

Last Update: June 27, 2019
Meiji Holdings Co., Ltd.
Kazuo Kawamura, President and Representative Director
Securities Code: 2269
<https://www.meiji.com/global>

The corporate governance of Meiji Holdings Co., Ltd. (the “Company,” “we,” or “us”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Meiji Group's (the “Group”) philosophy is to brighten customers' daily lives as a corporate group in the Food and Health fields. Our mission is to widen the world of “Tastiness and Enjoyment” and meet all expectations regarding “Health and Reassurance.” We do this with the goal of continuing to find innovative ways to meet our customers' needs, today and tomorrow. In this way, we aim to achieve sustainable growth and increase corporate value over the medium to long term. The basic approach to management of the Group is for operating companies to manage businesses autonomously while collaborating with each other under the holding company's control.

The main role of Meiji Holdings Co., Ltd. is to advance Groupwide management strategies, create an optimal operating structure, and oversee the business management of operating companies.

Responsibility for operational execution is delegated to operating companies appropriately. Within the Group, oversight and execution of business management are separated. Accordingly, the Group has established and operates a corporate governance system including a Board of Directors. Meiji Holdings is a company with audit & supervisory board members. The Board of Directors' oversight and audit & supervisory board members' auditing heighten the objectivity and transparency of business management.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Meiji Holdings operates in line with all the principles of the Corporate Governance Code. We disclosed our actions for all the principles in line with the requirements stated in the code prior to its revision in June 2018.

[Disclosure Based on the Principles of the Corporate Governance Code]

1. Principle 1.4 Cross-shareholding of Listed Companies
We hold cross-shareholdings when we think it would:
 - 1) Accelerate the group's financial operations
 - 2) Strengthen our relationship with our group companies

- 3) Strengthen the group's transactional relationships
- 4) Be reasonable in light of our responsibility to shareholders

Meanwhile, the Board of Directors reviews all the brands the Group is holding and determines whether the company should continue holding them or dispose of them. For each brand, the board considers the following factors:

- The rationale for holding the brand
- The transactions for the brand in the past year
- The medium-to-long term outlook for the brand
- The amount of dividend

Following its September 2018 review, the Board of Directors concluded that the company should continue holding 31 of the brands.

As a rule, we will exercise our voting rights in a company in line with the wishes of the stock issuing company's board of directors. However, we will decline to do so if we think that it would negatively impact the business relationships between group companies or if it would clearly harm the common interests of shareholders.

2. Principle 1.7 Related Party Transactions

Directors and Audit & Supervisory Board members of the Company or a major operating company may not engage in material transactions with the Company or a major operating company without the approval of the Company's Board of Directors. Where such transactions are approved, the status of said transactions must be reported to the Company's Board of Directors.

3. Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Corporate pension funds are managed by the Meiji Group Pension Fund, which was founded by the group's two core companies, Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. Decisions concerning the management of these assets are made by three bodies: the Asset Management Committee, the Board of Trustees, and the Board of Representatives. Regarding the membership of these bodies, the fund's operator selects qualified persons from financial/accounting and HR, and elects an equal number of members from among the fund's subscribers by mutual vote. The operator subcontracts the day-to-day management of the assets to a financial organization and monitors its performance, monitoring the results in quarterly meeting.

4. Principle 3.1 Full Disclosure

1) The Group philosophy and business plans

The Group Philosophy is disclosed on the following website.

<https://www.meiji.com/global/about-us/mission-and-vision/>

The Group Business Plan is disclosed on the following website.

<https://www.meiji.com/global/investors/business-plans/>

2) Basic views on corporate governance

The Group's basic stance on corporate governance is disclosed in "I. 1. Basic Views" above.

3) Remuneration of directors

The Board of Directors' policies and procedures for determining the remuneration of directors are disclosed in "2.1 [Incentives] and [Director Remuneration]".

4) Board policies and procedures in the appointment/dismissal of the senior managers and the nomination of candidates for the board of directors and the Audit & Supervisory Board

Nominating internal director candidates

We nominate persons who are major executives and are senior managers in major operating companies. All such candidates must have the following qualities:

- Extensive experience
- Specialist expertise
- Business sense
- Upstanding character

Nominating outside director candidates

We nominate persons with the following qualities:

- Ability to analyze the company's business operations objectively and from multiple perspectives
- Ability to strictly monitor whether the management is making sound decisions
- Character, insight, and ability to express one's views and opinions as necessary

All such candidates must meet our independence standards.

Appointing senior managers

We nominate the persons, based on the past achievement, who can steer the Group toward sustainable growth. To implement our corporate philosophy and promote our corporate value, we look for the following qualities:

- Effective decision-making ability: Transparent bold business decisions swiftly and impartially.
- Group management: Achieve optimal group-wide management.

Nominating Audit & Supervisory Board member candidates

We nominate persons with the following qualities:

- Upstanding character
- Excellent discernment
- Specialist expertise
- High moral standards

For our Audit & Supervisory Board members to properly inspect the Group's operations of the compliance (with laws, regulations, and standards etc.) and validity and to bring any issues to our attention from an objective and impartial perspective.

At least one of the candidates must have solid grounding in finance and accounting.

The Board of Directors makes the final decision on who to nominate as candidates for the Board of Directors and Audit & Supervisory Board and who to appoint as senior managers. On this matter, it

first consults the opinion of the Nomination Committee, which comprises three outside directors and two internal directors.

Dismissals

If a director, Audit & Supervisory Board member, or senior manager commits a fireable offense, the Nomination Committee will convene a special meeting to discuss the matter and issue its recommendation to the Board of Directors. The Board of Directors will consider this recommendation, and then if it concludes that the person should be dismissed, it will propose the person's dismissal (if the person is a director or Audit & Supervisory Board member) or dismiss the person (if the person is a senior manager). Any dismissal of a director or Audit & Supervisory Board member will be pursuant to the Companies Act and other relevant legislation.

5) Explanations with respect to the nominations of officers

Explanations with respect to the director candidates proposed to the 10th Ordinary General Meeting of Shareholders scheduled for June 27, 2019, are provided in the Referential Materials for the General Meeting of Shareholders, which is included in the "Convocation Notice of the 10th Ordinary General Meeting of Shareholders." Explanations with respect to the outside director candidates are provided in "2-1 [Directors] Relationship with the Company (2)" of this report.

5. Supplementary Principle 4.1.1 Scope of Matters Delegated to the Management

The Board of Directors resolves matters of material importance, including the Group's basic strategic approach, large-scale investments, and other matters that are set forth in laws, the Company's Articles of Incorporation, or the Rules of the Board of Directors. The Group Company Administration Regulations and Duties Regulations clearly define the matters that are related to the execution of business undertakings and operations pursuant to the policies determined by the Board of Directors. Said matters are delegated to management and the status of their execution is reported to the Board of Directors as necessary.

