

Material Issues and KPIs (FY2022 Results)

Field	Material Issues	Core Activity Themes	Fiscal Year Achieved	KPIs	Result	Scope	Page to Refer	Related SDGs
Food and Health	Milk for Contributions to Food and Health	Providing Safe Products and Services	FY2022	Certify 75% or more of the food facilities in and outside Japan that manufacture Megmilk Snow Brand products under an international food safety scheme recognized by GFSI	96% have earned certification (as of April 2023)	C	P.50	
			FY2022	Train certified sensory evaluation technicians with the ability to evaluate flavor 110% or more (compared to fiscal 2017 levels)	122%	A	P.50	
		Contributing to Extending Healthy Life Expectancy	Every year	Carry out research and development, product development, service provision, and information transmission to contribute to extending healthy life expectancy through milk	<ul style="list-style-type: none"> Gave four presentations on extending healthy life expectancy at conferences, published six papers in academic journals, and published two news releases on our website Enhanced related websites and conducted campaigns and ads to promote measures to increase interest in bone health and public awareness of MBP 	A	P.51	
			FY2026	Conduct food education activities on the key theme of contributing to health through food, aiming for an average of 45,000 participants per year from fiscal 2019 to 2026	64,150 participants (142.6% of target)	D	-	
Dairy Farming	Contributing to Sustainable Dairy Farming	Activities to Strengthen the Dairy Farming Production Platform	Every year	Provide administrative and technical support for sustainable dairy farm management through operational support for the Japan Young Dairy Farmers Research Association and the activities of the Research & Development Center for Dairy Farming	<ul style="list-style-type: none"> Provided operational support for various training programs held by the Japan Young Dairy Farmers Research Association and for the Japan Dairy Farmer's Research Association and Dairy Farming Conference. Held the Research & Development Center for Dairy Farming Symposium in a hybrid in-person and online format on the theme of "Now Is the Time to Produce Feedstuff Domestically." 260 people participated 	A	P.52	
			FY2030	Increase the area of land planted with Snow Brand Seed Co., Ltd.'s feedstuff seeds by 3% compared to fiscal 2019 levels in order to promote self-sustaining feedstuff dairy farming	3.7% (101,455 ha planted in FY2022)	B	P.52	
Environment	Reducing Environmental Impact	Preventing Global Warming	FY2030	50% reduction in CO ₂ emissions (compared to FY2013)	23.5%	E	P.41	
			FY2022	Use 100% environment-friendly raw materials in paper used	97.7%	I	-	
		Sustainably Using Resources	FY2026	Procure 100% certified palm oil *Applies to refined palm oil	14.5%	J	-	
			FY2030	Reduce the amount of petroleum-derived plastic used (per unit of sales) by 25% (compared to FY2018) *Reduction includes replacing petroleum-derived plastics with recycled plastics and mass-balanced bioplastics	5.3%	F	P.42	
			Every year	<ul style="list-style-type: none"> Prioritize using paper and biomass plastic containers Encourage the use of personal cups and bottles in office to reduce the number of plastic bottles used 	<ul style="list-style-type: none"> Introduced strawless milk cartons for school meals and switched fruit juice drink straws to biomass straws Multiple Megmilk Snow Brand departments worked to reduce the number of plastic bottles used in the workplace and promoted personal cups and bottles to reduce plastic waste 	A	P.42	
			Formation of a Recycling-based Society	FY2030	Reduce waste product emissions by 30% (compared to FY2013)	19.6%	G	
		FY2030		Maintain waste recycling rate at 98% or higher	98.8%	G	P.36	
		Every year		Food waste product recycling rate of 95% or higher	94.8%	H	-	
		Every year		Pursue product development that considers the environment. Extend expiration dates for existing products and new products, actively promote labeling of expiration date by year and month	Extended the best-before dates of one dairy food product for household use and 9 milk beverage and dessert products for household use	A	-	
		FY2030	Reduce the amount of water used at manufacturing sites by 9% (compared to FY2013)	7.6%	G	P.43		
Every year	Confirm water risks at manufacturing sites and assess risks to business continuity	Confirmed water risks and assessed risks to business continuity	G	P.68				
People and Society	Realization of a Diverse and Motivating Workplace	Diversifying and Developing Human Resources	FY2025	Percentage of female managers of 10% or higher	7.2% (as of April 1, 2023)	A	P.36	
			Every year	Be recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program	Recognized as a 2023 Certified Health & Productivity Management Outstanding Organization	A	P.47	
		Respect for Human Rights	Every year	Conduct due diligence and awareness-raising activities on human rights based on the "Megmilk Snow Brand Group Human Rights Policy" to identify, prevent, and reduce human rights risks in business activities	<ul style="list-style-type: none"> Conducted a Human Rights Impact Assessment through in-person interviews with foreign workers at factory and dairy farming production sites and a group company Conducted a Human Rights Impact Assessment with small-scale palm farmers in Indonesia through on-site visits and dialogue after a preliminary questionnaire was sent to them 	A	P.48	
			Every year	Work with the Community to Help Resolve Social Issues	<ul style="list-style-type: none"> Worked with local communities in Ibaraki Prefecture, including expanding consumption of agricultural products from Ibaraki Prefecture and Megmilk Snow Brand dairy products, and participating in Ibaraki Prefecture's "Low Sodium Promotion Project" Worked with local retail stores to introduce sodium-conscious menus and display leaflets and educational videos in store as a company supporting the Smart Miyagi Healthy Citizen Council 	A	P.53	

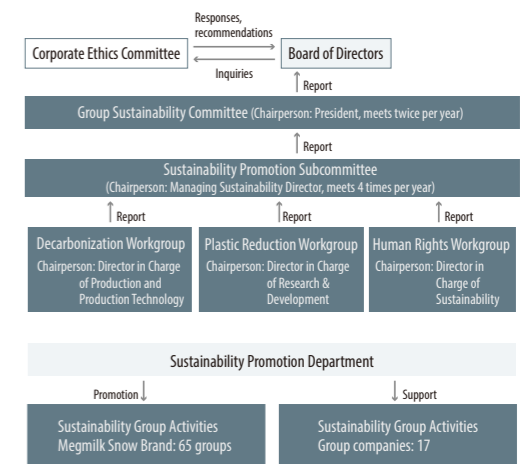
<Scope> A Megmilk Snow Brand B Snow Brand Seed Co., Ltd. C Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Bean Stalk Snow Co., Ltd. / Snow Brand Australia Pty. Ltd. / PT. Megmilk Snow Brand Indonesia / Luna Bussan / Miruku no Sato Co., Ltd. D Megmilk Snow Brand / Bean Stalk Snow Co., Ltd. E Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Chokuhon Haisou Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Snow Brand Seed Co., Ltd. / Bean Stalk Snow Co., Ltd. F Megmilk Snow Brand / Ibaraku Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Bean Stalk Snow Co., Ltd. G Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Snow Brand Seed Co., Ltd. / Bean Stalk Snow Co., Ltd. H Megmilk Snow Brand / Ibaraku Co., Ltd. / Kohnan Oils and Fats Mfg. Co., Ltd. / Michinoku Milk Co., Ltd. / Yatsugatake Milk Industry Co., Ltd. / Bean Stalk Snow Co., Ltd. I Megmilk Snow Brand / Kohnan Oils and Fats Mfg. Co., Ltd. / Snow Brand Seed Co., Ltd. / Bean Stalk Snow Co., Ltd.

Sustainability Promotion

Sustainability Promotion Structure

The Group Sustainability Committee, chaired by the President of Megmilk Snow Brand, has been established to promote the sustainability of the entire Group at the management level. The Sustainability Promotion Department and Group Sustainability Committee confirm the progress of KPIs for material issues, conduct discussions on achieving them, and report to the Board of Directors (twice in FY2022). The Sustainability Promotion Subcommittee has been established under the Group Sustainability Committee to examine specific measures to resolve material issues based on reports from the workgroups on decarbonization, plastic reduction, and human rights (four times in FY2022).

