

CSR Material Issues

The Megmilk Snow Brand Group's CSR Policy indicates its commitment to maintain communication with stakeholders and fulfill its corporate social responsibilities. Based on internal and external study and discussion, the Group has identified social issues with significant impact on both society and its business operations, and it has set key performance indicators (KPI) to address these issues. By reporting achievement progress each year to the CSR Committee and at the group-wide environmental meeting, while also identifying issues and utilizing the plan-do-check-act (PDCA) cycle, the Megmilk Snow Brand Group is enhancing its sustainability and helping to solve social issues.

CSR Domain	CSR Material Issues	Core Activity Themes	Target Fiscal Year
 Food and Health	Milk for Contributions to Food and Health 	Providing safe products and services	2022
		Contributing to extending healthy life expectancy	Every year
			2026
 Dairy Farming	Contributing to Sustainable Dairy Farming 	Working to strengthen the dairy farming production platform	Every year
 Environment	Reducing Environmental Impact 	Preventing global warming	2030
		Sustainably using resources	2022
			2026
			2030
		Building a recycling-based society	Every year
Realization of a Diverse and Motivating Workplace 	Diversifying and developing human resources	2025	
Achieving work-life balance and improving labor productivity	Every year		
Contributing to Local Communities 	Partnering with local communities	Every year	

CSR Policy

In accordance with our corporate philosophy,*1 we promote operations that through our business activities support sustainable development for our company and society.

<Basic Approach>

- Grounded in compliance,*2 engage in activities with the highest priority on securing product and service safety (quality assurance).
- Focus on all stakeholders, including customers and consumers, and conduct operations that reflect the social conscience.
- Designate our CSR material issues and work to resolve social issues in order to achieve a sustainable society.

*1 Megmilk Snow Brand Corporate Philosophy: Focus on consumers, contribute to dairy farming production, and put our hearts into milk. Our corporate slogan is, "Make the Future with Milk."

*2 Compliance includes legal compliance as well as adherence to internal and societal rules, and adherence to the ethical values of society.

KPI (Key Performance Indicator)	Fiscal 2019 Results
<ul style="list-style-type: none"> By fiscal 2022, 75% or more of the food facilities in and outside Japan that manufacture Megmilk Snow Brand products will be certified under an international food safety scheme (such as FSSC or SQF) recognized by GFSI, and thereafter continuing efforts will be made to increase GFSI certifications. (G) 	<ul style="list-style-type: none"> 69% of facilities at home and abroad that produce Megmilk Snow Brand products have been certified
<ul style="list-style-type: none"> Train certified sensory evaluation technicians with the ability to evaluate flavor by fiscal 2022 (number of certified sensory evaluation technicians: 110% or more compared to fiscal 2017 levels) 	<ul style="list-style-type: none"> Number of certified sensory evaluation technicians in fiscal 2020: 1,479 (978 at level 1 and 501 at level 2); 14% higher than in fiscal 2017
<ul style="list-style-type: none"> Carry out research and development, product development, service provision and information transmission to contribute to the extension of healthy lives through milk (G) 	<ul style="list-style-type: none"> Launched new products: Nyu-San-Kin Helve Yogurt Drink, a food with function claims, Guun Up MBP[®] powdered drink mix, which gives children the nutrition they need to grow, and Glucosamine & Chondroitin, a health supplement tablet Conducted a campaign to promote the adding of cheese to salads (promoting consuming all five major nutrients in one dish) Launched projects to promote consumer health by eating nutritious soups and improving bone strength through cheese-based calcium intake Between April 2019 and March 2020, delivered 13 presentations (one of which was award-winning) to relevant academic societies on Group research and development that could help extend healthy life expectancy, and published 11 papers in academic journals
<ul style="list-style-type: none"> Carry out food education activities based on the key theme of contributing to the extension of healthy lives and aim for an average of 45,000 participants every year in fiscal 2019-2026 	<ul style="list-style-type: none"> Fiscal 2019 participants: 38,618 (85.8% of target) (Activities suspended from February 20 to March 31 due to the COVID-19 pandemic) In addition to the KPI goal, Bone/MBP Seminars were held for 9,415 participants
<ul style="list-style-type: none"> Provide administrative and technical support for sustainable dairy farm management through operational support for Rakuseiken and the activities of the Research & Development Center for Dairy Farming (G) 	<ul style="list-style-type: none"> Provided support for the 71st Japan Dairy Farmer's Research Association Conference sponsored by Rakuseiken Held the Fiscal 2019 Research & Development Center for Dairy Farming Symposium
<ul style="list-style-type: none"> Reduce CO₂ emissions by 30% from the fiscal 2013 level by fiscal 2030 	<ul style="list-style-type: none"> Compared to fiscal 2013: 18.8% reduction
<ul style="list-style-type: none"> Make sure that all paper used is made of 100% eco-friendly materials by fiscal 2022 	<ul style="list-style-type: none"> Eco-friendly raw material usage rate: 63.1%
<ul style="list-style-type: none"> Procure 100% certified palm oil by fiscal 2026 	<ul style="list-style-type: none"> Certified palm oil usage rate: 10%
<ul style="list-style-type: none"> New KPI Develop and use eco-friendly packaging and containers to reduce the quantity of petroleum-based plastics used (per unit of sales) by 25% compared to fiscal 2018 	
<ul style="list-style-type: none"> New KPI Use paper or bioplastic containers, whenever possible 	
<ul style="list-style-type: none"> New KPI Encourage Group personnel to use their own reusable cups and bottles to reduce the amount of disposable plastic bottle use 	
<ul style="list-style-type: none"> Cut waste generation by 30% from the fiscal 2013 levels by fiscal 2030 	<ul style="list-style-type: none"> Compared to fiscal 2013: 19.3% reduction
<ul style="list-style-type: none"> Raise the waste recycling rate to 98% or more by fiscal 2030 	<ul style="list-style-type: none"> Waste recycling rate: 98.6%
<ul style="list-style-type: none"> Raise the food waste recycling rate to 95% or more by fiscal 2019 	<ul style="list-style-type: none"> Food waste recycling rate: 88.6%
<ul style="list-style-type: none"> Pursue eco-friendly product development (extend the expiration date on existing and new products, and actively promote the labeling of the month and year for expiration dates) 	<ul style="list-style-type: none"> Product expiration date extension for Snow Brand Hokkaido 100 Powdered Cheese, Brown Rice Crackers for Cheese, and Smoked Flavor Cheese Slices (7 slices)
<ul style="list-style-type: none"> Promote the effective use of water resources (quantitative targets will be set by the end of fiscal 2020) 	
<ul style="list-style-type: none"> Increase the share of management positions held by women to 10% or more by fiscal 2025 	<ul style="list-style-type: none"> Percentage of management positions held by women: 4.6% (as of April 1, 2020)
<ul style="list-style-type: none"> Obtain METI recognition under the Certified Health & Productivity Management Outstanding Organizations Recognition Program 	<ul style="list-style-type: none"> Gathered information and listed issues for certification in March 2022
<ul style="list-style-type: none"> Work with the community to help resolve social issues (G) 	<ul style="list-style-type: none"> In collaboration with Ibaraki Prefecture, the Group developed recipes using vegetables and dairy products from around the prefecture; the recipes are used by the prefectural office cafeteria and local supermarkets to promote the consumption of vegetables and calcium, which are often lacking in people's diets Participated in a Community Comprehensive Care System set up by the Urban Renaissance Agency (UR), and signed an agreement to revitalize UR-owned housing estates and their local neighborhoods through food education and awareness activities

