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Securities Code 2201
June 4, 2021

To Shareholders with Voting Rights:

Eijiro Ota
Representative Director, President
MORINAGA & CO., LTD
5-33-1 Shiba, Minato-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 173RD ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially notified of the 173rd Annual General Meeting of Shareholders of MORINAGA & CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

In response to the situation with the spread of the novel coronavirus infection, as for this meeting, we strongly request that you exercise your voting rights in advance in writing or via the Internet, if possible, and refrain from visiting the venue on the day of the meeting. Please review the Reference Documents for the General Meeting of Shareholders described hereinafter and exercise your voting rights by no later than 5:30 p.m. on Monday, June 28, 2021.

1. Date and Time: Tuesday, June 29, 2021, at 10:00 a.m. Japan time (reception opens at 9:00 a.m.)

2. Place: “Prince Hall” 5th floor of Annex Tower, Shinagawa Prince Hotel
10-30, Takanawa 4-chome, Minato-ku, Tokyo, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 173rd Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Statutory Auditors
 2. Non-consolidated Financial Statements for the Company’s 173rd Fiscal Year (April 1, 2020 - March 31, 2021)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of 11 Directors

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

As a result of careful consideration of factors such as business results for the fiscal year under review and future business expansion, the Company proposes year-end dividends for the fiscal year under review of ¥80 per share, an increase of ¥8 compared to the per share dividends for the previous fiscal year.

1. Type of dividend property
Cash
2. Matters concerning the allotment of dividend property to shareholders and the total amount thereof
¥80 per share of common stock of the Company
Total amount: ¥4,025,856,240
3. Effective date of distribution of surplus
June 30, 2021

Proposal 2: Election of 11 Directors

The terms of office of all 10 Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

In an effort to strengthen corporate governance, the election of 11 Directors including an increase of 1 Outside Director is proposed. The candidates are as follows:

No.		Name	Current positions at the Company	Attendance at Board of Directors Meetings
1	<u>Reappointment</u>	Eijiro Ota	Representative Director, President	100% (16/16)
2	<u>Reappointment</u>	Machiko Miyai	Director, Managing Operating Officer	100% (16/16)
3	<u>Reappointment</u>	Takashi Hirakue	Director, Senior Operating Officer	94% (15/16)
4	<u>Reappointment</u>	Shinichi Uchiyama	Director, Senior Operating Officer	100% (16/16)
5	<u>Reappointment</u>	Toshiyuki Sakai	Director, Senior Operating Officer	100% (16/16)
6	<u>Reappointment</u>	Shinya Mori	Director, Senior Operating Officer	100% (16/16)
7	<u>Reappointment</u>	Daisuke Fujii	Director, Senior Operating Officer	100% (16/16)
8	<u>Reappointment</u>	Shiho Takano	<u>Outside Director</u> <u>Independent Officer</u> Director	100% (16/16)
9	<u>Reappointment</u>	Naomi Eto	<u>Outside Director</u> <u>Independent Officer</u> Director	100% (11/11)
10	<u>Reappointment</u>	Shuichi Hoshi	<u>Outside Director</u> <u>Independent Officer</u> Director	100% (11/11)
11	<u>New appointment</u>	Kuniko Urano	<u>Outside Director</u> <u>Independent Officer</u>	

Reappointment : Candidate for Director who is reappointed

New appointment : Candidate for Director who is newly appointed

Outside Director : Candidate for Outside Director

Independent Officer : Candidate for Independent Director/Auditor as prescribed by the regulations of the Tokyo Stock Exchange

