Our mission is to widen the world of “Tastiness and Enjoyment” and meet all expectations regarding “Health and Reassurance.”

Our wish is to be closely in tune with our customers’ feelings and to always be there to brighten their daily lives.

Our responsibility as “Food and Health” professionals is to continue finding innovative ways to meet our customers’ needs, today and tomorrow.

We have been helping our customers of all ages attain “Healthier Lives” for more than a century.

We will continue to create value that exceeds our customers’ expectations and be a company that is essential not just to the lives of people in Japan and around the world.
Since 2018, Meiji Holdings Co., Ltd. (the Company) has been issuing an Integrated Report and will continue to replace the Annual Report that was previously issued. After celebrating our 100 year anniversary, the Meiji Group will seek further growth. In this report, we have compiled financial and non-financial information focusing on the Value Creation Story that has led us to sustainable growth.

* Reference: The International Integrated Reporting Council Framework

Using the Integrated Report 2019
This report is based on the performance results from the fiscal year 2018 (fiscal year ended March 2019). Some content from the fiscal year 2019 (fiscal year ending March 2020) is also included. The content is compiled based on information that is available at the time when the Company created the Integrated Report 2019. Therefore, please note that the actual results may be different from the Company’s forecast. The information in the report unless otherwise specified is current as of August 2019.
Our corporate group is made up of Meiji Co., Ltd. – which runs the Food segment, and Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd. – which run the Pharmaceutical segment. Our mission as a business is to widen the world of Tastiness and Enjoyment and to meet all expectations regarding Health and Reassurance by providing a wide range of products that are essential in people’s lives, such as dairy products, confectioneries, nutritional products and pharmaceuticals.

Meiji Holdings Co., Ltd. is a pure holding company that was established in 2009 after integrating the management for Meiji Seika Kaisha, Ltd. and Meiji Dairies Corporation. The company was then reorganized into its current Group structure in 2011. KM Biologics Co., Ltd. joined the Group in July 2018.

Group Organization
(As of March 31, 2019)

This segment provides our customers of all ages from infants to the elderly, with a wide variety of products that include infant formula, milk and dairy products, confectioneries, sports nutrition products and enteral formula.

This segment develops our ethical Pharmaceuticals business on a global scale, covering products such as antibacterial drugs, drugs for central nervous system (CNS) disorders, generic drugs and vaccines, and it also promotes our agricultural chemicals and veterinary drugs business.

FY2018 (Fiscal Year Ended March 2019) Business Results

<table>
<thead>
<tr>
<th>Segment</th>
<th>Net Sales (¥ billion)</th>
<th>Operating Income (¥ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Segment</td>
<td>84.2%</td>
<td>85.6%</td>
</tr>
<tr>
<td>Pharmaceutical Segment</td>
<td>15.8%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Net Sales

Operating Income

ROE

Profit Per Share

Meiji Holdings Co., Ltd.
Meiji Seika Pharma Co., Ltd.
KM Biologics Co., Ltd.
### Number of Group Companies and Employees (As of March 31, 2019)

The number of group companies is the number of consolidated companies and affiliates accounted for by the equity method. The number of employees includes all consolidated companies.

<table>
<thead>
<tr>
<th>Region</th>
<th>Companies</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>36</td>
<td>12,508</td>
</tr>
<tr>
<td>Asia/Oceania</td>
<td>22</td>
<td>4,200</td>
</tr>
<tr>
<td>Europe</td>
<td>4</td>
<td>339</td>
</tr>
<tr>
<td>The U.S.</td>
<td>3</td>
<td>561</td>
</tr>
</tbody>
</table>

**Overseas Group Companies**
- 29 companies

**Number of Group Employees**
- 17,608 people

### Overseas Sales Ratio (FY2018)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Year on Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Segment</td>
<td>4.5%</td>
</tr>
<tr>
<td>Pharmaceutical Segment</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

#### Recognized for Outstanding Health Management in 2019

As part of the Japan Revitalization Strategy 2016, the Ministry of Economy, Trade and Industry established The Nippon Kenko Kaiji (Japan Healthcare Council) to run a Certified Health & Productivity Management Organization Recognition Program. Meiji Holdings Co., Ltd., Meiji Co., Ltd., and Meiji Seika Pharma Co., Ltd. were recognized as a large corporate sector (White 500) under the 2019 Certified Health & Productivity Management Outstanding Organizations Recognition Program. This is a program that recognizes and cites organizations for practicing outstanding healthcare management through health promotion efforts. At the Meiji Group, we shall continue striving to create a working environment where employees can thrive in their work.
Product and Market Presence

The Meiji Group has built a strong market position by providing products with unique value throughout society. In both the Food and Pharmaceutical businesses, we currently have a number of products with the leading market share in the categories where we are strong: dairy products, confectioneries, nutritional products, ethical drugs and agricultural chemicals.

**Food Segment**

### Camembert Cheese

**No.1 in Japan**

**44.9%**

Based on INTAGE Inc., SRI (camembert cheese market)
April 2018–March 2019 market share (money amount)

*Started processed cheese production in 1932*

### Yogurt

**No.1 in Japan**

**43.0%**

Based on INTAGE Inc., SRI (yogurt market)
April 2018–March 2019 market share (money amount)

**Since 1950**

### Chocolate

**No.1 in Japan**

**24.3%**

Based on INTAGE Inc., SRI (chocolate market)
April 2018–March 2019 market share (money amount)

**Since 1926**

### Powdered & Granulated Protein

**No.1 in Japan**

**50.9%**

Based on Fuji Keizai Co., Ltd., FY2018

**Since 1980**
Pharmaceutical Segment

Antidepressant & Atypical Antipsychotic Drugs
No.4 in Japan
11.3%
Since 1999

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Rice Blast Preventives (Agricultural Chemicals)
Shipping data of Rice blast preventives No.1 in Japan
36.2%
Since 1958

Based on Handbook of Agricultural Chemicals, Japan Plant Protection Association, FY2017

Systemic Antibacterial Drugs
No.1 in Japan
16.8%
Since 1958

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Generic Drugs
No.4 in Japan
4.8%
Since 1998

Source: CRECON RESEARCH & CONSULTING, INC., FY2018
Since being founded in 1916, the Meiji Group has already built a history that spans more than a century. During this time, we have always kept abreast with the state of affairs in society and the changing needs of our customers. We will be building progressive value in order to continue to create new demands. This Ability to create a market is the source of our strength to grow.

**History**

Since being founded in 1916, the Meiji Group has already built a history that spans more than a century. During this time, we have always kept abreast with the state of affairs in society and the changing needs of our customers. We will be building progressive value in order to continue to create new demands. This Ability to create a market is the source of our strength to grow.

**Period of flourishing popular culture (1916–1945)**

- 1916 Albert Einstein published general theory of relativity
- 1917 Russian Revolution leads to establishment of Soviet Union
- 1920 The 1st Tokyo-Hakone round-trip college relay race (Hakone Ekiden)
- 1923 The Great Kantō Earthquake occurred
- 1925 Chaplin released the movie Gold Rush
- 1926 The era name was changed to Showa
- 1927 The first subway in Tokyo opened between Ueno and Asakusa
- 1928 Dr Fleming discovered Penicillin
- 1929 The Great Depression
- 1935 The 1st Aitagawa Prize for the novel
- 1936 The steam locomotive 3151 class was built
- 1945 The Pacific War ended
- 1946 Serial comics Sazae-san started
- 1949 Hideki Yukawa received the Nobel Prize in Physics as the first Japanese winner
- 1950 The price deregulation of dairy products
- 1951 San Francisco peace conference
- 1953 NHK started television broadcast
- 1954 Gokusai, the first special effects monster film in Japan, was released
- 1957 The Soviet Union launched the artificial satellite Sputnik 1 successfully
- 1958 Tokyo Tower was built

**High economic growth period (1946–1969)**

- 1946 Universal Health Insurance introduced
- 1949 Kenichi Horie completed the voyage across the Pacific aboard a yacht
- 1950 TV cartoon Astro Boy started
- 1951 The Tokaido Shinkansen opened
- 1954 The Beatles came to Japan
- 1955 The 1st Naoki Prize
- 1956 The price deregulation of dairy products
- 1957 The 1st Akutagawa Prize
- 1960 The Great Depression
- 1962 Hideki Yukawa received the Nobel Prize in Physics as the first Japanese winner
- 1963 The price deregulation of dairy products
- 1964 The Tokyo Olympics opened
- 1966 The Beatles came to Japan
- 1967 Group sounds, a genre of Japanese rock music, becomes popular
- 1968 Yasumasa Kojima received the Nobel Prize in Literature
- 1969 The American Apollo 11 achieved the first lunar landing

**1916**

Tokyo Confectionery Co., Ltd. (Tokyo Confectionery), the predecessor of Meiji Seika, is established.

At this time, popular culture flourished and Tokyo Confectionery was established to respond to the growing demand for confectionaries. Meiji Sugar Co., Ltd. (Meiji Sugar) invested in Tokyo Confectionery, and then changed the company name to Meiji Seika Kaisha, Ltd. (Meiji Seika) in 1924.

**1921**

Tokyo Confectionery launches the Condensed Milk Meiji Merry Milk.

**1925**

Kyokuto Condensed Milk Co., Ltd. (Kyokuto Condensed Milk), the predecessor of Meiji Dairies, is established.

Since the 1910s, Meiji Sugar had manufactured and sold dairy products, such as butter, milk powder and condensed milk, which are used as confectionery ingredients. Later in 1940, Meiji Sugar acquired capital in Kyokuto Condensed Milk and then changed its company name to the Meiji Dairies Corporation (Meiji Dairies).

**1926**

Meiji Seika launches Milk Chocolate.

**1940**

Penicillin formulation manufacturing is launched.

**1946**

Pharmaceutical business is started. Penicillin research was started during World War II in 1944 and succeeded in fermentation. Set up mass production system and launched our pharmaceutical business.

**1950**

The antibiotic STREPTOMYCIN MEIJI is launched.

**1958**

The antibiotic KANAMYCIN MEIJI is the first product to be exported after being discovered in Japan.

**1961**

Meiji Seika launches Marble Chocolate.

**1962**

Meiji Seika launches Almond Chocolate.

**1969**

Meiji Seika launches the chocolate snack Kinoko no Yama.

**1975**

The agricultural chemical product ORYZEMATE is launched.

**1980**

Meiji Seika launches SAVAS, a series of protein for athletes.

**1910**

The era name was changed to Showa.

**1920**

The infant formula Patrogen is created.

**1928**

Meiji Dairies launches Meiji Milk.

**1929**

Infant Formula

**1930**

Soft Curd Meiji

**1937**

Meiji Dairies launches Patrogen.

**1941**

Meiji Dairies launches Meiji Honey Yogurt.

**1951**

Meiji Dairies launches Soft Curd Meiji Infant Formula.

**1958**

Meiji Dairies launches Japan’s first plain yogurt Meiji Plain Yogurt.

**1960**

Meiji Dairies launches Meiji Bulgaria Yogurt.

**1965**

Meiji Plain Yogurt

**1971**

Meiji Seika launches the chocolate snack Kinoko no Yama.

**1980**

Meiji Seika launches the chocolate snack Kinoko no Yama.
Our Activities for Sustainability

Our Value Creation Story

Introduction

1988
Meiji Seika launches Kaju Gummy.

1990
Meiji Seika launches Japan’s first treatment for Methicillin-resistant Staphylococcus aureus (MRSA) infections, the antibiotic HABERACIN.