In addition, we promote understanding of sustainability among employees and other specific initiatives, including the sustainability Group activities which are led by sustainability leaders assigned to each department and Group company of Megmilk Snow Brand.



Sustainability Group Activities

The Megmilk Snow Brand has carried out sustainability Group activities since fiscal 2003 as a means of cultivating executives' and employees' understanding of sustainability and fostering a compliance mindset after the occurrence of two incidents (see p. 66). The sustainability leaders appointed in each division play the central role in these activities. Fiscal 2023 marked the 21st year of these activities, which are held 10 times in each division. All employees participate, regardless of employment type.

Making use of this report, employees engage in a lively exchange of views about efforts to achieve the SDGs and solve social issues. The sharing of ideas and experiences with each other helps to strengthen communication among employees.

Group companies are also engaged in sustainability Group activities, focusing on compliance and tailored to each company's awareness of the issues it faces.



Sustainability Group activities in action

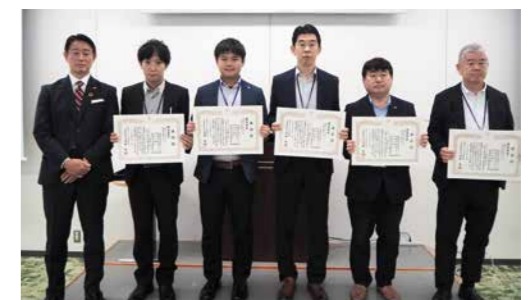
The Megmilk Snow Brand SDGs Action Awards

The Megmilk Snow Brand Group has been holding the Megmilk Snow Brand Group SDGs Action Awards since fiscal 2020.

This award system recognizes activities to achieve the KPIs for material issues and encourages all Group employees to promote and expand SDG activities as an issue that personally matters to them.

In fiscal 2022, the third year of awards, 17 Group companies and all divisions of Megmilk Snow Brand participated, and a total of 132 entries were received. Our President, Managing Sustainability Director, and the Sustainability Promotion Department selected outstanding activities that would serve as a model for the Group, and held an award ceremony in June 2023. The Grand Prize went to a joint initiative by Megmilk Snow Brand's Production Department, the Noda Plant, the National Chain Store Sales Department, and the Dairy Department's East Japan Milk Procurement Office to "reduce late-night work at the Plant by changing production systems." Their partnership with external parties and efforts to solve a social issue while achieving economic efficiency were highly evaluated.

Awards held	2020	2021	2022
	1st year	2nd year	3rd year
Participation rate	All Megmilk Snow Brand departments: 100%	100%	100%
	17 Group companies: 59%	89%	100%
Characteristics of awarded activities	Understanding the SDGs and connecting them to operations	Concrete efforts to "leave no one behind"	Solving a social issue while achieving economic efficiency



Workplace of the Grand Prize recipients

Addressing Climate Change

As a part of sustainability management that aims to align social and economic values, Megmilk Snow Brand set the target of reducing CO₂ emissions by 50% compared to fiscal 2013 as a Key Performance Indicator (KPI) for fiscal 2030, and has been promoting Group-wide decarbonization efforts. In May 2023, we declared our commitment to working toward carbon neutrality and reducing greenhouse gas emissions to net zero by 2050.

Going forward, we will implement further initiatives to realize a decarbonized society.

Megmilk Snow Brand's 2050 Carbon Neutrality Declaration

Megmilk Snow Brand will solve issues related to climate change and dairy farming production to realize "food sustainability," and aim to achieve carbon neutrality by 2050.

Initiatives for the Task Force on Climate-Related Financial Disclosures (TCFD)

Climate change is one of the most pressing issues global society faces today. It needs to be addressed as a material issue and prerequisite for Megmilk Snow Brand's business to achieve "food sustainability." In September, Megmilk Snow Brand disclosed non-financial information based on the TCFD framework.

This year's report focuses on the activities undertaken in fiscal 2022.

Governance (see p. 38, Sustainability Promotion Structure)

To promote the sustainability of the entire Group at the management level, we have established the Group Sustainability Committee, chaired by the President of Megmilk Snow Brand, to discuss concrete measures.



Group Sustainability Committee in action

Strategy

We took the following actions in fiscal 2022 based on the climate change risks disclosed that year. We also defined new KPIs to serve as opportunities for action.

Climate Change Risks and Megmilk Snow Brand's Actions

Risk Items	Impact on Megmilk Snow Brand	Level of Impact in 2050		Megmilk Snow Brand's Actions in FY2022
		1.5°C	4°C	
Carbon price	Increase in manufacturing and transportation costs and cost of sales due to the introduction of a carbon tax	Large		<ul style="list-style-type: none"> Converted the boiler system to run on liquid natural gas (LNG) and introduced methane fermentation equipment to reduce CO₂ emissions (Taiki Plant). Decided to install photovoltaic systems to expand the use of renewable energy (Ebina Plant, Ami Plant, Kyoto Plant). Discussed introducing renewable energy (Kawagoe Plant). Established quantitative targets for each fiscal year to serve as a roadmap and clarified the CO₂ emissions target for FY2025, the interim point, with the aim of reducing CO₂ emissions to 50% of the FY2013 level by FY2030. Established a structure to encourage environment-related capital expenditures by initiating financing through sustainability-linked loans and green bonds. Began third-party verification of CO₂ emissions beginning with our CO₂ emissions in FY2021 in order to increase the credibility of our CO₂ emission figures. Began discussing the introduction of internal carbon pricing.

Changes in consumer awareness	<p>Consumer interest in the use of natural materials, recycling of packaging materials, CO₂ emissions, etc.</p> <p>Increase/decrease in net sales due to the purchase of products from companies that proactively address climate change</p>	Medium	Small	<ul style="list-style-type: none"> Changed straws included with products for household use to those containing biomass plastic. Began providing straws containing biomass plastic with milk for school meals and introduced strawless cartons (April 2023). Formulated a roadmap for switching to paper yogurt containers and introducing containers containing biomass plastic, and began discussing concrete steps. Held a dialogue on ethical consumption with consumer group representatives and experts on consumer issues at the Megmilk Snow Brand Consumer Subcommittee meeting. Set a new KPI for the expansion of alternative foods, such as plant-based foods, and function-added products.
Increasing average temperature	<p>Increase in raw material procurement costs due to heat control measures</p> <p>Insufficient water resources due to the increasing average temperature</p>	Small	Large	<ul style="list-style-type: none"> Installed backwash water recovery equipment (Ebina Plant). Revised KPI for increasing the area of land planted with grass and feedstuff seeds (Snow Brand Seed Co., Ltd.). Set a new KPI for increasing the area planted with green manure seeds (Snow Brand Seed Co., Ltd.). Held the Research & Development Center for Dairy Farming Symposium to provide business management and technical support for sustainable dairy farming management. Launched a demonstration experiment for a measure to reduce greenhouse gas emissions from cow intestines (reduce methane gas in burps).
Increase in frequency and severity of extreme weather events	Impact of natural disasters on manufacturing and logistics facilities		Small	<ul style="list-style-type: none"> Reassessed water risks at manufacturing sites. No sites were found to be at high risk in the Aqueduct assessment. Conducted independent assessments for water, wastewater, and flood risks. Upgraded wastewater treatment facilities to address wastewater risks (Chino Plant, Yatsugatake Milk Co., Ltd.). To address flood risks, installed a simple dike system to prevent damage to power receiving, transforming, and distribution equipment in case of river flooding (Betsukai Plant). Conducted periodic drills to check the operation of emergency generators installed at all seven plants in Hokkaido in preparation for emergencies.

Risk Management

Climate change risks are reported and discussed by the Sustainability Promotion Subcommittee and shared with the entire Group via the Group Sustainability Committee.

Metrics and Targets

We have set KPIs for the identified risks in order to manage their progress.