- (Notes) 1. Mr. Ejjiro Ota, the candidate for Director, concurrently serves as the President of the Morinaga Angel Foundation. The Company donates investment assets to the Morinaga Angel Foundation and has other transactions with it. There are transactions related to food products between ITOCHU-SHOKUHIN Co., Ltd., where Mr. Shuichi Hoshi, the candidate for Director, currently serves as an Executive Director, and the Company, but the amount of the transactions is very small (less than 2% of the net sales of each Group). There are no special interests between any of the other candidates for Directors and the Company.
2. If Ms. Shiho Takano, Ms. Naomi Eto, and Mr. Shuichi Hoshi, the candidates for Directors, are reelected as Director, the Company plans to continue to register them with the Tokyo Stock Exchange as Independent Officers. If Ms. Kuniko Urano, the candidate for Director, is elected as Director, the Company plans to register her with the Tokyo Stock Exchange as an Independent Officer.
3. Pursuant to the stipulations in Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into agreements with Ms. Shiho Takano, Ms. Naomi Eto, and Mr. Shuichi Hoshi to limit their liabilities under Article 423, Paragraph 1 of the Companies Act. The amount of liability for damages under the agreements shall be limited to the amount stipulated by laws and regulations. If they are reelected, the Company plans to continue such agreement with them. If Ms. Kuniko Urano is elected, pursuant to the stipulations in Article 427, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company plans to enter into an agreement with her to limit her liabilities under Article 423, Paragraph 1 of the Companies Act. The amount of liability for damages under the agreement shall be limited to the amount stipulated by laws and regulations.
4. The Company has entered into a directors and officers liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company, under which all Directors of the Company are designated as the insured and which covers damages and litigation expenses to be borne by the insured in the event that a claim for damages is made against the insured due to an act committed (including failure to act) by the insured in his/her capacity as a Director of the Company. Of the candidates for Directors, those who are to be reelected are already the insured under the said insurance contract and if they are reelected, they will remain the insured. If Ms. Kuniko Urano, the new candidate for Director, is elected, she will also be the insured under the said insurance contract. The Company plans to renew the said insurance contract with the same content when it is due for the next renewal.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
1	Eijiro Ota (June 30, 1959) <u>Reappointment</u> Number of shares of the Company held [of which, to be issued as stock compensation]: 13,435 [3,735] Attendance at Board of Directors Meetings: 100% (16/16) Term of office as Director: 10 years	Apr. 1982 Joined the Company Jun. 2011 Assumed the office of Director Commissioned General Manager of Frozen Dessert Business Headquarters Apr. 2014 Commissioned General Manager of Sales Division Jun. 2014 Assumed the office of Director, Senior Operating Officer Jun. 2015 Assumed the office of Director, Managing Operating Officer Jun. 2017 Assumed the office of Director, Senior Managing Operating Officer Jun. 2019 Assumed the office of Representative Director, President (current position) [Responsibilities] Audit Division
		Significant concurrent positions
		President of the Morinaga Angel Foundation
		Reason for nomination as a candidate for Director
		Since June 2019, Mr. Eijiro Ota has been exercising strong leadership in an effort to improve corporate value of the Group as Representative Director, President of the Company. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests his reelection as Director.
2	Machiko Miyai (September 29, 1960) <u>Reappointment</u> Number of shares of the Company held [of which, to be issued as stock compensation]: 3,418 [1,918] Attendance at Board of Directors Meetings: 100% (16/16) Term of office as Director: 7 years	Apr. 1983 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) Oct. 2001 Director-General of Life Research Institute of Matsushita Electric Industrial Co., Ltd. Apr. 2005 Executive Director of Matsushita Electric Industrial Co., Ltd. Apr. 2006 Executive Director, General Manager of Cooking Equipment Business Unit of Matsushita Electric Industrial Co., Ltd. Apr. 2011 Officer, General Manager of Environment Headquarters and Power Saving Headquarters of Panasonic Corporation Oct. 2012 Officer, in charge of Future Life Research, R&D Headquarters of Panasonic Corporation Apr. 2014 Advisor of Panasonic Corporation Jun. 2014 Assumed the office of Director (Outside Director) of the Company Dec. 2014 Assumed the office of Outside Director of Kato Sangyo Co. Ltd. May 2015 Assumed the office of Outside Director of YOSHINOYA HOLDINGS CO., LTD. Jun. 2018 Assumed the office of Director, Managing Operating Officer of the Company (current position) Commissioned Head of Marketing Division [Responsibilities] Marketing Division, Direct Marketing Division, Corporate Communications Division, Sustainable Management Promotion Division
		Reason for nomination as a candidate for Director
		Ms. Machiko Miyai has a wealth of experience through serving in manager roles in the electronics industry, as well as in a managerial position in the marketing division of the Company. As Outside Director of the Company from 2014 onward, she provided objective and neutral advice on overall management from a broad perspective that extends beyond the Company's industry. Additionally, she has been involved in the Company's management as Director from 2018 onward. With a wealth of experience and broad knowledge regarding corporate management, she has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests her reelection as Director.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
3	<p>Takashi Hirakue (November 24, 1961)</p> <p><u>Reappointment</u></p> <p>Number of shares of the Company held [of which, to be issued as stock compensation]: 10,461 [1,761]</p> <p>Attendance at Board of Directors Meetings: 94% (15/16)</p> <p>Term of office as Director: 11 years</p>	<p>Apr. 1984 Joined the Company</p> <p>Jun. 2006 Operating Officer, General Manager of Frozen Dessert Business Headquarters</p> <p>Jun. 2008 Senior Operating Officer, General Manager of Frozen Dessert Business Headquarters</p> <p>Apr. 2009 Senior Operating Officer, General Manager of Confectionery Business Headquarters</p> <p>Jun. 2010 Assumed the office of Director Commissioned General Manager of Confectionery Business Headquarters</p> <p>Jun. 2013 Commissioned General Manager of Food Business Headquarters</p> <p>Apr. 2014 Commissioned Head of Marketing Division</p> <p>Jun. 2014 Assumed the office of Director, Senior Operating Officer (current position)</p> <p>Jun. 2018 Commissioned General Manager of Production Division (current position)</p> <p>[Responsibilities] Production Division, Logistics Department, Quality Assurance Division, Customer Service Center</p> <p>Reason for nomination as a candidate for Director</p> <p>Through experience primarily in the sales division and marketing division of the Company, Mr. Takashi Hirakue has served in a managerial position in the marketing division and production division, while being involved in the Company's management as Director from 2010 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests his reelection as Director.</p>
4	<p>Shinichi Uchiyama (February 17, 1961)</p> <p><u>Reappointment</u></p> <p>Number of shares of the Company held [of which, to be issued as stock compensation]: 7,892 [1,692]</p> <p>Attendance at Board of Directors Meetings: 100% (16/16)</p> <p>Term of office as Director: 9 years</p>	<p>Apr. 1983 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2009 General Manager of Nagoya Corporate Banking Division No.3, Nagoya Corporate Banking Group of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Aug. 2010 General Manager of Trade Business Division of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)</p> <p>Jun. 2012 Assumed the office of Director of the Company</p> <p>Apr. 2013 Commissioned General Manager of Accounting Division</p> <p>Jun. 2014 Assumed the office of Director, Senior Operating Officer (current position)</p> <p>[Responsibilities] Accounting Division</p> <p>Significant concurrent positions</p> <p>Representative Director, President of Morinaga Finance Co., Ltd.</p> <p>Reason for nomination as a candidate for Director</p> <p>Mr. Shinichi Uchiyama has a wealth of experience through serving in manager roles at financial institutions, as well as in a managerial position in the accounting division of the Company. Additionally, he has been involved in the Company's management as Director from 2012 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests his reelection as Director.</p>

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
5	Toshiyuki Sakai (September 1, 1959) <u>Reappointment</u> Number of shares of the Company held [of which, to be issued as stock compensation]: 1,541 [1,541] Attendance at Board of Directors Meetings: 100% (16/16) Term of office as Director: 3 years	Apr. 1982 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation) Dec. 2005 Representative Director, President of Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd. Apr. 2013 Vice President of Panasonic Corporation of North America Jan. 2015 Senior Executive Vice President of Panasonic System Communications Company of North America Apr. 2016 Director of Panasonic Corporation of China Jan. 2018 General Manager of Overseas Business Headquarters of the Company Jun. 2018 Assumed the office of Director, Senior Operating Officer (current position) Commissioned General Manager of Overseas Business Headquarters [Responsibilities] Overseas Business Headquarters
		Significant concurrent positions
		Chairman of Shanghai Morinaga Co., Ltd. Chairman of Morinaga Food (Zhejiang) Co., Ltd.
		Reason for nomination as a candidate for Director
		Mr. Toshiyuki Sakai has a wealth of experience through serving as Director of overseas subsidiaries in the electronics industry, as well as in a managerial position in the overseas division of the Company. Additionally, he has been involved in the Company's management as Director from 2018 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests his reelection as Director.
6	Shinya Mori (March 14, 1962) <u>Reappointment</u> Number of shares of the Company held [of which, to be issued as stock compensation]: 2,901 [1,001] Attendance at Board of Directors Meetings: 100% (16/16) Term of office as Director: 2 years	Apr. 1984 Joined the Company Jun. 2013 General Manager of Health Care Business Headquarters Apr. 2016 Operating Officer, General Manager of Health Business Headquarters Apr. 2018 Operating Officer, Deputy General Manager of R&D Center Jan. 2019 Operating Officer, General Manager of R&D Center Jun. 2019 Assumed the office of Director, Senior Operating Officer (current position) Commissioned General Manager of R&D Center (current position) [Responsibilities] R&D Center, New Business Development Division
		Reason for nomination as a candidate for Director
		Mr. Shinya Mori has experience primarily in the health business division and research division of the Company. While serving in a managerial position in the R&D division of the Company, he has been involved in the Company's management as Director from 2019 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests his reelection as Director.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
7	Daisuke Fujii (October 18, 1964) <u>Reappointment</u> Number of shares of the Company held [of which, to be issued as stock compensation]: 2,207 [1,007] Attendance at Board of Directors Meetings: 100% (16/16) Term of office as Director: 2 years	Apr. 1987 Joined the Company Apr. 2018 General Manager of General Affairs Division Apr. 2019 Operating Officer, General Manager of General Affairs Division Jun. 2019 Assumed the office of Director, Senior Operating Officer (current position) Aug. 2019 Commissioned General Manager of Corporate Strategy Division [Responsibilities] Corporate Strategy Division, General Affairs Division, Digital Transformation Promotion Division
		Reason for nomination as a candidate for Director
		Mr. Daisuke Fujii has experience primarily in the IR division, corporate strategy division and human resources division of the Company. While serving in a managerial position in the general affairs division and the corporate strategy division of the Company, he has been involved in the Company's management as Director from 2019 onward. With a wealth of experience and broad knowledge regarding corporate management, he has been deemed a person suitable for improving corporate value and achieving continuous growth of the Group, and therefore the Company requests his reelection as Director.
8	Shiho Takano (June 20, 1964) <u>Reappointment</u> <u>Outside Director</u> <u>Independent Officer</u> Number of shares of the Company held: 700 Attendance at Board of Directors Meetings: 100% (16/16) Term of office as Director: 3 years	Apr. 1987 Joined Meiji Dairies Corporation (currently Meiji Co., Ltd.) Sep. 1990 Joined Parfums Yves Saint Laurent Japan Ltd. Sep. 1996 Joined Coca-Cola (Japan) Company, Limited Apr. 1998 Joined Boots MC Company Limited Feb. 2001 Assumed the office of General Manager and Head of Japan operations of L'OCCITANE JAPON K.K. Jan. 2004 Assumed the office of Representative Director and President of L'OCCITANE JAPON K.K. Apr. 2015 Assumed the office of Representative Director and Chairman of L'OCCITANE JAPON K.K. Apr. 2016 Assumed the office of Senior Adviser of L'OCCITANE JAPON K.K. Apr. 2017 Assumed the office of Representative Director of Etowa Co., Ltd. (current position) Jun. 2018 Assumed the office of Director (Outside Director) of the Company (current position) Mar. 2019 Assumed the office of Outside Director of FUJITA KANKO INC. (current position)
		Significant concurrent positions
		Representative Director of Etowa Co., Ltd. Outside Director of FUJITA KANKO INC.
		Reason for nomination as a candidate for Outside Director and expected role
		Ms. Shiho Takano has business experience accumulated in the food industry and experience as an executive in the cosmetics industry, and based on the above experience, she has provided objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry. Additionally, serving as a member of the Officer Appointment and Remuneration Committee, she is fulfilling an important role in deliberation on nomination of Directors and other officers and their remuneration and reporting to the Board of Directors. In the expectation that she will continue to contribute to the strengthening of corporate governance, the Company requests her reelection as Director (Outside Director).