6. Supplementary Principle 4.1.3 Succession plan for the CEO and other top executives

The Nomination Committee recommends on appointments and dismissals of top executives. This committee comprises at least three members, and the majority are independent outside directors. The members have a say in the succession plan for the CEO and other top executives.

We created the Meiji Group 2026 Vision, our Long-term Business Plan. With a view to achieving the group's vision for 2026, we have established a set of standards ("Leadership Value") for our executives. Leadership Value was reviewed by both the Nomination Committee and the Board of Directors before being resolved by the latter. We regard Leadership Value as an important step forward in our CEO / top executive succession planning efforts.

Leadership Value describes the standards that our executives must uphold to lead the group toward achieving its vision. The main thing we expect of top executives is the ability to "instigate change and lead reform efforts." To this end, Leadership Value outlines the following 10 competences across three themes:

- 1) Strategic planning and action: Imagination, decisiveness, ability to achieve breakthroughs, ability to channel creative energies
- 2) Organizational leadership skills: Ability to communicate and convince, ability to motivate, magnanimity for others' mistakes, ability to develop others' talents
- 3) Character: Ability to recognize and channel diverse talents, upstanding character

Following its deliberations on the matter, the Board of Directors adopted a succession planning approach in March 2019, taking into account the Nomination Committee's opinion on the same. This approach focuses on the succession management necessary to ensure that the leadership continues to embody Leadership Value in the medium to long-term future.

Under this approach, we develop succession roadmaps for future leaders of the Company and major group companies while the Nomination Committee reviews the ways in which we select the future leaders and groom them for leadership.

We will continue to flesh out the roadmaps for leadership succession, focusing on selecting leadership candidates, appointing them strategically, and building talent benches.

7. Principle 4.9 Independence Standards for Independent Directors

The Company's independence standards for independent directors are stated in "2-1 [Directors] Other Matters related to Independent Directors" of this report.

8. Supplementary Principle 4.11.1 Composition of the Board of Directors

The role of the Company's Board of Directors is to formulate and pursue Group-wide strategies, oversee the management of operating companies, and carefully monitor the effectiveness of managers and directors from an independent and objective perspective, with a view to making the Group Philosophy a reality, contributing to the Group's sustainable growth and corporate value over the medium to long term, and improving profitability and capital efficiency.

The Board of Directors is comprised in such a way as to fulfill this function. Its membership includes individuals who have the knowledge, experience, and abilities necessary to execute important business operations (e.g., corporate development, accounting, finance, human resources, general affairs, investor relations, etc.) and manage operating companies, and those who can provide broad and objective advice and oversight from a non-executive perspective such as independent outside directors. Being committed to diversity, the Company also considers female representation on the Board of Directors.

The Board of Directors currently maintains a membership of around 10 individuals. It is composed in such a way as to provide a good mix of knowledge, experience, and skills, and a good balance between those members who execute important business operations or manage operating companies and those who serve a non-executive role. At least two of the latter members are independent outside directors.

The Board of Directors currently has 10 members, including three independent outside directors (one of whom is a woman).

The Company provides opportunities for outside directors and outside Audit & Supervisory Board members to exchange opinions, thus enabling more effective management of the Board of Directors.

9. Supplementary Principle 4.11.2 Independent Outside Directors who Concurrently Serve at Other Companies

The Company permits independent outside directors to concurrently serve as officers in other listed companies, but only to the extent that they are not prevented from devoting sufficient time and effort required to fulfill their roles and responsibilities as director or Audit & Supervisory Board member of the Company.

Any significant concurrent positions held by directors or Audit & Supervisory Board members are disclosed in the “company’s officers” section of the business reports in convocation notices of ordinary general meetings of shareholders, and they are also included in director candidate information under the relevant agenda item in said notices. Convocation notices of ordinary general meetings of shareholders are also published on the Company website.

http://www.meiji.com/investor/stock_info/shareholders_meeting/ [Japanese Only]

10. Supplementary Principle 4.11.3 Evaluation of the Board of Directors

Once a year, the Company analyzes and evaluates the effectiveness of the Board of Directors as a whole, taking into consideration the results of surveys on the role and management of the Board of Directors and problems or issues that the Board faces, including a self-evaluation questionnaire submitted by members of the Board of Directors. The Company then takes remedial measures to address any issues highlighted in the surveys so that the Board of Directors can fulfill its functions more effectively.

1. Method for analyzing/evaluating how effectively the board functioned in FYE March 2019

In May 2019, we analyzed/evaluated how effectively the Board of Directors functioned in FYE March 2019 in line with our own corporate governance guidelines, which we established in October 2015. We used a self-assessment survey questionnaire (prepared by the board’s secretariat) to collect feedback from each director and each member of the Audit & Supervisory Board.

This questionnaire includes:

- Roles and responsibilities of the board meeting (setting strategic direction, overseeing company, preparing succession plan, discussing/reporting on business matters)
- Board composition
- The chair’s performance
- Quality of presentation materials and performance
- The secretariat’s performance
- Progress in achieving challenges set in the previous year

The main feedback items were:

- How well the board has performed according to our corporate governance code
- How well the board is being run
- How well the board tackled challenges set in the previous year

2. Results of analysis/evaluation

According to members' self-evaluations and board meeting records, the board is operating effectively.

In the self-evaluations, a high rate of question items received favorable responses. The results also indicated that the board engaged well in the following challenges last year: 1. develop a systematic succession planning process, 2. establish criteria for board proceedings, and 3. administer board business effectively.

The results also highlighted some issues: More progress should be made in succession planning; the quality of board meeting documents and presentations should be improved; and there should be more open and spirited discussions during meetings.

11. Supplementary Principle 4.14.2 Training Opportunities for Directors and Audit & Supervisory Board Members

The Company provides directors, Audit & Supervisory Board members, and executive officers with training opportunities as necessary to develop their understanding of their legal liabilities and the roles and responsibilities they are expected to perform with respect to corporate governance, compliance, and risk management, as well as opportunities to gain the necessary knowledge on the Group's business lineup, organizational structure, and financial status.

The Company briefs outside officers on the Group's management strategy and business lineup/status to further their understanding of these matters. In addition, outside officers are taken on inspection tours of plants and research laboratories.

12. Principle 5.1 Constructive Dialogue with Shareholders

The Company positively and voluntarily engages with shareholders so as to promote constructive dialogue with them. General communication with shareholders is managed by the PR & IR Department, which is managed by the director in charge of Public Relations & Investor Relations. The Company pursues the following measures for promoting constructive dialogue with shareholders.