1994
The antibiotic MEIACT is launched.

1996
Meiji Seika launches new-texture chocolate Galbo.

1997
Meiji Dairies launches Ylish Gum.

1998
Meiji Seika launches the high cocoa content chocolate Chocolate Kouka.

2000
Meiji Dairies launches Meiji The Chocolate.

2002
Meiji Seika launches Amino Collagen.

2004
Meiji Dairies launches VAAM drink.

2006
Meiji launches Ultra Vanilla.

2007
Meiji Dairies launches the sports nutritional drink VAAM.

2009
Meiji Seika and Meiji Dairies establish Meiji Holdings Co., Ltd. (Meiji Holdings), joint holding company, and integrate the management.

2008
Meiji Seika launches the calcium channel blocker generic drug AMLODIPINE TABLETS MEIJI.

2009
The antidepressant drug REFLEX is launched.

2011
The food company Meiji Co., Ltd. begins operation.

2012
Meiji Dairies launches Meiji Probiyo Yogurt LG21.

2013
Meiji Dairies launches the drinking milk Meiji Oishii Gyunyu.

2014
Meiji launches SAVAS Milk.

2015
Meiji launches Meiji Spreadable.

2017
Meiji launches liquid infant formula Meiji Hohoemi Rakuraku Milk.

2019
Meiji launches Meiji The Chocolate.

2020
The pharmaceutical company Meiji Seika Pharma Co., Ltd. begins operation.

KM Biologics Co., Ltd. joins the Meiji Group.

* KM Biologics - formerly The Chemo-Sero-Therapeutic Research Institute which was established in 1945.


1970
Japan World Exposition, Osaka

1970
1972
Sapporo 1972 Winter Olympic Games

1973
The first oil crisis

1975
Oyogé Taiyōki-kun released

1978
New Tokyo International Airport (Narita International Airport) opened

1979
Wallman launched

1980
Momoë Yamaguchi retired

1981
Space shuttle Columbia completed the first space flight

1982
500-yen coin introduced

1984
Los Angeles 1984 Olympic Games

1986
Equal Employment Opportunity Law came into effect

1987
The Japan National Railways was split up and privatized to form the JR Group

1989
The new era Heisei started

1988
Consumption tax (tax rate 3%) was introduced

1990
Eastern Europe adopted market economy

1991
United Nations Conference on Environment and Development (Earth Summit)

1992
Professional Soccer /J League started

Period of deflation up to present date (1995–2019)

1995
The Great Hanshin-Awaji Earthquake

1995
Tokyo subway sarin gas attack

1997
Consumption tax was raised from 3% to 5%

1999
Equal Employment Opportunity Law came into effect

2002
Japan won the World Baseball Classic

2007
The 2007 World Exposition, Aichi, Japan

2010
Asteroid explorer Hayabusa returned to Earth

2011
The Great East Japan Earthquake

2011
The Japan women’s national football team (Nadeshiko Japan) won FIFA Women’s World Cup

2012
Shinya Yamanaka received the Nobel Prize in Physiology or Medicine

2014
Consumption tax was raised from 5% to 8%

2016
42nd G7 summit (Ise-Shima Summit)

2017
Donald Trump was inaugurated as the president of the United States

2019
The new era Reiwa started
The Meiji Group’s competitive edge is attributed to our business model, which is based on the accumulation and strategic distribution of various capital for Creating a Market as well as our strong value chain. Through this series of processes, we will increase our corporate value by creating value that exceeds the customers’ expectations in the Food and Health fields and help address many important social challenges.

**Social challenges the Meiji Group is addressing**
- Change in social structure due to aging population
- Larger middle class all over the world
- More health conscious and focused on prevention
- Fighting against malnutrition
- Increase in lifestyle related diseases and antimicrobial resistance
- Food shortage
- Increase in medical expenses
- Access to pharmaceuticals

**Input**
- Social capital
  - Trust in the Meiji brand
- Intellectual capital
  - Basic research/development technology
- Financial capital
  - Sound financial structure
- Human capital
  - Personnel who embrace the meiji way
- Manufactured capital
  - Production and distribution sites in Japan and all over the world
- Natural capital
  - Wealth of resources

**Capital Distribution**

**Value Chain**

Creating Markets with a Strong Value Chain

The Meiji Group’s strength lies in our value chain that is based on reliable quality. This value chain creates new value and delivers products with that value to our customers.

**R&D**

**Procurement**

**Production and Distribution**

**Sales and Communication**

**Safe and Reassuring Quality**

See below for Strengths and Features of the Meiji Group’s Value Chain.

See page 10-11 for Meiji Group’s Approach to CSR in Our Value Chain.

**Governance**

See page 56.

**Human Resource**

See page 44.
We are increasing product value even more by offering safe and trusted products as well as valuable information related to *Food and Health*.

**Value for stakeholders**
- Accumulate financial capital and steady return to stakeholders
- Lead healthy, fulfilling lives
- Live longer, healthier lives
- Reduce environmental impact
- Establish a workplace environment that utilizes the strength and skills of each employee

**Output**

Valuable information related to *Food and Health*
- Features that help improve health
- High quality nutrition
- Offer new food culture and cuisine
- Public awareness on diseases and prevention
- Promote proper use of medication
- Scientific data and articles

**Variety of products for customers of all ages**
- Ensure efficacy and safety
- Consistent quality
- Stable supply
- Improve access to pharmaceuticals

**Ensure safe and trusted products**

**Production and Distribution**
- Quality control system (Ensure product quality and safety)
- Our distribution network is designed to cover all temperature ranges
- Ideal production and distribution system tailored for domestic and global needs
- Low-cost, global production system for pharmaceuticals

**Sales and Communication**
- Reliable Meiji brand and brand strength
- Excellent two-way communication
- Strong, close relationship with business partners and our customers
- Sales/marketing capabilities to meet customer needs
- Pharmaceuticals covering prevention and treatment as well as comprehensive customer support
- Provide Value in Health and Disease Prevention

**Strengths and Features across the Meiji Group’s Value Chain**
- Create new markets
- Product categories that span the entire life cycle from infants to the elderly

**Our contribution to address social challenges**
- Features that help improve health
- High quality nutrition
- Offer new food culture and cuisine
- Public awareness on diseases and prevention
- Promote proper use of medication
- Scientific data and articles

**Our contribution to address social challenges**
- Features that help improve health
- High quality nutrition
- Offer new food culture and cuisine
- Public awareness on diseases and prevention
- Promote proper use of medication
- Scientific data and articles
Meiji Group’s Approach to CSR in Our Value Chain

In addition to managing its business activities, the Meiji Group identifies important CSR issues per the Meiji Group CSR 2026 Vision, taking into account how R&D, Procurement, Production and Distribution as well as Sales and Communication impact society and the environment in the value chain. By addressing these issues, we can help solve social issues and also achieve sustainable growth.

For details on specific measures, see the “Meiji Group CSR” on page 36-47

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**R&D**

- Develop products that contribute to healthy diets (lactobacillus, cocoa, reduced sugar and low fat, etc.)
- Develop value-added nutrition products (sports nutrition, infant nutrition and medical nutrition, etc.)
- Develop products that contribute to a super-aged society (liquid foods for the elderly, etc.)
- Develop new pharmaceuticals and vaccines for Infectious Disease
- Meiji Dairy Advisory (MDA), farm management support program for domestic dairy farmers

**Procurement**

- Wells donated to cocoa farmers to improve the standard of living
- Develop insecticides that eliminate pests and keep beneficial insects such as honey bees

---

**Caring for the Earth**

- Develop new, eco-friendly agricultural chemicals
- Activities for preserving forests
- Extend the expiration dates of food products, changing food expiration labels from year-month-date to year-month formats
- Use lighter and thinner packaging (plastic) and switch to alternative materials

---

**A Richer Society**

- Promote diversity and inclusion
- Secure and develop human resources
- Employee-friendly workplaces (encourage personal health management)
- Procurement based on procurement policies and guidelines
- Strengthen partnerships with dairy farmers
- Promote Meiji Cocoa Support (support cocoa farmers, increase amount of traceable cocoa)

---

**Sustainable Procurement**

- Shift to 100% RSPO-certified palm oil
- Expand use of eco-friendly paper raw materials
Meiji Group CSR 2026 Vision

In the Meiji Group, we established the Meiji Group CSR 2026 Vision to help solve social issues through business activities. We broke down this vision into the following categories: Healthier Lives, Caring for the Earth, A Richer Society and Sustainable Procurement, and are working to promote CSR in the meiji way.

Production and Distribution

• Obtain Global Food Safety Initiative (GFSI) certification
• Ensure the sustainable supply of pharmaceuticals

Sales and Communication

• Disseminate information to promote health and nutrition
• Offer new food culture and cuisine
• Improve access to pharmaceuticals in China and Southeast Asia
• Educate about drug-resistant bacteria

Our Values

• Healthier Lives
  • Health and Nutrition

• Caring for the Earth
  • Climate Change
  • Circular Economy

• A Richer Society
  • Quality and Safety
  • Water
  • Biodiversity

• Sustainable Procurement

Collaboration with UN agencies and relevant organizations
Engagement in SDGs

• Promote renewable energy
• Introduce energy-efficient equipment
• Reduce industrial waste
• Appropriate Water Management and Water Risk Management
• Improve accuracy of environmental data using a centralized data management system

• Cut food loss through efficient production and distribution management
• Provide our products to food banks

• Human rights due diligence

• Promote CSR activities

• Disseminate information about raw milk and cocoa

Procurement

• Human rights due diligence

• Promote CSR activities

• Disseminate information about raw milk and cocoa

• Appropriate Water Management and Water Risk Management

• Improve accuracy of environmental data using a centralized data management system

• Cut food loss through efficient production and distribution management

• Provide our products to food banks

• Discussing Meiji Dairy Advisory

• Donate infant formulas to homes for infants and orphans

• Plant tour, Meiji Nanukodo Factory in Tokachi, Hokkaido

• Hello, Chocolate by meiji
Achieving Our Goals in 2026 Vision

In FY2018, we created the Meiji Group 2026 Vision as a strategy to maximize the strengths of the Meiji Group to grow further. We will follow through with this business plan and achieve this vision successfully. Accordingly, we will improve our corporate value over the medium- and long-terms.

Roadmap to Realize the 2026 Vision

We will carry out three Medium-Term Business Plans to realize the 2026 Vision. We coined the slogan “Beyond meiji - above imagination -“ for this vision. Our slogan was created to stop doing what we always do, identify issues by ourselves and resolve them, so that the Meiji Group can break out of its shell and grow further.

Noteworthy Areas in Business Climate

There will be three social trends that could potentially affect the Meiji Group business to achieve the Meiji Group 2026 Vision. We believe these changes in the social and economic climate are opportunities for growth. We will drive our business according to the strategies outlined in the 2026 Vision in order to meet the expectations from society.

1. Change in social structure due to aging population
   - 30% of Japan's population will be 65 years or older by 2025
   - Aging population is a common issue throughout the world

2. More health conscious and focused on prevention
   - Rise in diseases and disorders due to changes in lifestyle and dietary habits
   - Increasing awareness and focus on prevention and living longer, healthier lives

3. Larger middle class all over the world
   - Rising level of income in emerging countries such as China and India
   - Growing demand for non-essential or luxury grocery items and health related products
The Meiji Group 2026 Vision

Our Promise and Commitment for the 2026 Vision

We will combine the strengths, the Meiji Group has cultivated over the past 100 years, with the latest technology and new findings. Thus we create innovative ways to meet our customers’ needs with food and health and grow in Japan and around the world sustainably.