Progress of Main KPIs Related to Climate Change

Items	KPIs	FY2021	FY2022
Carbon price	50% reduction in CO ₂ emissions by FY2030 (compared to FY2013)	18.4% reduction	23.5% reduction
	25% reduction in the amount of petroleum-derived plastic used (per unit of sales) by FY2030 (compared to FY2018)	2.5% reduction	5.3% reduction
Changes in consumer awareness	Switch paper used to 100% environment-friendly raw materials	87.1%	97.7%
	100% procurement of certified palm oil by FY2026	20.4%	14.5% ^{*1}
Increasing average temperature	9% reduction in the amount of water used at manufacturing sites by FY2030 (compared to FY2013)	8.2% reduction	7.6% reduction ^{*1}
	3% expansion in area of land planted with grass and feedstuff seeds by FY2030 (compared to FY2019) ^{*2}	0.2% increase	3.7% increase
Increase in frequency and severity of extreme weather events	Confirm water risks and conduct an assessment of business continuity risks (every year)	Conducted risk assessment	Revised independent assessment; implemented drainage and flood control measures

^{*1} Expansion of target scope
^{*2} Add "grass" starting in fiscal 2023

Reducing CO₂ Emissions

Boiler System Fuel Conversion Initiative

Fuel conversion (heavy oil to LNG) of the boiler system at Megmilk Snow Brand's Taiki Plant was completed in December. This will reduce our annual CO₂ emissions by approximately 7,800 metric tons of CO₂ per year. Since fuel conversion of boiler systems is highly effective in reducing CO₂ emissions, we will implement it successively from 2023 onward at the Nakashibetsu Plant (2023–2024) and Kyoto Plant (2025–2026). The impact of converting boiler systems at all three plants to run on LNG will be a reduction of approximately 15,000 metric tons of CO₂ emissions per year.



Boiler system (Taiki Plant)

Photovoltaic System Installation Initiative

Installation of a photovoltaic system (generating 323 MWh/year) at Megmilk Snow Brand's Ebina Plant was completed in June 2023. This will reduce our annual CO₂ emissions by approximately 123 metric tons of CO₂ per year. Operations are scheduled to start at the Ami Plant and Kyoto Plant in 2024, which is expected to bring the total reduction to 954 metric tons of CO₂ emissions per year at the three plants.



Photovoltaic system (Ebina Plant)

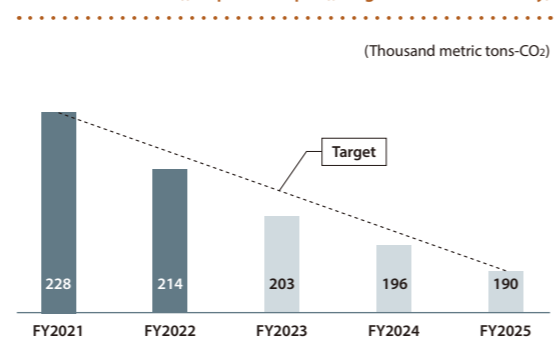
Plant	Generating capacity (kW)	Electricity generated (MWh/year)	Reduction in CO ₂ (t-CO ₂ /year)	Start of operations
Ebina Plant	205	323	123	Jul. 2023
Ami Plant	1,005	1,380	603	Jun. 2024
Kyoto Plant	380	626	228	Jun. 2024
Total	1,590	2,329	954	

Clarification of CO₂ Emissions Targets

To ensure that we achieve our CO₂ emissions target for fiscal 2030 (a 50% reduction compared to fiscal 2013), we have set quantitative targets for each fiscal year to serve as a roadmap, and clarified the CO₂ emissions amount for fiscal 2025, our interim target. We are meticulously managing our progress based on these figures.

	(Thousand metric tons-CO ₂)				
	FY2021	FY2022	FY2023	FY2024	FY2025
Target	–	218	209	199	190
Result	228	214	203 (Estimated)	196 (Estimated)	190 (Estimated)
Scope 1	117	113	–	–	–
Scope 2	111	101	–	–	–

CO₂ Emissions ((Scope 1 + Scope 2), Megmilk Snow Brand Only)



Plastic Reduction Initiatives

We have set a KPI target for fiscal 2030 of a 25% reduction in the amount of petroleum-derived plastic used (per unit of sales) compared to fiscal 2018, and are promoting efforts to reduce plastics. In order to accelerate these efforts, we established the Plastic Reduction Workgroup in fiscal 2021. This workgroup discusses concrete measures, such as switching to paper yogurt containers and introducing containers made of biomass plastic.

Initiatives in Containers and Packaging

■ To reduce petroleum-based plastic in straws, we introduced strawless milk cartons for school meals and began providing straws containing biomass plastic in April 2023. This initiative is expected to reduce the amount of petroleum-based plastic by up to 54 million bottles (approximately 18 metric tons) per year. Another initiative we took to reduce petroleum-based plastic in straws was switching straws provided with fruit juice drinks to straws containing biomass plastic in March 2022.



Product	Target material	Reduction in petroleum-derived plastic (estimated)	Introduced
Beverages	Straw	8 metric tons/year	Mar. 2022
Dessert sauces for commercial use	Bottle	9 metric tons/year	Jun. 2022
Mainichi Hone Care MBP® Pet bottle-type	Cap	1 metric ton/year	Mar. 2023
Small containers with caps	Cap	6 metric tons/year	Mar. 2023
Dole® Apple 100% 280 ml	Cap	1 metric ton/year	Mar. 2023
Milk for school meals	Straw	18 metric tons/year	Apr. 2023
		Total:	
		43 metric tons/year	

■ As part of our initiative to reduce the amount of plastic used overall, we are working to reduce the thickness and weight of plastic caps used in our containers and packaging, among other measures. Including our straw initiative, we estimate a reduction of 43 metric tons per year in the future.

Establishment of Plastic Waste Reduction Targets

Megmilk Snow Brand is classified as a "large volume generator" because we generate over 250 metric tons per year of industrial waste from products that use plastic and the like. For this reason, we have set new targets for reducing and recycling plastic industrial waste as Group environmental goals for fiscal 2023. We will publicly announce our progress on these targets going forward.

<Newly Added Items>
 Group Environmental Goals
 · By FY2030, reduce the amount of plastic waste (industrial waste) generated by 15% (compared to FY2018)
 · Achieve a plastic waste recycling rate of at least 98% by FY2030



Promoting Decarbonization



Director and Managing Executive Officer
 Decarbonization Workgroup Chairperson
 Takehiko Inoue

Launch of the Decarbonization Workgroup and Its Role

In November 2021, we launched the Decarbonization Workgroup consisting of executives and employees from the Production Technology Department, Corporate Planning Division, and Sustainability Promotion Department. This workgroup meets monthly to share information and discuss concrete measures relating to topics, such as capital investments to reduce CO₂ emissions and the procurement of renewable energy.

Last fiscal year, the workgroup reported and proposed the introduction of photovoltaic systems at three plants (Ebina, Ami, and Kyoto) and the adoption of the 2050 Carbon Neutrality Declaration to the Sustainability Promotion Subcommittee, taking our decarbonization efforts one step further. Going forward, we will continue to accelerate initiatives to halve carbon emissions by 2030 (reduce CO₂ emissions by 50% compared to fiscal 2013), which is one of the Megmilk Snow Brand's KPIs.

Biodiversity Conservation Initiatives

In the Megmilk Snow Brand Group Environmental Policy revised in 2021, we added that we will conserve biodiversity and contribute to the creation of a future society by using resources in a sustainable way in business activities. Living organisms on Earth depend on each other, forming ecosystems such as forests and rivers that are unique to each place and land, and our lives are supported by these ecosystems. Since our plants use a large amount of water resources, we have set a KPI for fiscal 2030 of reducing the amount of water used at manufacturing sites by 9% compared to fiscal 2013. We expanded the scope of this KPI to the entire Megmilk Snow Brand Group from fiscal 2022, and are working to promote water conservation efforts. In addition, since fiscal 2022, we have stepped up our forest conservation efforts, which also contribute to protecting water resources.