- 1) General communication with shareholders is managed by the PR & IR Department, which is managed by the director in charge of Public Relations & Investor Relations.
- 2) With the aim of supporting shareholder dialogue, the director in charge of the PR & IR Department organizes liaison meetings with personnel from other departments, including Corporate Planning, Finance and Accounting, and General Affairs, so as to share information between the departments.
- 3) In addition to one-on-one meetings, the Company holds earnings conferences twice-yearly for institutional investors and securities analysts to announce the second quarter and the fiscal year results, as well as small meetings led by the Company President. We also hold telephone conferences with institutional investors and securities analysts at the end of the first and third quarter.
- 4) We work to promote dialogue with individual shareholders and to inform them about the group's businesses. In FY 2019, we plan to hold briefings for individual shareholders in Kansai and Tohoku. We also plan to give individual shareholders guided tours of Sakado plant in Saitama.

- 5) We also provide information via our website for shareholders and investors. We publish our investment securities reports, earnings flash reports (Japanese/English), integrated reports (Japanese/English), and earnings conference materials (Japanese/English) on this website. We also stream video of our earnings conferences and publish a Q&A summary (Japanese/English) to further communication.
- 6) Comments and feedback gained through investor relations activities are summarized into reports. The director in charge of Public Relations & Investor Relations reports to the Executive Committee and the Board of Directors regularly.
- 7) Due care is given to insider information during communication. Communication is conducted in accordance with the Rules Concerning the Prevention of Insider Trading, which outlines the handling of important information. We also establish a quiet period.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name/ Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	12,905,599	8.90
Japan Trustee Services Bank, Ltd. (Trust account)	7,450,449	5.14
Mizuho Bank, Ltd	4,617,386	3.18
Nippon Life Insurance Company	3,348,014	2.31
Resona Bank, Limited	3,047,344	2.10
The Norinchukin Bank	2,892,202	1.99
Japan Trustee Services Bank, Ltd. (Trust account 5)	2,790,100	1.92
Meiji Holdings Trading-Partner Shareholding Association	2,570,748	1.77
STATE STREET BANK WEST CLIENT-TREATY 505234	2,525,404	1.74
Meiji Holdings Employee Shareholding Association	2,450,264	1.69

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanation

On April 20, 2009, the Company received a large-volume holdings report under the joint signatures of the Bank of Tokyo-Mitsubishi UFJ, Ltd. and the joint holders listed below indicating the number of shares held by each holder as of April 13 2009. However, since the Company had not confirmed the actual number of shares held as of March 31, 2019, the information was not incorporated in the status of major shareholders above. The content of the large-volume holdings report is as shown below. On October 1, 2015, the Company conducted a 2-for-1 stock split. The data below represents the numbers of shares prior to the stock split.

Name of person or company	Number of shares held	Ownership rate (%)
Bank of Tokyo-Mitsubishi UFJ, Ltd.	707,163	0.93
Mitsubishi UFJ Trust and Banking Corporation	3,570,930	4.68
Mitsubishi UFJ Securities Co., Ltd.	169,735	0.22
Mitsubishi UFJ Asset Management Co., Ltd.	284,818	0.37

On June 21, 2017, a large-volume holdings report of BlackRock Japan Co., Ltd. and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of June 15, 2017. However, the company did not include the information in the status of major shareholders above, because we had not confirmed the actual number of shares held as of March 31, 2019. The content of the large-volume holdings report is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
BlackRock Japan Co., Ltd.	2,417,000	1.58
BlackRock Fund Managers Limited	156,608	0.10
BlackRock Life Limited	257,330	0.17
BlackRock Asset Management Ireland Limited	517,767	0.34
BlackRock Fund Advisors	2,029,750	1.33
BlackRock Institutional Trust Company, N.A.	1,972,226	1.29
BlackRock Investment Management (UK) Limited	352,065	0.23

On July 24, 2017, a large-volume holdings report (revised report) of Mizuho Bank, Ltd. and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of July 14, 2017. However, since the Company had not confirmed the actual number of shares held as of March 31, 2019, the information, except that pertaining to Mizuho Bank, Ltd., was not incorporated in the status of major shareholders above. The content of the large-volume holdings report is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
Mizuho Bank, Ltd.	4,617,386	3.02
Asset Management One Co., Ltd.	5,035,800	3.30

On December 21, 2018, a large-volume holdings report (revised report) of Sumitomo Mitsui Trust Bank, Limited and the joint holders listed below was made available for public viewing. The report indicates the number of shares held by each holder as of December 14, 2018. However, since the Company had not confirmed the actual number of shares held as of March 31, 2019, the information was not incorporated in the status of major shareholders above. The content of the large-volume holdings report is as shown below.

Name of person or company	Number of shares held	Ownership rate (%)
Sumitomo Mitsui Trust Bank, Limited.	1,775,700	1.16
Sumitomo Mitsui Trust Asset Management Co., Ltd.	4,343,440	2.84
Nikko Asset Management Co., Ltd.	2,529,400	1.66

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tomochika Iwashita	From another company											
Tohru Murayama	From another company											
Mariko Matsumura	Lawyer											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tomochika Iwasita	○	—	Tomochika Iwashita served as Executive Vice President of Tokio Marine & Nichido Fire Insurance Co., Ltd. and as President of Tokio Marine & Nichido Life Insurance Co., Ltd., and has a prolific career and abundant knowledge as a corporate manager. We propose his election as an Outside Member of the Board, so that he can advise the Group's management from a broad perspective and appropriately

			supervise the execution of its business operations.
Tohru Murayama	○	—	Tohru Murayama served as Representative Director and President, and Director and Chairman of Accenture Japan Ltd, a management consulting firm headquartered in the U.S., and has been involved in management reforms of various global companies. We propose his election as an Outside Member of the Board, so that he can advise the Group's management from a global perspective and appropriately supervise the execution of its business operations.
Mariko Matsumura	○	—	We propose Mariko Matsumura as an outside director because her extensive career as a lawyer will enable her to offer professional and insightful advice on company management and to effectively oversee execution of duties. While she has never engaged in company management other than as an outside director or outside Audit & Supervisory Board member, we nonetheless believe she is qualified for the post because of the above reason. Mariko Matsumura fulfills the Company's independence standards for independent directors, and there is no possibility of conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Supplementary Explanation

To enable independent outside directors to provide appropriate advice, the Company has established two advisory bodies to the Board of Directors: the Nomination Committee and the Compensation Committee. Each committee consists of both independent outside directors and internal directors, and independent outside directors make up the majority of members. The Nomination Committee reviews the nomination and dismissal of directors and the election and dismissal of executive officers and reports its findings to the Board of Directors. The Compensation Committee reviews the remuneration system and the remuneration for each director, and reports its findings to the Board of Directors.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	6
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board members hold quarterly liaison meetings with the accounting auditor to exchange opinions.
 Audit & Supervisory Board members periodically share information with the internal audit team (Audit Department) by holding an auditing liaison meeting called the Audit Department Liaison Conference.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hajime Watanabe	Lawyer													
Makoto Ando	CPA													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