Key Strategies

1. Secure an overwhelming advantage in core businesses
2. Establish growth foundation in overseas markets
3. New challenges in the health value domain
4. Social contributions

Structure of the Meiji Group 2026 Vision

1. Secure an overwhelming advantage in core businesses
2. Establish growth foundation in overseas markets
3. New challenges in the health value domain
4. Social contributions

To promote:
- Use external resources
- Increase productivity significantly

Establish functional, strategic management system to grow sustainably in Japan and globally
- Develop work environment, in-house system, organizational climate to maximize individual potential
- Enhance the Meiji brand

Beyond meiji  The 1st stage 2020 Medium-Term Business Plan

Basic Concept

Address strategic issues continuously and challenge for the further growth

Key Strategies

1. Expand share and achieve high revenues in core businesses
2. Expand aggressively in overseas markets and establish growth platform
3. Propose new value in health care domain
4. Continue structural reforms and resolve specific business issues in each business
5. Enhance Meiji Group management platform and promote CSR

FY2020 Targets

Net Sales JPY 1,350 billion (Overseas sales JPY 142 billion)
Op. Income JPY 125 billion (Overseas profits JPY 9.5 billion)
Financial and Non-Financial Highlights (Main Indices)

**Net Sales**

- **(Billions of yen)**
  - FY2014: 1,167.7
  - FY2015: 1,231.4
  - FY2016: 1,240.8
  - FY2017: 1,240.8
  - FY2018: 1,254.3

**Operating Income/Operating Income Margin**

- **Operating income (Billions of yen)**
  - FY2014: 487.3
  - FY2015: 448.9
  - FY2016: 408.8
  - FY2017: 370.3
  - FY2018: 327.3

- **Operating income margin (%)**
  - FY2014: 48.7
  - FY2015: 47.7
  - FY2016: 47.8
  - FY2017: 42.2
  - FY2018: 30.8

**Profit Attributable to Owners of Parent/ROE**

- **Profit attributable to owners of parent (Billions of yen)**
  - FY2014: 30.8
  - FY2015: 62.5
  - FY2016: 60.7
  - FY2017: 61.2
  - FY2018: 61.8

- **ROE (%)**
  - FY2014: 8.9
  - FY2015: 16.1
  - FY2016: 14.2
  - FY2017: 13.1
  - FY2018: 12.2

**Shareholders’ Equity/Shareholders’ Equity Ratio**

- **Shareholders’ equity (Billions of yen)**
  - FY2014: 1,005.1
  - FY2015: 1,055.1
  - FY2016: 818.8
  - FY2017: 108.7
  - FY2018: 112.1

- **Shareholders’ equity ratio (%)**
  - FY2014: 370.3
  - FY2015: 408.8
  - FY2016: 448.9
  - FY2017: 487.3
  - FY2018: 527.3

**Cash Flow**

- **Net cash provided by operating activities (Billions of yen)**
  - FY2014: 86.4
  - FY2015: 105.1
  - FY2016: 95.3
  - FY2017: 81.8
  - FY2018: 108.7

- **Net cash used in investing activities (Billions of yen)**
  - FY2014: -92.8
  - FY2015: -9.8
  - FY2016: -44.2
  - FY2017: -64.3
  - FY2018: -500.2

- **Free cash flow (Billions of yen)**
  - FY2014: -92.8
  - FY2015: 6.3
  - FY2016: 37.5
  - FY2017: 44.3
  - FY2018: 118.1

**Payout Ratio/Dividends on Equity (DOE)**

- **Payout ratio (%)**
  - FY2014: 23.8
  - FY2015: 21.2
  - FY2016: 26.6
  - FY2017: 30.8
  - FY2018: 32.8

- **Dividends on equity (DOE) (%)**
  - FY2014: 2.1
  - FY2015: 3.4
  - FY2016: 3.8
  - FY2017: 4.0
  - FY2018: 4.0

*1 Applies to the Meiji Group (the domestic Meiji Group and 12 overseas production plants). The per production unit is calculated from the consolidated sales. Data was revised retroactively because the scope of the calculation was changed. The Kumamoto plant for KM Biologics Co., Ltd. was added and included in the calculation from FY2018.

*2 Applies to the domestic Meiji Group. The per production units are calculated from domestic sales. The Kumamoto plant for KM Biologics Co., Ltd. was added and included in the calculation from FY2018.

*3 Applies to the domestic Meiji Group. The per production units are calculated from domestic sales. The global data; applies to the Meiji Group (the domestic Meiji Group and 12 overseas production plants). The per production unit is calculated from the consolidated sales. Data was revised retroactively because the scope of the calculation was changed. The Kumamoto plant for KM Biologics Co., Ltd. was added and included in the calculation from FY2018.
**CO₂ Emission Volume (Scope 1, 2) / CO₂ Emission Volume per Unit of Sales** *1*

- CO₂ emission volume (Scope 1, 2) (Left scale)
- CO₂ emission volume per unit of sales (Right scale)

**Energy Consumption Volumes / Energy Consumption Volumes per Unit of Sales** *2*

- Energy consumption volumes (Left scale)
- Energy consumption volumes per unit of sales (Right scale)

**Industrial Waste Volume / Industrial Waste Volume per Unit of Sales** *2*

- Industrial waste volume (Left scale)
- Industrial waste volume per unit of sales (Right scale)

**Water Consumption Volume / Water Consumption Volume per Unit of Sales** *3*

- Water consumption volume (Left scale)
- Water consumption volume per unit of sales (Right scale)

**Ratio of Female Managers** *4*

**Lost Time Injury Frequency Rate (LTIFR)** *5*

*4 Applies to Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd.
KM Biologics Co., Ltd. was added and included in the calculation from FY2018.

*5 Applies to all plants and research laboratories in the Meiji Group within Japan including consolidated subsidiaries (but excluding KM Biologics Co., Ltd., Meiji Feed Co., Ltd. and Ohkura Pharmaceutical Co., Ltd.).
Lost Time Injury Frequency Rate: Number of casualties ÷ Total working hours × 1 million

Harnessing Our Unique Strengths, the Meiji Group Looks for Synergy between the Food and Pharmaceutical Segments to Create New Markets.

Kazuo Kawamura
President and Representative Director
The Meiji Group continues a wave of increased profits for the 7th straight term in the first year of the 2020 Medium-Term Business Plan

The Meiji Group established the Meiji Group 2026 Vision (the 2026 Vision), outlining the future direction and strategy of the Group to ensure further growth. We are currently in the 1st stage of the 2026 Vision, the 2020 Medium-Term Business Plan (the 2020 Plan) which covers from FY2018 to FY2020. The consolidated results for the first year FY2018 showed an increase in net sales of approximately 1% from the previous year, but the operating income was up approximately 4% at JPY 98.3 billion, showing an increase in profits for the 7th straight term. The cash dividends were JPY 140, giving a payout ratio of 32.8% and up for the 5th straight term.

Making Headway with the Key Issues in the 2020 Medium-Term Business Plan

In FY2018, we have made steady headway with key issues, but some of them are not always reflected in the performance results. We are implementing some structural reforms that will stretch over the medium-term. Nonetheless, we continue to make good and steady progress.

Two of our key issues in the 2020 Plan for the Food segment include turning a profit in the milk business and growing and expanding in the international business. The milk business reported approximately JPY 100 billion in sales, but struggled with profits. We are pushing to improve gains while maintaining a market presence. To be specific, we are restructuring our production system and introducing new product packaging, which are progressing as planned. We will launch new products in the market as well as consolidate existing production lines. One new product example is our delightful Meiji Oishii Gyunyu Low Fat, which was launched in April of this year. It uses the world’s first Freeze Concentration production method and has been well-received by our customers. We will adopt a premium pricing strategy that reflects the value of these innovative products. The structural reform of the milk business is complex, but through these initiatives, we will most certainly turn a profit by FY2020.

On the same note, our international business became profitable in FY2017. The chilled milk business did well in mainland China, which we targeted as a priority region, and we have grown our sales for business in China overall by more than 20% in FY2018. The Food segment still has room for substantial growth in international business, and we will work toward increasing our sales and profits there.

A pressing issue in our Pharmaceutical segment is to overcome the NHI drug price revisions scheduled for October 2019 and April 2020 and ensure continued growth. To achieve this, we will boost sales by promoting our core products BILANOA (oral anti-allergy drug) and SYCREST (schizophrenia drug). We also began full scale operations in vaccine sales in FY2018. By reinforcing our sales system, we will increase sales of both vaccines and antimicrobial drugs for Infectious Disease.

The financial strategy in the 2020 Medium-Term Business Plan is basically to maintain business growth while balancing the three points: investment in future growth, returns to shareholders and securing a solid financial base. We will allocate steady and consistent dividends with a target payout ratio of 30% to shareholders in the 2020 Plan.
Establishing the Co-Creation Center to Foster Innovation by Combining Food and Pharmaceuticals

The Co-Creation Center established in April of this year is a topic for realizing the 2026 Vision. New challenges in the health value domain is a key strategy for the Meiji Group in the 2026 Vision, and this new research laboratory embodies that strategy. After integrating the management in 2009, the Meiji Group was able to grow the Food and Pharmaceutical segments and raise the operating income by streamlining and making the Group more efficient. Building on this success, our outside directors had brought up the questions “How can Meiji achieve synergy by combining both businesses?” or “How can the strengths of both the Food and Pharmaceutical businesses result in value creation?” This led to active discussion on the Board. Then, the Open Innovation Promotion Committee was formed for projects such as joint research between academia and us as well as investment in venture companies. As our next step, we assembled researchers from the Food and Pharmaceutical segments and established the Co-Creation Center.

The Co-Creation Center will generate health value that will create new markets using a broad range of expertise developed in Food and Pharmaceuticals. We are trying to foster innovation using the resources and synergy from both Food and Pharmaceuticals. Based on the research being conducted for open innovation, the Co-Creation Center is concentrating its activities under three themes: ageing, medical nutrition therapy (MNT) and human microbiome (intestinal bacterial flora).

For the first theme, we are conducting research on protein that is closely related to ageing. One of the root causes for failure or poor condition in the human body is ageing, and it is thought that delaying the ageing process offers the potential for improving the body’s condition. Another theme is medical nutrition therapy or MNT. Some nutrition therapies or specific diet regimens may help patients spend less time in the hospital and that MNT may have the potential for delaying the progression of dementia. The last theme involves the human microbiome (intestinal bacterial flora). Recent studies show that the brain affects the gut health and that the gut may even affect brain health. The communication system between the gut and brain is called the “Gut-brain connection.” A number of foods are beneficial for this connection and may help increase the beneficial bacteria in the gut. By altering the human microbiome, it may be possible to improve physical health and brain health.

We will continue to conduct collaborative research with external research institutes and other businesses. We will bring forth innovation through this approach and hope to develop/launch products that will contribute to a longer, healthier life.
Making a More Diversified and Well-Rounded Board and Implementing Succession Planning

The Meiji Group is currently looking toward further growth. Corporate governance and sustainability are key to this future growth. Though we have a good Business Vision, corporate governance and sustainability should be at higher level to achieve sustainable growth. Given this idea, the Meiji Group manages the Group’s activities and operations based on the Management Vision and the CSR Vision. In addition to the Business Vision, the Management Vision provides excellent corporate governance and the CSR Vision promotes more sustainability.

