversity of the composition of the Board of Directors, four of the 11 directors, or more than one-third, are Outside Directors. The Board of Directors also comprises eight men and three women.

POINT 3 Enhancing the alignment of internal audits, corporate audits, and accounting audits

The Standing Statutory Auditors hold regular meetings with the Representative Director. They also attend meetings of the Board of Directors and other important gatherings to audit the Directors' performance of duties. Among cases delegated from the Board of Directors to business execution departments, the Standing Statutory Auditors perform audits on the approval application for important cases. Statutory Auditors conduct regular meetings with the accounting auditor and the Standing Statutory Auditors with the General Manager of the Audit Division, as well as meetings as needed to exchange opinions and perform accounting and business audits using close collaboration.

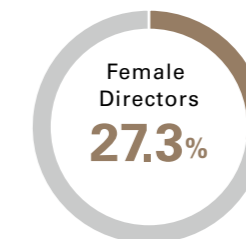
Furthermore, the Audit Division strives to improve the effectiveness of internal audits by reporting directly not only to the Representative Director, President but also to the Board of Directors and the Board of Statutory Auditors as appropriate.

Independence and Diversity of the Board of Directors



Ratio of Outside Directors

4 out of 11



Ratio of Female Directors

3 out of 11



Officer Appointment Policy

The Company has established the Officer Appointment Policy and Appointment Procedures to appoint as officers human resources who can sufficiently contribute to the creation of value for the Company.

An overview of the appointment policy for officers is presented below.

- The Company's Directors and Statutory Auditors shall be selected from among personnel with expertise and experience in the various fields necessary to realize the purpose and vision of the Morinaga Group, taking into consideration diversity in terms of nationality, gender, age, and other factors.
- Executive Directors and Operating Officers shall be selected from among personnel who meet the Morinaga Group Management Personnel Requirements (those who possess basic qualities, personal qualities, leadership capability, a challenging spirit, foresight and conceptual ability, execution ability, and the ability to utilize new technologies and fields) and who can contribute to the sustainable growth of the Morinaga Group.

- Outside Directors shall be selected from among persons who meet the Company's independence standards as separately determined and who can be expected to express appropriate opinions and raise issues from an independent and objective standpoint with respect to the Group's management issues and other key concerns.
- Statutory Auditors shall be selected from among persons who can be expected to conduct accurate audits of the legality and appropriateness of business execution from an objective and neutral perspective by utilizing their knowledge and experience. At least one of the Statutory Auditors shall be selected from among persons with sufficient knowledge of finance and accounting, and Outside Statutory Auditors shall be selected from among persons who meet the Company's independence standards.

Independence Standards

The Board of Directors formulated the Morinaga & Co., Ltd. Independence Standards for officers and appointed independent outside officers who meet the standards to ensure the independence

of officers while also considering the independence standards set by financial instruments exchanges.

Morinaga & Co., Ltd. Independence Standards

The Company determines that Outside Directors, Outside Statutory Auditors, and candidates for these positions satisfy the requirements of independence if they do not fall under any of the following items.

- A party whose major client or supplier is the Morinaga Group or an executive thereof; specifically a party or the corporation to which the party belongs for which sales in the most recent fiscal year to the Morinaga Group accounted for 2% or more of its annual consolidated sales.
- A major client or supplier of the Morinaga Group or an executive thereof; specifically a party or the corporation to which the party belongs for which sales in the most recent fiscal year from the Morinaga Group accounted for 2% or more of the Company's annual consolidated sales.
- A consultant, accounting professional, or legal professional who receives a large amount of money or other assets from the Company

- in addition to their remuneration as Director or Officer, or a member of a corporation, organization or other entity that receives such assets. A large amount of assets is defined as 2% of the annual consolidated sales of the corporation or 10 million yen or more, whichever is higher, in the most recent fiscal year.
- A party that has fallen under any of Items 1 through 3 above in the past year.
- A party that has been an Operating Officer of the Company or its subsidiaries at the time of their appointment or any time within 10 years prior to their appointment.
- A relative up to the second degree of kinship of a party described in any of Items 1 through 5 above.
- A party who does not satisfy the Standards for Independence set forth by the Tokyo Stock Exchange, or any other person who might have a conflict of interest with the Company's shareholders.
- A person whose total term of office has been more than eight years.

Directors' and Statutory Auditors' Specialties and Experience (Skills Matrix)

To realize the Group's Purpose, Vision, 2030 Business Plan, and Medium-Term Business Plan, the Company selects candidates for Director and Statutory Auditor with a good balance in terms of deep knowledge and experience (corporate management and corporate strategy, marketing, sales, research, production, and logistics) and specialized skills (finance, accounting, human resources, labor affairs, legal affairs, compliance, and risk management).

In addition, as the Company is expanding its business globally and further increasing the ratio of overseas sales is one of the pillars of its business plan, the Company has set "global" as a necessary skill and "ESG and sustainability" as a skill necessary to address our future medium- to long-term management issues and issues demanded by society.