- c. Non-executive director or executive of a parent company of the Company
- d. Kansayaku of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a kansayaku
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the kansayaku himself/herself only)
- k. Executive of a company, between which and the Company outside directors/kansayaku are mutually appointed (the kansayaku himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the kansayaku himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hajime Watanabe	○	—	Hajime Watanabe has a prolific career as an attorney at law and has deep expertise in international business transactional law areas. Due to the reasons above, we propose his election as an Outside Audit & Supervisory Board Member. While he has not been involved in corporate management in the past, except as an Outside Director or an Outside Audit & Supervisory Board Member, we have concluded that he will be able to perform his duties appropriately as an Outside Audit & Supervisory Board Member for the reasons mentioned above.
Makoto Ando	○	—	Makoto Ando has built a prolific career and gained deep expertise in both the private sector, working in major audit firms and accounting firms in Japan and overseas as a certified public accountant, and the public sector. Thus, we propose her election as an Outside Audit & Supervisory Board Member. While she has not been involved in corporate management in the past, except as an Outside Director or an Outside Audit & Supervisory Board Member, we have concluded that she will be able to perform her duties appropriately as an Outside Audit & Supervisory Board Member for the reasons mentioned above.

[Independent Directors/ Audit & Supervisory Board Members]

Number of Independent Directors/ Audit & Supervisory Board Members	5
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Matters relating to Independent Directors/ Audit & Supervisory Board Members

The Company has established Criteria for Independence of Outside Members of the Board and Outside Audit & Supervisory Board Members (Criteria for Independence) as follows.

Details

When an Outside Member of the Board and an Outside Audit & Supervisory Board Member are independent, such Member shall not fall under any of the following categories.

1. A person who executes business of the Company or its subsidiary
2. A person who executes business of the Company's parent company or a fellow subsidiary
3. A party which has material business transactions with the Company or a person who executes business transactions of that party, or a major business partner of the Company, or a person who executes business transactions of that business partner
4. A consultant, an accounting expert, or a legal expert who receives a considerable amount of cash or other assets other than compensation as a Member of the Board or an Audit & Supervisory Board Member from the Company (when a party who receives such assets is an organization, such as a corporation or an association, this shall refer to a person who is associated with such organization)
5. A person who fell under category 1 above during the ten-year period prior to assuming the position
6. A person who fell under category 2, 3, or 4 above during the one-year period prior to assuming the position
7. A relative within the second degree of kinship of a person (excluding a person who does not have an important management position) who currently falls or fell under category 1, 2, 3, or 4 above during the one-year period prior to assuming the position

- Notes
1. "A party which has material business transactions with the Company" is one that received payment from the Company during the latest fiscal year equivalent to 2% or more of the party's annual consolidated net sales or 100 million yen, whichever is greater.
 2. "A major business partner of the Company" is one that made payment to the Company during the latest fiscal year equivalent to 2% or more of the Company's annual consolidated net sales.
 3. "A consultant, an accounting expert, or a legal expert who receives a considerable amount of cash or other assets other than compensation as a Member of the Board or

an Audit & Supervisory Board Member from the Company” is the one who received cash or assets from the Company during the latest fiscal year other than compensation as a Member of the Board or an Audit & Supervisory Board Member, equivalent to 2% or more of his/her consolidated net sales or 10 million yen, whichever is greater.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Other
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Supplementary Explanation

Please refer to “Policy on Determining Remuneration Amounts and Calculation Methods” in [Director Remuneration.]”

Recipients of Stock Options	—
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	Selected Directors
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Supplementary Explanation

The Company has established officer categories. For each of these categories, we disclose the remuneration amount, the total amount of monetary/stock compensation, and the number of officers in the category. The Company also discloses the remuneration amounts for individual directors whose remuneration total is ¥100 million or more.

The remuneration amounts for each officer category as of FYE March 31, 2019, are as follows.

Officer category	Remuneration amount	Monetary compensation				Stock compensation	
		Base compensation		Performance-linked compensation		Total	Number of officers
		Total	Number of officers	Total	Number of officers		
Directors (other than outside directors)	¥396 million	¥204 million	8	¥143 million	6	¥49 million	6
Audit & Supervisory Board members (other than Audit & Supervisory Board members)	¥55 million	¥55 million	2	-	-	-	-
Member of the Board (Outside)	¥43 million	¥43 million	4	-	-	-	-
Audit & Supervisory Board Member (Outside)	¥26 million	¥26 million	2	-	-	-	-
Total	¥522 million	¥329 million	16	¥143 million	6	¥49 million	6

Note 1. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for directors is capped at 1 billion yen per year (not including the employee portion of remuneration for directors who concurrently serve as employees).

Note 2. As per the resolution of the 1st Ordinary General Meeting of Shareholders held on June 29, 2010, the amount of remuneration for Audit & Supervisory Board members is capped at 300 million yen per year.

Note 3. We have introduced a transfer-restricted stock compensation plan for directors other than outside directors. As per the resolution of the 8th Ordinary General Meeting of Shareholders held on June 29, 2017, the amount of remuneration under this plan is capped at JPY 200 million per year.

Note 4. The amounts for monetary/stock remuneration indicates the amount appropriated (recorded in expenses).

As of FYE March 31, 2019, the remuneration amounts for individual directors whose remuneration total is ¥100 million or more are as follows.

Name	Officer category	Company	Consolidated remuneration breakdown			Total consolidated remuneration
			Monetary compensation		Stock compensation	
			Base compensation	Performance-linked compensation		
Masahiko Matsuo	Directors	Meiji Holdings Co., Ltd.	¥38 million	¥37 million	¥13 million	¥89 million
	Directors	Meiji Co., Ltd.	¥3 million	-	-	¥3 million
	Directors	Meiji Seika Pharma Co., Ltd.	¥10 million	-	-	¥10 million
	Directors	KM Biologics Co., Ltd.	¥9 million	-	-	¥9 million
Total			¥61 million	¥37 million	¥13 million	¥112 million
Kazuo Kawamura	Directors	Meiji Holdings Co., Ltd.	¥34 million	¥40 million	¥14 million	¥89 million
	Directors	Meiji Co., Ltd.	¥23 million	¥11 million	¥3 million	¥38 million
	Directors	Meiji Seika Pharma Co., Ltd.	¥10 million	-	-	¥10 million
Total			¥69 million	¥51 million	¥17 million	¥138 million

Note 5. Information on director remuneration is disclosed on the Company's website in the following documents.

- a. Securities Report
- b. Convocation Notice of the General Meeting of Shareholders (attached Business Report)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Compensation for directors other than outside directors comprises the following:

1) Base compensation

A fixed amount that reflects the director's status and responsibilities

2) Performance-linked compensation

An amount that varies according to the company and the director's performance in the preceding fiscal year, and thus provides an incentive over the short term.