The Meiji Group aims for a substantial boost in growth by targeting continued innovation that we will develop by combining the resources from the Food and Pharmaceutical segments. To achieve this growth, a higher level of corporate governance is absolutely vital. A more diverse, well-rounded Board is fundamental in strengthening the corporate governance. Therefore, we increased the number of outside directors and Audit & Supervisory Board members, which has produced more active discussion in Board meetings. Now on the current Board, there are five outside directors and auditors covering a broad range of experience and expertise, who always contribute to extremely insightful and quality discussions. The content and results of those discussions can clearly be seen in the 2026 Vision, and they provide us thoughtful suggestions and comments for the day-to-day operations.

For beyond FY2019, we have implemented succession planning in order to ensure an appropriate management system stays in place. In FY2018, the Board of Directors agreed upon a set of Leadership Values, crucial skills and abilities our next executives should have, after which succession planning was established. This plan identifies the three presidents from Meiji Holdings Co., Ltd., the core operating companies Meiji Co., Ltd. and Meiji Seika Pharma Co., Ltd. as potential successors. Nomination of the successor and the personnel development plan will be discussed in the Nomination Committee, who will then make a recommendation to the Board of Directors. I believe that incorporating this succession planning increases the transparency in the process for selecting a successor. As we incorporate this succession planning, we will improve and increase the effectiveness of our plan.

Training and Developing Executives, Innovators and Personnel with a Global Mindset

A critical area in our Management Vision is training and developing personnel. Training and developing executives in particular is directly related to the succession planning. Hence, we should actively address this topic in order to develop an effective senior management. The experience required as an executive should be gained in his/her mid-thirties and mid-forties, a time period when one is most active. This will be an important foundation for an executive. However, currently, potential executives are kept within the conventional organization during this time period and become capable personnel with excellent practical skills. But, they will not gain or develop managerial skills. The potential executives should be given exposure to what an executive faces including interaction with outside companies. As a result, we believe that a separate plan is needed to train and develop those potential executives.

We also think that training and developing personnel with a global mindset is important. The Meiji Group plans to increase the overseas sales ratio to 20% by 2026. The international business is in the growing process and small in scale. Thus, it is challenging to give practical experience working abroad and develop a lot of personnel with a global mindset. Our plan is to preemptively assign personnel to the International Division so they gain experience in Japan doing international business in order to increase their global mindset. We will also actively hire non-Japanese personnel and personnel with overseas experience at other companies to ensure diversity.

Lastly, it is important to train and develop personnel...
with innovating minds, as they will be integral to the future growth of the Meiji Group. Innovation does not occur naturally in personnel, therefore we should consciously instill this innovating mindset in each and every employee. The opening of the Co-Creation Center is as an internal and external message from management symbolizing the Group’s commitment to “Pioneer into new fields.” This was also true of the investment into the Meiji Innovation Center, with innovating minds, as they will be integral to the future growth of the Meiji Group. Innovation does not occur naturally in personnel, therefore we should consciously instill this innovating mindset in each and every employee. The opening of the Co-Creation Center is as an internal and external message from management symbolizing the Group’s commitment to “Pioneer into new fields.” This was also true of the investment into the Meiji Innovation Center, 

Promoting CSR Unique to the Meiji Group through Nutrition and Agriculture

The Meiji Group will strengthen CSR activities in order to realize the CSR Vision. Since the Meiji Group follows a B2C business model, we should operate our business considering the environment, human rights and procurement to win strong support from customers. We need to promote CSR activities more aligned with the meiji way in order to ensure our corporate social responsibility is recognized by society.

When Hanji Soma founded the Meiji Group 100 years ago, he offered the following words on his business approach: “Contributing to the country through nutrition.” I think that this slogan really encapsulates the essence of the Meiji Group. For example, as we recognized the importance of infant formula as a breast-milk substitute to satisfy the nutritional requirements of infants, we allocated resources to this in order to launch products. This product history is an example of contributing to the country through nutrition. In the confectionery business, we do not just provide delicious products, but take it one step further, and have always strived for new health value. To give another example, the decision to go into pharmaceuticals during the height of World War II is based on the idea of contributing to society.

Recently it has been said that the nutritional status of the Japanese has deteriorated even more than it was after the war (1945-55). There are survey results that indicate the dietary intake of protein among young women and the elderly was higher during that post-war period. Undernutrition is a serious problem in our contemporary society during an age when food is readily available. I firmly believe that the Meiji Group has an important role in society to address various issues using products with high nutritional or health value.

Furthermore, good ingredients are absolutely necessary for good products, which is true for both Food and Pharmaceuticals. In the Food segment, agriculture is the supply or source for procuring good ingredients, and contributing to agriculture is an important area in the Meiji Group’s CSR. Part of our CSR activities includes Meiji Cocoa Support (see page 30 for details), which provides support for farmers in cocoa (ingredient for chocolate) producing countries. Another important ingredient in addition to cocoa beans is raw milk for producing dairy products. Recently, Japanese dairy farmers are facing a tougher environment and conditions. The Meiji Group supports improving the quality of milk and also shares information with dairy farmers, such as expertise on how to maintain the quality of raw milk at the shipping stage.

Both nutrition and agriculture are important CSR areas for the Group and are closely linked with the business activities. We would like each and every employee to focus on their work while holding a sense of ownership over our CSR. This will help us address social issues and improve corporate value.

Engaging in various activities and building partnerships with domestic dairy farmers to ensure stable procurement of high quality milk

Employee working as a teacher giving a fun interactive class for elementary and junior high school students (Shokuiku activities (food and nutrition education)). In FY2018, 196 thousand students participated in these classes.
Looking Beyond Today’s Success and Staying One Step Ahead for Another 100 Years

In our 100 year history, we have compiled numerous top brand products in the Food segment, and also developed ethical drugs, agricultural chemicals and veterinary drugs in the Pharmaceutical segment. This brought us to merge the Food and Pharmaceutical business and ultimately transform ourselves into the present-day Group. This type of history and corporate group is rarely seen these days. For this reason, my mission is to combine and maximize our unique corporate group, and to unify the Group into One Company.

The Meiji Group exceeded more than JPY 1 trillion in net sales, but we should set higher targets in order to develop a meaningful business in the future. The key terms for that development are *food* and *health*. I would like to drive the Group to create new value by staying true to the Group’s philosophy *As Food and Health professionals*. While globalization continues to leap forward, I think it is important to recognize that the Group is rooted in Japan, and therefore we should take advantage of our strengths and promote Meiji’s unique approach. In our endeavor to show off Meiji’s uniqueness to the world, blindly scaling up is not the right answer per se. Our corporate character and our quality will be the key to beating out the competition.

To reach the next 100 year mark, we have identified innovation as the most critical proponent for the Meiji Group to grow further. Whenever I am asked about my motto, my reply is always “Staying one step ahead.” This comes from a Zen proverb that roughly translates to going one step further or one step higher. To expand on this idea, this alludes to the importance of an approach where you need to take one more step in order to constantly improve and never stay stagnant. Innovation is the embodiment of that feeling of aspiration. We should pour all of our resources and effort into the task at hand. We must try to go even one step further, trusting that it will lead us to a new world, and take on that challenge of the unknown without hesitation. I believe that repeating this process will help us reach the next 100 year mark, and I would like for us to grow not just in Japan and but all over the world.
Meeting Society’s Expectations with Value Only Meiji Can Provide

Katsunari Matsuda
President and Representative Director
Meiji Co., Ltd.

Business Makes Steady Progress with Key Strategies in 2020 Medium-Term Business Plan

During FY2018, we made steady progress with key strategies in the 2020 Medium-Term Business Plan (the 2020 Plan). Those strategies in the 2020 Plan include: Expand share and achieve high revenues in core businesses, Expand aggressively in overseas markets and establish a growth platform and Continue structural reforms and resolve specific business issues in each business.

Sales for our core areas: yogurt, chocolate and nutritional products remained low in the beginning of the fiscal year but slowly recovered thereafter. On the other hand, sales for cheese, frozen dessert products (ice cream) and products for professional use all rose steadily. Specifically, sales for functional yogurt unfortunately did not meet its target, but the SAVAS Milk Protein grew more than expected and is showing tremendous potential.

In international business, business in mainland China, a priority region in the 2020 Plan, turned a profit and its growth is accelerating. Thanks to structural reforms such as streamlining our production system (including plant shutdowns) and introducing added value products, we are seeing better results for the drinking milk business—one of our key business areas.

FY2018 in Review

Breakdown of Consolidated Op. Income

Food Business

<table>
<thead>
<tr>
<th>Core</th>
<th>Growth</th>
<th>Reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yogurt (including functional yogurt)</td>
<td>Frozen dessert</td>
<td>Milk</td>
</tr>
<tr>
<td>Chocolate</td>
<td>Products for professional use</td>
<td>Prepared Foods</td>
</tr>
<tr>
<td>Nutritional products</td>
<td>• Expand further by investing business resources intensively</td>
<td>Prepared foods operated by subsidiaries</td>
</tr>
<tr>
<td>• Create new markets</td>
<td>• Become #1 in the future</td>
<td>• Pursue unique value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Improve income through structural reforms</td>
</tr>
</tbody>
</table>

Overview by Business  Food Segment
Introducing Highly Anticipated Products, and Growing the Overall Market Including Functional Yogurt

Our pioneering functional yogurt carved out its own market, enjoyed a booming growth period and is now leveling off. Thanks to this success, many of our customers now recognize and purchase Meiji Probio Yogurt LG21 and Meiji Probio Yogurt R-1. We are looking to develop active marketing to achieve stable sales growth. We have registered Meiji Probio Yogurt PA-3 as a “Food with Functional Claim” (Consumer Affairs Agency). This claim refers to the bacterial strain and its ability to keep the blood uric acid levels from rising. We will promote this functional value and expect it to create a new market. Blue (LG21), red (R-1) and yellow (PA-3) packaging will be used to make an effective display in retail outlets. We will differentiate these products from other yogurts and establish a solid position to ensure sustainable growth.

The Meiji Bulgana Yogurt is the top brand in the yogurt market. Our marketing strategy is to appeal to its health value as our classic plain yogurt, but not reduce the retail price. We will also focus our sales on products with high added value, such as zero fat, or calcium and iron fortified yogurt.

Finally, we will stimulate the overall yogurt market by introducing new yogurt categories, such as rich and highly nutritious Meiji The Greek Yogurt and our dessert yogurt Meiji Yogurt Dolce Torokeruto.

Focusing on Health and Premium Value

Recently, we have extended the chocolate market by offering and appealing to the health benefits and premium quality chocolates. In particular, chocolates with health benefits have maintained strong sales. The Chocolate Kouka series with high-cocoa and polyphenol-rich properties show strong growth compared to the previous year. Our new product Oligosmart Milk Chocolate is developing a reputation for using fructooligosaccharides (FOS), which is not absorbed as a sugar.

That being said, the premium chocolate Meiji THE Chocolate is trailing a bit. In light of returning to our original strategy of building a culture for adults to enjoy the indulgence and luxury of chocolate, we are revising our product strategy. Therefore we will concentrate our marketing activities from a medium-term perspective.