Water Conservation Initiative

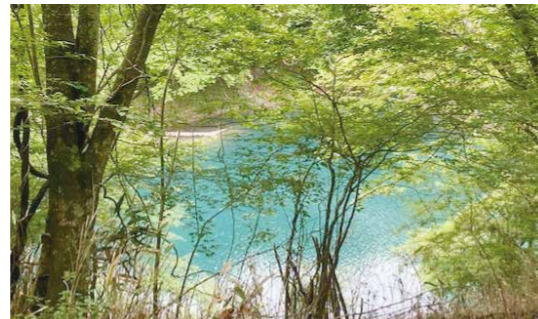
As part of our efforts to conserve water, we installed backwash water recovery equipment at Megmilk Snow Brand's Ebina Plant, following Fukuoka Plant and Noda Plant. The Ebina Plant uses well water in plant operations and has installed filters to remove impurities in the water, but these filters must be backwashed periodically to remove stuck-on impurities. By installing equipment to effectively utilize this backwash water, we expect to reduce water consumption at the plant by approximately 26,000 m³ per year.



Backwash water recovery equipment (Ebina Plant)

Initiatives to Restore Water Sources Through Forest Conservation

Megmilk Snow Brand's Ebina Plant has been participating in the Kanagawa Prefectural Government's "Reforestation Partner" system since fiscal 2022, and has launched a reforestation initiative in support of the Kanagawa Reforestation 50 Year Plan. In a forest that the plant has named "Megumi no Mori," employees participated in forest maintenance, nature observation, and other activities to raise awareness of environmental protection and volunteerism, and worked to restore this source of water.



Megumi no Mori (Kiyokawa-mura, Aiko-gun, Kanagawa)

Megmilk Snow Brand has long engaged in forest conservation efforts through tree-planting and other forest conservation activities, as well as through the use of carbon offsetting programs. In fiscal 2022, the Noda Plant began working on a forest conservation project (Forest Thinning Promotion Project for Nippon Paper Lumber Co., Ltd.'s Sudagai Company-owned Forest in Gunma) located in the headwater region of the Tone River. We will continue to gradually expand our support for forest conservation.



Sudagai Company-owned Forest (Minakami-machi, Tone-gun, Gunma)

Content of initiative	Location	Year started	Area (approximate)	YoY change
Hokkaido: "Hokkaido-owned Forest Offset Credit Scheme"	Megmilk Snow Brand Museum	2015	6ha	+4ha
Nakashibetsu Town, Hokkaido: "Nakashibetsu Town Town-owned Forest J-Credit Scheme"	Nakashibetsu Plant	2017	2ha	
NEW Kanagawa Prefecture: "Reforestation Partner" Naming Rights Forest "Megumi no Mori"	Ebina Plant	2022	3ha	+3ha
NEW J-Credits related to the "Forest Thinning Promotion Project for Nippon Paper Lumber Co., Ltd.'s Sudagai Company-owned Forest in Gunma"	Noda Plant	2022	8ha	+8ha
			Total 19ha	+15ha

Human Capital Investment for Achieving the Group Medium-Term Management Plan 2025

Human Capital & Diversity

The Megmilk Snow Brand Group believes that people are its greatest assets.

In the midst of major changes in the environment and uncertainties about the future, we believe that the growth and contributions of our core human resources, who are the source of our added value, are essential to realize our Corporate Philosophy and Purpose, and to achieve sustainable growth.

We are promoting personnel policies and building an environment that enables diverse talent who practice the Megmilk Snow Brand Values to fully demonstrate their individuality and abilities. We will enhance each employee's "motivation" (ease of work + job fulfillment) and cultivate talent who will create added value through the milk value chain.

Megmilk Snow Brand Values

- Self-motivated**
Start the action. For your future.
- Challenge**
Enjoy the challenge. For your future goal.
- Teamwork**
Work together. For our common future.

Group Medium-Term Management Plan 2025

What we need in these times of dramatic change

Transform from a culture of searching for why we cannot to a culture of exploring how we can

+ Speed

Human Resource Development Policy

- Cultivate talent to support the sustainable growth of the Megmilk Snow Brand Group
- Encourage the self-actualization of each employee through the development of their individual capabilities
- Promote diversity and inclusion

Four Measures of the Medium-term Human Resources Strategy

1. Improve labor productivity by promoting workstyle reforms

Promote workstyle reforms

Megmilk Snow Brand has been working to improve productivity and enhance work-life balance since fiscal 2016. Overtime hours (monthly average per general employee) decreased to less than three-fourths, from 23.8 hours in fiscal 2015 to 17.6 hours in fiscal 2022. Meanwhile, the rate of employees taking annual paid leave (average for all employees) reached 80% in fiscal 2022, up from 65% in fiscal 2015.

in any organization can work with energy at any time and anywhere."

In the future, we will further expand the range of workstyles employees can choose from as "new workstyles," in order to realize diverse ways of working that will improve both corporate value and employee satisfaction.

Megmilk Snow Brand (non-consolidated)	Unit	FY2020	FY2021	FY2022
Total hours worked	Hours	1,972.7	1,946.6	1,938.5
Overtime hours worked	Hours	17.5	17.4	17.6
Annual paid leave acquisition rate (Target: 80% or more in FY2023)	%	73.8	73.2	80.1

(Notes) 1. Total hours worked is the number of hours per general employee per year
2. Overtime hours worked is the number of hours per general employee per month in excess of the number of scheduled working hours
3. The annual paid leave acquisition rate is the percentage of annual leave days taken by all employees, including non-permanent employees

Provide new workstyles

The telecommuting program we rolled out company-wide in fiscal 2018 has evolved into Megmilk Snow Brand Remote Work Management (YMR), the theme of which is "Any person



Devising and Implementing Workstyles that Match Our Lifestyles Grand Prize Winner of the Third Megmilk Snow Brand SDGs Action Awards



(From left) Takayoshi Kubota, Chika Yoshikawa, Kanako Yoshie, and Naho Nakamura

Fermentation Team, Manufacturing Sec., Fukuoka Plant

Out of a total of 13 people in our team, two are over the age of 65, five are women, and five are parents with childcare responsibilities. This has presented some challenges at our workplace, since everyone wants to do their best at work, but the need to pick up and drop off children at specific times limits some workers in their ability to work staggered hours. The aging of the workforce, the promotion of women's participation in the workplace, and childcare and nursing care issues are all relevant issues that need to be addressed

at our workplace. Therefore, we reexamined the way we have been working until now and strove to "create a diverse and motivating workplace." One of the changes we made was to pump equipment-cleaning detergent directly from a tanker instead of carrying it in 20 kg containers. This has reduced the workload associated with heavy lifting and replenishment work and improved safety. We also changed our method for sterilizing water used in production (from a sterilizer to UV equipment), which enabled us to shorten our early work hours and delay the start of work to a time that is more friendly to parents (from 6:30 to 8:00 a.m.), thereby creating a more comfortable work environment. Rather than saying, "This is a factory; it can't be helped," or "It's inevitable," and giving up, we are working daily to "create a work environment where "anyone at any life stage can play an active role," by having all members speak up, cooperate, and work proactively toward "improvements that leave no one behind."

2. Create added value by promoting diversity (Diversity & Inclusion)

Promote diversity and inclusion (D&I)

The Megmilk Snow Brand Group seeks diverse human resources who practice the three qualities of “self-motivated, challenge, and teamwork” set forth in the Megmilk Snow Brand Values. We aim to be a corporate group that generates synergy and added value by enabling talent from various backgrounds—including age (young, mid-level, and senior), gender (male or female), nationality, work experience (new graduates, experienced, and returning to work), and disability—to recognize and respect each other’s individuality and demonstrate their abilities.

Efforts to promote women’s participation

Since Megmilk Snow Brand’s “Declaration on promoting women’s active participation in the workplace” in December 2015, we have positioned “women’s participation” at the core of our diversity initiative and promoted it as a corporate strategy. The rate of women in management positions rose from 2.5% in fiscal 2015 to 7.2% at the beginning for fiscal 2023, and we will continue to work toward our target of 10% or more by the end of fiscal 2025.