3) Stock-based compensation

Compensation that is linked with the Company's stock performance, and thus provides an incentive over the medium-to-long term.

Base compensation and performance-linked compensation are paid in cash. Stock-based compensation takes the form of transfer-restricted stocks.

The ratio between the fixed component (base compensation) and variable component (performance-linked compensation + stock-based compensation) of the total remuneration is approximately 60:40.

Directors' compensation is calculated based on company and individual performance, and the total amount of compensation is capped at a level approved by the General Meeting of Shareholders. In setting the formula for calculating compensation, we refer to the standards used by other companies as reported by an external survey company.

The metrics of company performance are consolidated net sales and consolidated operating income targets, which represent milestones on the path to achieving the Meiji Group 2026 Vision.

Performance-linked compensation reflects how well the Company met its targets for these two metrics, how well it performed in these metrics compared to the previous year, and how well the relevant director performed. The more higher-ranked a director is, the more the company performance metrics count toward performance-linked compensation relative to the director's performance. The performance-linked compensation for the two top executives (the Chairman and Representative Director, and the President and Representative Director) is based entirely on the two metrics.

The following table shows the calculations for the performance-linked compensation paid in FYE March 31, 2019.

	Consolidated net sales	Consolidated operating income
Result (FYE March 31, 2018)	¥1,240,860 million	¥94,673 million
Target (FYE March 31, 2018)	¥1,261,000 million	¥94,500 million
Previous year's result (FYE March 31, 2017)	¥1,242,480 million	¥88,395 million

The Board of Directors determines the structure for director compensation, the results for company and individual performance, and the amounts of calculated compensation, after hearing the opinion of the Remuneration Committee on these matters. The Remuneration Committee has at least three members, the majority of whom are outside directors independent of the Company.

The amount of compensation for Audit & Supervisory Board members is determined through negotiation with the members concerned, and the amount will be within the limit resolved by the General Meeting of Shareholders.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

The Company has a supporting system for outside directors; the Corporate Development Department acts as a contact point, providing outside directors with contacts and information.

The Company has a supporting system for Audit & Supervisory Board members; full-time Audit & Supervisory Board members act as a contact point, providing Audit & Supervisory Board members with contacts and information. Moreover, the Company also provides staff who assist the duties of Audit & Supervisory Board members.

[Members of the Company who were formerly top executives]

Corporate counselors who were formerly top executives

Name	Position	Description of duties	Employment conditions (whether fulltime or non-fulltime, compensated or uncompensated)	Date the person resigned as top executive	Term of office
Shigetaro Asano	Corporate Counselor	Use extensive experience and insights to advise the Company from a broad and general standpoint. Delegate persons to engage with important clients and relevant industrial/business associations.	Non-fulltime Compensated	June 29, 2016	—

Number of corporate counselors who were formerly top executives	1
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Other important information:

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2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

Business Execution, Auditing, and Oversight

The Board of Directors holds a meeting once a month, in principle, and resolves matters of material importance, including the Group's basic strategic approach, large-scale investments, and other matters that are set forth in laws, the Company's Articles of Incorporation, or the Rules of the Board of Directors. The Group Company Administration Regulations and Duties Regulations clearly define the matters that are related to the execution of business undertakings and operations pursuant to the policies determined by the Board of Directors. Of these, the matters that have material importance are reviewed by the Executive Committee twice a month in principle.

The role of the Company's Board of Directors is to formulate and pursue Group-wide strategies, oversee the management of operating companies, and carefully monitor the effectiveness of managers and directors, with a view to making the Group Philosophy a reality, contributing to the Group's

sustainable growth and corporate value over the medium to long term, and improving profitability and capital efficiency.

To ensure that the Board of Directors can fulfill this function, its membership includes individuals who have the knowledge, experience, and abilities necessary to execute core business operations (e.g., corporate development, accounting, finance, human resources, general affairs, investor relations, etc.) and manage operating companies, and those who can provide broad and objective advice and oversight from a non-executive position. Being committed to diversity, the Company also considers female representation on the Board of Directors. To further support the function of the Board of Directors, the Company has developed a system to ensure that deliberative proceedings are conducted in a multi-faceted and thorough manner and that management is fair and transparent.

Outside directors are expected to oversee management by participating in decisions on the appointment of members of the management team and other important matters of the Board of Directors. They are also expected to draw from their own experience and knowledge and offer advice on the management plan and remedial actions.

The Company has introduced an executive officer system with the aim of strengthening the management oversight and business execution functions, streamlining decision-making, and clarifying responsibility over business execution.

The Company has established three types of audit: Audit & Supervisory Board audits, internal audits, and accounting audits. Audit & Supervisory Board audits are conducted by four Audit & Supervisory Board members, two of whom are external Audit & Supervisory Board members. Pursuant to the Audit & Supervisory Board Guidelines, the Audit & Supervisory Board meets once a month, in principle.

Internal audits are conducted by the Audit Department, which is composed of dedicated internal audit staff. Accounting audits are conducted by the accounting auditor. The Company has designated Ernst & Young ShinNihon LLC as its accounting auditor.

To better enable the Audit & Supervisory Board members to fulfill their function of overseeing business execution, the Company has put in place a system that facilitates effective audits. For example, dedicated staffs are on hand to assist the process of Audit & Supervisory Board audits and the Audit & Supervisory Board members attend important meetings such as those of the Board of Directors and Executive Committee. In addition, Audit & Supervisory Board members are given regular reports and forwarded important documents.

Limited Liability Agreements with the Company

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company enters into contracts with its outside directors and Audit & Supervisory Board members limiting their liabilities under Article 423, Paragraph 1 of the said Act. The maximum amount of liabilities under such contracts is as prescribed in applicable laws and regulations.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with its accounting auditor limiting its liabilities under Article 423, Paragraph 1 of the said Act. The maximum amount of liabilities under such contracts is as prescribed in applicable laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

With the aim of achieving sustainable growth and improving corporate value of the medium to long term, the Company has established a basic approach to management of the Group wherein operating companies that engage in “Food and Health” manage businesses autonomously while collaborating with each other under the control of the Company (which is the Group’s holding company).