"(G)" indicates a KPI for the Group; other KPIs are for Megmilk Snow Brand Co., Ltd. only.



Milk for Contributions to Food and Health

The Megmilk Snow Brand Group promotes health and contributes to enriched lifestyles by providing dairy products and information. We also listen to customer feedback and reflect that feedback in products and services to practice consumer-focused management and we work to provide safe, reliable products and services.

Creating New Value Helps to Improve QOL

Relieving Eye and Nose Discomfort

Nyu-San-Kin Helve



Our researchers have revealed that consumption of yogurt containing *Lactobacillus helveticus* SBT2171 for 12 weeks significantly relieved eye and nose discomfort while also significantly decreasing the number of sneezes. The Group is helping to promote consumer health by creating products with the new value of alleviating eye and nose discomfort.

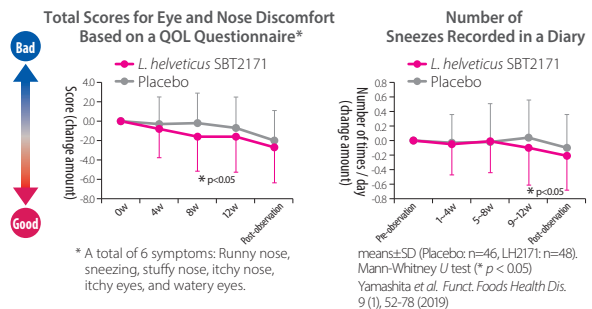
Research Results (Fiscal 2019)

Confirmed Inhibitory Effect of *Lactobacillus helveticus* SBT2171 on Allergic Reactions

Previous studies have shown that the consumption of *Lactobacillus helveticus* SBT2171 (*L. helveticus* SBT2171) can control excessive immune response. We recently evaluated its effect on allergic reactions in a human clinical trial. A sample of 100 healthy adult men and women (average age of 39.6 years), who regularly experience eye and nose discomfort and who tested positive for antigen-specific antibodies*1 against house dust or mites, were divided into two groups. One group ate yogurt containing *L. helveticus* SBT2171, while the other group (the control group) ate a placebo yogurt that did not contain this bacteria. The yogurt was consumed in single portions of 100 milliliters, once daily for 12 weeks. It was found that compared to the control group, the group eating the *L. helveticus* SBT2171 yogurt showed significant improvement in their eye and nose discomfort scores, while also reporting a significant reduction in the number of sneezes.

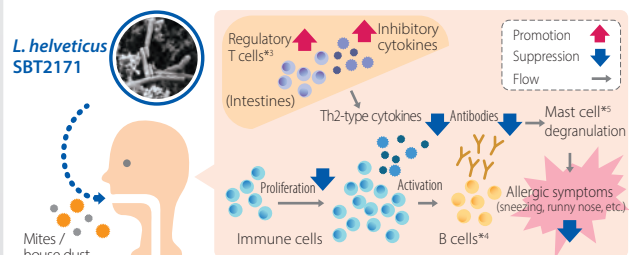
To clarify the mechanism of action, we investigated the immune response by administering *L. helveticus* SBT2171 cells using a mouse model for pollen allergies. The results showed that when introduced through the intestinal immune system, *L. helveticus* SBT2171 may produce an allergy alleviation effect by suppressing the production of antigen-specific antibodies that cause allergic reactions and the production of Th2-type cytokines.*2

Verification of Effect in a Human Trial



Consumption of yogurt containing *L. helveticus* SBT2171 significantly reduced eye and nose discomfort compared to placebo.

Presumed Mechanism of Action



It was shown that when introduced through the intestinal immune system, *L. helveticus* SBT2171 can reduce eye and nose discomfort by suppressing the production of Th2-type cytokines and antibodies.

*1 Antigen-specific antibodies: Produced specifically by B cells that recognize antigens such as house dust and pollen. They target antigens that have invaded the body, causing an allergic reaction.
 *2 Cytokines: Humoral immunity factors secreted by cells to mediate signal sending between cells. Interleukins are a group of cytokines that are mainly secreted by cells in the immune system, and are important for normal immune system functioning because they promote the proliferation or suppression of immune cells.
 *3 Regulatory T cells: A type of immune cell that suppresses excessive immune response and maintains immune system balance.
 *4 B cells: A type of immune cell that supports the body's defense by producing antibodies.
 *5 Mast cells: A type of immune cell that has numerous granules in its cytoplasm. The cells are stimulated by an antigen-specific antibody-antigen complex, releasing histamine from the granules, and causing various allergic symptoms.