Directors' and Statutory Auditors' Specialties and Experience (Skills Matrix)

Name	Position	Specialty and Experience							
		Corporate management Corporate strategy	ESG Sustainability	Finance Accounting	Human resources Labor affairs	Legal affairs Compliance Risk management	Marketing Sales	Global	Research Production Logistics
Eijiro Ota	Representative Director, President	●	●		●	●	●	●	●
Machiko Miyai	Director, Managing Executive Officer	●	●				●		●
Shinya Mori	Director, Managing Executive Officer	●					●		●
Daisuke Fujii	Director, Managing Executive Officer	●	●		●	●			
Takashi Hirakue	Director, Senior Executive Officer	●	●		●	●	●		●
Hideki Matsunaga	Director, Senior Executive Officer	●					●		
Tetsuya Takagi	Director, Senior Executive Officer	●		●	●	●		●	
Naomi Eto	Director	●	●			●			
Shuichi Hoshi	Director	●					●	●	
Kuniko Urano	Director	●	●		●				●
Shinji Sakaki	Director	●	●			●	●	●	
Toshiaki Fukunaga	Statutory Auditor	●						●	●
Takehiko Sasamori	Statutory Auditor	●	●	●	●	●		●	
Koichi Sakaguchi	Statutory Auditor				●	●			
Sawako Ueno	Statutory Auditor			●		●		●	

Note: The ● symbol is included in the relevant items if the officer possesses specialized knowledge and experience, such as having background as a business manager in each field.

Board of Directors Activity Status

The Board of Directors meets, in principle, once a month and as needed.

In FY2022, Board of Directors meetings were held 15 times, with a total deliberation time of approximately 2,000 minutes. The main deliberation themes in FY2022 can be found in the table on the next page.

In FY2022, the Company established items for discussion as targets for deliberation at meetings of the Board of Directors as an initiative to strengthen the monitoring function of the Board of Directors. The Company shares information and holds discussions on important management issues, such as the progress of business plans, the progress of measures related to the focused domains/basic domains, and the status of new business development initiatives.

Main Deliberation Themes in FY2022

	Management Strategy and Sustainability	Governance	Compliance Risk Management	Finance and Investment
Themes	<ul style="list-style-type: none"> Progress of business plans Progress of the focused domains ("in-" and Frozen Desserts) and the basic domains (Confectionery and Foodstuffs) Status of the U.S. Business Initiative to switch to smart factories Activity status of committees including the ESG Committee 	<ul style="list-style-type: none"> Evaluation of the effectiveness of the Board of Directors Status of cross-shareholdings Officer personnel changes and remuneration Group governance 	<ul style="list-style-type: none"> Countermeasures against unauthorized access and the information management system Operating status of the internal control system Compliance Committee report, Total Risk Management Committee report 	<ul style="list-style-type: none"> Financial measures (fundraising, investments, and shareholder returns) Status of IT system renewal

To further enhance the deliberations, prior to the meeting of the Board of Directors, the Director in charge of the Corporate Strategy Division provides Outside Directors with explanations of the content

of the agenda as appropriate and in advance. For part-time Statutory Auditors, the full-time Statutory Auditor provides preliminary explanations on the content of agenda items for each meeting.

Initiatives to Increase the Effectiveness of the Board of Directors

To further strengthen corporate governance, the Board of Directors conducts a self-evaluation of its effectiveness, analyzes the results, and continuously strives for improvement.

As a result of the evaluation of the effectiveness of the Board of Directors in FY2022, the Company confirmed that the effectiveness of the Board of Directors is continuously ensured and that it is functioning effectively. The details are as follows.

Method of Analysis and Evaluation



Evaluation Results and Initiatives to Increase Effectiveness

Issues addressed in FY2022	1 Further expansion of discussions to step up risk management	2 Strengthening of the function of the Board of Directors as a monitoring board
Details of initiatives implemented in FY2022 to address issues	<ol style="list-style-type: none"> Comprehensive understanding of risks throughout the Morinaga Group (comprehensive understanding and listing by utilizing the Total Risk Map and Risk Intelligence Map) Risk assessment (the importance of risk is evaluated on a three-point scale based on the degree of impact and frequency of occurrence) Consideration of ways to manage each risk Establishment of a management system that can increase effectiveness through the PDCA cycle 	<ol style="list-style-type: none"> Among the individual decision-making matters previously resolved by the Board of Directors, those of less importance are delegated to other meeting bodies, and part of the authority of Directors as officers in charge is delegated to senior executive officers who do not concurrently serve as Directors. As a result, it is now possible for the Board of Directors to devote sufficient time to evaluating management through confirmation of the progress of business plans and discussing medium- to long-term issues. Regarding the 2030 Business Plan and the 2021 Medium-Term Business Plan, the Board of Directors confirmed, evaluated, and reviewed the progress for each overall and strategic outline, and discussed issues.
Effectiveness evaluation results for FY2022	<ul style="list-style-type: none"> Risk management efforts have been enhanced, and the Company has been able to make certain improvements and evolve. In the future, the Group risk management system, including Group companies, is expected to be further strengthened and enhanced. 	<ul style="list-style-type: none"> Regarding the strengthening of the functions of the Board of Directors as a monitoring board, the Company was able to strengthen these functions to a certain extent through initiatives such as the establishment of new items for discussion. In the future, further discussions on medium- to long-term business issues, including sustainability, are expected to be enhanced.
Issues to be addressed in FY2023	<ol style="list-style-type: none"> Deepening discussions and initiatives on risk management including Group companies 	<ol style="list-style-type: none"> Further enhance discussions on medium- to long-term business issues such as sustainability and medium-term business plans

Composition of the Officer Appointment and Remuneration Advisory Committee (Nomination Committee and Remuneration Committee) and Status of Activities

The Company established the Officer Appointment and Remuneration Committee (renamed the Officer Appointment and Remuneration Advisory Committee on March 23, 2023) as a voluntary committee to review the nomination and remuneration of Directors. The Officer Appointment and Remuneration Advisory Committee is composed of all Outside Directors and the Representative Director, President, and the chairperson is elected from among Outside Directors who are members of the committee, thereby ensuring the independence of the committee.

The Officer Appointment and Remuneration Advisory Committee aims to strengthen corporate governance and improve transparency and objectivity. The Committee deliberates on the appointment (selection) and dismissal of Directors, Statutory Auditors, and Operating Officers at the senior level and above, as well as their rewards and punishments, and on succession planning for Directors and Operating Officers, including the Representative Director, President, based on advice from the Board of Directors, and reports to the Board of Directors.