Specific measures will be focused on creating an environment that supports a healthy work-life balance (by providing programs, etc.); rolling out internal and external career development programs to foster female leaders and promote career advancement; formulating training

plans; holding internal forums and e-learning programs to promote understanding of unconscious bias, including bias around LGBTQ+; and supporting activities aimed at providing women with more detailed opportunities and training.

Support for balancing work with childcare and nursing care

We hold seminars and develop and offer various programs to support the balancing of work with birth, childcare, and nursing care responsibilities.

In October, following the revision of Japan’s Child Care and Family Care Leave Act, we established a new 28-day paid leave system called “Postpartum Partner Leave” to encourage male employees (including both regular workers and non-regular workers) to take childcare leave.

D&I Project

As we continue to reform workstyles, enhance various programs, and improve work environments, our next stage will be launching the “D&I Project” in fiscal 2023. This project will be headed by the Managing Sustainability Director and consist of representatives from each section, and will further accelerate the creation of an effective framework in which diverse human resources can play an active role.

Megmilk Snow Brand (non-consolidated)	Unit	FY2020	FY2021	FY2022
Rate of women in management positions (Target: 10.0% or more in FY2025)	%	5.0	6.1	7.2
Rate of employees taking childcare leave (Target: 85.0% in FY2025)	Total	64.4	92.2	100.9
	Men	51.2	83.7	95.6
	Women	97.1	125.0	123.8
Gender wage gap	All workers	—	—	60.5
	Regular workers	—	—	64.0
	Non-regular workers	—	—	75.0

(Notes) 1. The rate of women in management positions is the figure for April 1, 2024.
 2. The rate of employees taking childcare leave may exceed 100%, as it includes employees whose children were born during the previous fiscal year or earlier who did not take childcare leave at that time, but instead took leave during the current fiscal year.
 3. The gender wage gap states women’s wages as a percentage of men’s wages. Regular workers include full-time workers who have transitioned from fixed-term to indefinite-term contracts, in addition to permanent, full-time employees. The wage gap between men and women is attributed to a number of factors, including differences in the ratio of men and women in each pay grade and differences in the number of male and female full-time workers who have transitioned to indefinite-term labor contracts. The wage system does not treat workers differently based on gender.

3. Acquire, assign, and develop talent to realize management strategies

Hiring experienced talent

In addition to hiring new graduates, part of our management strategy is to hire mid-career talent who can use their experience at other companies in various fields, including production, sales, R&D, and IT, to support the milk value chain. In addition, we convert motivated and capable contract employees to permanent employees so that they can contribute in a wider range of fields.

Skill development

In the employee awareness survey conducted by Megmilk Snow Brand in 2022 (once every three years), some employees said that they felt they lacked experience and skills, or that they did not feel confident to take on leadership roles.

We will promote the strengthening of skills, mindset, and thinking appropriate to the requirements of each role and job level. We will also promote the development of skills such as leadership and logical thinking on an open-application basis, which applies to Group company employees as well.

Providing participation opportunities

Through internal recruitment, a career challenge system, participation in large-scale projects, and dispatches to Group companies, we will provide opportunities for motivated and enthusiastic employees—regardless of gender, age, or experience—to develop their skills and play an active role.

Strengthening expertise

The Megmilk Snow Brand Group will further strengthen the expertise of each section supporting the value chain, including dairy farming, R&D, production, quality assurance, marketing, logistics, and IT, and develop talent capable of adapting to the globalization and digitalization of our business.

Support for career self-reliance

Megmilk Snow Brand will promote career self-reliance by providing a system for career counseling and self-assessment, which can also be used by middle-aged and older employees in their second career. We will also consider introducing a second job system from the standpoint of encouraging career self-reliance, diverse workstyles, and the development and exercise of one’s abilities.

Fostering next-generation leaders (management-level candidates)

From fiscal 2023, we will introduce a training program that links selection-based leadership development training to executive training, with a focus on developing candidates for management-level positions into leaders. This will help to foster leaders for the next generation of Group management.

Megmilk Snow Brand (non-consolidated)	Unit	FY2020	FY2021	FY2022
Training costs	1,000 yen	15	19	20
Participants in voluntary training	People	0	351	347
Participants in career training and workshops	People	201	518	363

(Notes) 1. Figures are actual results for regular employees
 2. Training costs are the annual cost per person

Receipt of the Good Career Company Award 2022 Grand Prize

Megmilk Snow Brand received the Grand Prize (presented by the Minister of Health, Labour and Welfare) of the Good Career Company Award 2022, which recognizes companies that are making exemplary efforts to support employees’ self-reliance in career development. We were praised for our comprehensive and ongoing commitment to career support, including the introduction of an evaluation system for non-regular employees and the establishment of a system for converting them to permanent, full-time employees.



(From left) Executive Vice President Motoi, Personnel Dept. General Manager Sakata

Spreading the Megmilk Snow Brand Values / Megmilk Snow Brand Awards 2022

Megmilk Snow Brand holds the Megmilk Snow Brand Awards, a system to recognize outstanding initiatives that demonstrate our values, with the aim of spreading the Megmilk Snow Brand Values.

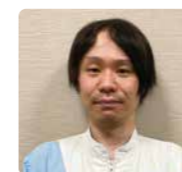
In 2022, the second year of the awards, 47 entries were received from departments across Japan. The President’s Award was presented to the Ami Plant for its concerted efforts to reduce food waste based on the question, “How can we deliver the fresh raw milk that dairy farmers worked so hard to produce to customers without wasting any of it?” In addition, a wide variety of other initiatives were awarded, including the development of exclusive sweets for major convenience stores, activities to support children in special-needs classes, and the donation of products to food banks.



(From left) Yoshifumi Asano, Kento Sugita, Homare Sato



Promotion to Permanent Employment and Further Implementation of Megmilk Snow Brand Values



Yoshifumi Asano

Manufacturing Sec., Ami Plant

I was hired at the Ami Plant as a contract employee in 2017 and was promoted to a permanent position in 2022. I am mainly responsible for the sliced cheese emulsification process. One thing that has changed since becoming a permanent employee is that contract workers basically follow the instructions of permanent employees, but now I am on the other side, giving them instructions. I feel that I am in a position with more responsibility than before, as I need to provide instructions with safety and quality in mind. I want to challenge myself to make various improvements based on how things should be, rather than taking the current situation for granted.



Homare Sato

Through my participation in the winning project at the Megmilk Snow Brand Awards 2022, I learned about controlling the properties of 6P Cheese and gained knowledge and techniques related to emulsification. Now that I am a permanent employee, I am more conscious of the responsibility I have for the work I am assigned to and ensure that it is performed properly. In the future, I would like to challenge myself in various areas, such as quality control and equipment maintenance, so that I can gain more skills and become a project leader myself.

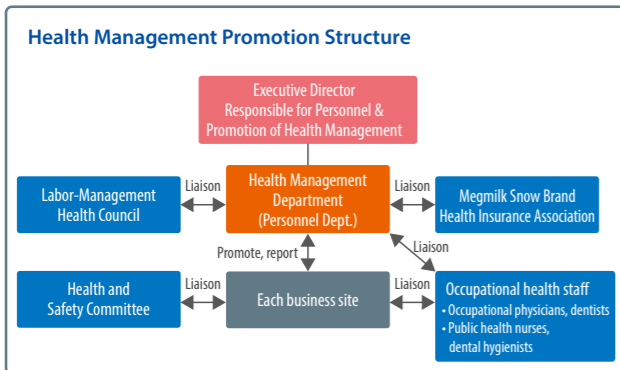
4. Improve employee work engagement

Megmilk Snow Brand Health Declaration

In April 2021, we declared that, as a company that delivers enjoyment and health through food and creates the future of food, we will promote and support the following initiatives so that our employees will respect their own physical and mental health and take actions to maintain and improve their health.

- We will promote efforts to improve health by providing self-care knowledge and implementing health counseling and guidance with the aim of preventing lifestyle-related diseases.
- We will conduct stress checks on all employees and promote efforts to support mental health-related care and preventive care.
- We will promote efforts such as the proper management of work hours through enhanced time management to ensure employees' health, and encourage employees to take paid leave.