Food Education Activities*

We have assigned dedicated staff in six locations in Japan to support people's health through food, primarily by providing seminars, cooking classes and health education classes at local elementary and junior high schools. In these activities, we convey the importance of food and the value of milk and dairy products across the generations. In fiscal 2019, 38,618 people participated.



Food education event for children during summer vacation



Food education in the school class

Plant Tour*

The Megmilk Snow Brand Group has established tour routes for the general public at eleven of its plants in Japan. We are proactively engaged in disseminating information on our corporate activities, including safe and reliable information such as production hygiene management and inspection structures. In fiscal 2019, 65,608 people visited. Since the Ebina and Ami Plants began plant tours in 2014 and 2015, respectively, the total number of visitors to these sites has reached 50,000.



Ebina Plant



Ami Plant

* Food education activities and plant tours have been suspended since February 2020 to prevent the spread of COVID-19. Food education activities, however, resumed in June.

Developing and Supplying Special Milk for Treatment of Congenital Metabolic Disorders

Special milk is infant formula for people who were born with the inability to sufficiently metabolize amino acids. Special milk is used in combination with normal milk and food as a method of nutritional therapy to improve conditions. The Megmilk Snow

Brand Group developed special milk for the first time in Japan for such patients and has continued to manufacture and supply such special milk since 1963.

Special Formulas We Produce and Supply

Product	Target illnesses		
Pharmaceutical products (2 products)	Snow Brand Phe-free Milk Compound	Phenylketonuria	
	Snow Brand Leu, Ile, and Val-free Milk Compound	Maple syrup urinary disease	
Registered special milk (6 products)*	Phe-free synthetic amino acid powder	Phenylketonuria	
	Met-free special formula	Homocystinuria	
	Phe, Tyr-free special formula	Hypertyrosinemia	
	Protein-free special formula	Hyperammonemia	
	Ile, Val, Met, Thr, Gly-free special formula	Methylmalonic acidemia	Organic metabolic syndrome
	Lys, Trp-free special formula	Propionic acidemia	
		Glutaric acidemia type I	

* Manufactured and supplied in accordance with directive by the Special Milk Secretariat of the General Health Center for Women and Children, Imperial Gift Foundation, Boshi-Aiiku-Kai





Contributing to Sustainable Dairy Farming

The Megmilk Snow Brand Group contributes to the growth of dairy farming in Japan by providing management and technical support and carrying out initiatives to foster understanding of dairy farming among consumers in order to ensure sustainable management of dairy farms.

Megmilk Snow Brand Group Dairy Farmer Contribution Initiatives

Group Companies

1950– **Snow Brand Seed Co., Ltd.**

The company conducts business activities aimed at promoting environmentally conscious agriculture through a dairy livestock business. Snow Brand Seed sells mixed feed, operates a dry field farming/ horticultural agriculture business, develops and produces seeds and saplings for feed crops and vegetables, and operates an environmental greening business that specializes in rooftop greenification. In 2017, we completed development of a new agricultural research facility in Hokkaido.



New agricultural research facility in Hokkaido at Snow Brand Seed Co., Ltd.

1954– **Nichiraku Machinery Co., Ltd.**

This company manufactures production equipment for plants that manufacture milk, milk products and other food. It provides small manufacturing equipment and technical guidance to dairy farmers that run cheese-making facilities, and helps to improve dairy farmers' technology for milk product manufacturing and processing.

Organization that Contributes to Dairy Farm Management Research and Development

1948– **Japan Young Dairy Farmers Research Association (Rakuseiken)**

Megmilk Snow Brand, Snow Brand Seed, Yatsugatake Milk Industry companies serve as liaisons to support activities.

2009– **Dairy Farming Advisory Committee**

This committee receives opinions and recommendations from dairy farmers and expert committees with advanced knowledge and vast experience.

1976– **Research and Development Center for Dairy Farming**

Established as the only private R&D facility for dairy farming. Currently serving as the internal research facility for Megmilk Snow Brand Co., Ltd., the R&D Center conducts research, provides dairy farming support, and holds annual symposiums.



Dairy Farming Advisory Committee

PR Facility for Promoting Understanding of Dairy Farming

1965– **Snow Brand Kodomo-no-Kuni Ranch (Children's Land)**

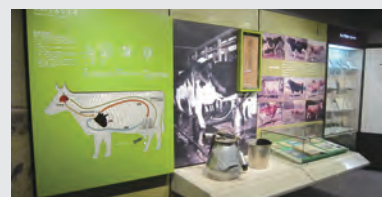
This facility offers various experiential activities to convey the connection between food and life and to foster better understanding of dairy farming.



Snow Brand Kodomo-no-Kuni Ranch (Children's Land) (Yokohama)

1977– **Megmilk Snow Brand Museum**

This museum presents history to promote further understanding of and interest in dairy farming. Registered as a Hokkaido Heritage Site and a Heritage of Industrial Modernization Site.



Megmilk Snow Brand Museum (Sapporo)

71st Japan Dairy Farmer's Research Association Conference

During the turmoil after World War II, Torizo Kurosawa* was inspired by the proactive efforts of the dairy farmers who were working to restore dairy farming in Hokkaido. Due to his tireless support, the Japan Young Dairy Farmer's Research Association (Rakuseiken) was established in 1948. The organization is comprised of approximately 1,700 dairy farmers across Japan and today exists as Japan's oldest research group for practical dairy farming. The Megmilk Snow Brand Group has served as the administrative office since the organization's founding and continues to support various local activities as well as national activities.

The 71st Japan Dairy Farmer's Research Association Conference, convened by Rakuseiken, was held in Narita City, Chiba, with about 310 participants from all over the country. Six dairy farmers selected from across Japan gave presentations on dairy farming, while five individuals provided opinions and case studies. It was a very worthwhile opportunity for the participants to exchange valuable information while learning about optimal dairy farming methods.