In addition, the Committee, under the delegation of the Board of Directors, deliberates and decides on draft proposals prepared by the Representative Director, President regarding the evaluation of Directors and Operating Officers at the senior level and above and the amount of remuneration, etc., for individual Directors, and reports on its decision-making process to the Board of Directors.

Officer Appointment and Remuneration Advisory Committee

Name	Position	Role
Shuichi Hoshi	Outside Director	Chairperson
Eijiro Ota	Representative Director, President	Committee member
Naomi Eto	Outside Director	Committee member
Kuniko Urano	Outside Director	Committee member
Shinji Sakaki	Outside Director	Committee member

In FY2022, the Officer Appointment and Remuneration Advisory Committee met three times. The main details of the deliberations are as follows.

Meeting	Date	Details of deliberations	Key Points
First meeting	May 2022	Details of deliberations	<ul style="list-style-type: none"> Deliberation on candidates for substitute Statutory Auditor for FY2022 Deliberation on the amount of remuneration for individual Directors and Senior Executive Officers for FY2022 Deliberation on concurrent postings of officers
Second meeting	January 2023	Details of deliberations	<ul style="list-style-type: none"> Deliberation on candidates for Director for FY2023 Review of succession plan for the Representative Director, President Deliberation on candidates for Statutory Auditors for FY2023 Deliberation on promotion of Director, Managing Executive Officer for FY2023
Third meeting	February 2023	Details of deliberations	<ul style="list-style-type: none"> Deliberation on promotion of Director, Managing Executive Officer for FY2023 Review of specialization, career experience, and diversity required of successors for Outside Directors Deliberation on policies related to the selection and remuneration of officers and revisions of regulations

Basic Policy of Executive Remuneration and Determination Process

At the meeting of the Board of Directors held on February 10, 2021, the Company resolved the policy on determination of remuneration for individual Directors, and subsequently made partial amendments to the policy at the meeting of the Board of Directors held on March 23, 2023.

1. Executive Remuneration Basic Policy

The Company's basic policy regarding the executive remuneration system is as follows.

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

2. Details of Executive Remuneration System

(1) Structure and Payment Timing of Monetary Remuneration to Directors

- Executive Directors
 - Basic compensation, consisting of two types of remuneration: fixed remuneration (equivalent to 70%) and performance-linked remuneration (equivalent to 30%), and a fixed amount is paid

monthly in cash, 10% of the basic compensation amount is paid as stock compensation (non-monetary remuneration).
 (b) Executive bonuses: Paid in a lump sum in cash in July following the resolution by the General Meeting of Shareholders.
 (c) Stock compensation (non-monetary remuneration): Paid to Executive Directors upon their retirement (excluding non-residents in Japan). Details are provided in "(5) Content of Non-monetary Remuneration."

- Outside Directors and Statutory Auditors
In light of their role, basic compensation is fixed remuneration only, and a fixed amount is paid in cash on a monthly basis.

(2) Policy on Determination of Basic Compensation

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

(3) Policy on Determination of Executive Bonuses

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

(4) Matters Concerning Performance-Linked Remuneration

The performance indicators for performance-linked remuneration for the Representative Director, President are "the Group's consolidated

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

(5) Content of Non-Monetary Remuneration

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

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

3. Policy on Determination of Remuneration for Individual Directors

(1) Amount of Remuneration for Individual Directors

- The level of basic compensation is verified by the Officer Appointment and Remuneration Advisory Committee based on

the Company's business performance with reference to the remuneration levels of companies in the same industry or of the same size as the Morinaga Group.

- With respect to the amount of remuneration for individual Directors, the Officer Appointment and Remuneration Advisory Committee deliberates and determines draft proposals on the amount of compensation for individual Directors, including performance evaluations prepared by the Representative Director, President, and reports on its decision-making process to the Board of Directors.

(2) Executive Bonuses

- In consultation with the Board of Directors, the Officer Appointment and Remuneration Advisory Committee deliberates on whether it is appropriate to propose the payment of bonuses to Directors and Statutory Auditors to the Annual General Meeting of Shareholders, and when determining it to be appropriate, reports to the Board of Directors together with the proposed payment amount, and the Board of Directors approves.
- The total amount will be paid upon resolution of the General Meeting of Shareholders.

Total Amount of Remuneration for Directors and Statutory Auditors in FY2022

Category	Total Amount of Remuneration (Million yen)	Total Amount by Type of Remuneration (Million yen)			Number of Persons
		Fixed Remuneration	Performance-Based Remuneration	Non-Monetary Remuneration Compensation based on the Board Incentive Plan (BIP) (performance-linked)	
Directors (Outside Directors)	251 (39)	169 (39)	55 (-)	25 (-)	13 (5)
Statutory Auditors (Outside Statutory Auditors)	56 (34)	56 (34)	- (-)	- (-)	5 (3)

Main Committee Activity Status

Name of Committee	Chairperson	Main Agenda
Total Risk Management Committee	Representative Director, President	1) Build and promote a company-wide risk management system 2) Build and promote a total risk management system
Compliance Committee	Representative Director, President	1) Build and promote compliance management and deliberate and implement the relevant initiatives 2) Establish and promote compliance action plans
ESG Committee	Representative Director, President	1) Deliberate on policies, targets, actions, and KPIs related to sustainable management 2) Follow up on action and KPI progress 3) Share, propose, and deliberate on the establishment of subcommittees and agendas 4) Deliberate on the publication of integrated reports
IR Committee	Representative Director, President	1) Timely and appropriate information disclosure 2) Communication approach with shareholders 3) Measures for improvement of shareholder value

Cross-Shareholdings

At the Board of Directors, the Company quantitatively evaluates once every year whether the dividend level and trading profit of each of the stocks held for purposes other than pure investment, so-called cross-holdings, are commensurate with the cost of capital, and assesses whether such holdings are rational, by taking into account the qualitative evaluations. These evaluations include the purposes of holdings and the medium- to long-term prospect of trading relationships with the companies in which the Company holds such shares.