To maintain and improve the health of our employees, we are implementing the Health Challenge, a company-wide initiative that challenges employees to improve their lifestyles. By reducing the number of people at risk of lifestyle-related diseases and increasing employee productivity, we aim to enrich the lives of our employees and achieve sustainable growth for the company based



on the health of each and every employee. In March, we were recognized as a 2023 Certified Health & Productivity Management Outstanding Organization by the Nippon Kenko Kaigi.

Engagement survey and its reflection in policies

Since 2016, employee "motivation" has improved in the results of the employee awareness survey. We believe that increasing employee engagement and practicing the Megmilk Snow Brand Values will allow each employee to feel motivated by their work and grow as individuals, leading to the sustainable growth of the Megmilk Snow Brand Group. Starting in fiscal 2023, we will begin conducting an engagement survey to properly understand the actual situation and take measures to further increase engagement.

Revision of our personnel system

We will revise our personnel system to reward employees for their roles, demonstrated abilities, behavior, and expertise according to changes in the labor market and workers' awareness. This will lead to enhanced job motivation (ease of work + job fulfillment) and growth for diverse human resources who practice the Megmilk Snow Brand Values, from young employees to veteran employees.

Megmilk Snow Brand (non-consolidated)	Unit	FY2020	FY2021	FY2022
Annual health checkup visit rate	%	100.0	100.0	100.0
Stress check completion rate	%	91.9	91.8	90.2
Obesity rate	%	—	44.8	44.6
Smoking rate	%	—	24.6	23.8
Special health guidance rate	%	22.5	21.4	20.0
Absenteeism	Days	—	—	1.2
Presenteeism	%	—	—	91.6

(Notes) 1. The obesity rate applies to workers age 40 and older
 2. Absenteeism (sick or absent from work) indicates the average number of days of sick leave used
 3. Presenteeism (working with some form of illness or while feeling unwell, reducing productivity) was measured by adding questions to the stress check questionnaire that measure the degree of labor impairment due to health issues, thereby measuring the employee's overall assessment of the organization's labor function

Use of Skill Maps

Megmilk Snow Brand's plants create skill maps for each workplace that evaluate employees' skills based on work procedures and manuals.

These skill maps visualize employees' ability to perform their jobs and are used to develop workplace talent, improve the skill level of the entire workplace, and transfer resources between workplaces.

Employees are able to monitor their own skill levels and challenge themselves to acquire new skills, leading to spontaneous growth and sparking motivation.

Human Rights

Dialogue with Small-Scale Palm Farmers

Palm oil, which is an ingredient in margarine and other products, is an oil obtained from the fruit of the oil palm. In recent years, however, human rights abuses (forced labor and child labor) have become a concern at oil palm plantations.

In October, we conducted a preliminary questionnaire targeting 25 independent small-scale farmers in South Sumatra, Indonesia, who are believed to be delivering products to palm oil mills in Megmilk Snow Brand's supply chain.

The preliminary questionnaire also confirmed that the farmers were strictly observing laws and regulations governing slash-and-burn practices and that they were not developing peatlands. With regard to health and safety, the farmers were found to be using protective equipment for pesticides and other chemicals properly, but some concerns remained, such as ambiguity in their answers regarding hazardous work.

In March, the Purchasing Department and Sustainability Promotion Department visited the region to hold a dialogue with these farmers. The dialogue was conducted with the support of the Caux Round Table Japan (CRT) and the Union of Oil Palm Smallholders (SPKS) in Indonesia and focused on concerns identified in the preliminary questionnaire. Through the dialogue, our employees were able to directly confirm the working environment and economic conditions of the farmers. We also visited a plantation (to observe the harvest), an elementary school, a clinic, and a mill to deepen our understanding of their living environment and the oil palm industry.

Dialogue overview

Seventy-three people (48 men and 25 women), including farmers who had not responded to the preliminary questionnaire, attended the dialogue. Mill management was also present.

Comments from farmers (excerpts)

- I have no complaints since becoming an oil palm farmer (it is more efficient than wheat or rubber). The most physically demanding part is loading the harvested fruit onto the trucks.
- I work about six hours per day (from 7 a.m. to 1 p.m.). I have one day off per week. I take a break whenever I want.
- The mill determines the purchase price. We are not in a position to choose which mill we sell to. I think the current prices are too low. → (Mill's response) We are constantly checking market prices, but current prices are low due to government restrictions on exports.
- Fertilizer prices are rising. Many of my trees are over 30 years old, and I need seedlings to replace them.
- After the oil is pressed, I take the oil palm fruit (shells) from the mill free of charge and reuse it as organic fertilizer with pruned branches and leaves.

Based on the results of this dialogue, no actual conditions corresponding to abuses of human rights, such as forced labor or child labor, were identified.

We did catch glimpses of situations where farmers were placed at a disadvantage in terms of the purchase price. Since this was the first time that we were able to provide an opportunity for direct dialogue between mills and farmers without a middleman, we hope that this occasion will facilitate future dialogue between the two parties, improving the economic conditions of the farmers.



Oil palm fruit



Dialogue with farmers

Foreign workers at Group companies

In March, we conducted a human rights assessment on foreign employees holding a "technical intern training" visa employed at Chokuhan Haisou Co., Ltd.'s Kuki Center. CRT, a third party, conducted in-person interviews with each of the 11 foreign employees, the center director, deputy director, and operations manager. The assessment was as follows, as confirmed by the Dhaka Principles for Migration with Dignity.



The interview

- No negative impacts were observed on the human rights of foreign employees, such as forced long working hours, non-payment of wages, or working under hazardous conditions.
- Chokuhan Haisou regards foreign employees as a key asset and shows a willingness to work with supervising organizations to create a comfortable working and living environment for foreign employees. Japanese employees support foreign employees in the workplace, and foreign employees commented that the Japanese employees were kind to them.

Provision of Sustainable Food

Dialogue with Overseas Experts on Business and Human Rights

In December, Megmilk Snow Brand hosted a CRT-organized dialogue with overseas experts working in the fields of business and human rights, with the aim of gaining their opinions on our initiatives related to respect for human rights. Megmilk Snow Brand's Director (Managing Executive Officer) in charge of Human Rights participated in the dialogue.

■ Experts (online participants)

Mr. Livio Sarandrea
(United Nations Development Programme [UNDP])

Ms. Sofia del Valle
(World Benchmarking Alliance)

Ms. Sarah Bradbury
(World Benchmarking Alliance)



The dialogue

■ Main opinions from the overseas experts

- We applaud Megmilk Snow Brand for taking its first steps in human rights due diligence in line with the UN Guiding Principles on Business and Human Rights (UNGPs).
- We commend the company for disclosing its strong commitment, for making requests to suppliers, and for the involvement of senior management in the Group Sustainability Committee, which integrates the environment (including climate change) with human rights issues.
- It is excellent that the company has engaged in direct dialogues with foreign workers on-site; conducting such human rights impact assessments is best practice. It is important to continue these practices.
- The company needs to ensure that the process of direct dialogue with rights holders, information disclosure, and feedback (including addressing grievances) is ongoing.

UNDP B+HR Academy / Individual Guidance Session

In March, Megmilk Snow Brand participated in an individual guidance session with experts from the UNDP B+HR Academy.

Megmilk Snow Brand's Director (Managing Executive Officer) in charge of Human Rights participated in the session and introduced the company's human rights due diligence efforts. This was followed by advice from the experts.

■ Experts (online participants)



Ms. Vanessa Zimmerman
(CEO, Pillar Two)



Mr. Hideaki Umetsu, Lawyer
(Partner, Mori Hamada & Matsumoto)



Ms. Akiko Sato, Lawyer
(UNDP B+HR Liaison Officer)

■ Main opinions from the experts

Ms. Vanessa Zimmerman

- I could see that Megmilk Snow Brand is committed to promoting initiatives to raise awareness of issues related to respect for human rights.
- Direct dialogue with small-scale oil palm farmers is an excellent initiative, but it does not guarantee that all issues will be brought to light. Therefore, it is important to consider developing a grievance mechanism that will enable workers to file grievances with a sense of security within the company or with supply chain stakeholders.