Moreover, as part of human resource development and efforts to enhance the corporate culture, young employees of the Megmilk Snow Brand Group attended the conference as observers. This was a good opportunity for them to deepen their understanding of Japan's dairy farming and appreciate how their work can contribute to it.

* Born in 1885. Founder of the Hokkaido Cooperative Creamery Association, from which the Megmilk Snow Brand Group was partially derived, and the Hokkaido Dairy Farming School (currently the Rakuno Gakuen University). Kurosawa dedicated his life to the development of Hokkaido and the Japanese dairy farming industry.



Research and Development Center for Dairy Farming Symposium

In addition to promoting research and support activities related to dairy farming, the Research and Development Center for Dairy Farming (established in 1976) has been holding its symposium every year since 1978.*

The annual themes for the Research and Development Center for Dairy Farming Symposiums are chosen without influence from the latest fads. Farmers and others involved in dairy farming provide suggestions, knowledge, and information concerning topics ranging from systems and measures to the technologies used on actual farms. Thanks to the comprehensive discussions among participants, the symposiums foster a common understanding of the situation faced by farmers, help to share useful knowledge and technology, and promote the success of dairy farms.

For fiscal 2019, a new series theme was chosen for the symposium: "Risk Management for Dairy Farms." The event was held under the banner of "Adapting to Climate Change," and about 210 dairy farmers attended from all over Japan. Addressing the topic of climate change from the dairy farming perspective, three experts delivered a lecture entitled, "Risk Management for Climate Change, Mainly Through Self-Sufficient Feed Production." This was followed by an exchange of views with audience members.

The organization intends to keep holding Research and Development Center for Dairy Farming Symposiums to promote the sustainable development of dairy farming in Japan.

* At that time, the group's name was the Dairy Farming Conference.



Voice



Katsuya Kojima

Representative
Agricultural Union
Corporation Milky Way

Developing Hand in Hand—The Megmilk Snow Brand Group and the Dairy Farms of Okoppe Town

The relationship between Okoppe Town, Hokkaido, where I am a dairy farmer, and Megmilk Snow Brand goes back many decades. The Hokkaido Cooperative Creamery Association, the predecessor of Snow Brand Milk Products, began operations at the site of the Okoppe Plant in 1934. All raw milk produced in Okoppe Town is delivered to the Okoppe Plant, Megmilk Snow Brand's only condensed milk facility. The product is then shipped to consumers across Japan. There are 53 members of the Okoppe division of Rakuseiken, and last year we held a cooking class using condensed milk. The Megmilk Snow Brand Group and the dairy farms of Okoppe Town have developed together throughout the years. This can be seen in efforts such as survey research into farmers and fields piloting different kinds of management conducted by the Research and Development Center for Dairy Farming until fiscal 2019, yielding excellent results. This year the activity was postponed due to the COVID-19 pandemic, but I sincerely hope that the 72nd Japan Dairy Farmer's Research Association Conference will be held in Sapporo next year and that many farmers will be able to get together again.



► CSR Material Issue

Reducing Environmental Impact

At the Megmilk Snow Brand Group, each employee is dedicated to environmentally friendly business practices, effectively utilizing limited resources, and contributing to a sustainable global environment.

Environmental Management

The Company's environmental management is based on the Megmilk Snow Brand Environmental Policy. Comprehensive management is carried out via an environmental management system headed by the Managing Environment Director serving as the Supervising Environment Manager, with the President serving as the Chief Environment Officer. Appointing an environmental management manager for each organization, the Company is involving all employees and maintaining an environmental management system that complies with ISO 14001.

Megmilk Snow Brand Environmental Policy

We work to reduce environmental impact through the establishment of an environmental management system (EMS)* in accordance with the Megmilk Snow Brand Conduct Standards. We practice business activities centered on milk created in a natural environment and promote coexistence with the global environment.

- 1. Legal Compliance**
Adhere to environmental laws and ordinances, and rapidly respond to legal revisions.
- 2. Environmental Consciousness**
Properly manage energy conservation and waste products, and make continuous improvements.
- 3. Increase Environmental Awareness**
Promote awareness of environmental conservation among all employees and proactively promote environmental education.
- 4. Disclosure of Environmental Information**
Proactively disclose environmental information to promote transparent environmental conservation activities.

* Drafting and implementation of environmental policy, environmental goals and plans, and the process of monitoring and measurements, audits, and reviews.

Environmental Management Organization Chart

Chief Environment Officer: Representative Director and President

- 1 Establish and review environmental policy
- 2 Implement management reviews (review by management team)
- 3 Designate managing environment director
- 4 Convene corporate environment meetings

Supervising Environment Manager: Managing Environment Director

- 1 EMS general management
- 2 Approval of Group environmental goals
- 3 Provide information to Chief Environment Officer
- 4 Management of corporate environment meetings

Corporate EMS Office Director (General Manager of the CSR Department)

- 1 Supervision of corporate EMS office administration
- 2 Assistant to Supervising Environment Manager

Corporate EMS Office (CSR Department Environment Planning Group)

- 1 EMS management, administration, and external environment inspection response
- 2 Internal environment audit response

Corporate Environment Meetings

Administration Section, R&D Section, Procurement Section, Production Section, Marketing Section, Logistics Section, Group Section

Committee that deliberates on corporate environmental goals, manages progress, decides on required measures, and confirms that the EMS is functioning appropriately and effectively.

ISO 14001 Certification

The Megmilk Snow Brand Group proactively engages in environmental conservation to reduce the environmental impact resulting from its business activities. To objectively present the results of these initiatives, several group companies have acquired ISO 14001 certification. At present, Megmilk Snow Brand Co., Ltd., Michinoku Milk Co., Ltd., Ibaraku Co., Ltd. and Yatsugatake Milk Co., Ltd. have earned this certification.