Strengthening Our Brand and Gaining Market Share Based on Unique Value

Some of our nutritional products drive the market. Among those products, we will focus on three categories to prop up our business: infant formula, sports nutrition and enteral formula. We believe by developing unique products that offer greater value and providing evidence to that fact, we will be able to stay away from a price war.

For the SAVAS series in sports nutrition, we will improve our brand value by carefully differentiating our product line and defining target consumers in order to achieve a competitive edge. We have been carving out new markets and growing those businesses a lot. We will use this experience in sports nutrition as well to offer consumers a new lifestyle.
Growth Strategy From FY2019

**Cheese**

Accelerating Growth with Products Supported by Meiji’s Unique Technology

Our basic approach with cheese, frozen dessert products and products for professional use, is to create new markets by increasing products with unique value. Meiji Hokkaido Tokachi Smart Cheese is processed cheese that utilizes the features and advantages of natural cheese. Meiji Hokkaido Tokachi Camembert Cheese is tailored to the Japanese palate. It is very popular among Japanese customers and we expect further sales growth.

We will continue launching products supported by Meiji’s unique technology, offering value not found anywhere else. The cheese market is growing steadily, and we intend to actively invest in our production capacity to meet increasing sales.

**Frozen dessert**

Introducing Innovative Products in the Traditional Ice Cream Market

Frozen dessert products is our new marketing category replacing ice cream. We are looking to revolutionize traditional ice cream and create a new market. The traditional selling space of ice cream has not changed for a long while, and now, we would like to introduce innovative desserts that go beyond the framework of conventional ice cream.

**Products for Professional Use**

Meiji will Offer Unique Value and Products in the Expanding Markets for Ready-Made Meals and Dining Out

Compared to other major food manufacturers, sales in our products for professional use account for a small part of the overall sales in the Food segment. With the recent rise in the elderly, the markets for ready-made meals and dining out are expanding and we believe that there will be a growing need for products for professional use. We will enhance marketing activities in this field where we see great potential for growth. We are looking to secure a certain market share by introducing unique products by Meiji.

**International Business**

Strong Dairy Business in China, and Introducing Japanese Quality Overseas

Expanding international business is a major challenge for us to ensure further growth. China is a priority region in the 2020 Medium-Term Business Plan. Demand for chilled milk and plain yogurt is increasing due to the increased income of consumers and a rising health consciousness in China. We will increase our production capacity, and expand our business faster and in a dynamic way.

Not only in China but around the world, we will work on introducing our products such as chocolate, yogurt and nutritional products, which are our core products in Japan. We will tailor them to fit each country’s market by using our unique technology.
Growth Strategy From FY2019

**Top Commitment**

Making Bold Changes in the Organization and Working Atmosphere for Future Growth

What the market expects from us are: produce unique value in the product using Meiji’s technology, and carve out new product categories and new markets. To achieve this, we need to strengthen product development and revise the sales system.

Since I joined the Group, I have been involved with sales for a long time, and I believe that we cannot beat out the competition any more using the traditional sales model. It is important to roll out added value products into the market as fast as we can, and that is something sales must focus on. For that reason, I pushed for a major reorganization in order to drive growth in FY2018. I think that this has raised the level and effectiveness of the entire organization. At the same time, I have encouraged employees to change their mindset and awareness. I would like to build a positive working environment within the company, offering an atmosphere where each employee can set a challenging target based on their own motives and feel free to carry that out without any fear of failure.

It is important to have a healthy sense of urgency and create a resilient organization especially when business is good. I firmly believe that this leads to sustainable growth and helps the Group create new markets.

**Supporting the Olympic and Paralympic Games Tokyo 2020 with Dairy Products & Confectionery**

Meiji Co., Ltd. entered into a sponsor agreement with The Tokyo Organizing Committee of the Olympic and Paralympic Games to become a Tokyo 2020 Gold Partner (Dairy Products & Confectionery). Meiji has been an official sponsor of the Japan Wrestling Federation since 1996 and Japan national volleyball teams under the Japan Volleyball Association since 2011. In addition, Meiji is an official supplier for the Japanese national basketball teams for both men and women. Meiji has also provided nutritional management support for the Japan national rugby union teams for both men and women as well as for the Japan national baseball team (Samurai Japan). As a Tokyo 2020 Gold Partner (Dairy Products & Confectionery), we would like to deliver the Joy of Sports and Importance of Food to our customers through our dairy products and confectioneries. We will use this opportunity to support the health of both the athletes and all of our customers.

**Milk Business**

Boosting Sales and Raising Revenue with the *Meiji Oishii* Series

The milk business is improving steadily. *Meiji Oishii Gyunyu* is one of our staple products and well regarded by many for its delicious and fresh taste, giving us a good position to stay out of a price war. In FY2019, due to the rising cost of raw milk procured from the dairy farmers, we had to raise the price of milk and yogurt, but it did not really impact sales. We were able to communicate and justify the cost adjustment to the consumers and distributors. We also adopted a lightproof package and improved the sealing cap, thereby increasing the value of the product. This enabled us to maintain our sales despite the price hike.

In addition, in April 2019 we launched an innovative product *Meiji Oishii Low Fat*, which uses the world’s first Freeze concentration manufacturing method that can reduce the fat content of milk while preserving its rich flavor. We also launched *Meiji Oishii Milk Calcium* to promote and market three products together for the *Meiji Oishii* series, which will raise the consumer perception of product on the market and boost sales more.
Overview by Business  Pharmaceutical Segment

We will utilize a variety of strengths to grow more globally

Daikichiro Kobayashi
President and
Representative Director
Meiji Seika Pharma Co., Ltd.

FY2018 in Review

Big Jump in Domestic Business Sales and Profits, with International Business on Track for Growth

It was a big year for the Pharmaceutical segment in FY2018. While there was a significant impact from the National Health Insurance (NHI) drug price revision in April 2018, the segment ultimately recorded an increase in sales and profits.

Despite a rough start for the fiscal year, the domestic sales recovered from the second quarter. Two factors contributed to this recovery: the Meiji Group acquiring KM Biologics Co., Ltd. in July 2018 and launching sales for the influenza vaccine in September 2018. In addition, Bilanoa (anti-allergy drug) and SYCREST (antipsychotic drug), both launched in 2016, together lifted the segment’s performance in the second half of the year. This offset the negative impact of the NHI drug price revisions in the domestic business.

In the international business, stable production was realized in Medreich Ltd., the Indian company acquired in 2014. The product sales for the Japanese market are slowly increasing and we expect a steady growth path going forward.

FY2018 Results

(Billions of yen)

<table>
<thead>
<tr>
<th>FY2017 Results</th>
<th>FY2018 Results</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>168.4</td>
<td>198.6</td>
</tr>
<tr>
<td>Operating income</td>
<td>11.0</td>
<td>14.2</td>
</tr>
</tbody>
</table>

KM Biologics Co., Ltd. Q2-Q4 Results (Non-consolidated)

Net sales JPY 31.2 bn, Op. income JPY 3.4 bn

Breakdown of Consolidated Op. Income (Billions of yen)

<table>
<thead>
<tr>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.0</td>
</tr>
<tr>
<td>-12.1</td>
<td>-12.1</td>
</tr>
<tr>
<td>+2.4</td>
<td>+2.4</td>
</tr>
<tr>
<td>+9.0</td>
<td>+9.0</td>
</tr>
<tr>
<td>+1.7</td>
<td>+1.7</td>
</tr>
<tr>
<td>+2.2</td>
<td>+2.2</td>
</tr>
</tbody>
</table>

Core: Vision to Create New Value through Innovation

Our Value Creation Story
Developing *Bilanoa* and *SYCREST* into Best-in-Class Drugs

*Bilanoa* launched in 2016 and there are surveys from patients as well as ear, nose and throat (ENT) specialists that show favorable results. Our plan is to use the clinical benefits of *Bilanoa* to increase sales to JPY 10 billion by 2020 following the Medium-Term Business Plan.

We are also strong in the area of central nervous system (CNS) disorders. *SYCREST* launched in 2016 and has recorded a big jump in YoY sales for FY2018. July 2019 marks 3 years since its launch and we will use this opportunity to increase its brand value. We will actively provide the latest data from postmarketing drug-use survey and develop it into the best-in-class drug.

Applying Our Selection and Concentration Strategy to Meet Growing Demand and Weather the NHI Drug Price Revisions

The generic drug business is an important driver for our growth. As the ageing population expands in Japan, the risks of disease and illness also increase. Accordingly, we believe demand for drugs to treat lifestyle related diseases will increase. However, the drug price will continue to decline because of the NHI drug price revisions. Based on this business climate and related factors, we will drive our selection and concentration strategy in the generic drugs business further. In this strategy, we will focus on products such as antibiotics, drugs for CNS disorders and lifestyle related diseases, and our medical representatives (MRs) will be visiting and targeting internal medicine, pediatrics, ENT and neurology departments.

Embracing a Sense of Urgency and Responsibility to Ensure the Supply of Essential Drugs

In FY2019, Meiji Seika Pharma Co., Ltd. started full-scale sales operations for vaccines manufactured by KM Biologics Co., Ltd. We will deliver influenza vaccines, our mainstay product, to medical institutions ahead of the flu season to show our customers that can rely on us. In addition, KM Biologics Co., Ltd. supplies many single supply products\(^1\) and orphan drugs\(^2\). As a supplier of drugs that are essential to public health, we embrace a sense of urgency and responsibility in our mission to advance our vaccine business.

Expanding the CMO/CDMO Business Globally at Medreich

Medreich develops its CMO/CDMO business\(^3\) and is an important subsidiary to lead the international business. With an increase in orders from existing customers and a push to acquire new customers, we are eyeing steady growth globally.

Medreich also manages production of generic drugs for the Japanese market. Though the government’s goal is to have an 80% usage rate of generic drugs, the generic drug price has been dropping significantly due to revisions in the NHI pricing system. In light of this particular climate, it is imperative for us to establish a stable system in Medreich that delivers quality and inexpensive products.

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\(^1\) Products available in Japan only manufactured by KM Biologics Co., Ltd., without any alternatives manufactured by other pharmaceutical companies

\(^2\) Drugs designated by the Ministry of Health, Labor and Welfare for diseases or conditions that have fewer than 50 thousand patients with therapeutic needs in Japan

\(^3\) CMO: Contract Manufacturing Organization
CDMO: Contract Development and Manufacturing Organization
Four New, Promising Agricultural Chemicals in the Pipeline, with Big Profit Earning Expectations

We started antibiotic R&D just before the end of the World War II. In our quest to discover useful compounds, we have established the basic technology that purifies and assesses the activity and profile of microbial metabolites in bacterial cultures. Our agricultural chemicals business was created from developing this technology and that strength is incorporated into our current products and product pipelines.

The rice blast preventative ORYZEMATE has been our best seller for the last 40 years. We will continue to secure its profitability going forward. There are currently four new, promising agricultural chemicals in the development pipeline. In particular, we believe the agricultural insecticide ME5382 is very promising. It has already been registered in Japan, and we are seeking to register it in India’s massive market by FY2020. Registration in Europe and the U.S. for the agricultural insecticide ME5343 and the agrochemical fungicide ME5223 is moving along smoothly, and we will seek registration in other locations overseas beyond 2020 as well.