Mr. Hideaki Umetsu, Lawyer

- Megmilk Snow Brand is concerned about the essence, not just the disclosure, of its initiatives related to respect for human rights, and these efforts are effective. The company has a high awareness of issues and is progressive among Japanese companies.
- Since there are only a few companies in Japan that disclose their mill list, I appreciate that the company is proactive in this area.

Entry into the Plant-Based Food Business and Launch of a Joint Venture

In the Group Medium-Term Management Plan 2025, the Megmilk Snow Brand Group identified entering the "plant-based food sector" as a new business area. Megmilk Snow Brand and Agrocorp International Pte Ltd have agreed to establish the joint venture company Agro Snow Pte Ltd in Singapore to leverage the strengths of both companies. The main business of this JV will be the manufacture and sales of raw materials for plant-based food processing.

Agro Snow will set up a manufacturing subsidiary in Malaysia to address rising demand for plant-based foods.



Joint Venture Agreement signing ceremony

GFSI Certification at Domestic and Overseas Facilities that Manufacture Megmilk Snow Brand Products

To guarantee the quality of the products we manufacture, Megmilk Snow Brand operates its own assurance system, the Megmilk Snow Brand Quality Assurance System (MSQS), which incorporates the approaches of ISO9001 and HACCP. We use MSQS to maintain quality through thorough quality controls and hygiene management. At the same time, we are working to achieve an even higher level of control and improve our external credibility by being certified by international food safety schemes.

Currently, 25 out of 26 facilities, including Group companies, are certified under the Global Food Safety Initiative (GFSI) scheme. This scheme focuses exclusively on food safety and covers product quality as well as food defense and prevention of food fraud.

By obtaining external certification, we will be able to further improve MSQS operations and provide consumers with safe and reliable products.

Megmilk Snow Brand Sensory Evaluator System

Megmilk Snow Brand conducts regular training and testing of employees who inspect the flavor and other attributes of our products. Employees who successfully meet the standards are certified as Sensory Evaluators. The test covers a wide range of items, including the identification of the five tastes, abnormal odors, and abnormal flavors. In addition, Sensory Evaluators who have passed a special and particularly difficult test are certified as Sensory Evaluation Technicians. In fiscal 2022, we certified 1,573 Sensory Evaluators and 41 Sensory Evaluation Technicians.

Sensory Evaluators inspect the flavor and other attributes of our products during production and shipment to ensure that consumers receive safe and reliable products.

We are working to introduce a Sensory Evaluator System in fiscal 2023 that will make it possible to conduct inspections of flavor and other attributes under uniform standards at contract manufacturers of Megmilk Snow Brand products.



Sensory evaluation



Avoid Spicy and Stimulating Foods Before Inspections



Mayumi Ueno

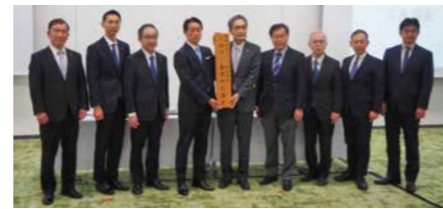
Quality Control Sec., Ebina Plant

Employees involved in the plant's manufacturing and quality control sections undergo regular training and testing as they need to acquire advanced sensory inspection skills. Employees who maintain outstanding test results throughout the year are certified as Sensory Evaluators, but this certification is not permanent and will be revoked if the employee fails the test the following fiscal year. In order to conduct daily sensory inspections with a heightened level of sensitivity, we consciously avoid eating spicy or stimulating foods during meals prior to work. In addition, since the perception of flavor may change depending on one's physical condition, it is also important for us to take care of our health from day to day. All employees are constantly working to improve their sensory evaluation skill level further, with the determination to not allow even a single abnormal product to leave the plant.

Contributions to Health Through Food

Establishment of a Joint Research Course with Hirosaki University

In April, the Milk Science Research Institute established a joint research course (Milk Nutrition Research Course) with Hirosaki University. This course will utilize big data at Hirosaki University to research new value that milk can provide for health. Researchers will analyze the effects of diet and gut microbiota on one's health condition and elucidate the relationship between a person's dairy product intake and health condition. This is a new initiative to study the new value that milk can provide for health, in addition to deepening knowledge on bone health and lactic acid bacteria, which are Megmilk Snow Brand's strengths.



Milk Nutrition Research Course opening ceremony

Hirosaki University COI-NEXT Center

- A project that aims to form an independent industry-academia-government co-creation center that expands on the results of Hirosaki University COI Center and continuously produces results
- Aims to realize a community model for well-being created through health-based economic development and an all-generation approach
- Build a resilient open innovation (co-creation) structure through strong collaboration among industry, academia, government, and the private sector, and conduct R&D and social application

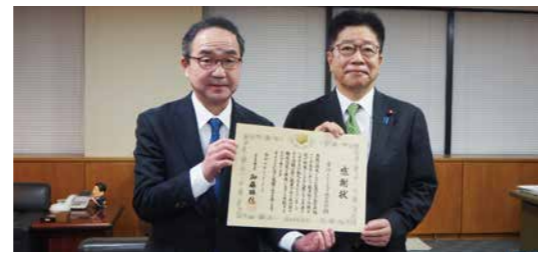
Developing and Supplying Medical Food Formulas for Inherited Metabolic Diseases

Medical food formulas are infant formulas specially prepared for people who were born without the ability to sufficiently metabolize amino acids.

Babies born in Japan undergo a newborn mass screening (blood test) four to five days after birth. If the tests reveal metabolic abnormalities, babies undergo nutritional therapy using medical food formulas under the doctor's direction.

For more than half a century, the Megmilk Snow Brand Group has been manufacturing and supplying medical food formulas for the healthy growth and wellness of such patients. In December, the Minister of Health, Labour and Welfare presented us with a letter of appreciation in recognition of our work over the years.

As the first company in Japan to develop medical food formulas, Megmilk Snow Brand will continue to strive to ensure quality and a stable supply of medical food formulas as a social responsibility that we must fulfill.



(From left) Managing Executive Officer Kawasaki, Minister of Health, Labour and Welfare Kato



Special milk products supplied by the Megmilk Snow Brand Group (2 pharmaceutical products, 6 registered products)

Online Seminar on Bone Health Held

Since fiscal 2021, Megmilk Snow Brand has been holding online seminars for people interested in dairy products, with the aim of helping them understand the appeal of dairy products' high nutritious value.

In fiscal 2022, we held the Online Seminar on Bone Health under the theme of "what you can start doing right now to benefit your bones."

During the seminar, Professor Kazuhiro Uenishi from the Kagawa Nutrition University provided an explanation of "bone health, proper knowledge, and key points for bone-building." This was followed by a talk on MBP, a protein that enhances bone metabolism, and the introduction of simple recipes for efficient nutritional and calcium intake from milk and dairy products, as well as bone-strengthening exercises.

Through online seminars, we are providing opportunities to learn about dairy products.



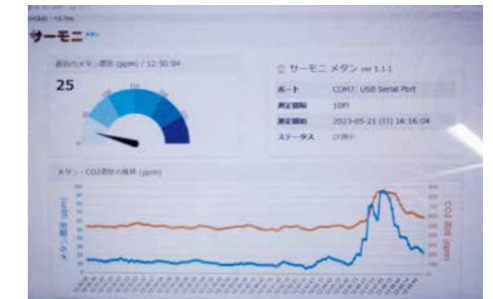
Online seminar

Contributing to Sustainable Dairy Farming

Verifying the Monitoring of Methane Gas Produced by Dairy Cows

In order to accelerate efforts to reduce methane emissions in dairy farming, a substantial amount of data needs to be obtained from environments close to production sites. The Megmilk Snow Brand Research and Development Center for Dairy Farming, in cooperation with JA Kita Okhotsk and Kitasato University, has been conducting verifications since September at the JA training farm "Farm-to-mo" in Okoppe Town, Hokkaido, in an effort to establish methane gas monitoring at dairy production sites.