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
9	<p>Naomi Eto (May 2, 1956)</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Officer</u></p> <p>Number of shares of the Company held: 1,000</p> <p>Attendance at Board of Directors Meetings: 100% (11/11)</p> <p>Term of office as Director: 1 year</p>	<p>Apr. 1979 Joined Bridgestone Corporation</p> <p>Mar. 2009 Executive Officer responsible for General Affairs and Corporate Communications of Bridgestone Corporation</p> <p>Feb. 2014 Executive Officer and General Manager of Group CC Headquarters of Zensho Holdings Co., Ltd.</p> <p>Jun. 2014 Assumed the office of Director, General Manager of Group CC Headquarters of Zensho Holdings Co., Ltd.</p> <p>Jan. 2015 Director, General Manager of Group General Affairs Headquarters of Zensho Holdings Co., Ltd.</p> <p>May 2020 Director of Zensho Holdings Co., Ltd.</p> <p>Jun. 2020 Assumed the office of Director (Outside Director) of the Company (current position)</p> <p>Reason for nomination as a candidate for Outside Director and expected role</p> <p>Ms. Naomi Eto has business experience accumulated in the manufacturing industry and a wealth of experience as an executive in the retail industry, and based on the above experience, she has provided objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry. In the expectation that she will continue to contribute to the strengthening of corporate governance, the Company requests her reelection as Director (Outside Director).</p>
10	<p>Shuichi Hoshi (September 6, 1955)</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Officer</u></p> <p>Number of shares of the Company held: 1,200</p> <p>Attendance at Board of Directors Meetings: 100% (11/11)</p> <p>Term of office as Director: 1 year</p>	<p>Apr. 1979 Joined ITOCHU Corporation</p> <p>Sep. 1998 Assumed the office of Director of Family Corporation Co., LTD.</p> <p>Dec. 2002 Assumed the office of Director of Yukijirushi Access Co., Ltd. (Currently NIPPON ACCESS, INC.)</p> <p>Apr. 2009 General Manager of Food Products Marketing & Distribution Division of ITOCHU Corporation</p> <p>Apr. 2010 Executive Officer of ITOCHU Corporation</p> <p>Apr. 2011 Assumed the office of Deputy President and Representative Director of ITOCHU-SHOKUHIN Co., Ltd.</p> <p>Jun. 2013 Assumed the office of President and Representative Director of ITOCHU-SHOKUHIN Co., Ltd.</p> <p>Jun. 2016 Assumed the office of Director and Advisor of ITOCHU-SHOKUHIN Co., Ltd.</p> <p>Jun. 2017 Executive Advisor of ITOCHU-SHOKUHIN Co., Ltd. (current position) (scheduled to retire in June 2021)</p> <p>Mar. 2019 Assumed the office of Outside Director of SBS holdings Inc. (current position)</p> <p>Jun. 2020 Assumed the office of Director (Outside Director) of the Company (current position)</p> <p>Significant concurrent positions</p> <p>Outside Director of SBS holdings Inc. Executive Director of ITOCHU-SHOKUHIN Co., Ltd.</p> <p>Reason for nomination as a candidate for Outside Director and expected role</p> <p>Mr. Shuichi Hoshi has a wealth of experience as an executive in the wholesale industry, and based on the above experience, he has provided objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry. In the expectation that he will continue to contribute to the strengthening of corporate governance, the Company requests his reelection as Director (Outside Director).</p>

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions
11	<p>Kuniko Urano (October 19, 1956)</p> <p><u>New appointment</u> <u>Outside Director</u> <u>Independent Officer</u></p> <p>Number of shares of the Company held: 0</p>	<p>Apr. 1979 Joined Komatsu Ltd.</p> <p>Apr. 2005 General Manager of Logistics Planning Department, Production Division of Komatsu Ltd.</p> <p>Apr. 2010 General Manager of Corporate Communications Department of Komatsu Ltd.</p> <p>Apr. 2011 Executive Officer of Komatsu Ltd.</p> <p>Apr. 2014 Executive Officer, General Manager of Human Resources Department of Komatsu Ltd.</p> <p>Apr. 2016 Senior Executive Officer of Komatsu Ltd.</p> <p>Jun. 2018 Assumed the office of Director and Senior Executive Officer of Komatsu Ltd.</p> <p>Apr. 2021 Director of Komatsu Ltd. (current position) (scheduled to retire in June 2021)</p> <p><u>Reason for nomination as a candidate for Outside Director and expected role</u></p> <p>Ms. Kuniko Urano has a wealth of experience as an executive in the machine industry, and based on the above experience, she is expected to provide objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry to contribute to the strengthening of corporate governance. The Company therefore requests her election as Director (Outside Director).</p>

(Reference) Director Candidates' Specialties and Experience (Skills Matrix) and Independence Standards for Independent Outside Directors

Name and Position	Specialty and Experience							
	Corporate management / management strategy	ESG / sustainability	Finance / accounting	Human resources / labor affairs	Legal affairs / compliance / risk management	Marketing / sales	Global	R&D / production / logistics
Eijiro Ota Representative Director, President	○	○		○	○	○		○
Machiko Miyai Director, Managing Operating Officer	○	○				○		○
Takashi Hirakue Director, Senior Operating Officer	○	○		○	○	○		○
Shinichi Uchiyama Director, Senior Operating Officer	○	○	○				○	
Toshiyuki Sakai Director, Senior Operating Officer	○					○	○	○
Shinya Mori Director, Senior Operating Officer	○					○		○
Daisuke Fujii Director, Senior Operating Officer	○	○		○	○			
Shiho Takano Director	○					○	○	
Naomi Eto Director	○	○			○			
Shuichi Hoshi Director	○					○	○	
Kuniko Urano Director	○	○		○				○

The Company's Independence Standards for Independent Outside Directors

The Company's policy is to nominate candidates who satisfy all the requirements below in addition to the independence standards stipulated by the financial instruments exchanges and who are expected to provide appropriate opinions and raise questions about the Company's management issues, etc. from an independent and objective standpoint.