In our veterinary drugs business, we expect the corporate synergy with KM Biologics Co., Ltd. will have a positive effect. Thus far, our main products have been antibiotics that have primarily targeted cows and pigs. KM Biologics Co., Ltd. has been developing and selling vaccines for chickens. We believe that there is much more room to grow the business by allocating resources more effectively in both companies.

Market Size* for New Agricultural Chemicals

<table>
<thead>
<tr>
<th>Product</th>
<th>Japan JPY</th>
<th>India JPY</th>
<th>Europe &amp; Americas JPY</th>
</tr>
</thead>
<tbody>
<tr>
<td>ME5382 Insecticide</td>
<td>JPY 30 bn</td>
<td>60 bn (CAGR 12%)</td>
<td>200 bn</td>
</tr>
<tr>
<td>ME5343 Insecticide</td>
<td>JPY 20 bn</td>
<td>300 bn</td>
<td></td>
</tr>
<tr>
<td>ME5223 Fungicide</td>
<td>JPY 10 bn</td>
<td>150 bn</td>
<td></td>
</tr>
</tbody>
</table>

In the ethical pharmaceuticals, our product pipelines include promising candidates such as ME2125 Safinamide and ME1111 (see the table on the next page for details). In addition, DM Bio Ltd., the joint enterprise established in Korea, succeeded in commercial level production of biosimilars (biologic medical product that is almost an identical copy of an original product) and will start clinical development in Europe.

With our sales volume, the R&D expenses are naturally limited, but we believe that creating a new drug is not necessarily related to the R&D budget. What is important and critical is a good researcher. Therefore we are sending researchers to external institutes, such as the Foundation for Biomedical Research and Innovation at Kobe/Institute of Biomedical Research and Innovation, to develop good researchers. We will continue to promote open innovation by collaborating closely with leading research institutes, creating a network of researchers and developing new product pipelines.

Top Commitment

Our number one priority is ensuring our business development stays focused on customers. To stay focused on customers, we will maintain an appropriate number of MRs in the field. Because we handle a wide range of products including generic drugs, the MRs’ activities go beyond just providing information related to our pharmaceuticals and confirming their safety. We believe the MR has an important role in providing a broad range of detailed and useful information to the doctors, such as combinations of both our products and generic drugs, prescriptions and adverse events. By carrying out this mission, we can build trust in our products and in us.

Up until now, the Meiji Group has been a lead manufacturer of antibiotics in the treatment of infectious diseases. After entering the vaccine business last year, we have become involved with the prevention of infection and recognize our responsibility in supplying drugs that are essential to public health. While the business atmosphere in pharmaceuticals can be quite challenging and tough, we will work to grow more globally as a company that is essential to society.
<table>
<thead>
<tr>
<th>R&amp;D Pipeline</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infectious diseases</strong></td>
<td></td>
<td></td>
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<tr>
<td>ME1111 [Antionychomycosis]</td>
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<tr>
<td>ME1100 Arbekacin [Hospital Acquired Bacterial Pneumonia/Ventilator Associated Bacterial Pneumonia]</td>
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<tr>
<td>OP0595 Nacubactam [β-lactamase inhibitor]</td>
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<tr>
<td><strong>Indications</strong></td>
<td></td>
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<td></td>
<td>Phase II</td>
<td>Applied</td>
<td>Approve</td>
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<td></td>
<td>(Overseas)</td>
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<tr>
<td><strong>Orthopedics</strong></td>
<td></td>
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<tr>
<td>ME2125 Safinamide * [Anti-Parkinson’s disease]</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>ME2112 Ziprasidone</td>
<td></td>
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<tr>
<td><strong>Brain disorders</strong></td>
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<tr>
<td>SP-02L Darinaparsin [Relapsed and refractory peripheral T-cell lymphoma (PTCL)]</td>
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<tr>
<td>DMB-3111 [Trastuzumab biosimilar]</td>
<td>Joint development with Dong-A Socio Holdings</td>
<td></td>
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<tr>
<td>KD-370</td>
<td>Joint development with Teijin Pharma Limited</td>
<td></td>
<td></td>
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<tr>
<td>KD-382 [Quadrivalent vaccine against dengue fever]</td>
<td></td>
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<tr>
<td>KD-404</td>
<td>Joint development with Hokkaido University</td>
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<tr>
<td>KD-671</td>
<td>[Indication expansion for chronic inflammatory demyelinating polyneuropathy and multifocal motor neuropathy]</td>
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<tr>
<td>KD-71</td>
<td>Joint development with Teijin Pharma Limited</td>
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<tr>
<td>KD-371</td>
<td>Joint development with Teijin Pharma Limited</td>
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<tr>
<td>KD-2305</td>
<td>Suppression of bleeding tendency in patients with blood coagulation factor VIII or factor IX deficiency who have coagulation factor inhibitors</td>
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<tr>
<td><strong>Agricultural chemicals</strong></td>
<td></td>
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<tr>
<td>ME5382 [Insecticide/Fipronil]</td>
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<tr>
<td>ME5343 [Insecticide/Afidopyropen]</td>
<td>Licensing agreement with BASF</td>
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<tr>
<td>ANM-138 [Insecticide/Fluometoquin]</td>
<td>Joint development with Nippon Kayaku</td>
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<tr>
<td>ME5223 [Fungicide/Fenpxicoxamid]</td>
<td>Joint development with Corteva Agriscience</td>
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<tr>
<td><strong>Blood plasma products</strong></td>
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<tr>
<td>ME2125 Safinamide * [Anti-Parkinson’s disease]</td>
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<tr>
<td>ME4129 [Injectable antibacterial drugs]</td>
<td>Indication expansion</td>
<td></td>
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<tr>
<td>ME4136 [Injectable antibacterial drugs]</td>
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<tr>
<td>ME4137 [Injectable antibacterial drugs]</td>
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<tr>
<td>ME4204 [Oral anthelmintics]</td>
<td>Indication expansion</td>
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<tr>
<td>ME4406 [Feed additives]</td>
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<tr>
<td><strong>Veterinary drugs</strong></td>
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<tr>
<td>ME4624 [Vaccine]</td>
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<tr>
<td>KD-390 [Vaccine for poultry use]</td>
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<tr>
<td>KD-377 [Vaccine for swine use]</td>
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<tr>
<td>KD-386 [Vaccine for swine use]</td>
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</tbody>
</table>

* compounds discovered in-house
* Out-licensed items. Please refer to our website for details of the companies and areas out-licensed to.
https://www.meiji.com/global/investors/results-and-presentations/pharmaceutical-pipeline/
Cocoa is the raw ingredient that gives chocolate its flavor and is one essential resource in the Meiji Group’s Food segment. The Group offers Meiji Cocoa Support, a support program for farmers in cocoa producing countries, and at the same time, is seeking to diversify the conventional image of chocolate among customers who enjoy chocolate in Japan. By doing this, we will link the producing countries with the consuming countries to achieve sustainable cocoa production.

Realize Sustainable Cocoa Production While Building a New Chocolate Culture in Japan and Supporting Farmers in Cocoa Producing Countries

Cocoa is the raw ingredient that gives chocolate its flavor and is one essential resource in the Meiji Group’s Food segment. The Group offers Meiji Cocoa Support, a support program for farmers in cocoa producing countries, and at the same time, is seeking to diversify the conventional image of chocolate among customers who enjoy chocolate in Japan. By doing this, we will link the producing countries with the consuming countries to achieve sustainable cocoa production.
As of 2019, Meiji Cocoa Support covers eight counties around the world. This program’s goal is to help cocoa farmers earn more income and help build a society for steady cocoa farming.

Continuing to Support Farmers and Activities for Sustainable Cocoa Production

The amount of chocolate consumption keeps increasing globally. Cocoa is the main ingredient of chocolate and cocoa producing countries are limited to only some equatorial regions. There is concern about the sustainable cocoa production. Cocoa farmers are facing a number of challenging issues and conditions, such as ageing trees, not enough saplings and fertilizer, and inadequate knowledge of cultivation techniques. To address these issues, the Meiji Group started Meiji Cocoa Support, a cocoa farmer support activity, in 2006. It is designed to help the farmers resolve these challenges to produce cocoa sustainably.

Support Cocoa Farmers Through Meiji Cocoa Support

As of 2019, Meiji Cocoa Support covers eight counties around the world. This program’s goal is to help cocoa farmers earn more income and help build a society for steady cocoa farming.

Chocolate Market in the World and in Japan

The global demand for cocoa has been increasing recently, and the chocolate production volume in Japan is rising as shown in the figure. We are focused more on the environment the farmers are facing, and achieving sustainable cocoa production is becoming a societal issue.

Financial and Non-Financial Section

Our Activities for Sustainability

Our Value Creation Story

Introduction
Employees Onsite and Engaging in Direct Support Activities

In order to understand the current status of cocoa production areas, we cannot overstate the value of being onsite and speaking directly with the cocoa farmers through Meiji Cocoa Support. We are able to check and identify what is actually needed and then can determine the appropriate support. Through these activities, we want to help improve cocoa production and stabilize the farmers’ lives.

Initiatives to Improve Cocoa Farmers’ Productivity and Income

Workshops on Technical Assistance such as Meiji Fermentation Process, and Distribution of Fertilizer

Fermentation is a crucial part of chocolate production that brings out the rich flavor of the cocoa beans. Meiji offers a cocoa-specific fermentation method and this unique method produces high quality fermented cocoa, supporting farmers both technically and financially. In addition, we are engaged in other activities like the free distribution of fertilizer for cocoa cultivation.

Sampling Center to Provide Saplings for Free

We opened a sapling center close to the cocoa farms and provided high quality saplings to the cocoa farmers in the surrounding area.

Farmer Training School

We hold some seminars for the cocoa farmers. We provide instructions on cultivation methods to increase yield, appropriate use of fertilizer and agricultural chemicals and also health management.

Cocoa Farm Equipment Center

We opened a Cocoa Farm Equipment Center to relieve some of the financial burden on cocoa farmers. The center loans out farm equipment (free of charge) for pruning, weeding and spraying pesticide. The repair and maintenance of equipment can also be done at the center.
Initiatives to Enhance the Living Environment of the Cocoa Farmers

Funding a Program to Raise Farmers’ Incomes and Working to Prevent Deforestation in Cocoa Producing Countries

Since there is a limit to how much support the Meiji Group alone can provide, we joined the World Cocoa Foundation* (WCF) in 2006 and have been participating in their activities. There are more than 100 companies participating in the WCF, and we, along with 15 other companies, have contributed funds to the Cocoa Livelihoods Program, a flagship program that helps raise the income of farmers in western African countries such as Ghana.

In 2017, we also joined the Cocoa & Forests Initiative, a program led by the WCF that helps prevent deforestation caused by cocoa farming. We will stay involved in these activities while working alongside local governments and related organizations.

Support Activities through the World Cocoa Foundation

Donated Wells and Mosquito Nets
Securing daily water is an important issue, so we dig wells at various locations and donate them. To prevent the spread of malaria, we also provided mosquito nets to local families.

Holding Art Classes
We started cocoa-themed art classes for the local children to enjoy drawing pictures and making crafts and to help deepen their understanding about cocoa. The classes are quite popular and well-received by students and parents.

Educational Support with Donations of School Equipment and Supplies
We are donating school equipment and supplies to the local schools near the cocoa farms, such as writing materials, blackboards, shelving, maps and fans. We believe improving the education level of the local residents will enrich the people’s lives in the area over the long term.