Inspection (Ami Plant)



Inspection (Noda Plant)



Inspection (interviews with top management)

Environmental Audit System

Environmental audits include external inspections conducted by an inspection agency and an internal audit conducted internally. These inspections are used to comprehensively confirm the status of EMS operations and legal compliance. Internal environmental audits at Megmilk Snow Brand Co., Ltd. are a combination of a first-party audit conducted by the Production Department and a second-party audit conducted by the CSR Department. Through the first-party audit, auditors closely familiar with the relevant tasks enable workflow improvements, while the second-party audit involves a legal check from an objective perspective that helps to identify problems.



Internal environmental audit (Tohoku Regional Sales Office)

Environmental Education

Megmilk Snow Brand Co., Ltd. works to improve environmental awareness using various environmental education systems, including e-learning as well as internal environmental auditor development training conducted by the corporate EMS office and individual education conducted by each department. For position-based e-learning, the Company requires all executives and employees (about 4,100 people) to complete the general education course, and each year there is a 100% participation rate.



Environmental training (head office)

Initiatives by Each Section

The Megmilk Snow Brand Group uses significant amounts of natural resources and energy during every phase of its product life cycle, and in response each section implements various initiatives to reduce the resource losses and environmental impact generated through these processes as much as possible.

Administration Section	Reducing energy required for heating and cooling by practicing “cool biz” and “warm biz,” shifting to a paperless business using IT, other
R&D Section	Environmentally conscious product design, other
Procurement Section	Changes to containers such as shifting to thin plastic containers and environmentally responsible containers, other
Production Section	Optimizing energy use, treating wastewater, other
Marketing Section	Promoting eco-driving and active introduction of hybrid vehicles, other
Logistics Section	Modal shift* in raw materials and product shipment, improvements to load rates, joint delivery with other companies, other

* Shifting cargo transport from vehicles to rail and marine transport to reduce CO₂ emissions and reduce environmental load.

Active Participation in Environmental Events

In August, the Kyoto Plant exhibited at the Kyoto Tamba Smart Environmental Learning Fair at the Nantan Public Health Center in Kyoto Prefecture. The aims of the event were to promote greater awareness of the environment and the SDGs among children, and to encourage the citizenry to think and take action independently. Enjoying panel displays, DVDs, and other exhibits, the young visitors learned about the production process and wastewater treatment facility at the Kyoto Plant, as well as paper carton recycling. They also learned more about environmental conservation efforts and the importance of carton recycling.

The Group also exhibited at EcoPro 2019 in December as a member of the Committee for Milk Container Environmental Issues. In collaboration with this committee that promotes the reuse of milk cartons across Japan, the Group communicated the importance of milk carton recycling to visitors by offering hands-on activities for reusing milk cartons, handmade postcard making, and workshops.



Kyoto Tamba Smart Environmental Learning fair (Kyoto Plant)



EcoPro 2019 (Tokyo Big Sight)

Release of Scope 3 Emissions Data

Scope 3 emissions refer to the CO₂ emitted throughout a company's entire value chain, including phases such as procurement of raw materials, as well as product distribution, sales, and consumption. To prevent global warming, companies are expected to calculate their Scope 3 emissions at each stage and work to reduce them efficiently throughout the supply chain. Megmilk Snow Brand has calculated CO₂ emissions for its entire supply chain based on the Scope 3 Standard, an internationally accepted method for emissions calculation, and began publicly releasing this data in 2020.

Promotion of Environmental Conservation Activities (in Japanese)
<https://www.meg-snow.com/csr/environment/burden.html>

Fiscal 2019 Results* * Categories 8-11 and 13-15 were not calculated.

Upstream	Company Scope 3	Downstream
Category 1 Purchased goods and services 1,673 thousand t-CO ₂ Category 2 Capital goods 69 thousand t-CO ₂ Category 3 Fuel- and energy-related activities not included in Scope 1 or Scope 2 35 thousand t-CO ₂ Category 4 Upstream transportation and distribution 108 thousand t-CO ₂ Category 5 Waste generated in operations* 1 thousand t-CO ₂ <small>* Emissions from transport and treatment</small>	Other indirect emissions Category 6 Business travel 1 thousand t-CO ₂ Category 7 Employee commuting 3 thousand t-CO ₂ Scope 1 Direct emission of greenhouse gases by the Company (fuel combustion and construction processes) 114 thousand t-CO ₂ Scope 2 Indirect emissions from the use of electricity, heat and steam supplied by other companies 113 thousand t-CO ₂	Category 12 End-of-life treatment of sold products 31 thousand t-CO ₂ Scope 3 total 1,921 thousand t-CO ₂

Prepared using the Supply Chain Emission Calculation Method (Ministry of the Environment, Japan)

Reduction of Energy Consumption

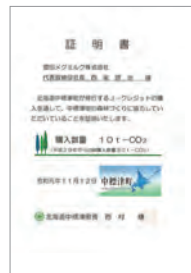
Megmilk Snow Brand is taking energy-saving measures by steadily replacing its older freezers with new energy-saving types. It is also improving operations by reducing the number of freezers used at night. At the Nakashibetsu Plant, new freezers in the cooler station for raw milk were installed in February. By placing the freezers nearer the cooler station, the milk pipeline was shortened and energy loss due to milk warming was reduced. This design is expected to reduce the freezers' energy consumption by about 10%.



Freezers (Nakashibetsu Plant)

Carbon Offsetting Initiatives

Carbon offsetting is the practice of purchasing credits for CO₂ emissions reduced through forest preservation efforts such as tree-planting or clean energy businesses to indirectly offset a part of the CO₂ emissions generated through corporate activities. Megmilk Snow Brand Co., Ltd. has purchased "Nakashibetsu Town J-Credits" from Nakashibetsu Town in Hokkaido and "J-Credit for Project to Introduce Woody Biomass Boiler for Bansei Hot Spring" from Taiki Town in Hokkaido. In fiscal 2020, the Company purchased "Hokkaido Prefectural Forest Offset Credits," contributing to the preservation of forests in Hokkaido.