- If the candidate or the corporation where the candidate serves as an executive holds shares of the Company, the holding of the candidate or the corporation does not exceed 10% of the voting rights.
- Regarding transactions in the most recent fiscal year, the Company's sales to the candidate or the corporation to which the candidate belongs account for less than 2% of the consolidated net sales of the Company.
- Regarding transactions in the most recent fiscal year, sales to the Company of the candidate or the corporation to which the candidate belongs account for less than 2% of the consolidated net sales of the said corporation.

Business Report

(April 1, 2020 - March 31, 2021)

I. Overview of the Morinaga Group

1. Business Progress and Results

During the fiscal year under review, the business environment in Japan remained challenging, as the spread of the novel coronavirus (COVID-19) led to constraints on economic activities, such as people staying at home and restrictions on events, which necessitated responses to changes in consumption behavior. Overseas, the spread of COVID-19 continues to present a major risk of a global economic slowdown despite various policies that are expected to support economic recoveries. The outlook therefore remains uncertain.

In the foodstuffs industry surrounding the Group, as needs for convenience and health increased due to insistence on the safety and reliability of food, and lifestyle changes, it became necessary to create even higher value-added products that grasp changes in purchasing behavior, as well as indications of such changes. This caused the competitive environment to become increasingly intense.

In this business environment, we formulated our Medium-term Business Plan for a three-year period from the 2019 fiscal year. In the third year of the said plan, in an effort to become a profitable and stable company, we focused on strengthening our mainstay brands, pursuing wellness domains in conjunction with changing times, and developing new high value-added products. We also endeavored to strengthen our revenue base through factory reorganization to achieve an increase in production efficiency and reducing overall costs.

Nevertheless, the effects of the COVID-19 crisis were felt in each of the Group's business segments, and consolidated net sales decreased by ¥8,888 million (-4.3%) year on year to ¥199,990 million.

Operating income came to ¥19,162 million, down ¥2,068 million (-9.7%) year on year owing mainly to lower net sales. Ordinary income totaled ¥19,767 million, down ¥2,183 million (-9.9%) year on year. Profit attributable to owners of parent increased by ¥2,581 million (+23.9%) year on year to ¥13,405 million.

The following is consolidated results by business segment.

Food Manufacturing Sales: ¥191,878 million (-4.1% year on year)

Sales for the Food Manufacturing business segment decreased by 4.1% year on year to ¥191,878 million. Operating income for the segment decreased by ¥2,041 million year on year to ¥18,795 million.

Confectionery & Foodstuffs Sales: ¥108,840 million (-10.0% year on year)

Principal business: Manufacturing and sale of caramel, candy, chocolate, biscuits, beverages, cocoa, cake mixes, etc.

In Japan, sales of *Morinaga Biscuits* remained brisk owing to the impact of an increase in household consumption, or so-called stay-at-home demand, because people have fewer opportunities to go out due to the spread of COVID-19. On the other hand, sales of *HI-CHEW* struggled due to a decline in excursion-related demand, reflecting the decrease in opportunities for people to go out. Sales of *Chocoball*, *DARS*, *Carré de chocolat*, and *Morinaga Amazake* also declined, resulting in a year-on-year decrease in total sales for the mainstay brands.

Even though sales of *Morinaga Hotcake Mix* grew sharply year on year owing to the increase in stay-at-home demand and sales of *Morinaga Milk Cocoa* also remained brisk, overall sales of other brands in Japan decreased year on year, partly because the *Pringles* distributorship agreement came to an end in March 2020.

In overseas markets, sales in China increased year on year despite the impacts of COVID-19, and strong sales in Taiwan and the United States also helped fuel a year-on-year increase in overall overseas sales.

As a result, total sales for this segment decreased by ¥12,037 million (-10.0%) year on year to ¥108,840 million.

Segment operating income decreased by ¥1,855 million (-22.5%) year on year to ¥6,392 million as cost of sales improvement, curbing of selling, general and administrative expenses, and other cost reduction efforts were insufficient to absorb the impact of lower sales due to the COVID-19 crisis.

Frozen Desserts Sales: ¥47,091 million (+15.6% year on year)

Principal business: Manufacturing and sale of ice cream, etc.

Sales of the core brand *Jumbo* group increased year on year thanks to the effects of aggressive sales promotions and continued strong sales of *Vanilla Monaka Jumbo*. The results for other brands were also favorable, with sales of *Ita Choco Ice* ice cream bars rising sharply year on year due to the impact of changing from limited seasonal availability to year-round availability, and with *Pari Pari Bar* and other multipack groups selling briskly as well.

As a result, total sales for this segment increased ¥6,338 million (+15.6%) year on year to ¥47,091 million.

Segment operating income totaled ¥7,089 million, an increase of ¥1,531 million (+27.5%) year on year owing to the strong performance of core brands.

Health Products Sales: ¥35,947 million (-6.6% year on year)

Principal business: Manufacturing and sale of jelly drinks, etc.

Sales of the core brand *in Jelly* declined significantly year on year mainly due to the impact of fewer opportunities for people to go on outings as a consequence of the spread of COVID-19 despite proactive efforts to strengthen the brand by suggesting new ways to consume the products and launching the following: (1) two products featuring the names of two professional tennis players, Kei Nishikori and Naomi Osaka, namely “*in Jelly ENERGY KEI SPECIAL*” and “*in Jelly ENERGY NAOMI SPECIAL*”; (2) *in Jelly LAC-Shield®* (containing the probiotic “*Lactobacillus paracasei MCC1849*”), which is targeted at meeting health needs during the COVID-19 crisis; (3) a collaborative product with boy band Arashi; and (4) the nationwide launch of *in Jelly Energy Glucose*, which had previously sold briskly at a limited number of convenience stores.

In the mail-order series of *Healthy Life with Angel* products, sales of the *Morinaga Collagen Drink* were brisk, which drove total sales in the mail-order business to a year-on-year increase.

As a result, total sales for this segment decreased by ¥2,539 million (-6.6%) year on year to ¥35,947 million.

Segment operating income totaled ¥5,313 million, a decrease of ¥1,717 million (-24.4%). Our efforts to reduce costs mainly by curbing selling, general and administrative expenses were not enough to offset the impact of lower sales caused by the COVID-19 crisis.

Food Merchandise Sales: ¥5,649 million (-9.4% year on year)

Principal business: Wholesale of foodstuffs for commercial use

Sales for the segment decreased by 9.4% year on year to ¥5,649 million. Operating income for the segment decreased by ¥181 million year on year to ¥280 million.