Promoting Sustainability in the Cocoa Sector and Building Societies Where Quality Cocoa Production is Passed Down to the Next Generation

Since we started Meiji Cocoa Support, I myself have been to a number of cocoa-producing countries. Every time I receive a welcoming smile from the farmers, I realize the importance of those activities. In recent years, younger staff from our R&D team also have been visiting these countries to provide skills and knowledge to the farmers. This program also focuses on farm management training to increase the farmers’ income so that they can continue to pass on the business to the next generation. We believe this will contribute to promoting sustainability in the cocoa sector.

Yoshinori Doi
Associate General Manager
Technology Dept.
Production Div.
Meiji Co., Ltd.
Meiji The Chocolate’s uniqueness has gained recognition all over the world. In 2018, Meiji The Chocolate received the Superior Taste Award from the International Taste Institute (formerly iTQi). This product also has received many other awards from the ICA (International Chocolate Awards), from the Great Taste Awards in England hosted by the Guild of Fine Food as well as from the Academy of Chocolate Awards—which bestows and distinguishes the world’s best chocolate.

**Goals for Meiji The Chocolate**

**Paradigm Shift Where Consumers Choose Chocolate with Their Favorite Aromas**

The flavor and aroma of cocoa vary depending on the producing region and production method. We have separated the aromas of cocoa beans into three unique categories: Nutty, Fruity and Floral, so that we can offer our customers different aromas and selections for Meiji The Chocolate. These products with different aromas will set new criteria for selecting chocolate, providing more than just simple sweet and bitter options.

**Changing How We See Chocolate with New Shapes and Packaging**

We designed various shapes and complex patterns on the surface of Meiji The Chocolate. With this new makeover, our customers can enjoy a change in flavor as the chocolate melts in their mouths. We also created new package designs to match aromas and flavors. This customer approach is quite different from traditional chocolate products and has garnered a lot of attention.

**Three Aromas**

- **Nutty**: Pleasant and savory like a nut
- **Fruity**: Tart and fresh like a fruit
- **Floral**: Abundant aroma and fragrant like a flower

**The New Aspect of Enjoying Chocolate that Meiji Cocoa Support Brings**

Another goal of Meiji Cocoa Support is also to help realize the production process Bean to Bar and Farm to Bar. Meiji The Chocolate was produced using this process by carefully selecting the cocoa to maximize its characteristics and flavor. By offering customers a new aspect of enjoying chocolate, we will stimulate demand for premium cocoa and redistribute profits to cocoa farmers.

**Meiji The Chocolate Offers Various Shapes with Different Flavors**

- **Mini blocks**: Softens the bitterness and taste
- **Dome shape**: Enhances the richness of milk chocolates
- **Stick shape**: For enjoying strong flavors
- **Jagged maze-like texture**: Makes the cocoa aroma stand out more

**Award**

**Meiji The Chocolate received international awards**

Received the Superior Taste Award from the International Taste Institute for three consecutive years from 2016 to 2018.
Expanding the Japanese Chocolate Market

Supplying Both Products & Information for Adults to Enjoy Premium Chocolate as a Special Treat

The chocolate consumption per person in Japan is roughly one-sixth compared to Germany. In Europe, chocolate is likened to wine and coffee and is considered a premium product in daily life for adults. In order to build a similar culture in Japan, we should supply information with our products to effect change. We will actively disseminate useful information about cocoa including its health benefits. This will help expand the chocolate market and at the same time support sustainable cocoa production.

Opened an Interactive Customer Center: Hello, Chocolate by meiji

Customers Experiencing Cocoa Cultivation and Harvesting Through Virtual Reality

Hello, Chocolate by meiji was opened in November 2018 as an interactive center for customers and to disseminate information about chocolate. Here, customers can get a new, fresh perspective about cocoa and chocolate, offering them a life-like experience visiting cocoa producing regions through a virtual reality program. We provide another program that mimics and shows the differences in flavors and aromas through images and sounds.

Partial Proceeds Earmarked for Supporting Cocoa Farmers

Meiji Cocoa Support is also introduced at Hello, Chocolate by meiji and some of the proceeds are earmarked to purchase saplings for supporting the cocoa producing regions. Visitors are able to empathize with the activities of Meiji Cocoa Support, and it connects consumers with cocoa producers.

Meiji Looks to Build a Cocoa Culture in Japan and Throughout the World

Since 2015 we have been an exhibitor at the chocolate fair Salon du chocolat held every year in Paris, France. In addition to product sales, we also focus on introducing initiatives such as Meiji Cocoa Support and Bean to Bar/Farm to Bar, and our presentation has been well-received every year. We will work at spreading this chocolate culture of focusing on cocoa beans throughout Japan and beyond.

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Customers Experiencing Cocoa Cultivation and Harvesting Through Virtual Reality

Hello, Chocolate by meiji was opened in November 2018 as an interactive center for customers and to disseminate information about chocolate. Here, customers can get a new, fresh perspective about cocoa and chocolate, offering them a life-like experience visiting cocoa producing regions through a virtual reality program. We provide another program that mimics and shows the differences in flavors and aromas through images and sounds.

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Initiatives to Create New Markets

Enhance Communication with Customers to Make Cocoa Part of Our Everyday Lives

As part of the Meiji Cocoa Support program, our marketing and sales representatives visit cocoa farmers to deepen understanding about cocoa. We will improve our communication with our customers, by having representatives convey their experience and enjoyment of cocoa and chocolate. We will provide our customers with the experience of actually making chocolate from cocoa and pairing it with beverages to enjoy its delightful taste and flavors. This experience will be more than just eating chocolate. In the future, we would like to build a culture where we cast off the traditional idea of chocolate and celebrate cocoa in daily life, and thus create new markets.

Hidekazu Hagiwara
General Manager
Cacao Marketing Dept.
Marketing Div.
Meiji Co., Ltd.
Meiji Group’s Approach to CSR

Our Target Profile
— A Corporate Group Essential to and Trusted by Its Stakeholders

The basis of the Meiji Group’s Approach to CSR is to fulfill corporate social responsibility (CSR) by putting the Group Philosophy into practice on a day-to-day basis in mainstay businesses and by remaining a corporate group society needs. We have created the Meiji Group CSR 2026 Vision. It represents the goals and image our Group is striving for, and promoting CSR is one of our highest priority areas within that vision. The Meiji Group CSR 2026 Vision was designed specifically to carry out Social contributions.

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, Peaceful Lives.

Outline of Vision

The Meiji Group CSR 2026 Vision is broken down into three themes: Healthier Lives, Caring for the Earth and A Richer Society, plus the shared theme: Sustainable Procurement. Here, we identify and set materiality issues and KPIs*. Based on this framework, shown in the figure, we promote specific CSR activities and address social issues.

Progress of CSR 2026 Vision

2017
• Began discussions to establish vision

2018
• Established vision
• Identify materiality
• Revised how the vision’s activities in each area are related to the SDGs

2019
• Joined UN Global Compact
• Discussions with outside experts
  Mr. Peter David Pedersen

* KPI: Key Performance Indicator

Joined UN Global Compact
The Meiji Group pledged its support to the UN Global Compact (UNGC) in April 2019. We are working to improve our employees’ understanding about the Ten Principles of the UNGC, which cover the fundamental responsibilities in the area of human rights, labor, environment, and anti-corruption. In FY2019, we are focusing our efforts particularly on human rights and the environment as well as pursuing and achieving a sustainable society.
Approach Toward SDGs

The Sustainable Development Goals (SDGs) are a collection of the 17 goals adopted by the United Nations in 2015 for the year 2030. In our endeavors, we have identified 13 primary goals that will contribute to society in the Meiji Group’s business activities. We are working to achieve our goals as outlined in the Meiji Group CSR 2026 Vision.

The Group CSR System

We have established the Group CSR Committee, with the President and Representative Director of Meiji Holdings Co., Ltd. at its helm, and will continue to engage in activities following this committee’s direction. This committee meets twice annually. It monitors the progress of activities to achieve KPIs in the Meiji Group CSR 2026 Vision and also establishes CSR policies. There is a CSR Secretariat that meets monthly and is made up of the CSR representatives from Meiji Holdings Co., Ltd. and the operating companies. We share information to address issues, such as climate change and sustainable procurement, while staying on target with the SDGs. The progress of these Group CSR activities is reported twice annually at the Board meetings.

In April 2019, Mr. Peter David Pedersen and Mr. Kawamura from Meiji Holdings Co., Ltd. discussed the Group’s CSR. Their dialogue covered a frank and lively exchange about a number of topics, including challenges the Group should prepare for after the Meiji Group CSR 2026 Vision as well as CSR activities unique to the Meiji Group. Use the link below to see the details of this discussion.


What to Expect from the Meiji Group

The global population is expected to balloon to ten billion people by 2050, with 3 billion expected to live in slums and 52% of the population facing water stress or water scarcity. Social problems in the future can be viewed as a potential business chance so to speak. Therefore, it is important to weigh social issues appropriately and change them to business opportunities.

I believe, the Meiji Group can be classified as one of those companies that is essential to daily life. The Group must define the social issues that people face. It is my hope that the Group will bring employees together and successfully actualize innovation, solve problems as well as ensure growth globally.
Meiji Group’s Approach to CSR

Progress on Materiality

After conferring with experts outside of the company, we identified materiality and set KPIs. As we continue to promote CSR activities to achieve our KPIs, we shall report on our progress each year.

Red font: Identify materiality issues

### Healthier Lives

<table>
<thead>
<tr>
<th>Areas/SDGs</th>
<th>Social Issues</th>
<th>KPIs &amp; FY2018 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Nutrition</td>
<td>• Contribute to healthy diets</td>
<td>1. Develop products that contribute to healthy diets and a super-aged society</td>
</tr>
<tr>
<td></td>
<td>• Respond to a super-aged society</td>
<td>Health-conscious products: 47</td>
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<tr>
<td></td>
<td>• Improve nutrition in emerging countries</td>
<td>Nutritional products with added value: 32</td>
</tr>
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<td></td>
<td>• Ensure the sustainable supply of pharmaceuticals</td>
<td>Products for a super-aged society: 6</td>
</tr>
<tr>
<td></td>
<td>• Measures against infectious diseases</td>
<td></td>
</tr>
<tr>
<td>Quality and Safety</td>
<td>• Ensure product quality and safety</td>
<td>2. Enroll a total of 500,000 participants into nutrition and healthy diet education within three years from FY2018 to FY2020</td>
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<tr>
<td></td>
<td></td>
<td>total 500,000</td>
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<td></td>
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<td>Result: 196,000</td>
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</table>