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

FY2022, the Company sold all its shares of two stocks and some of its shares in one stock. As a result, the ratio of cross-shareholdings (market value) to consolidated net assets stood at 8%.

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

Compliance and Risk Management

Compliance

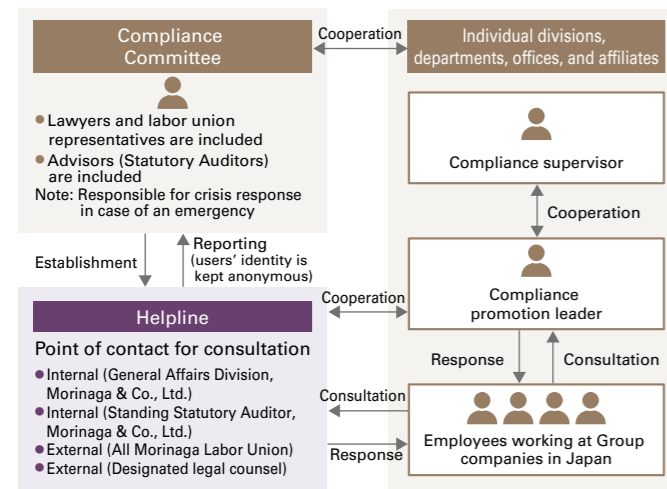
Basic Philosophy

Based on the recognition that compliance is a priority issue for all business activities, we have formulated the Morinaga Group Code of Conduct and Standards of Behavior, under which the Group is promoting compliance initiatives.

Compliance System

In addition to formulating the Compliance Regulations, the Group has established the Compliance Committee, chaired by the Representative Director, President, to build and promote compliance management. The Group takes strict measures in the event of a compliance violation, including disciplinary action and punishment, based on internal regulations.

Morinaga Group Compliance Management System



Efforts in FY2022

With the aim of embedding a compliance culture into the organization, we display the Morinaga Group Code of Conduct and Standards of Behavior on panels in each office and distribute booklets to raise awareness among all employees. In FY2022, we conducted various compliance training at the headquarters and individual offices in addition to training by job class, including that for new recruits. We

also conducted the annual compliance questionnaire for all employees working at domestic Group companies. This questionnaire helps us to identify the Group's level of compliance as well as plan and execute measures to remedy issues. The results of these efforts by the Compliance Committee are reported to the Board of Directors in a timely manner.

Actual Compliance Training Sessions (FY2022)

Name of Training	Targets	Number of Participants (running total)
Training by job class	Numbers of applicable employees from each year and position applicable	237
Training by workplace	Employees of Morinaga and Group companies	850
Officer training	Directors and statutory auditors (at least once annually)	13

In addition, we provide training videos and compliance information on our company-wide intranet in an effort to increase awareness of compliance.

Operation of the Whistleblower System

We established a helpline as a point of contact to report compliance violations and review consultations regarding compliance. We have set up four contact points, both internal (General Affairs Division and Standing Statutory Auditor) and external (labor union and law firm), to handle not only compliance violations that affect the whistleblower but also violations witnessed by others or potential violations with ambiguity. We have appointed both male and female lawyers for this hotline, widening the options for those seeking consultation. In FY2022, there were 29 consultations received by the helpline Group-wide. In June 2022, we established the Whistleblower Regulations, carving out and expanding upon provisions previously found in the Compliance Regulations. In addition to adding a Standing Statutory Auditor to the consultation points, the helpline has been made available to officers and former employees (including temporary employees) within one year of leaving the Company. In this manner, we will further strive to detect and correct violations of laws and regulations at an early stage.

business activities and takes appropriate measures against those risks.

Risk Management

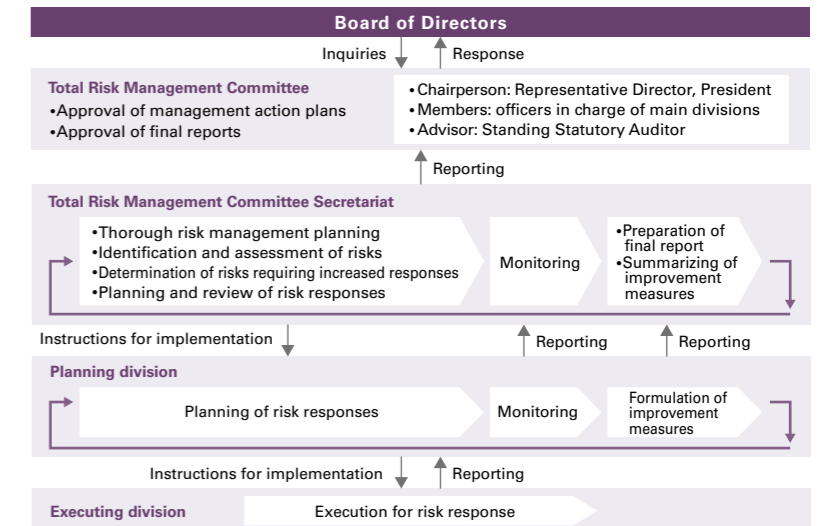
Basic Philosophy

The Morinaga Group conducts Total Risk Management by identifying not only apparent risks but also risks that potentially exist in its

Risk Management System and Risk Identification

Based on the Total Risk Management Regulations, the Group identifies assumed risks, evaluates the impact and frequency of risks, creates a Total Risk Map, and determines the priority of risk responses. We implement the PDCA cycle in which the divisions that plan and execute risk countermeasures are clarified, and the planning divisions formulate risk countermeasures, monitor the status of implementation, create improvement measures, and report to the Total Risk Management Committee. In addition, to ensure business continuity in the event of a disaster, we conduct regular revisions of the business continuity management (BCM) of mainstay products to ensure smooth operation of such management. The Total Risk Management Committee reports the results of these initiatives and other information to the Board of Directors.