Nakashibetsu Town carbon offset certificate



Taiki Town carbon offset certificate



Hokkaido Prefectural Forest Management Division carbon offset / credit certificate

Reduction of Waste (Sludge) Generation

Most of the waste emitted by plants is in the form of sludge remaining after wastewater treatment. Megmilk Snow Brand has been working to reduce the amount of sludge it generates by updating wastewater treatment equipment at the Isobunnai Plant and enhancing treatment capacity at the Taiki Plant. In fiscal 2019, the Company reduced sludge emissions of all plants by 6% compared to the previous year.



Wastewater treatment facilities (Isobunnai Plant)

Procurement Activities

In accordance with the Megmilk Snow Brand Group Procurement Policy, we practice procurement activities that promote social responsibilities such as fair trade, human rights, and the environment, as well as work to procure sustainable raw materials. We also conduct regular inspections regarding the details of initiatives conducted by our business partners.

Megmilk Snow Brand Group Procurement Policy

Megmilk Snow Brand Group applies its Group corporate philosophy and the Megmilk Snow Brand Group CSR Policy to take a leading role in working with business partners to promote socially responsible procurement activities and contribute to the realization of an enriched and sustainable society.

1. Legal Compliance and Respect for Social Norms

- Conduct procurement activities that adhere to the relevant laws and respect the social norms of relevant countries.
- Conduct socially responsible procurement activities, including respecting basic human rights and working to improve the labor environment.

2. Ensure Quality and Safety

- Conduct procurement activities that ensure high quality and safety of our products.
- Conduct procurement activities that enable us to provide products at stable and appropriate pricing.

3. Conduct Fair Trade

- Conduct fair trades with business partners.
- Appropriately manage personal information and confidential information related to procurement transactions.

4. Environmental Consciousness

- Dairy farming, the foundation of our business, is only possible with a vast natural environment. To contribute to the realization of a sustainable society, respect biodiversity and conduct environmentally conscious procurement activities.

■ Using Forest-Certified Paper

With respect to the use of paper, to the extent possible the Megmilk Snow Brand Group is gradually switching to paper from certified forests that are sustainably managed. Paper certified by FSC™ (Forest Stewardship Council™) or PEFC (Programme for the Endorsement of Forest Certification), which are international forest certification programs for responsibly managed forests and their products, is used in packaging for Megmilk Snow Brand Milk and other products. This paper is used not only for product containers and cardboard boxes used for exterior packaging, but also for printing paper, handouts and store promotional materials.



Products using forest-certified paper



FSC™ certification mark



PEFC certification mark

(Note) This mark is posted with the permission of SGEC/PEFC Japan.

■ Membership in the Roundtable on Sustainable Palm Oil (RSPO)

The burning of tropical rain forests, primarily in Malaysia and Indonesia, to develop plantations for palm oil, an oil extracted from the fruit of the oil palm tree, has become a serious social issue. To address these problems, the RSPO was established to serve as a certification organization in 2004 to bring together stakeholders from seven sectors related to the palm oil industry, including palm oil producers, retailers and environmental NGOs. Supporting the mission to strive for healthy palm oil industry development, Megmilk Snow Brand Co., Ltd. joined the RSPO in July 2018 and began using certified palm oil in some of its products.

Reduction of Plastic Usage

Amount of plastic usage reduced is one of the KPIs the Megmilk Snow Brand Group uses to show progress on its material CSR issues. Therefore, the Group is working to reduce the weight of its product containers. The Noda Plant worked to reduce the weight of the plastic container used for its Nachure Megumi Fruit Yogurt, and achieved a weight reduction of 6% in fiscal 2019. This achievement is expected to reduce annual plastic usage by 23 tons.

FY2019

Year

6% lighter

➔ 23 tons*

Reduction of usage (anticipated)

* Estimated from FY2019 production volume



Recycling Plastic Bottles into Work Clothes

The fabric in each uniform worn at all 16 plants of Megmilk Snow Brand and Ibaraku Co., Ltd. contains plastic from about 18 to 29 used PET bottles.



Ecology Wear® trademark



Realization of a Diverse and Motivating Workplace

The Megmilk Snow Brand Group recognizes the respective individuality of all persons, regardless of gender, age, nationality, or whether or not that person has physical disabilities. We strive to be a corporate group that generates synergy by encouraging individuals to reach their potential. We are focused on creating an environment that supports diverse workstyles, including supporting childcare and family care.

Workstyle Reforms to Promote Work-Life Balance

The Company launched workstyle reforms in fiscal 2016 and they are steadily producing results. There has been a 28.9% reduction in overtime hours for non-managerial employees, compared to the first half of fiscal 2015. Megmilk Snow Brand is working to promote more efficient meetings by expanding Web conferencing, introducing paperless meeting and document management systems, and improving labor productivity by streamlining operations.

Thanks to these efforts, 80.7% of employees used their paid leave. The number of days taken was 1.3 times higher than in fiscal 2015 for all employees. The telecommuting program introduced in fiscal 2018 is being used by employees with responsibilities such as childcare and elder home care, providing effective support for their lifestyles.

Major Initiatives		Overtime Work Reduction / Paid Leave Acquisition Rate P.16
Labor Productivity Improvements and Workstyle Reform	Enhancing time management (End FY2019 goal: Overtime work reduction rate of 20% (vs. 1H/FY2015))	<ul style="list-style-type: none"> Using PC login/logoff time records to increase awareness Department-specific overtime work status analysis and establishment of reduction goals Provision of incentives to employees in accordance with company-wide target achievement rate
	Promoting paid leave acquisition (End FY2019 goal: Acquisition rate of 70% or higher)	<ul style="list-style-type: none"> Making leave easier to take by revising shifts Introducing half-day paid leave system
	Challenge 3/4 Activities	<ul style="list-style-type: none"> Promoting efficiency and streamlining operations in each department Target setting and confirmation of progress
	Linking with results analysis	<ul style="list-style-type: none"> Reflecting initiative results in personnel reviews
Creating Work Environment	Efficient meeting operations	<ul style="list-style-type: none"> Optimization by improving meeting progression
	Shift to paperless operations	<ul style="list-style-type: none"> The use of conference room equipment, videoconferencing systems, and digital documents will lead to more efficient meetings and the diversification of workplace locations.
	Telecommuting program	<ul style="list-style-type: none"> Development of flexible and efficient work environments, and promoting workstyles that suit employee lifestyles
	Satellite offices	<ul style="list-style-type: none"> Improving time efficiency and productivity for sales representatives by using rented external offices (Tokyo metropolitan area)

Voice



Miyako Nakajima

Planning Section,
East Japan Sales Office
Bean Stalk Snow Co., Ltd.

