

LR Independent Assurance Statement

Relating to MORINAGA Group Environmental Data within ESG Data page of its Corporate Website for the Fiscal Year 2020

This Assurance Statement has been prepared for MORINAGA & CO., LTD. in accordance with our contract but is intended for the readers of this report.

Terms of Engagement

Lloyd's Register Quality Assurance (LR) was commissioned by MORINAGA & CO., LTD. ("the Company") to provide independent assurance on its environmental data disclosed in Sustainability page of its Corporate Website ("the report") for the fiscal year 2020 (from 1 April 2020 to 31 March 2021), against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISAE3000 (Revised) and ISO 14064-3:2006 for Greenhouse gas ("GHG") emissions.

Our assurance engagement covered the Company's operations and activities at 4 manufacturing plants and 23 branch offices, and its consolidated subsidiaries (10 companies) in Japan and specifically the following requirements:^{1,2}

- Verifying conformance with the Company's reporting methodologies for the selected dataset:
- Evaluating the accuracy and reliability of data for only the selected environmental datasets listed below:³
 - Scope 1 GHG emissions (Tonnes CO₂)⁴
 - Scope 2 GHG emissions [Location-based and Market-based] (Tonnes CO₂)
 - Water consumption (Tap water, Industrial water, and Well water) (m³)

Our assurance engagement excluded the data and information of the Company's suppliers, contractors and any third-parties mentioned in the report.

LR's responsibility is only to the Company. LR disclaims any liability or responsibility to others as explained in the end footnote. The Company's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of the Company.

LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe the Company has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable environmental data as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

¹ Although Aunt Stella Inc. has both directly managed stores and franchise stores, but only directly managed stores (42 locations) are included in the calculation.

² Emissions activities that use less than 1 (t, kl, 1,000 m³) of fuel in the plant are excluded from the calculation as de-minimis emission source.

³ GHG quantification is subject to inherent uncertainty.

⁴ The scope covers only energy-oriented CO₂.

LR's Approach

LR's assurance engagements are carried out in accordance with ISAE3000 and ISO14064-3 for GHG emissions. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing the Company's data management systems to confirm that there were no significant errors, omissions or misstatements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification.
- Interviewing with those key people responsible for compiling the data and drafting the report.
- Sampling datasets and traced activity data back to aggregated levels;
- Verifying the historical data and records associated with Environmental datasets for the fiscal year 2020; and
- Visiting Tsurumi Factory of the Company, Morinaga Angel Dessert Co., Ltd. and the Head Office of MORINAGA & CO., LTD. to investigate whether the data management systems have been effectively implemented.

Observations

Further observations and findings, made during the assurance engagement, are:

The Company should further demonstrate the accuracy and reliability of its future reports. This is particular to make the internal verification process more effective for both the Company and its consolidated subsidiaries.

LR's Standards, Competence and Independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021-1 *Conformity assessment – Requirements for bodies providing audit and certification of management systems – Part1: Requirements* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LR for the Company and as such does not compromise our independence or impartiality.

Signed



Saeko Shimizu

LR Lead Verifier

On behalf of Lloyd's Register Quality Assurance Limited

10th Floor, Queen's Tower A, 2-3-1 Minatomirai, Nishi-ku, Yokohama, JAPAN

Dated: 17 July 2021

LR reference: YKA00000882

Table 1. Summary of MORINAGA Group environmental data fiscal year 2020:

Scope		
Scope1 GHG emissions	21,419	tonnes CO ₂
Scope2 GHG emissions (Market-based)	47,512	tonnes CO ₂
Scope2 GHG emissions (Location-based)	51,722	tonnes CO ₂
Water Consumption	1,602,147	m ³
Tap water	231,943	m ³
Industrial water	292,001	m ³
Well Water	1,078,203	m ³

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