Total Risk Management System



Main Risks Facing the Group and Responses

Important Risks from a Short- to Medium-Term Perspective

Risk Item	Assumed Risk	Response by the Morinaga Group
Food safety	• Cost burden and damage to social credibility due to a large-scale recall attributed to unforeseen quality accidents or product liability compensation	• Formulation of the Quality Policy and Quality Assurance Rules and establishment of a systematic quality assurance system • Establishment of Crisis Management Response in preparation for the occurrence of quality incidents
Production system	• Suspension or delay of product production due to factory inoperability caused by a disaster or other unforeseen event	• Maintaining production of mainstay products and implementing measures to restart following business continuity management (BCM)
Raw materials procurement	• Fluctuations in raw material prices and procurement shortfalls due to the following factors: ▶ Fluctuations in the exchange rate ▶ Crop failure due to global warming and unseasonable weather ▶ Global spread of infectious diseases, political instability in the country of origin, conflicts, and other uncertainties ▶ Rising crude oil prices ▶ Increase in labor unit price and logistics costs due to labor shortages	• Execution of foreign exchange contracts and other measures to hedge against exchange rate volatility • Decentralization and diversification of production areas and supplier procurement bases • Maintaining appropriate inventory • Promotion of sustainability of important raw materials and sustainability initiatives by suppliers
Weather, natural disasters, and other unforeseen circumstances	• Reduced purchasing opportunities due to weather conditions • Supply chain stagnation due to large-scale natural disasters	• Establishment of production and supply systems to ensure that product supply does not stagnate • Demand prediction and production management based on information collection and analysis • Ensuring the safety and asset protection of employees and related parties in the event of a disaster
Infectious diseases and the changes they cause	• Supply chain stagnation due to pandemics of infectious diseases • Changes in consumer lifestyles, preferences, and purchasing behavior	• Establishment of production and supply systems to ensure that product supply does not stagnate • Continuous research and analysis of changes in consumer behavior and preferences, and development of a product research-and-development system to meet new demand
Leakage of corporate and/or personal information	• Unexpected leakage of important information due to unauthorized access or other breaches, and in that case, suspension of business activities, occurrence of large costs, and damage to credibility	• Implementation of a 24-hour monitoring system by the Security Operation Center and development of an internal management system • Thorough fact-finding and investigation of causes when information leakage occurs, measures to prevent the spread of damage, prompt announcement, and implementation of measures to prevent recurrence
Business expansion into overseas markets	• Occurrence of unforeseeable circumstances due to the following events: ▶ War or terrorism ▶ Political or social change ▶ Business practices ▶ Changes in legal regulations and tax system of each country/region ▶ Sudden fluctuations in the exchange rate	• Review of strategies through information collection in each country and region, flexible changes to product supply bases, and provision of appropriate guidance and audits to overseas subsidiaries • Strengthening of business management and risk management systems of subsidiaries
Corporate social responsibility	• Litigation or punishment for violating laws and regulations, and loss of trust from stakeholders as well as damage to reputation and brand value, due to social sanctions	• Stipulation of compliance with laws, regulations, social norms, and the fulfillment of corporate social responsibilities in the Morinaga Group Code of Conduct and Standards of Behavior, Human Rights Policy, Tax Policy, and Anti-Bribery Policy and other guidelines • Establishment of a system to respond promptly and appropriately in accordance with laws and regulations when risks are recognized
Occupational injuries	• Occurrence of an accident that threatens the life or health of an employee, and loss of valuable human resources (e.g., accidents during manufacturing operations, traffic accidents, overseas assignments)	• Establishment of the Morinaga Group Occupational Health and Safety Policy; Dissemination of information inside and outside the Company, and promotion of a safe and comfortable work environment • Labor-management meetings on safety measures to share information on occupational accidents and take measures to prevent accidents
Investment in property, plant, and equipment	• Failure to obtain results as anticipated and planned at the initial stage of investment, decline in business profitability, and occurrence of impairment losses on property, plant, and equipment	• Implementation of investment management in accordance with investment management regulations

Important Risks from a Medium- to Long-Term Perspective

Risk Item	Assumed Risk	Response by the Morinaga Group
Secure and foster human resources	• Decline in market competitiveness due to delays in securing and developing appropriate human resources and developing systems and environments that enable diverse human resources to demonstrate their abilities and play an active role	• Establishment of the Morinaga Group Diversity and Inclusion Policy, dissemination of it among employees, and penetration through education • Securing and developing human resources based on expertise and global perspectives
Climate change	• Impact on business continuity, performance, and financial status for the medium to long term in the entire value chain from raw materials procurement to consumer purchasing behavior	• Efforts for global environmental conservation and achieving a resource recycling society • Enhancing the management of sustainability issues

For more detailed information, please refer to our corporate website.
▶ <https://pdf.irpocket.com/C2201/KSWQ/A8DT/ohGR.pdf> (Japanese only)

Executive Management Team

(as of June 29, 2023)