Under this approach, the main role of Meiji Holdings Co., Ltd., is to advance Group-wide management strategies, create an optimal operating structure, and oversee the business management of operating companies. Responsibility for operational execution is delegated to operating companies appropriately. Within the Group, oversight and execution of business management are separated. Accordingly, the Group has established and operates a corporate governance system including a Board of Directors. Meiji Holdings is a company with audit & supervisory board members. The Board of Directors' oversight and audit & supervisory board members' auditing heighten the objectivity and transparency of business management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company issues its convocation notice 22 days before the date of the General Meeting of Shareholders.
Allowing Electronic Exercise of Voting Rights	Shareholders can exercise their voting rights using a personal computer, smartphone, or other mobile device.
Participation in Electronic Voting Platform	The Company uses a platform for the exercise of electronic voting rights.
Providing Convocation Notice in English	The Company translates part of the convocation notices and posts the translated content on its website.
Other	The Company posts its convocation notices on its website a number of days before issuing the official convocation notice.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company has established an information disclosure policy and has posted the policy on its website. a. Japanese website: https://www.meiji.com/investor/disclosure/ b. Global website: https://www.meiji.com/global/investors/disclosure-policy/
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds earnings conferences twice-yearly led by the president and officers. During these meetings, the president outlines the financial results and the Company’s management policies going forward. For the third quarter of FY E March 31, 2019, an IR officer informed the analysts and investors of the results in a telephone conference. With the aim of improving the corporate value, the Company facilitates communication with institutional investors and

	<p>securities analysts by organizing biannual small meetings between these parties and the Company's president and otherwise promoting constructive dialogue. The Company also organizes regular tours of its sites and business briefings and takes various other steps to deepen said parties' understanding of the Group.</p>
Regular Investor Briefings for Overseas Investors	<p>The Company holds annual briefing meetings in the major cities of Europe, North America, and Asia. In these meetings, the president and director in charge of the PR & IR Department give briefings. In addition, the Company participates three to four times a year in conferences held in Japan by securities companies for overseas investors, and visits or holds telephone conferences with overseas investors as necessary.</p>
Posting of IR Materials on Website	<p>The Company endeavors to enhance its website by amending the content to reflect users' feedback.</p> <p>The IR materials that the Company posts on its website include earnings results, materials disclosed on an as-and-when basis, securities reports, integrated reports, briefing materials for institutional investors, and convocation notices for general meetings of shareholders. The Company also streams videos of conferences with institutional investors and posts summaries of question and answer sessions.</p> <p>Japanese website: https://www.meiji.com/investor/ Global website: https://www.meiji.com/global/investors/</p>
Establishment of Department and/or Manager in Charge of IR	<p>IR is managed by the director in charge of the PR & IR Department and the said department's IR group (which consists of six members).</p>
Other	<p>In principle, all significant information for investors is translated into English. The English translation is posted on the website at the same time as the Japanese version or soon after disclosure.</p>

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>These internal rules are stipulated in the Group's System of Principles and Corporate Behavior Charter.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>Our target profile—a company essential to and trusted by our stakeholders</p> <p>The Company believes that for the Group to fulfil its social responsibility, it must put the Group Philosophy into action through its mainstay businesses on a daily basis and continue to be essential to society. Each employee of the Group pursues activities in accordance with the Corporate Behavior Chart, meets the expectations of the stakeholders, and continually performs their social responsibilities.</p> <p>The Group's CSR activities are successively reported on the Company's website, and published in the Integrated report.</p>

Development of Policies on Information Provision to Stakeholders	<p>The Company has established an information disclosure policy and has posted the policy on its website.</p> <p>Information disclosure policy: https://www.meiji.com/global/investors/disclosure-policy/</p>
Other	<p>Meiji Group CSR 2026 Vision: In May 2018, we announced the Meiji Group CSR 2026 Vision. As Food and Health professionals, we contribute to addressing social issues through our business activities, and to realizing a sustainable society for people to live healthy, and peaceful lives. This vision outlines areas of actions under three themes: healthier lives, caring for the Earth, and a richer society. Each area of action has its own materiality and KPIs. We believe that we can fulfill our CSR and enhance corporate value by achieving these KPIs.</p> <p>“Healthier Lives”</p> <ol style="list-style-type: none"> 1. Health and Nutrition <ol style="list-style-type: none"> 1) Core Policies <ul style="list-style-type: none"> • Contribute to health diets • Respond to a super-aged society 2) KPIs <ul style="list-style-type: none"> • Develop products that contribute to healthy diets and a super-aged society • Enroll a total of 500,000 people into nutrition education within three years from FYE March 2019 to FYE March 2021. 2. Quality and Safety <ol style="list-style-type: none"> 1) Core Policies <ul style="list-style-type: none"> • Ensure product quality and safety 2) KPIs <ul style="list-style-type: none"> • Obtain Global Food Safety Initiative (GFSI) certification for all domestic food plants by FYE March 2021 <p>“Caring for the Earth”</p> <ol style="list-style-type: none"> 1. Climate Change <ol style="list-style-type: none"> 1) Core Policies <ul style="list-style-type: none"> • Reduce CO2 emissions 2) KPIs <ul style="list-style-type: none"> • Reduce total domestic CO2 emissions by more than 15% compared with FYE March 2014 baseline by FYE March 2031 2. Water <ol style="list-style-type: none"> 1) Core Policies <ul style="list-style-type: none"> • Secure water resources 2) KPIs <ul style="list-style-type: none"> • Reduce domestic water use volume (base units) by more than 20% compared with FYE March 2016 baseline by FYE March 2031 <p>“A Richer Society”</p>