Real Estate and Services Sales: ¥1,825 million (-4.0% year on year)

Principal business: Real estate trading, real estate leasing, golf course management

Sales for the segment decreased by 4.0% year on year to ¥1,825 million. Operating income for the

segment decreased by ¥34 million year on year to ¥790 million.

Other Services Sales: ¥636 million (+2.0% year on year)

Sales for the segment totaled ¥636 million. Operating income was ¥190 million.

2. Capital Investment

Capital investment during the fiscal year under review totaled ¥20,404 million, which is mainly investment for installation of new facilities and renewal of existing facilities for the Food Manufacturing business.

3. Financing

The funds required for the fiscal year under review were covered by the Company's funds and loans payable, and the Company did not issue new shares or corporate bonds for financing.

4. Issues to Be Addressed

Positioning the 2021 Medium-Term Business Plan whose first year is fiscal 2021 as the first stage for achieving the 2030 Business Plan, the Group is promoting business activities with the theme of "a new foundation building for dramatic growth." Although a challenging business environment is expected to continue, such as rising raw materials prices and increasing labor costs, the Group will swiftly implement the management strategies described below with the aim of realizing sustainable growth.

(1) Concentrate Resources on the Key Domain to Drive Growth

We will concentrate our business resources on the key domain and promote initiatives to achieve dramatic growth, including the revamping of *in Jelly* and development of new products that will contribute to physical health of customers in the *in* business, increase of sales of the mail-order business centering on *Morinaga Collagen Drink*, enrichment of the *HI-CHEW* brand in the United States, and establishment of a highly profitable structure of the frozen desserts business to achieve growth.

(2) Enhance Earnings Power of the Core Domain

In the confectionery business and the foodstuffs business, with the aim of establishing a strong revenue base, we will work to expand sales and enhance efficiency and earnings power by focusing on the mainstay brands, such as *HI-CHEW*, *Morinaga Biscuits*, and *Morinaga Amazake*, so as to stably generate funds for investment in the key domain. We will establish a highly profitable business base by promoting development of new products that will contribute to mental health of customers and promoting sales centering on the mainstay brands and by improving product supply systems.

(3) Promote Structural Reform Centering on Functional Departments

While pursuing enhancement of productivity by introducing the smart factory in the manufacturing operations and optimizing the organizations of the sales operations, we will work to improve efficiency throughout the Company by utilizing digital technology to enhance earnings power.

(4) Establish a Robust Business Base

We will newly establish a research center, which will underpin the business strategy across the Group by creating new value. Moreover, we will promote initiatives for enhancing productivity to transform business activities by utilizing digital technology. Furthermore, we will promote consideration of the next core network system for the purpose of establishing a robust business base.

(5) Resolve Social Issues through Food

We consider our key tasks as a food manufacturer to be delivery of safe, reliable products to customers and procurement of sustainable raw materials that are not harmful to the global environment or society. We will continue coordinating and collaborating with our business partners to pursue sustainable procurement throughout our supply chains.

(6) Promote Diversity & Inclusion

Based on the policy of “leveraging each person’s individuality,” we are drawing on the talents of each and every employee in our diverse workforce and pooling their knowledge and capabilities to create new value and spark innovation that will lead to improvement of internal processes and resolution of issues of customers and society. In this regard, we will improve frameworks, systems, and the environment.

In these endeavors, we request further support of shareholders.

5. Trends in Assets and Income

(1) Trends in Assets and Income of the Morinaga Group

(In millions of yen, unless otherwise specified.)

Item	The 170th fiscal year ended March 31, 2018	The 171st fiscal year ended March 31, 2019	The 172nd fiscal year ended March 31, 2020	The 173rd fiscal year ended March 31, 2021 (Fiscal year under review)
Net sales	205,022	205,368	208,878	199,990
Food Manufacturing	195,788	196,216	200,117	191,878
Food Merchandise	6,686	6,664	6,234	5,649
Real Estate and Services	2,036	1,909	1,901	1,825
Other Services	511	578	624	636
Operating income	19,751	20,217	21,230	19,162
Operating income to net sales (%)	9.6	9.8	10.2	9.6
Ordinary income	20,422	20,767	21,950	19,767
Profit attributable to owners of parent	10,289	12,816	10,824	13,405
Net income per share (yen)	197.76	247.15	215.18	266.52
Total assets	177,920	175,837	188,060	201,915
Net assets	100,331	97,193	105,487	123,923
Net assets per share (yen)	1,882.23	1,917.22	2,080.77	2,445.53

- Notes: 1. In the 170th fiscal year, an impairment loss of approx. ¥3.5 billion was recorded as an extraordinary loss.
2. In the 171st fiscal year, an impairment loss of approx. ¥3.5 billion was recorded as an extraordinary loss.
3. In the 172nd fiscal year, a gain on sales of noncurrent assets of approx. ¥1.7 billion was recorded as an extraordinary income and an impairment loss of approx. ¥2.5 billion and a contract cancellation fee of approx. ¥4.8 billion were recorded as extraordinary losses.
4. In the 173rd fiscal year, a loss on sales and retirement of noncurrent assets of approx. ¥0.7 billion was recorded as an extraordinary loss.
5. In conjunction with the application of partial revisions to the “Accounting Standards for Tax Effect Accounting” from the beginning of the 171st fiscal year, the amount of total assets for the 170th fiscal year presented is the amount after restatement in accordance with the new presentation method.

(2) Trends in Assets and Income of MORINAGA & CO., LTD.

(In millions of yen, unless otherwise specified.)

Item	The 170th fiscal year ended March 31, 2018	The 171st fiscal year ended March 31, 2019	The 172nd fiscal year ended March 31, 2020	The 173rd fiscal year ended March 31, 2021 (Fiscal year under review)
Net sales	180,917	183,061	187,159	178,311
Ordinary income	18,762	18,398	17,777	15,503
Net income	6,123	11,624	9,434	11,738
Net income per share (yen)	117.70	224.16	187.55	233.38
Total assets	163,763	164,770	177,521	190,282
Net assets	89,151	87,040	93,887	109,065
Net assets per share (yen)	1,714.27	1,730.37	1,866.49	2,168.36

- Notes: 1. In the 170th fiscal year, a loss on valuation of shares of subsidiaries and associates of approx. ¥7.0 billion was recorded as an extraordinary loss.
2. In the 171st fiscal year, an impairment loss of approx. ¥1.6 billion and a loss on valuation of shares of subsidiaries and associates of approx. ¥1.4 billion were recorded as extraordinary losses.
3. In the 172nd fiscal year, a gain on sales of noncurrent assets of approx. ¥1.7 billion and a gain on extinguishment of tie-in shares of approx. ¥1.0 billion were recorded as extraordinary income and an impairment loss of approx. ¥2.5 billion and a contract cancellation fee of approx. ¥4.8 billion were recorded as extraordinary losses.
4. In the 173rd fiscal year, a loss on sales and retirement of noncurrent assets of approx. ¥0.7 billion was recorded as an extraordinary loss.
5. In conjunction with the application of partial revisions to the “Accounting Standards for Tax Effect Accounting” from the beginning of the 171st fiscal year, the amount of total assets for the 170th fiscal year presented is the amount after restatement in accordance with the new presentation method.