Methane gas monitoring requires expensive and extensive equipment, making it difficult for production sites to implement. However, the "Thermoni-Methane" methane gas monitoring system developed by Associate Professor Hisashi Nabenishi at Kitasato University is capable of acquiring a lot of data at production sites. The Center is verifying how to use the system to estimate methane gas emissions from dairy cows, the effects of providing cows with feedstuff that is anticipated to reduce emissions, and the effects on cow health and productivity when providing this feedstuff.



"Thermoni-Methane" monitoring screen



Verifying the effects of providing feedstuff

Promoting Self-Sustaining Feedstuff Dairy Farming

In dairy farming operations in Japan, the cost of feedstuff accounts for more than 40% of production costs. Since the industry relies on imports for much of its feedstuff, the recent sharp rise in imported feed grain and other feedstuffs has had a significant impact on dairy farming operations.

In order to stabilize dairy farming operations, it is essential to promote efforts to increase production of self-sustaining feedstuff and achieve resilient dairy farming operations that are not dependent on imported feedstuff.

Snow Brand Seed Co., Ltd. is working to develop new varieties from a long-term perspective, propose cultivars that are suited to Japan's pastures and climate, and promote cultivation techniques such as frost seeding* in order to facilitate the production and utilization of self-sustaining feedstuff.

*A method of sowing grass during the frost season to spread out the workload and prevent weeds, and then allowing the grass to overwinter and germinate in the spring



Omiya Farm, an "operation validation farmer" promoting self-sustaining feedstuff dairy farming, and personnel from Megmilk Snow Brand and Snow Brand Seed Co., Ltd.



Fourth-Generation Farmer Describes a Farm Loved by the Community



Omitama City, Ibaraki
Minori Milk Farm Co., Ltd.
Kana Tonouchi
73rd Japan Dairy Farmer's
Research Association
Kurosawa Award for Excellence
Winner

I am a fourth-generation dairy farmer who manages a farm that will soon celebrate its 100th anniversary with my husband and parents. We can feel the history of this farm that began with my great-grandfather, and we still value our connections with the local community in the same way as back then.

We are working with Snow Brand Seed Co., Ltd. and related organizations to increase the visibility of dairy farming, with the goal of creating a dairy farm that will last another century. By analyzing each cow one by one, we are aiming for healthier and more profitable feeding management backed by data from feedstuff analyses and blood tests, as well as my parents' accumulated experience.

I believe that in order for consumers to continue to love milk as a product, we need to communicate the appeal of dairy farming and the wonders of milk. To this end, I would like to take on agricultural diversification ("sixth-sector industrialization") and strive to create a dairy farm supported by locals who want to drink our milk.

Contributing to Local Communities

Partnerships in Hokkaido

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.

For more details, click here.

Partnering with Local Communities
<https://www.meg-snow.com/csr/link/>
 (Japanese only)



Sapporo Urban Development Partner Treaty

Sapporo City and Megmilk Snow Brand signed a Sapporo Urban Development Partner Treaty in 2012. In January 2023, we also signed the "Comprehensive Partnership Agreement on the Promotion of Healthy Sapporo 21." Under this agreement, we are working on the following as "initiatives related to health promotion through food and sports."

- (1) Cooperate in spreading awareness to the public through public-participation initiatives sponsored by the City of Sapporo and its wards
- (2) Cooperate in spreading awareness of exercise habits that promote health to the public through health seminars targeted at people of all ages
- (3) Cooperate in spreading awareness of exercise habits that promote health to the public through food and sports as part of our efforts to promote sports
- (4) Cooperate in spreading awareness of healthy eating habits to the public through cooking classes and the like

Following the formulation of the Second Sapporo City Development Strategic Vision by the City of Sapporo, we developed the original agreement into a new agreement, the Sapporo Wellness Partner Agreement, to further enhance and strengthen the partnership and signed it in August.



Sapporo Wellness Partner Agreement signing ceremony

Partnerships in Tohoku and Kanto

Tohoku

As a corporate supporter of the Smart Miyagi Healthy Citizen Council, Megmilk Snow Brand is promoting co-creation with Miyagi Prefecture and local stakeholders to realize the health and happiness of the people of Miyagi Prefecture. In fiscal 2022, we participated in Step-Up Challenge 2022, a project sponsored by Miyagi Prefecture aimed at eliminating metabolic syndrome. We also devised "Miyagi Veggie Plus Recipe 2022," low-salt recipes that encourage vegetable intake, and introduced original sodium-conscious menus at local retail stores, taking into account the salt content of ingredients and current salt intake levels.



Example of a dish from "Miyagi Veggie Plus Recipe 2022"

Kanto

Megmilk Snow Brand and Ibaraki Prefecture are cooperating to address the issues of vegetable and calcium deficiency among Japanese people, and are working together to increase consumption of vegetables and dairy products produced in Ibaraki Prefecture. In January, we conducted a joint campaign with Ibaraki Prefecture and mass retailers in the prefecture. We advertised the campaign in the flyers of mass retailers and introduced original menus of dishes using vegetables produced in Ibaraki Prefecture and dairy products to promote milk-based food and health. In addition, as a new initiative, we developed a menu for Ibaraki Oishio Day (Salt Reduction Day) on the 20th of every month and served it at the prefectural government office cafeteria.



Ibaraki Oishio Day Menu (Ibaraki Prefectural Government Office Cafeteria)

Support for Food Banks and Food Pantries

The Megmilk Snow Brand Group donated products to food banks and food pantries.

The spread of COVID-19 has led to an ever-increasing demand, and many people are happy to receive our nutrient-rich dairy products.

Recipient	Product types	Quantity	Weight
Second Harvest Japan	20 types including milk and cheese	Approx. 187,000 units	Approx. 116 t
Contracted food banks in Fukuoka, Saga, and Okinawa prefectures	43 types including cheese, margarine, juices, and beverages	Approx. 40,000 units	Approx. 14 t
Member organizations of the Saitama Food Pantry Network (in Kawagoe City, Saitama)	10 types including yogurt and desserts	Approx. 8,000 units	Approx. 0.7 t



First donation to Food Bank Second Harvest Okinawa

Sixth-Sector Industrialization* Support Project by Nichiraku Machinery Co., Ltd.

Using the knowledge we have accumulated since the 1970s through the development of domestic manufacturing equipment for dairy products, we are providing "small-scale milk plant support" to dairy farmers, agricultural cooperatives, and local governments building small-scale plants. We have worked on about 150 small-scale plants from Hokkaido to Okinawa, accounting for about half of all such facilities operating in Japan. We support the entire process from construction and test operation to commercialization, not just the planning and design of the small-scale plant.

*Efforts to create new added value as an industry that integrates primary (raw materials), secondary (manufacturing), and tertiary (services) sectors



Test operation at a small-scale plant (curd stirring and whey removal equipment)

Support for Extending the Healthy Life Expectancy of Seniors in Collaboration with Local Governments and Medical Institutions

Third Megmilk Snow Brand SDGs Action Awards: Outstanding Performance Award

The Bean Stalk Snow Co., Ltd.'s Kyushu Branch has been implementing the "Promoting and Spreading Awareness of Products for Seniors: Support for Extending Healthy Life Expectancy" initiative with an eye toward new business development. In collaboration with the government, medical institutions, and local communities, as well as with the cooperation of a nationally renowned cooking expert (Sachiko Murakami), we were able to convey the importance and necessity of nutritional intake for seniors via a nutritionist-led seminar, which helped to expand awareness of *Platinum Milk powdered milk for adults*. All branch employees participated in this activity with a sense of ownership, providing an opportunity to expand the scope of future activities.

In the future, the branch will expand the area of the activity and collaborate with other Group companies to further contribute to local communities through our products.



Seminar by a nutritionist at Bean Stalk Snow Co., Ltd.



Lecture by Ms. Murakami