	<p>1. Human Resources</p> <p>1) Core Policies</p> <ul style="list-style-type: none"> • Promote diversity and inclusion • Provide training to employees <p>2) KPIs</p> <ul style="list-style-type: none"> • Raise the ratio of female managers to greater than 10% by FYE March 2027 • Raise the number of female leaders to more than 330 by FYE March 2027 • Raise the ratio of employees with disabilities above the statutory employment quota <p>2. Society</p> <p>1) Core Policies</p> <ul style="list-style-type: none"> • Respect and promote human rights <p>2) KPIs</p> <ul style="list-style-type: none"> • 100% of employees receive training on human rights <p>Actions for all three themes:</p> <p>1. Sustainable Procurement</p> <p>1) Core Policies</p> <ul style="list-style-type: none"> • Procure raw materials with consideration toward human rights and the environment <p>2) KPIs</p> <ul style="list-style-type: none"> • Improve traceability of cocoa • Use 100% of RSPO-certified palm oil by FYE March 2024 • Use 100% of environmentally friendly paper raw materials by FYE March 2021 <p>CSR Vision:</p> <p>https://www.meiji.com/global/sustainability/csr_management_framework/</p> <p><u>Policy statements and rulesets</u></p> <p>We have six policy statements in line with the Corporate Behavior Charter including two policies established in FY 2018, the Meiji Group Tax Policy and the Meiji Group Anti-Corruption Policy.</p> <p>Meiji Group Policy on Human Rights: Established in April 2016 Meiji Group Procurement Policy: Established in April 2016 ※In line with these two policy statements, we established in August 2018 separate rulesets for the procurement of cocoa, palm oil, and paper. Meiji Group Policy on Occupational Health and Safety: Established in April 2017 Meiji Group Environmental Policy: Established in September 2018 Meiji Group Tax Policy: Established in March 2019 Meiji Group Anti-Corruption Policy: Established in March 2019</p>
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	<p><u>Pledges</u> We have announced the Pledge of Health and Productivity Management in April 2018 to promote effective management.</p> <p><u>Policies</u> https://www.meiji.com/global/sustainability/policies/</p> <p><u>Engaging with UN and other international organizations</u> Joined UN Global Compact Meiji Group joined the UN Global Compact in April 2019. We champion and observe all ten of the compact’s principles (which cover human rights, labor, environment, and anti-corruption) as part of our effort to contribute toward a sustainable society.</p> <p><u>SDGs</u> Meiji Group contributes to achieving the UN’s Sustainable Development Goals through its business activities.</p> <p><u>Engaging with the programs of the UN and other international organizations</u> We actively engage in the following programs of the UN and other international organizations.</p> <ul style="list-style-type: none"> • Stop TB Partnership We work with Stop TB Partnership to supply kanamycin to TB sufferers. • unicef Medreich supplies medicines via Unicef. • UNHCR We work with the UNCHR to improve the nutritional health of children in Africa. • World Cocoa Foundation Support cocoa farmer partnering with World Cocoa Foundation • Nutrition Japan Public Private Platform Communicate Information on Nutrition Improvement in Emerging Countries • National Land Afforestation Promotion Organization We work with the National Land Afforestation Promotion Organization to assist forest conservation efforts. • Wild Bird Society of Japan Biodiversity Conservation in the Nemuro Nature Conservation Area • Japan Environmental Education Forum We organize an environmental education program for parents and children.
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IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1. Basic Views

The Company and the Group companies provide products and services to a large number of customers through our food and pharmaceuticals business operations. The Meiji Group has

established an internal control system befitting the Group and the Group companies that is based on mutual collaboration and multifaceted checking functions to ensure directors, executive officers, and other employees comply with the Food Sanitation Act, the Law for Ensuring Quality, Efficacy, and Safety of Drugs and Medical Devices, and other statutory laws and regulations and the Articles of Incorporation, thereby ensuring fair and sound business activities firmly rooted in compliance.

A basic policy of the Company and the group companies is to preempt damage to shareholders and other stakeholders and endeavor to improve sustainable corporate value by earning the trust of our customers and maximizing shareholder value.

2. Progress of System Development

1) Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of duties by directors, executive officers, and employees

To ensure thorough corporate governance, the Group has adopted business management structures and clearly define the responsibilities for the Company as the holding company overseeing business management among the Group, and the responsibilities for the Group companies as the organizations executing the business of the Group. The organizational structure that the Company has adopted for this purpose is that of a “company with audit & supervisory board members” (*kansayaku-kai secchi kaisha*), while the structure adopted by the Group companies is that of a “company with auditors” (*kansayaku secchi kaisha*). The Company and the Group companies have constructed and operate effective compliance systems. In the case of the Company, these systems include the Compliance Regulations and related regulations, which incorporate the Group’s corporate philosophy. In the case of the Group companies, they include related regulations and the related committees.

2) Systems for storing and managing information related to the execution of duties by director

The Company has developed the Regulations for Handling Documents and Regulations for Managing Confidential Information, and constructed systems for storing and managing important documents related to the business management or business execution by the Company or the Group companies.

3) Procedures and other systems related to managing the risk of loss

To address risks to the smooth operation of business at an organizational and systematic level, the Company and the Group companies have developed rules for managing each risk, and constructed risk management systems in accordance with these rules.

The Company and the Group companies ensure unerring risk management by establishing risk-related committees that manage risk at an organizational and systematic level, and they have also developed systems for minimizing the risk of damages during emergency situations.

4) Systems for ensuring that directors and executive officers conduct their duties efficiently

The Company and the Group companies’ boards of directors determine the duties of directors and executive officers. Directors and executive officers discharge these duties appropriately in accordance with the Duties Regulations, which defines the segregation of duties and authorities, and other relevant regulations.

The Company integrates and coordinates the business operations of the Company and the Group companies by having its Executive Committee review important matters pertaining to the Group as a whole. The Group companies help accelerate decision-making and streamline the execution of duties by making it a principle to have their executive committees conduct a full preliminary review of important matters pertaining to business management.

- 5) Systems for ensuring the appropriate execution of duties in the corporate group consisting of the Company and Group companies

The Company and the Group companies share the same ethos concerning internal control systems and have developed systems for ensuring appropriate execution of duties and reliable financial reporting.

The Group Company Administration Regulations and related regulations define the roles, authorities, and responsibilities among the Group. Duties are executed appropriately so as to contribute to the rationalization and optimization of business processes across the Group.

Specifically, each Group company has constructed their own systems under 1, 3, and 5 above, and the Company receives reports as appropriate on matters pertaining to duties in Group companies in accordance with the Group Company Administration Regulations.

- 6) Systems for ensuring reliability in financial reporting

To ensure reliability in financial reporting, the Company and the group companies have constructed internal control systems for financial reporting; this includes developing and operating systems of evaluation and reporting as appropriate.

- 7) Matters concerning employees who are assigned to assist in the duties of Audit & Supervisory Board members when Audit & Supervisory Board members requests such assistance; matters concerning the independence of said employees from directors; matters concerning the effectiveness of orders issued by Audit & Supervisory Board members to said employees
After consulting with Audit & Supervisory Board members, the representative director assigns employees to assist in the duties of the Audit & Supervisory Board members. Authority to issue orders to said employees is delegated to the Audit & Supervisory Board members, and any decisions regarding the appointments, reshuffles, and appraisals of said employees require the consent of the Audit & Supervisory Board members. These measures ensure the effectiveness of orders issued by Audit & Supervisory Board members to said employees.

- 8) Systems under which directors, executive officers, and employees report to audit & supervisory board members; systems under which directors, audit & supervisory board members, executive officers, employees, or persons who receive reports from said persons report to the Company's Audit & Supervisory Board members; other systems concerning reporting to Audit & Supervisory Board members

In the case of the Company, directors, executive officers, and employees relay business management decisions and the status of the execution of business to the Audit & Supervisory Board members via the Board of Directors, the Executive Committee, and major internal meetings, and also by issuing regular reports and forwarding important documents. In the case of the Group companies, directors, audit & supervisory board members (or the equivalent thereof),

executive officers, employees, or persons who receive reports from said persons relay the above matters via meetings with the Company's Audit & Supervisory Board members and by issuing reports and disclosing important documents as necessary.

The Company and the Group companies comply unerringly with any request from an Audit & Supervisory Board member to report on the state of their business or to cooperate in an inspection of their business performance or financial status.