6. Significant Parent Company and Subsidiaries

(1) Relationship with the Parent Company

Not applicable

(2) Significant Subsidiaries

Company name	Capital stock	The Company's ownership	Principal business
Morinaga Angel Dessert Co., Ltd.	450 million yen	100.0%	Manufacturing and sale of frozen desserts, etc.
Morinaga Dessert Co., Ltd.	450 million yen	100.0%	Manufacturing and sale of frozen desserts, etc.
Takasaki Morinaga Co., Ltd.	100 million yen	100.0%	Manufacturing and sale of confectioneries
Aunt Stella Inc.	100 million yen	100.0%	Manufacturing and sale of confectioneries
Morinaga Shoji Co., Ltd.	300 million yen	100.0%	Sale of confectioneries and foodstuffs
Taiwan Morinaga Co., Ltd.	354 million New Taiwan dollars	55.2%	Manufacturing and sale of confectioneries and foodstuffs
Shanghai Morinaga Co., Ltd.	187 million Chinese yuan	100.0%	Sale of confectioneries
Morinaga (Zhejiang) Co., Ltd.	126 million Chinese yuan	100.0%	Manufacturing and sale of confectioneries
Morinaga America, Inc.	28 million US dollars	100.0%	Sale of confectioneries
Morinaga America Foods, Inc.	47 million US dollars	100.0%	Manufacturing and sale of confectioneries

(3) Significant Business Combination, etc.

The Company has 16 consolidated subsidiaries including the 10 significant subsidiaries listed above. It also has 3 affiliated companies accounted for by the equity method.

(4) Specified Wholly Owned Subsidiaries at the end of the fiscal year

Not applicable

(5) Other

The Company has entered into a business alliance contract with Barry Callebaut concerning supply of chocolate solution.

7. Employees

(1) Employees of the Morinaga Group

Segment	Number of employees	Change from the previous fiscal year-end
Food Manufacturing	2,631	+113
Food Merchandise	51	-1
Real Estate and Services	40	No change
Other Services	103	+2
Total	2,825	+114

- Notes: 1. The number of employees is that of people working for the Group (excluding the number of people seconded from the Group to outside the Group and including the number of people seconded from outside the Group to the Group.)
2. The yearly average number of temporary workers (including part-time workers and contracted employees), which is 1,597, has been excluded from the number of employees.

(2) Employees of MORINAGA & CO., LTD.

Number of employees	Change from the previous fiscal year-end	Average age	Average years of service
1,439	+25	42.5 years old	18.4 years

- Notes: 1. The number of employees is that of people working for the Company (excluding the number of people seconded from the Company to outside the Company and including the number of people seconded from outside the Company to the Company.)
2. The yearly average number of temporary workers (including part-time workers and contracted employees), which is 652, has been excluded from the number of employees.

8. Principal Business Offices and Factories

Food Manufacturing MORINAGA & CO., LTD.

Head Office	5-33-1 Shiba, Minato-ku, Tokyo	
Branch Offices	Hokkaido Branch Office	Sapporo-shi
	Tohoku Branch Office	Sendai-shi
	Tokyo Metropolitan Branch Office	Minato-ku, Tokyo
	Chubu Branch Office	Nagoya-shi
	Kansai Branch Office	Amagasaki-shi
	Chugoku Shikoku Branch Office	Hiroshima-shi
	Kyushu Branch Office	Fukuoka-shi
Factories	Oyama Factory	Oyama-shi
	Tsurumi Factory	Yokohama-shi
	Mishima Factory	Mishima-shi
	Chukyo Factory	Anjo-shi
R&D Center	R&D Center	Yokohama City

Subsidiaries, etc.

Japan	Takasaki Morinaga Co., Ltd.	Takasaki-shi
	Aunt Stella Inc.	Shibuya-ku, Tokyo
	Morinaga Angel Dessert Co., Ltd.	Yamato-shi
	Morinaga Dessert Co., Ltd.	Tosu-shi
Overseas	Taiwan Morinaga Co., Ltd.	Taipei, Taiwan
	Shanghai Morinaga Co., Ltd.	Shanghai, China
	Morinaga (Zhejiang) Co., Ltd.	Zhejiang, China
	Morinaga America, Inc.	California, USA
	Morinaga America Foods, Inc.	North Carolina, USA

9. Principal Lenders

(1) Principal Lenders to the Morinaga Group

Lender	Outstanding borrowings (Millions of yen)
MUFG Bank, Ltd.	5,600
Mizuho Bank, Ltd.	3,000

(2) Principal Lenders to MORINAGA & CO., LTD.

Lender	Outstanding borrowings (Millions of yen)
MUFG Bank, Ltd.	5,600
Mizuho Bank, Ltd.	3,000

II. Status of Shares

- 1. Total Number of Shares Authorized to Be Issued** 200,000,000 shares
- 2. Total Number of Issued Shares** 50,323,203 shares
(excluding 3,866,566 shares of treasury stock)
- 3. Number of Shareholders** 24,086 persons
(An increase of 1,606 shareholders from the previous fiscal year-end)

4. Major Shareholders (Top Ten Shareholders)

Shareholder name	Number of shares held (thousand shares)	Ratio of voting rights (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,549	7.0%
MORINAGA Business Partner Shareholding Association	3,195	6.3
Custody Bank of Japan, Ltd. (trust account)	1,884	3.7
MUFG Bank, Ltd.	1,704	3.3
Mizuho Bank, Ltd.	1,289	2.5
Meiji Yasuda Life Insurance Company	1,246	2.4
SSBTC CLIENT OMNIBUS ACCOUNT	1,059	2.1
JP MORGAN CHASE BANK 380055	913	1.8
JP MORGAN CHASE BANK 385632	781	1.5
Custody Bank of Japan, Ltd. (trust account 5)	724	1.4

- Notes: 1. The Company holds 3,866,566 shares of treasury stock but is excluded from the list of major shareholders above.
2. The ratio of voting rights is calculated excluding treasury stock.

5. Other Significant Matters concerning Stock

In accordance with the resolution adopted at the 170th Annual General Meeting of Shareholders held on June 28, 2018 and the Board of Directors' resolution based on it, the Company introduced a board incentive plan (BIP) for which the Company's Directors (excluding Outside Directors and Directors who are non-residents of Japan) are eligible. As of March 31, 2021, the number of shares of the Company owned by the trust account for the BIP is 24,564.

