



September 30, 2022

Company name: Morinaga Milk Industry Co., Ltd.
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Representative: Yohichi Ohnuki,
President & Representative Director
(Code: 2264, Prime Market of the Tokyo Stock Exchange)

Notice of the Morinaga Milk Group's First Issuance of Green Bonds

Based on the “Sustainability Medium- to Long-Term Plan 2030,” the Morinaga Milk Group (hereafter, “the Group”) positions the fiscal year ending March 2023 as a “starting line” year for its aim to achieve sustainability management. Accordingly, the Group plans to issue its first green bond (18th Series of Unsecured Straight Bonds) in October, as part of efforts to achieve business growth and make social sustainability a reality. Morinaga Milk Industry Co., Ltd. (hereafter, “the Company”) hereby announces that it submitted an amended shelf registration statement for the issuance of these bonds to the Director-General of the Kanto Finance Bureau on the date of this notice.

1. Background and Objective of the Issuance of Green Bonds

The Group has set forth its Corporate Philosophy as “contribute to healthy and enjoyable lifestyles through offering unique products derived from advanced milk technology,” based on the Corporate Slogan, “For Ever Brighter Smiles.” In the “Morinaga Milk Group 10-year vision,” which the Group formulated in order to achieve the Corporate Philosophy, the Group has set forth its vision to become “a company that balances ‘delicious and pleasurable food’ with ‘health and nutrition,’” “a global company that exerts a unique presence worldwide,” and “a company that persistently helps make social sustainability a reality,” which it uses as a guideline for various strategies, including the “Medium-term Business Plan 2022–2024” and “Sustainability Medium- to Long-Term Plan 2030.”

In the “Sustainability Medium- to Long-Term Plan 2030,” the Group has determined targets and KPIs through FY2030, based on the three themes of “Food and Wellness,” “Resources and the Environment,” and “People and Society,” which it places at the core of management. At the same time, the Group is also promoting initiatives that are mutually linked with the “Medium-term Business Plan 2022–2024.”

The Group will allocate the funds raised from the issuance of these green bonds to initiatives targeting “Mitigation of and Adaptation to Climate Change,” “Environmental Consideration and Resource Recycling,” and “Sustainable Raw Material Procurement,” which are Priority Issues under the “Resources and the Environment” theme. Through the issuance of these green bonds, the Group will further accelerate efforts to achieve business growth and make social sustainability a reality.

2. Overview of the Green Bonds

Name of bonds	18th Series of Unsecured Straight Bonds of Morinaga Milk Industry Co., Ltd. (with Inter-bond Pari Passu Clauses) (Green Bonds)
Maturity	Three years (planned)
Issue amount	5.0 billion yen (planned)
Time of issuance	October 2022 (planned)
Lead underwriters	Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd.
Structuring agent*	Nomura Securities Co., Ltd.

* Structuring agent: Refers to the entity that will support the issuance of the green bonds through the formulation of a Green Bond Framework, advice on the acquisition of third-party evaluations, etc.

3. Use of Proceeds from Green Bonds and Positive Environmental Impact

ICMA GBP Category [Positive Environmental Impact]	Use of Proceeds (Eligible Project)
Renewable energy [Reduction of greenhouse gases]	(1) Capital investment in “MO-Lagoon for Dairy,” a manure processing and biogas power generation system for dairy and livestock farming (2) Purchase of Green Power Certificates
Energy efficiency [Reduction of energy usage]	(3) Introduction and upgrades to equipment that will improve energy efficiency by an average of 30% or more for ice banks (cooling water systems, refrigerators, etc.) used in the Company’s business activities
Pollution prevention and control [Reduction of greenhouse gases]	(4) Upgrades to refrigeration facilities that use freon gas HCFC refrigerants (R22, etc.)
Sustainable water and wastewater management [Reduction of water pollutants]	(5) Investment to increase capacity at wastewater treatment facilities that contribute to water quality conservation
Projects related to circular economy adapted products, production technologies and processes, and eco-efficient products [Reduction of plastic usage, forest conservation]	(6) Introduction of container manufacturing equipment (making lighter plastic containers) (7) Purchase expenses for FSC®*-certified paper for use in containers and packaging

*FSC® certification: Forest Stewardship Council. An international certification system for wood from forests managed responsibly, in ways that serve social interests and are also economically sustainable, as well as related products

For the issuance of these green bonds, the Company has formulated a Green Bond Framework that contains information on policies related to the four factors set forth in the International Capital Market Association (ICMA)’s “Green Bond Principles 2021” and the Ministry of the Environment’s “Green Bond Guidelines 2022” (1. Use of Proceeds, 2. Process for Project Evaluation and Selection, 3. Management of Proceeds, and 4. Reporting).

The Company has obtained a second-party opinion from Rating and Investment Information, Inc. (R&I), a third-party institution, in relation to conformance with the above “Green Bond Principles 2021” and the “Green Bond Guidelines 2022.”

Please also refer to the second opinion of Rating and Investment Information, Inc., which it has published.

< Rating and Investment Information, Inc. (R&I) green finance page >

<https://www.r-i.co.jp/rating/esg/greenfinance/index.html>

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