- 9) Systems for ensuring that persons who make reports mentioned in 8 above do not suffer any disadvantage by reason of such reporting

The Company and the Group companies have established rules and regulations on whistleblowing prohibiting the disadvantageous treatment of whistleblowers by reason of their whistleblowing. In accordance with these rules and regulations, the Company has developed systems for ensuring that persons who make reports mentioned in 8 above do not suffer any disadvantage by reason of such reporting.

- 10) Matters concerning the procedure for paying or reimbursing costs arising from the performance of Audit & Supervisory Board members' duties, or any other policy regarding the processing of costs or liabilities arising from the performance of such duties

The Company appropriates a certain amount of funds each fiscal year to cover the costs and liabilities incurred in connection with Audit & Supervisory Board members' execution of duties. If an Audit & Supervisory Board member, pursuant to the provisions of Article 388 of the Companies Act, requests payment in advance for expenses associated with their duties, the Board of Directors will review the matter and the Company will then promptly pay the expenses, except in cases where it deems that the expenses or liabilities related to such request is not necessary for the execution of the duties of the member concerned.

- 11) Systems for ensuring that the Company's Audit & Supervisory Board members conduct audits effectively

The representative director holds regularly meetings to exchange opinions with Audit & Supervisory Board members.

The representative directors and directors of the Company and the group companies understand the importance and usefulness of Audit & Supervisory Board audits, and they actively cooperate with Audit & Supervisory Board members during their audits.

2. Basic Views on Eliminating Anti-Social Forces

In accordance with the Corporate Behavior Charter and the Compliance Regulations, the Company and the Group companies refrain from engaging in any way whatsoever with crime syndicates that threaten public order and safety. In the case where a crime syndicate employs intimidation or otherwise poses a threat, the Company has developed a system for responding swiftly in close collaboration with public bodies such as the police and with attorneys.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

The Company has not adopted any anti-takeover measures at this time.

2. Other Matters Concerning to Corporate Governance System

The schema of the Company's corporate governance system and the timely disclosure of company information is as follows:

Corporate Governance Structure

General Meeting of Shareholders

Meiji Holdings Co., Ltd.

Board of Directors
Directors: 10
(Incl. Outside: 3)

Audit & Supervisory Board
Audit & Supervisory Board Members: 4
(Incl. Outside: 2)

Nomination Committee

Compensation Committee

Executive Committee

President and Representative Director

Audit Department

Corporate Development Department

Financial & Accounting Department

HR & General Affairs Department

PR & IR Department

Co-Creation Center

Group Companies

Election, Dismissal

Election, Dismissal

Election, Dismissal

Audits Conducted by Corporate Auditors

Appointment, Dismissal, Supervision

Report

Collaboration

Internal Audit

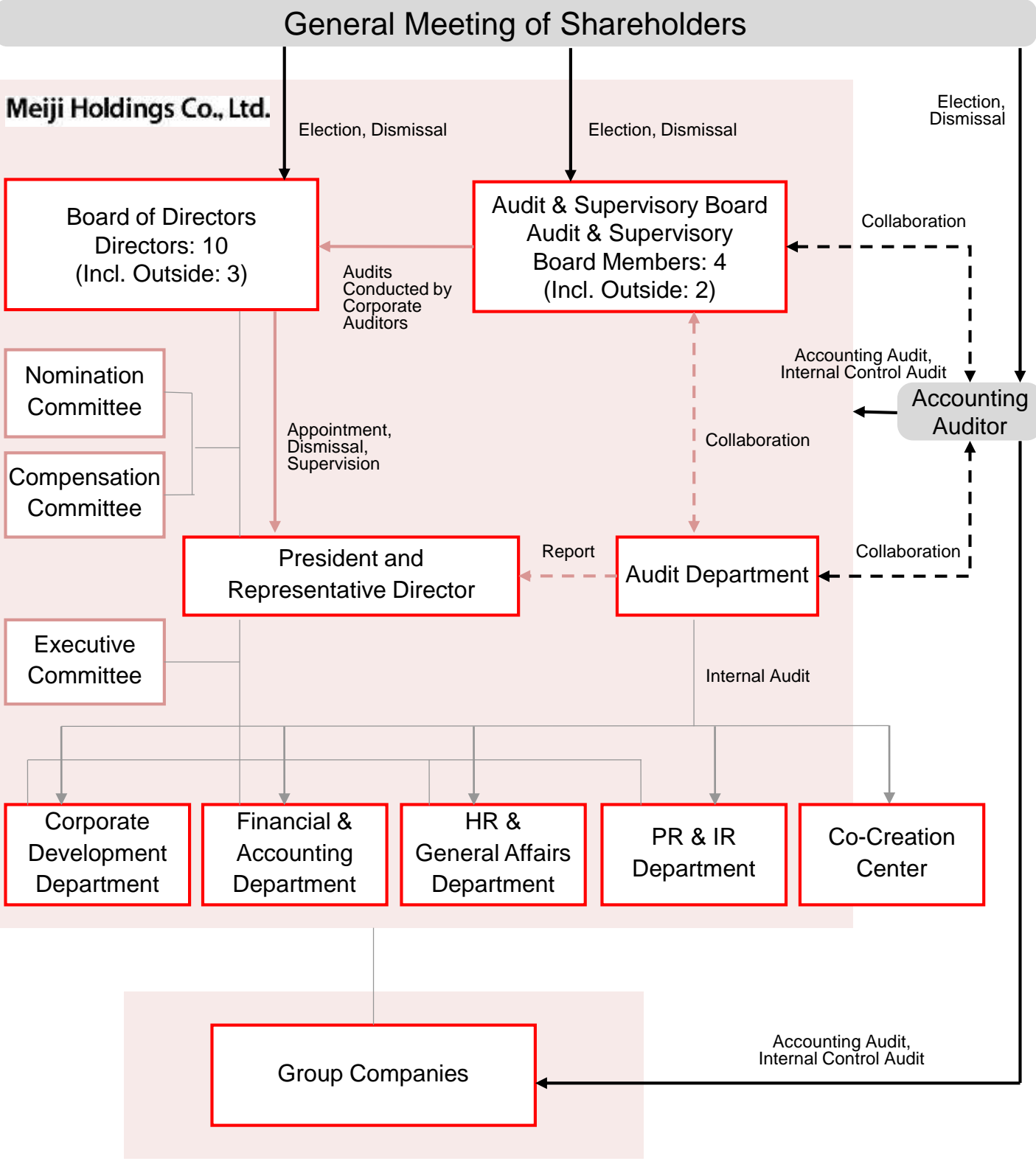
Collaboration

Accounting Audit, Internal Control Audit

Accounting Auditor

Collaboration

Accounting Audit, Internal Control Audit



Meiji Group Timely Disclosure System