III. Share Options

Not applicable

IV. Company Officers

1. Directors and Statutory Auditors (as of March 31, 2021)

Position	Name	Responsibilities and significant concurrent positions
Representative Director, President	Eijiro Ota	Responsible for Audit Division President of the Morinaga Angel Foundation
Director, Managing Operating Officer	Machiko Miyai	Responsible for Marketing Division, Direct Marketing Division, Corporate Communications Division
Director, Senior Operating Officer	Takashi Hirakue	General Manager of Production Division Responsible for Production Division, Logistics Department, Customer Service Center, Quality Assurance Division
Director, Senior Operating Officer	Shinichi Uchiyama	Responsible for Accounting Division Representative Director, President of Morinaga Finance Co., Ltd.
Director, Senior Operating Officer	Toshiyuki Sakai	General Manager of Overseas Business Headquarters Responsible for Overseas Business Headquarters Chairman of Shanghai Morinaga Co., Ltd. Chairman of Morinaga Food (Zhejiang) Co., Ltd.
Director, Senior Operating Officer	Shinya Mori	General Manager of R&D Center Responsible for R&D Center, New Frontier Creation Headquarters
Director, Senior Operating Officer	Daisuke Fujii	General Manager of Corporate Strategy Division Responsible for Corporate Strategy Division, General Affairs Division
Director	Shiho Takano	Representative Director of Etowa Co., Ltd. Outside Director of FUJITA KANKO INC.
Director	Naomi Eto	
Director	Shuichi Hoshi	Outside Director of SBS holdings Inc. Executive Director of ITOCHU-SHOKUHIN Co., Ltd.
Standing Statutory Auditor	Tadashi Nishimiya	

Position	Name	Responsibilities and significant concurrent positions
Standing Statutory Auditor	Akiyuki Igarashi	
Statutory Auditor	Koichi Sakaguchi	Attorney at law (GINGA LAW OFFICE)
Statutory Auditor	Hiroshi Iwamoto	

- Notes:
1. Directors Ms. Shiho Takano, Ms. Naomi Eto, and Mr. Shuichi Hoshi are Outside Directors. They are Independent Officers as prescribed by the regulations of the Tokyo Stock Exchange.
 2. Standing Statutory Auditor Mr. Akiyuki Igarashi and Statutory Auditors Mr. Koichi Sakaguchi and Mr. Hiroshi Iwamoto are Outside Statutory Auditors. They are Independent Officers as prescribed by the regulations of the Tokyo Stock Exchange.
 3. Directors Ms. Naomi Eto and Mr. Shuichi Hoshi were newly elected at the 172nd Annual General Meeting of Shareholders held on June 26, 2020 and assumed office.
 4. Mr. Masato Hirota retired from his position as Director at the conclusion of the 172nd Annual General Meeting of Shareholders held on June 26, 2020.

Reference: Positions, names, and responsibilities of Operating Officers as of March 31, 2021 are as follows:

Position	Name	Responsibilities and significant concurrent positions
Senior Operating Officer	Keita Tsukui	Head of Marketing Division
Operating Officer	Yuichi Sano	Responsible for IT Strategy
Operating Officer	Keisuke Ohashi	General Manager of Strategy Planning Division, Marketing Division
Operating Officer	Masaaki Takahashi	General Manager of Human Resources Division
Operating Officer	Terushi Hyodo	General Manager of Tokyo Metropolitan Branch Office, Sales Division
Operating Officer	Fumiko Kunichika	General Manager of Corporate Communications Division
Operating Officer	Hidehiro Saho	General Manager of Production Technology Development Department, Production Division
Operating Officer	Hideki Matsunaga	General Manager of Sales Division
Operating Officer	Masaki Matsumoto	Deputy General Manager of Overseas Business Headquarters

2. Summary of Agreement on Limitation of Liability

Pursuant to the stipulations in Article 427, Paragraph 1 of the Companies Act and Articles 31 and 41 of the Company's Articles of Incorporation, the Company has entered into agreements with all Outside Directors and Outside Statutory Auditors to limit their liabilities under Article 423, Paragraph 1 of the Companies Act. The amount of liability for damages under the said agreements shall be limited to the amount stipulated by laws and regulations.

3. Summary of Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company under which the Company's and its subsidiaries' directors (including those who have already retired from their position as director), statutory auditors, operating officers, important employees and officers assigned to organizations outside the Group are designated as the insured. The insurance premiums are fully borne by the Company.

The said insurance contract covers damages and litigation expenses to be borne by the insured in the event that a claim for damages is made against the insured due to an act committed (including failure to act) by the insured in his/her capacity as a director or officer of the Company or its subsidiaries. However, damages caused as a result of any criminal act, such as bribery, or willful misconduct committed by a director or officer and imposed on the director or officer are outside the scope of the insurance coverage so as not to compromise the appropriateness of execution of duties by directors and officers.

4. Basic Policy and Structure of Executive Remuneration System

(1) Total Amount of Remuneration for Directors and Statutory Auditors for the Fiscal Year under Review

Category	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)			Number of persons
		Monetary remuneration		Non-monetary remuneration	
		Fixed remuneration	Performance-linked remuneration	Compensation based on the board incentive plan (BIP) (performance-linked)	
Directors (Outside Directors' portion)	202 (27)	129 (27)	48 (-)	24 (-)	11 (4)
Statutory Auditors (Outside Statutory Auditors' portion)	47 (28)	47 (28)	- (-)	- (-)	4 (3)

- Notes:
1. The amounts paid to Directors do not include employee salaries payable to Directors who concurrently serve as employees.
 2. The maximum amount of remuneration for Directors resolved at the 169th Annual General Meeting of Shareholders held on June 29, 2017 is 500 million yen per annum (excluding the employee salaries of Directors who concurrently serve as employees).
 3. The maximum amount of remuneration for Statutory Auditors resolved at the 169th Annual General Meeting of Shareholders held on June 29, 2017 is 80 million yen per annum.

(2) Executive Remuneration Basic Policy

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

(3) Content of Executive Remuneration System

a. Level of executive remuneration and structure

The Company's executive remuneration is determined in accordance with the Executive Remuneration Basic Policy stated in (2) above, referring to the levels of executive remuneration paid by leading companies that are similar in size to the Company.

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

b. Matters concerning performance-linked remuneration

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

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

The table below presents the target figure and the actual figure of the performance indicator used for calculation of the amount of performance-linked remuneration for the fiscal year ended March 31, 2021 and the reason for selecting that performance indicator.

Performance indicator selected	Target	Actual	Reason for selection
Consolidated operating income	¥21.0 billion	¥21.2 billion	In order to enhance awareness about an improvement of performance for each fiscal year

c. Content of non-monetary remuneration

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

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

(4) Matters concerning Resolution by the General Meeting of Shareholders about Remuneration for Directors and Statutory Auditors

At the 169th Annual General Meeting of Shareholders held on June 29, 2017, the maximum amount of remuneration for Directors was resolved to be 500 million yen per annum (including the maximum 40 million yen per annum for Outside Directors and excluding the employee salaries of Directors who concurrently serve as employees). The number of Directors immediately following the conclusion of the said Annual General Meeting of Shareholders was 11 (including 2 Outside Directors). Moreover, separately from the said monetary remuneration, at the 170th Annual General Meeting of Shareholders held on June 28, 2018, the introduction of a performance-linked stock compensation plan using a trust for Directors (excluding Outside Directors and non-residents of Japan) was approved. The maximum amount of cash to be contributed by the Company for each target period covering 3 fiscal years is 180 million yen in total.

The maximum amount of remuneration for Statutory Auditors was resolved at the 169th Annual General Meeting of Shareholders held on June 29, 2017 to be 80 million yen per annum. The number of Statutory Auditors at the conclusion of the said Annual General Meeting of Shareholders was 4.