Directors



Eijiro Ota

Representative Director, President

(Significant concurrent positions)
President of Morinaga Angel Foundation
President of All Nippon Kashi Association

Term of office as a director: 12 years
Board of Directors meeting attendance: 15/15 times
Responsibilities: Audit Division and Sales Headquarters
Number of shares of the Company owned (of which, to be issued as stock compensation): 18,878 (7,978)

Career summary

Apr. 1982 Joined Morinaga & Co., Ltd.
Jun. 2011 Director, Commissioned General Manager of Frozen Dessert Business Headquarters of the Company
Apr. 2014 Commissioned General Manager of Sales Headquarters of the Company
Jun. 2014 Director, Senior Executive Officer of the Company
Jun. 2015 Director, Managing Executive Officer of the Company
Jun. 2017 Director, Senior Managing Executive Officer of the Company
Jun. 2019 Representative Director, President of the Company (present)
Jun. 2020 President of Morinaga Angel Foundation (present)
Jun. 2021 President of All Nippon Kashi Association (present)



Machiko Miyai

Director, Managing Executive Officer

(Significant concurrent positions)
Chairperson of Sustainability Forum Japan
Outside Director, SEKISUI CHEMICAL CO., LTD.

Term of office as a director: 9 years
Board of Directors meeting attendance: 15/15 times
Responsibilities: Sustainable Management Division, Quality Assurance Division, Customer Service Center
Number of shares of the Company owned (of which, to be issued as stock compensation): 5,932 (3,832)

Career summary

Apr. 1983 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)
Apr. 2011 Officer, General Manager of Environment Headquarters and Power Saving Headquarters of Panasonic Corporation
Oct. 2012 Officer, responsible for Future Life Research, R&D Headquarters of Panasonic Corporation
Jun. 2014 Outside Director of Morinaga & Co., Ltd.
Dec. 2014 Outside Director of KATO SANGYO CO., LTD.
May 2015 Outside Director of YOSHINOYA HOLDINGS CO., LTD.
Jun. 2018 Director, Managing Executive Officer of the Company (present)
Feb. 2019 Chairperson of Sustainability Forum Japan (present)
Apr. 2022 Auditor of Ochanomizu University (present)
Jun. 2022 Outside Director of SEKISUI CHEMICAL CO., LTD. (present)



Naomi Eto

Outside Director (Independent Officer)

(Significant concurrent positions)
Outside Director, The Nishin Oillio Group, Ltd.
Outside Director, NIPPON YAKIN KOGYO CO., LTD.

Term of office as a director: 3 years
Board of Directors meeting attendance: 15/15 times
Number of shares of the Company owned: 1,000

Career summary

Apr. 1979 Joined Bridgestone Tire Co., Ltd. (currently Bridgestone Corporation)
Mar. 2009 Executive Officer, responsible for General Affairs and Corporate Communications of Bridgestone Corporation
Jun. 2014 Director, General Manager of Group CC Headquarters of ZENSHO HOLDINGS CO., LTD.
Jan. 2015 Director, General Manager of Group General Affairs Headquarters of ZENSHO HOLDINGS CO., LTD.
Jun. 2020 Outside Director of Morinaga & Co., Ltd. (present)
Jun. 2022 Outside Director of The Nishin Oillio Group, Ltd. (present)
Jun. 2022 Outside Director of NIPPON YAKIN KOGYO CO., LTD. (present)

Reason for appointment

Ms. Eto has business experience accumulated in the manufacturing industry and a wealth of experience as an executive in the retail industry. Based on this experience, she provides objective and neutral advice on overall management from a broad perspective that extends beyond the Company's industry.



Shuichi Hoshi

Outside Director (Independent Officer)

(Significant concurrent positions)
Outside Director, SBS Holdings, Inc.

Term of office as a director: 3 years
Board of Directors meeting attendance: 13/15 times
Number of shares of the Company owned: 2,000

Career summary

Apr. 1979 Joined ITOCHU Corporation
Sep. 1998 Director of Family Corporation Co., Ltd. (currently NIPPON ACCESS, INC.)
Dec. 2002 Director of Yukiirushi Access Co., Ltd. (currently NIPPON ACCESS, INC.)
Apr. 2010 Executive Officer of ITOCHU Corporation
Jun. 2013 President, Representative Director of ITOCHU-SHOKUJIN Co., Ltd.
Mar. 2019 Outside Director of SBS Holdings, Inc.
Jun. 2020 Outside Director of Morinaga & Co., Ltd. (present)

Reason for appointment

Mr. Hoshi has a wealth of experience as an executive in the wholesale industry, and based on this experience, he provides objective and neutral advice on overall management from a broad perspective that extends beyond the Company's industry.



Shinya Mori

Director, Managing Executive Officer

Term of office as a director: 4 years
Board of Directors meeting attendance: 15/15 times
Responsibilities: R&D Center, New Business Development Division, Direct Marketing Division
Number of shares of the Company owned (of which, to be issued as stock compensation): 4,772 (2,572)

Career summary

Apr. 1984 Joined Morinaga & Co., Ltd.
Jun. 2013 General Manager of Health Care Business Headquarters of the Company
Apr. 2016 Executive Officer, General Manager of Health Business Headquarters of the Company
Apr. 2018 Executive Officer, Deputy General Manager of R&D Center of the Company
Jan. 2019 Executive Officer, General Manager of R&D Center of the Company
Jun. 2019 Director, Senior Executive Officer of the Company
Commissioned General Manager of R&D Center
Jun. 2023 Director, Managing Executive Officer of the Company (present)



Daisuke Fujii

Director, Managing Executive Officer

Term of office as a director: 4 years
Board of Directors meeting attendance: 15/15 times
Responsibilities: Corporate Strategy Division, General Affairs Division, Strategic Investment & Alliance Division
Number of shares of the Company owned (of which, to be issued as stock compensation): 3,992 (2,592)