Balancing My Work and Family Life by Using the Workstyle Reform Programs

My work mainly involves the promotion of infant formula and childcare products to pregnant women at obstetrics hospitals. After taking maternity and childcare leave twice, I am currently using the program for shortened working hours and also working from home to balance my professional and family responsibilities. In order to perform my job within shorter working hours, it is essential to have the understanding and cooperation of my superiors and colleagues as well as access to various support systems. I am also grateful to them for creating an environment that allows me to easily request suitable meeting times as well as work assistance and adjustments. In April 2020, my duties changed to planning for the Kanto region, with a focus on dietician activity planning and promotion. I would like to actively take on the challenge of creating videos and online training in order to help establish new workstyles for the pandemic era.

Human Resource Development

The Megmilk Snow Brand Group conducts human resource education for all Group employees based on the philosophy that people are its greatest assets. The Group is providing programs focused on skill development, offering career development support aimed at securing human resource diversity, and promoting participation in Group company training.

■ Skill Development

The Group conducted employee training to enhance the business skills, mindsets, and concepts needed for each role and rank, while also deepening specialized knowledge and skills for those in functional departments and divisions. Since fiscal 2019, the Group has also held seven training sessions for interested employees on topics such as logical thinking and accounting. About 200 Group employees have participated.

■ Career Development

In fiscal 2018 and 2019, Group employees received career counseling from qualified HR department personnel, along with career planning interviews with superiors. In fiscal 2019, the Group began holding special career planning workshops for all employees aged 30 and 38, as well as voluntary career planning workshops for employees of any age. These programs gave Group members opportunities to think about their careers and plot out their future course. About 200 people participated in the workshops.

Working Hard to Ensure Respect for Human Rights

In June 2020, Megmilk Snow Brand signed the United Nations Global Compact and announced its support for the Compact's principles. The

Group will strengthen its efforts to help build a sustainable world by specifically addressing the Compact's 10 principles in the four areas of human rights, labour, environment, and anti-corruption.

Until now, respect for human rights has been promoted in each department based on the Megmilk Snow Brand Group Code of Conduct and the Megmilk Snow Brand Code of Conduct. Going forward, the Group as a whole will also strive to identify, prioritize, prevent and mitigate the negative impacts of its business activities on human rights across the supply chain.



Initiatives to Promote the Diversity of Human Resources

In order to adapt to various changes in the environment and grow sustainably, the Group is committed to creating workplaces where diverse human resources can demonstrate their abilities equally.

■ Promoting Human Resource Diversity, Utilizing Questionnaires

Every three years the Group conducts an employee awareness survey to promote the diversity of human resources and working styles. The previous survey in 2016 highlighted issues regarding employee understanding of human resource diversity

initiatives, gender-based role-allocation awareness, human resource development, and workstyles. Under the three-year plan established to address these issues, about 20 measures were implemented. The measures included information provision to all levels, skill acquisition training, creation of a career development support system, productivity improvement, and support for balancing childcare and work responsibilities. The 2019 survey revealed resulting improvements in many areas such as understanding of human resource diversity benefits, gender differences when entrusting important tasks, a corporate culture that favors long working hours, and providing training and educational opportunities.

■ Supporting Work and Home Life Balance for Childcare Leave Takers

We provide programs that support a balance between work and having/raising children. These programs, available to male and female employees taking childcare leave, include systems for remaining connected and carrying out self-development during leave, as well as pre-return interviews. In addition, the superiors or department heads of leave-takers complete e-learning modules to better understand the workstyles and methods available to support employees who are raising children. The percentage of male employees taking childcare leave in 2019 was almost double that of fiscal 2017.

■ Enhancing the Leadership of Women

To promote further career advancement for women, the Company provided training designed to raise the awareness of women in the workforce of the importance of being proactive while boosting their ability to enhance organizational results. The Company also invited women in the workforce to participate in external training, where they were able to build their external networks. This enabled them to gain an awareness of roles and careers that they could not have gained within their own companies. In all these ways, the Company is working to strengthen the awareness, skills, and thinking techniques these women need to advance their careers.



Follow-up workshop for women taking on the challenge of leadership positions

■ Providing e-learning on LGBT Issues to Create Supportive Workplaces

All managers (1,005 people) completed an e-learning module to acquire basic knowledge about LGBT issues. They also learned about the consideration and behavior necessary to allow LGBT employees and their colleagues to work comfortably and produce good results without any unnecessary stress.



People and Society

▶ CSR Material Issue

Contributing to Local Communities

The Megmilk Snow Brand Group interacts and partners with our local communities through our business activities to promote harmony with people and society, and to contribute to the local communities.

Hokkaido Comprehensive Partnership Agreement

The Megmilk Snow Brand Group signed a comprehensive partnership agreement with the Hokkaido Prefectural Government in 2007.* Taking advantage of the technology it has developed in dairy product manufacturing, the Group is working to help revitalize the Hokkaido economy in the areas of dairy farming and food.

* The agreement signed in 2007 was between the Hokkaido Prefectural Government and Snow Brand Milk Products Co., Ltd., Snow Brand Seed Co., Ltd., and Snow Brand Parlor Co., Ltd.