(5) Policy on Determination of Remuneration for Individual Directors

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

The Board of Directors drafted the policy on determination of remuneration for individual Directors (hereinafter referred to as the “Determination Policy”) based on the Executive Remuneration Basic Policy stated in (2) above, consulted the Officer Appointment and Remuneration Committee, and resolved the Determination Policy at the meeting of the Board of Directors held on February 10, 2021, according respect to the report of the Officer Appointment and Remuneration Committee.

b. Summary of the Determination Policy

(i) Basic compensation

Basic compensation is fixed remuneration paid monthly and is determined according to job title, responsibilities, and the number of years in office, taking into consideration the remuneration level of other companies, the Company’s financial performance, the level of employee salaries, etc., in a comprehensive manner. The amount equivalent to 30% of the basic compensation is determined, taking into consideration the financial performance in the previous fiscal year, etc.

(ii) Executive bonuses

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

(iii) Stock compensation

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

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

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

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

For the fiscal year under review, at the meeting of the Board of Directors held on June 26, 2020, it was resolved to delegate President and Representative Director Eijiro Ota (responsible for the Audit Division) to determine details of the amounts of remuneration for individual Directors. The authority pertains to determination of the amount of basic compensation for each Director and evaluation of the performance-linked portion of each Director. Such authority was delegated to him because he is the most suitable person to evaluate each Director from a broad perspective, considering the Company's overall financial performance. In order to ensure that the authority is appropriately exercised, the Board of Directors consults the Officer Appointment and Remuneration Committee, which consists of Directors including Outside Directors and Outside Statutory Auditors, about the draft and the President and Representative Director determines the individual amounts of remuneration based on the report of the Officer Appointment and Remuneration Committee.

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

Regarding stock compensation, which is non-monetary compensation, its maximum amount is the amount resolved at the General Meeting of Shareholders, separately from monetary remuneration. The Company awards a certain number of points to Directors (excluding Outside Directors and non-residents of Japan) in accordance with the provision of the "Share Delivery Rules" following consultation with the Officer Appointment and Remuneration Committee and receiving its report.

5. Outside Officers

(1) Outside Directors

Name	Attendance at Board of Directors Meetings	Principal activities and role
Shiho Takano	16/16	Utilizing her business experience accumulated in the food industry and her experience as an executive in the cosmetics industry, Ms. Takano stated necessary and useful opinions for deliberation on proposals from a broad perspective that extends beyond the Company's industry. Moreover, serving as a member of the Officer Appointment and Remuneration Committee, she attended all 11 meetings of the committee held in the fiscal year under review and fulfilled an important role in deliberation on nomination of Directors and other officers and their remuneration and reporting to the Board of Directors.
Naomi Eto	11/11 following assumption of office	Utilizing her business experience accumulated in manufacturing industry and her experience as an executive in the retail industry, Ms. Eto stated necessary and useful opinions for deliberation on proposals from a broad perspective that extends beyond the Company's industry.
Shuichi Hoshi	11/11 following assumption of office	Utilizing his wealth of experience as an executive in the wholesale industry, Mr. Hoshi stated necessary and useful opinions for deliberation on proposals from a broad perspective that extends beyond the Company's industry.

(2) Outside Statutory Auditors

Name	Attendance at Board of Directors Meetings	Attendance at Board of Statutory Auditors Meetings	Principal activities
Akiyuki Igarashi	16/16	16/16	Utilizing his wealth of experience as an executive in the wholesale industry and in-depth knowledge of finance and accounting, Mr. Igarashi stated necessary and useful opinions for deliberation on proposals from a broad perspective that extends beyond the Company's industry.
Koichi Sakaguchi	16/16	16/16	Utilizing his high level of expertise and experience as a judge and attorney, Mr. Sakaguchi stated necessary and useful opinions for deliberation on proposals. Moreover, serving as a member of the Officer Appointment and Remuneration Committee, he attended all 11 meetings of the committee held in the fiscal year under review and stated necessary and useful opinions for deliberation on nomination of Directors and other officers and their remuneration as well as reporting to the Board of Directors.
Hiroshi Iwamoto	16/16	16/16	Utilizing his experience in financial operations accumulated in the financial industry, followed by a wealth of management experience in the information and communication industry, Mr. Iwamoto stated necessary and useful opinions for deliberation on proposals from a broad perspective that extends beyond the Company's industry.

V. Accounting Auditor

1. Accounting Auditor's Name

Deloitte Touche Tohmatsu LLC

2. Accounting Auditor's Compensation, etc. for the Fiscal Year under Review

Accounting Auditor's compensation, etc., for the fiscal year under review	53 million yen
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	55 million yen

- Notes:
1. The audit contract between the Company and the Accounting Auditor makes no distinction between the amount of compensation for auditing services as stipulated in the Companies Act and that for auditing services as stipulated in the Financial Instruments and Exchange Act. Moreover, since no essential distinction could be made between these two categories, the amount of compensation for auditing services is the total amount for both types of auditing services.
 2. Of the significant subsidiaries of the Company, Taiwan Morinaga Co., Ltd., Shanghai Morinaga Co., Ltd., Morinaga (Zhejiang) Co., Ltd., and Morinaga America, Inc. are audited by local audit corporations contracted by respective subsidiaries.
 3. The Company commissions Accounting Auditor Deloitte Touche Tohmatsu LLC to provide advisory and guidance concerning application of the "Accounting Standard for Revenue Recognition" as services other than the services under Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services) and pays the consideration therefor.

3. Reasons why the Board of Statutory Auditors Has Agreed to Accounting Auditor's Compensation, etc.

The Company's Board of Statutory Auditors examined the content of the audit plan of the Accounting Auditor, its execution of duties in the previous fiscal year, the basis for estimation of the amount of compensation, etc. As a result, the Board of Statutory Auditors gave consent to Accounting Auditor's compensation, etc., pursuant to Article 399, Paragraph 1 of the Companies Act.

4. Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor

In the event that it is deemed that any of the items stipulated in Article 340, Paragraph 1 of the Companies Act applies to the Accounting Auditor, the Board of Statutory Auditors shall dismiss the Accounting Auditor subject to the consent of all Statutory Auditors. In such event, a Statutory Auditor selected by the Board of Statutory Auditors shall report the dismissal of the Accounting Auditor and the reasons for dismissal at the first General Meeting of Shareholders to be convened following the dismissal.

In addition to the above, in the event that it is deemed that there is problem with qualification and reliability of the Accounting Auditor, the Board of Statutory Auditors shall decide a proposal on dismissal or non-reappointment of the Accounting Auditor and the Board of Directors shall submit the said proposal to the General Meeting of Shareholders based on the decision of the Board of Statutory Auditors.

VI. Corporate Governance Basic Policy

(1) Basic Policy

The Morinaga Group will enhance its corporate governance with the aim of maximizing corporate value and achieving enduring corporate growth based on the basic policies of improving the soundness and efficiency of management, ensuring the reliability of its financial position, providing timely and appropriate disclosure of information, complying with laws and regulations, and strengthening the trust and relationships with all stakeholders.

1) Positioning of Stakeholders

To enable us to fulfill our social responsibility in all areas of our business activities, we are committed to maintaining and further developing strong relationships with all stakeholders, who sustain our company, and achieving coexistence with society and sustainable growth in accordance with corporate principles and the code of conduct.

2) Management Monitoring Functions

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

3) Consistent Approach throughout the Group

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

(2) Corporate Governance System

(as of March 31, 2021)