Career summary

Apr. 1987 Joined Morinaga & Co., Ltd.
Apr. 2018 General Manager of General Affairs Division of the Company
Apr. 2019 Executive Officer, General Manager of General Affairs Division of the Company
Jun. 2019 Director, Senior Executive Officer of the Company
Aug. 2019 Commissioned General Manager of Corporate Strategy Division of the Company
Jul. 2022 Commissioned General Manager of General Affairs Division of the Company
Sep. 2022 Commissioned General Manager of Strategic Investment & Alliance Division of the Company (present)
Jun. 2023 Director, Managing Executive Officer of the Company (present)



Kuniko Urano

Outside Director (Independent Officer)

(Significant concurrent positions)
Outside Director, Yokogawa Electric Corporation
Outside Director, NIPPON STEEL CORPORATION

Term of office as a director: 2 years
Board of Directors meeting attendance: 15/15 times
Number of shares of the Company owned: 0

Career summary

Apr. 1979 Joined Komatsu Ltd.
Apr. 2014 Executive Officer, General Manager of Human Resources Division of Komatsu Ltd.
Apr. 2016 Managing Executive Officer, General Manager of Human Resources Division of Komatsu Ltd.
Jun. 2018 Director, Managing Executive Officer of Komatsu Ltd.
Jun. 2021 Outside Director of Yokogawa Electric Corporation (present)
Jun. 2021 Outside Director of Morinaga & Co., Ltd. (present)
Jun. 2022 Outside Director of NIPPON STEEL CORPORATION (present)

Reason for appointment

Ms. Urano has a wealth of experience as an executive in the machinery industry, and based on this experience, she provides objective and neutral advice on overall management from a broad perspective that extends beyond the Company's industry.



Shinji Sakaki

Outside Director (Independent Officer)

(Significant concurrent positions)
Outside Director (Audit and Supervisory Committee Member), SAN-A CO., LTD.

Term of office as a director: 1 year
Board of Directors meeting attendance: 11/11 times
Number of shares of the Company owned: 0

Career summary

Apr. 1980 Joined TOKYU LAND CORPORATION
Apr. 2006 Executive Officer and General Manager of Corporate Planning Division of TOKYU LAND CORPORATION
Jun. 2007 Director and Managing Executive Officer of Tokyu Hands Inc. (currently Hands Inc.)
Apr. 2011 Representative Director and President of Tokyu Hands Inc.
Jun. 2014 Director of Tokyu Fudosan Holdings Corporation
Apr. 2015 Representative Director and President of Tokyu Livable, Inc.
Apr. 2019 Director and Chairperson of Tokyu Livable, Inc.
Mar. 2022 Advisor of Tokyu Livable, Inc. (present)
May 2022 Outside Director (Audit and Supervisory Committee Member) of SAN-A CO., LTD. (present)
Jun. 2022 Outside Director of Morinaga & Co., Ltd. (present)

Reason for appointment

Mr. Sakaki has a wealth of experience as an executive in the retail and real estate industries, and based on this experience, he provides objective and neutral advice on overall management from a broad perspective that extends beyond the Company's industry.

Statutory Auditors



Takashi Hirakue

Director, Senior Executive Officer

Term of office as a director: 13 years
Board of Directors meeting attendance: 15/15 times
Responsibilities: Logistics Division, DX Promotion Division
Number of shares of the Company owned (of which, to be issued as stock compensation): 12,066 (3,366)

Career summary

Apr. 1984 Joined Morinaga & Co., Ltd.
Jun. 2008 Senior Executive Officer, General Manager of Frozen Dessert Business Headquarters of the Company
Apr. 2009 Senior Executive Officer, General Manager of Confectionery Business Headquarters of the Company
Jun. 2010 Director, Commissioned General Manager of Confectionery Business Headquarters of the Company
Jun. 2013 Commissioned General Manager of Foodstuff Business Headquarters of the Company
Apr. 2014 Commissioned General Manager of Marketing Headquarters of the Company
Jun. 2014 Director, Senior Executive Officer of the Company (present)
Jun. 2018 Commissioned General Manager of Production Headquarters of the Company



Hideki Matsunaga

Director, Senior Executive Officer

Term of office as a director: 1 year
Board of Directors meeting attendance: 11/11 times
Responsibilities: Marketing Headquarters
Number of shares of the Company owned (of which, to be issued as stock compensation): 6,293 (693)

Career summary

Apr. 1990 Joined Morinaga & Co., Ltd.
Oct. 2010 General Manager of Area Sales Division of Confectionery and Foodstuff Sales Division of the Company
Apr. 2014 General Manager of Sales Strategy Division of Sales Headquarters of the Company
Apr. 2018 Executive Officer, General Manager of Sales Strategy Division of Sales Headquarters of the Company
Apr. 2019 Executive Officer, General Manager of Confectionery and Foodstuff Sales Division of Sales Headquarters of the Company
Oct. 2019 Executive Officer, General Manager of Sales Headquarters of the Company
Apr. 2021 Senior Executive Officer, General Manager of Sales Headquarters of the Company
Apr. 2022 Senior Executive Officer, General Manager of Marketing Headquarters of the Company
Jun. 2022 Director, Senior Executive Officer of the Company (present)
Commissioned General Manager of Marketing Headquarters (present)



Toshiaki Fukunaga

Standing Statutory Auditor

Board of Statutory Auditors meeting attendance: 12/12 times
Board of Directors meeting attendance: 11/11 times
Number of shares of the Company owned: 2,200

