



# LRQA Independent Assurance Statement

Relating to Morinaga Milk Group's Environmental Data within Sustainability Page of its Corporate Website for the Fiscal Year 2023

This Assurance Statement has been prepared for MORINAGA MILK INDUSTRY CO., LTD. in accordance with our contract.

## Terms of Engagement

LRQA Limited ("LRQA") was commissioned by MORINAGA MILK INDUSTRY 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 2023 (from 1 April 2023 to 31 March 2024), against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using ISO 14064-3:2019 for Greenhouse gas ("GHG") emissions.

Our assurance engagement covered the Company's operations and activities at 11 manufacturing plants and its consolidated subsidiaries (12 companies, 16 factories) in Japan and specifically the following requirements:<sup>1</sup>

- 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:<sup>2</sup>
  - Scope 1 GHG emissions (Tonnes CO<sub>2</sub>)<sup>3</sup>
  - Scope 2 GHG emissions [market-based] (Tonnes CO<sub>2</sub>)
  - Scope 3 GHG emissions (Category 1) (Tonnes CO<sub>2</sub>)<sup>4</sup>
  - Energy consumption (MWh)

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

LRQA's responsibility is only to the Company. LRQA 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.

## LRQA's Opinion

Based on LRQA'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 above
- Disclosed accurate and reliable environmental data as summarised in Table 1 below.

The opinion expressed is formed on the bases of a limited level of assurance<sup>5</sup> and at the materiality of the professional judgement of the verifier.

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<sup>1</sup> This includes the results of Akita Orion Food located on the Tohoku Morinaga Milk Industry Akita Plant site, the Chilled Products Coordination Center - East Japan and Technology Development Department located on the Tokyo Tama Plant, and the Chilled Products Coordination Center - West Japan and Kansai Dairy Farm Services Office located on the Kobe Plant.

<sup>2</sup> GHG quantification is subject to inherent uncertainty.

<sup>3</sup> The scope covers only energy-oriented CO<sub>2</sub>. And fuel consumption and CO<sub>2</sub> emissions from non-production uses aren't included in the aggregate results.

<sup>4</sup> The amount of activity of Frigiport Inc. is excluded.

<sup>5</sup> 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.



**Table 1. Summary of MORINAGA MILK Group’s environmental data fiscal year 2023 :**

Scope		
Scope 1 GHG emissions	188,177	tonnes CO <sub>2</sub>
Scope 2 GHG emissions (Market-based)	88,781	tonnes CO <sub>2</sub>
Scope 3 GHG emissions (Category 1)	1,048.8	Ktonnes CO <sub>2</sub>
Energy consumption	1,237,035	MWh

**LRQA’s Approach**

LRQA’s assurance engagements are carried out in accordance with ISO 14064-3:2019. The following tasks 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 mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification;
- Interviewing with key people responsible for compiling the data and drafting the report;
- Sampling datasets and tracing activity data back to aggregated levels;
- Verifying the historical data and records associated with GHG emissions and energy consumption for the fiscal year 2023; and
- Visiting Sendai plant of TOHOKU MORINAGA MILK INDUSTRY CO., LTD and Morioka plant 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 ensure effective internal verification processes at both the corporate head office and site levels.

**LRQA’s Standards, Competence and Independence**

LRQA 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 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* 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.

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

Dated: 21 July 2024

Signed

Saeko Shimizu

LRQA Lead Verifier

On behalf of LRQA Limited

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LRQA reference: YKA00000882

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