Specific Initiatives

1. Initiatives related to Stimulating Dairy Farming

- Supporting dissemination of cheese manufacturing technology

2. Initiatives related to Food Safety and Reliability, Producer/Consumer Partnerships*

- Support for initiatives related to food safety and reliability for Hokkaido produce

3. Initiatives related to Childcare and Health

- Support for local activities related to childcare
- Support related to food education and health
- Support related to sports promotion

4. Initiatives concerning Promoting Attractive Hokkaido Tourism

- Support related to flower tourism
- World Heritage Sites
- Promotions related to Hokkaido Heritage
- Hokkaido tourism PR at the Megmilk Snow Brand Museum

5. Other Initiatives Deemed Necessary

- Environmental initiatives
- Disaster prevention initiatives
- Cooperation with Hokkaido PR activities

* Local consumers and producers cooperate on the consumption and utilization of local resources and produce to increase regional recycling (flow of people, things, money) and help stimulate the local economy.

Sapporo Urban Development Partner Treaty

Sapporo City and Megmilk Snow Brand Co., Ltd. signed a Sapporo Urban Development Partner Treaty. The Company donates to the Support Hotto Fund based on the number of visitors to the Megmilk Snow Brand Museum to support activities supporting healthy childrearing. In FY2019, we donated 10 yen for each person who visited the Megmilk Snow Brand Museum.



Megmilk Snow Brand Museum (Sapporo)

Initiative with Ibaraki Prefecture to Extend Healthy Life Expectancy

Megmilk Snow Brand and the Sales Strategy Department of the Ibaraki Prefectural Government are collaborating on a campaign to address the shortage of vegetables and calcium in the diets of many people in Japan. The team developed recipes that contain half the daily recommended intake of vegetables (175 grams) and the amount of calcium that is usually missing from the daily Japanese diet (223 milligrams), all in one dish. The idea is to boost consumption of vegetables and dairy products from Ibaraki Prefecture. The first recipe released was "Japanese-style Lotus Root and Mizuna au Gratin." The plan is to release new recipes once every two months and to serve them as lunch menu items in the cafeteria of the Ibaraki Prefectural Office. The team is also focusing on developing recipe cards for local supermarkets. This campaign shows how Megmilk Snow Brand is helping to solve social issues through its business activities, in this case by promoting the consumption of vegetables and calcium, which are dietary issues for Japanese people today.



Press conference for campaign launch with Ibaraki Prefecture officials



Japanese-style Lotus Root and Mizuna au Gratin

Partnership with Local Communities through Disaster Preparedness

Megmilk Snow Brand's Nakashibetsu, Ami, Ebina, and Kobe Plants have signed memorandums of understanding with their respective local districts. In the event of a large-scale disaster, the affected plant will cooperate with its local community to provide evacuation sites and relief supplies, and work to minimize damage. Moreover, SI System Corporation has installed disaster relief vending machines at its operation centers across Japan. These machines can dispense free beverages to local companies and residents during an emergency such as a natural disaster, if there is a power failure.

Support for Food Bank Activities

In December, Megmilk Snow Brand signed an agreement to donate food products to Second Harvest Japan, a certified NPO that conducts food bank activities for families in need and welfare facilities. The Company is contributing to society by donating products that cannot be shipped due to deadline expiration, or product revisions and discontinuations, as well as due to measures to reduce food product loss. The Company donated Noko Milk Jitate Fromage Milk in December, and Bean Stalk Snow Co., Ltd. donated Platinum Milk for Balance in March.



Regional Cooperation through Food Education Activities

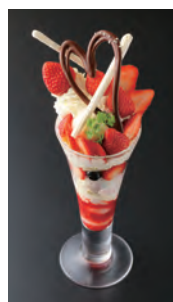
With the aim of helping to develop communities where different generations can live actively together in good health, Megmilk Snow Brand and the Urban Renaissance Agency (UR) signed an agreement for regional cooperation in March. Targeting certain UR rental housing complexes and their neighborhoods in Osaka Prefecture and the surrounding region, Megmilk Snow Brand will carry out food education activities such as bone, calcium and cheese seminars for the residents.



Signing ceremony for agreement on regional cooperation with UR

Promoting Local Consumption of Local Products

To promote consumption of local products, in January Snow Brand Parlor Co., Ltd. released parfait and mini parfait desserts featuring Mashu Ruby, a brand of strawberry from Teshikaga, Hokkaido. These strawberries are cultivated in the town of Teshikaga using methods that help conserve the global environment, including the use of geothermal heat and electricity produced from renewable energy sources. By using Mashu Ruby strawberries in its products, the Megmilk Snow Brand Group is supporting sustainable agriculture, promoting local consumption of local products, and contributing to regional revitalization.



Mashu Ruby Parfait

Events for Local Residents

Snow Brand Seed Co., Ltd. has set up a study team to promote greater interaction with local residents. The team discovered that many local residents near the company's headquarters in Sapporo, Hokkaido, are interested in seeing the company's historic locations and buildings. In response, it was decided to offer a history tour of Snow Brand Seed, and 83 lottery participants were accepted. The tour included Snow Brand Butter Memorial Hall, Keiteiso, Rakuren Birthplace, the former Uno Farm Silo, and the Sapporo Seed Center, all on the premises of the company's head office. The participants got to see sites that are not usually open to the public, and the company had a good opportunity to interact with local residents.



Company tour for local residents

Voice



Yuko Haruta

Marketing Planning Group,
Marketing Department
(stationed at
Tohoku Regional Sales Office)
Megmilk Snow Brand Co., Ltd.

Helping People in Miyagi and the Tohoku Region to Enjoy Their Lives More Fully, Now and in the Future

The Tohoku Regional Sales Office supports efforts to resolve social issues in the region as a corporate supporter for the Smart Miyagi Health Conference, organized by Miyagi Prefecture. A collaboration between industry, government, and academia, the conference focuses on helping citizens overcome metabolic syndrome, exercise more, and eat more vegetables. The Tohoku office is helping to promote this effort while coming up with new ideas to improve the health of citizens in Miyagi. Last year, at a seminar held in the prefecture, we shared muscle exercises that can be done at home, along with functional foods that help reduce visceral fat. Working with local companies, we also came up with healthy recipes that contain protein and calcium, and distributed them to local stores. We will keep striving to help the people of Miyagi and the Tohoku region to enjoy their lives more fully, now and in the future.