Career summary

Apr. 1982 Joined Morinaga & Co., Ltd.
Jun. 2006 Executive Officer, General Manager of Development Planning Office of R&D Center of the Company
Jun. 2011 Executive Officer, General Manager of Chukyo Factory of the Company
Jan. 2014 Representative Director, President of Morinaga America Foods, Inc.
Apr. 2017 Executive Officer, General Manager of R&D Center of Morinaga & Co., Ltd.
Jun. 2017 Director, Senior Executive Officer, Commissioned General Manager of R&D Center of Morinaga & Co., Ltd.
Jan. 2019 Representative Director, President of Morinaga America Foods, Inc.
Jun. 2022 Standing Statutory Auditor of Morinaga & Co., Ltd. (present)



Takehiko Sasamori

Standing Outside Statutory Auditor (Independent Officer)

Board of Statutory Auditors meeting attendance: –
Board of Directors meeting attendance: –
Number of shares of the Company owned: 0

Career summary

Apr. 1985 Joined Mitsubishi Corporation
Sep. 2007 Director of PT Krama Yudha Tiga Berlian Motors (Indonesia)
Jun. 2013 Director, Executive Officer of NIHON SHOKUJIN KAKO CO., LTD.
Apr. 2017 General Manager of Risk Management Office of Mitsubishi Corporation
Apr. 2018 Division General Manager of Corporate Planning Division of Toyo Tire & Rubber Co., Ltd. (currently Toyo Tire Corporation)
Mar. 2019 Corporate Officer of Toyo Tire & Rubber Co., Ltd.
Jun. 2023 Director of Toyo Tire & Rubber Co., Ltd.
Jun. 2023 Standing Outside Statutory Auditor of Morinaga & Co., Ltd. (present)

Reason for appointment

Mr. Sasamori has a wealth of management experience in the food industry and the manufacturing industry, and has specialized knowledge as a Certified Public Accountant in the State of Delaware in the United States. He provides objective and neutral audits from a broad perspective that extends beyond the Company's industry based on this knowledge and experience.



Tetsuya Takagi

Director, Senior Executive Officer

(Significant concurrent positions)
Representative Director, President of Morinaga Finance Co., Ltd.

Term of office as a director: 1 year
Board of Directors meeting attendance: 11/11 times
Responsibilities: Accounting Division, Corporate Communications Division
Number of shares of the Company owned (of which, to be issued as stock compensation): 893 (693)

Career summary

Apr. 1986 Joined Fuji Xerox Co., Ltd. (currently FUJIFILM Business Innovation Corp.)
Jul. 2015 Corporate Vice President, General Manager of Corporate Planning Division of Fuji Xerox Co., Ltd.
Jul. 2017 Executive Counselor of Fuji Xerox Co., Ltd.
Apr. 2018 Managing Executive Officer, responsible (deputy) for Corporate Planning Division of UNIZO Holdings Company, Limited.
Jul. 2019 Chief Financial Officer, Director & Group Executive of Twinbird Corporation
Nov. 2021 Joined Morinaga & Co., Ltd.
Apr. 2022 Senior Executive Officer of the Company
Jun. 2022 Director, Senior Executive Officer of the Company (present)
Representative Director, President of Morinaga Finance Co., Ltd. (present)



Koichi Sakaguchi

Outside Statutory Auditor (Independent Officer)

(Significant concurrent positions)
Attorney (GINGA LAW OFFICE)

Board of Statutory Auditors meeting attendance: 16/16 times
Board of Directors meeting attendance: 15/15 times
Number of shares of the Company owned: 0

Career summary

Apr. 1979 Registered as an attorney and joined Tamiya & Tsutsumi Law Office
Apr. 1985 Established Sakaguchi & Takanaka Law Office (renamed Legal Plaza Law Office in April 1998)
Sep. 2000 Appointed Judge of Tokyo District Court
Sep. 2013 Chief Judge of Akita District Family Court
Nov. 2015 Registered as an attorney and joined Kato Sogo Law Office (currently GINGA LAW OFFICE) (present)
Jun. 2016 Outside Statutory Auditor of Morinaga & Co., Ltd. (present)

Reason for appointment

Mr. Sakaguchi has a high level of expertise and experience as a judge and attorney. He provides objective and neutral audits from a broad perspective that extends beyond the Company's industry.



Sawako Ueno

Outside Statutory Auditor (Independent Officer)

(Significant concurrent positions)
Head of Sawako Ueno Certified Public Accountant Office
Outside Statutory Auditor of AIRPORT FACILITIES CO., LTD.

Board of Statutory Auditors meeting attendance: –
Board of Directors meeting attendance: –
Number of shares of the Company owned: 0

Career summary

Apr. 1988 Joined The Dai-ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)
Oct. 1996 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)
Oct. 2008 Partner, Ernst & Young ShinNihon LLC
Sep. 2017 Joined Deloitte Touche Tohmatsu LLC as Partner
Sep. 2019 Director of Deloitte Touche Tohmatsu LLC (retired in December 2020)
Jan. 2021 Joined the Financial Services Agency, Securities and Exchange Criminal Investigator, Criminal Investigation Division, Securities and Exchange Surveillance Commission, Executive Bureau of the Financial Services Agency
Established and assumed the office of Head of Sawako Ueno Certified Public Accountant Office (present)
Jun. 2023 Outside Statutory Auditor of Morinaga & Co., Ltd. (present)
Jun. 2023 Outside Statutory Auditor of AIRPORT FACILITIES CO., LTD. (present)

Reason for appointment

Ms. Ueno has highly specialized knowledge and extensive experience as a certified public accountant, as well as business experience at the Financial Services Agency. She provides objective and neutral audits from a broad perspective that extends beyond the Company's industry based on this knowledge and experience.