### Caring for the Earth

<table>
<thead>
<tr>
<th>Areas/SDGs</th>
<th>Social Issues</th>
<th>KPIs &amp; FY2018 Results</th>
</tr>
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<tbody>
<tr>
<td>Climate Change</td>
<td>• Reduce CO₂ emission volume</td>
<td>Reduce total domestic CO₂ emission volume by more than 15% compared with FY2013 baseline by FY2030</td>
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<tr>
<td></td>
<td>• Eliminate the Use of Specified Fluorocarbons</td>
<td>More than 15% reduction by FY2030 compared to FY2013</td>
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<tr>
<td>Circular Economy</td>
<td>• Reduce environmental impact</td>
<td>16.8% reduction by FY2030</td>
</tr>
<tr>
<td>Water</td>
<td>• Secure water resources</td>
<td>Domestic CO₂ Emission Volume (10,000 t-CO₂)</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>• Secure local biodiversity</td>
<td>58.2 52.3 50.4 48.4 49.3</td>
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<tr>
<td></td>
<td></td>
<td>FY2013 FY2016 FY2017 FY2018 FY2030 [Target]</td>
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<tr>
<td></td>
<td></td>
<td>Reduce domestic water consumption volume (per unit of sales) compared with FY2015 baseline by FY2030</td>
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<tr>
<td></td>
<td>• Secure local biodiversity</td>
<td>More than 20% reduction by FY2030 compared to FY2015</td>
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<tr>
<td></td>
<td></td>
<td>Domestic Water Consumption Volume (1,000 m³/100 million of yen)</td>
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<td></td>
<td></td>
<td>2.13 2.07 1.92 1.87 1.79</td>
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<tr>
<td></td>
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<td>FY2015 FY2016 FY2017 FY2018 FY2030 [Target]</td>
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</table>
## Areas/SDGs - Human Resources

- **Promote diversity and inclusion**
  - Support for minority employees
  - Safeguarding of workplace diversity

- **Employee-friendly workplace**
  - Guarantee of work-life balance
  - Access to flexible working systems

## Areas/SDGs - Society

- **Respect and promote human rights**
  - Communicate with stakeholders
  - Promote CSR activities

## Human Resources

**Target**: More than 10% female managers by FY2026

**Result**
- Female managers: 3.1%
- Female leaders*: 171

* Leader: Manager and assistant manager

**Target**: More than 2.2% of employees with disabilities

**Result**: 2.29%

**Target**: 100% of employees receive training on human rights

**Result**: 100%

**Target**: Use 100% of RSPO*-certified palm oil by FY2023

**Result**: Approximately 10% reduction in usage from previous year

Reason: Did not meet chocolate usage targets

**Target**: Use 100% paper raw materials from forests certified for sustainability practices (FSC®, PEFC) and/or from recycled paper by FY2020

**Result**: 55.3%

**Target**: Procure raw materials with consideration toward human rights and the environment

**Result**: Approximately 10% reduction in usage from previous year

Reason: Did not meet chocolate usage targets

**Target**: Use 100% of RSPO*-certified palm oil by FY2023

**Result**: Approximately 10% reduction in usage from previous year

Reason: Did not meet chocolate usage targets

**Target**: Provide stable procurement

**Result**: 100%
Part of the Meiji Group’s mission is to improve the health of people through our business. We promote nutrition with various information and increase public awareness to create a society where all generations from infants to the elderly live a healthier and richer lifestyle in both Mind and Body.

We use our strengths developed in the food and pharmaceutical businesses as well as our expertise from the nutrition and healthcare areas in order to address social issues: more specifically, contribute to healthy diets, respond to a super-aged society, improve nutrition in emerging countries, ensure the sustainable supply of pharmaceuticals and fight against infectious diseases.

Since first launching in Japan a vitamin B1 fortified infant formula in 1923, the Meiji Group has been committed to the infant and toddler nutrition business to promote their healthy growth. We are currently supporting health in babies and toddlers by focusing on Meiji Hohoemi, which can be used as a breast milk replacement for infants, and on Meiji Step, which helps provide suitable nutrition for toddlers up to age 3. In addition, we developed the world’s first infant formula in cube form to help in the child rearing process. It is designed for anyone to prepare the baby formula easily even for late night feedings, so that everyone in the family can participate in child rearing. In March 2019, we also launched a formula in liquid form that can be stored and fed at room temperature and offers a long shelf life. This is not only convenient when feeding outside of the home but gives mothers peace of mind as an emergency supply in the event of a disaster or emergency situation.

Contributing to Healthy Growth with Our Infant Formula Featuring More Added Value

Securing a stable supply of special formulas for babies that cannot be breast fed or drink typical infant formulas

We are securing a stable supply of special milk formulas for babies with food allergies or metabolic disorders. We started this business in 1980, and we are manufacturing and providing a free, stable supply (through government subsidy) of 12 registered special formulas for children with inborn errors of metabolism and also a free, stable supply (through corporate sponsorship) of 6 unregistered special formulas for children with disorders not listed above.

Meiji has been active in food and nutrition education since 2006, and we visit schools and teach elementary and junior high school students through fun interactive classes. In FY2018, we had 196 thousand students participate in these classes. In Meiji’s food and nutrition education program, we also created a learning program for the Olympics and Paralympics with the goal of stimulating children’s interest in sports and at the same time giving them a broader global perspective and understanding.

Through the activities in the Tokyo 2020’s Education Programme, Meiji is helping develop the next generation of people lead healthier and richer lives.
As one of the Meiji Group’s initiatives, we are carrying out public awareness activities in collaboration with related organizations. We have joined the AMR Stewardship project sponsored by the Japan Pharmaceutical Manufacturers Association and have created posters and video under the keyword Stop AMR. We have asked healthcare related organizations to put up our posters and show our video to help raise public awareness. We are also involved in other activities that help disseminate information on AMR to medical institutions.

Countermeasures to fight against AMR is an urgent global issue, and it was discussed at the G20 Osaka summit in June 2019. In Japan as well, the National Action Plan on Antimicrobial Resistance was drawn to promote the research and development of new preventive, diagnostic and treatment techniques to battle against infection caused by drug-resistant bacteria. The Meiji Group has developed the new β-lactamase inhibitor OP0595 and it was selected as part of a national program, Cyclic Innovation for Clinical Empowerment (CiCLE). CiCLE is a program to conduct R&D and innovate new drugs through industrial, academic and governmental collaboration. OP0595 possesses unique characteristics not found in conventional β-lactamase inhibitors and is expected to provide effective treatment for multidrug-resistant bacteria. Clinical development is already underway in Japan, and we are continuing R&D and targeting overseas applications.

Meiji’s Specific Expertise and Research with Infection Helping Pave the Way for AMR Countermeasures

As one of the group leaders in the AMR Stewardship project sponsored by the Japan Pharmaceutical Manufacturers Association, I worked alongside a number of companies, who develop, manufacture and sell antibiotics, and created Stop AMR posters and video. We are collaborating with many institutes and related organizations to roll out public awareness activities in order to communicate messages, such as Learn about antibiotics and use them appropriately = Stop the spread of drug-resistant bacteria as well as What you can do to Stop AMR. Thanks to Meiji’s expertise in infection, we are using this valuable opportunity to contribute to society.

Tomoko Morita
Manager
Infection Product Management Group
Marketing Planning & Strategy Dept.
Meiji Seika Pharma Co., Ltd.
Policies & Plan

We, the Meiji Group, in recognition of the fact that our business operations originate from the bounty of nature, will contribute to the creation of a sustainable society. To this end, we intend to harmonize our business activities with the global environment and manage the Group in a way that protects the environment.


Environmental Management System

There is The Group Environmental Meeting, which is made up of representatives from our Food segment and Pharmaceutical segment as well as the CSR representatives from Meiji Holdings Co., Ltd. Under this system, the Meeting sets a long-term vision, plans specific measures as well as carries out risk management, and essentially oversees the environmental management for the whole Group.

Climate Change

Implementing countermeasures against global warming such as reducing CO₂ emission volume are essential and urgent issues for businesses and companies. We have set long-term targets for FY2030 in the Meiji Group CSR 2026 Vision in order to do our part to help battle global warming. We are planning and carrying out a number of energy-saving measures at various stages in our operations to facilitate achieving a decarbonization.

Introducing Renewable Energy

Using renewable energy such as solar power helps prevent global warming. The Meiji Group is using renewable energy and has installed large solar panels at the following locations: Osaka Plant and Aichi Plant in Japan (domestic Food business), and Santa Ana (CA) Plant in the U.S. (Meiji America Inc.). The Group has plans to introduce and expand our power facilities for renewable energy at both domestic and overseas locations.

CO₂ Emission Volume for FY2018

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1</strong></td>
<td>228 thousand tons-CO₂</td>
<td>35 thousand tons-CO₂</td>
</tr>
<tr>
<td><strong>Scope 2</strong></td>
<td>282 thousand tons-CO₂</td>
<td>86 thousand tons-CO₂</td>
</tr>
<tr>
<td><strong>Scope 3</strong></td>
<td>3.189 million tons-CO₂</td>
<td>* Category 1 2,437 million tons-CO₂</td>
</tr>
</tbody>
</table>

(Domestic)

Scopes 1 and 2 are calculated based on the Act on Promotion of Global Warming Countermeasures. The scope of the CO₂ emission volume that are included is noted on p.107. Scope 3 is calculated based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain.

SCOPE 1
- Purchased Goods and Services
- Capital Goods
- Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
- Upstream transportation and distribution
- Employee Commuting
- End-of-Life Treatment of Sold Products

SCOPE 2
- Waste Generated in Operations
- Business Travel
- Downstream transportation and distribution

SCOPE 3
- Purchased Goods and Services
- Capital Goods
- Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
- Upstream transportation and distribution
- Employee Commuting
- End-of-Life Treatment of Sold Products

* Database of Emissions Unit Values by Organizations Throughout the Supply Chain (Ver 2.4)

The numerical data indicated with have been assured by an independent practitioner.
Circular Economy

In order to preserve and protect the Earth’s limited resources, we have adopted initiatives to reduce waste based on the reduce, reuse, recycle (3Rs) approach. We are already enacting a range of environmental policies that span the entire lifecycle of the product from the design stage to the end-of-life stage.

Initiatives for Recycling Plastic Resources

Massive amounts of plastic garbage contaminating the oceans causing marine pollution has become a global concern. The Meiji Group has been addressing the problem of plastic debris littering our oceans. In the Food segment, we established the Plastic Recycling Action Statement and are focusing on product designs that use less plastic, such as lightweight or thinner plastic packaging, containers and bottles. In addition, we are working with recycling companies to promote recycling for any plastic waste generated from our production processes. Beyond that, we are cleaning the riversides and coastal areas to reduce the plastic waste that flows into the oceans and help protect the marine environment.

Water

Water resources are essential for operations in the Meiji Group, and managing water resources to ensure a sustainable society is extremely important. We are not only installing equipment to conserve water and use it efficiently but also managing the quality of wastewater. In order to evaluate the risks related to water resources and their impact on operations, we use AQUEDUCT (international water risk assessment software launched by the World Resources Institute) at all of our domestic and overseas production sites to perform risk assessments and collect onsite information. We will identify production sites with potential risks and then prepare specific countermeasures and carry them out.

Water Intake

The Meiji Group has been conserving water and is re-using and/or recycling water resources. For example, at some of our sites we engage in efficient water practices such as using rain water to flush toilets and re-using cooling water.
**Policies & Plan**

Being involved in the Food and Health business, the Meiji Group takes the weight of this responsibility seriously. We will fulfill our social responsibilities by developing our business in a healthy way. We respect and promote human rights for all those involved with our corporate activities. We shall comply with the laws and regulations of all related countries and regions and run our businesses while being respectful of the different cultures and customs. In addition, we will interact with local communities as good corporate citizens and contribute to society.

**Human Resources**

On an organizational and individual level, we believe embracing diversity and maximizing the energy, skills and potential of each employee will help ensure sustainable growth for the Meiji Group. As a result, we focus on developing human resources and improving a workplace environment to support this approach.

**Human Resource Development Policy and System**

**Working in the Meiji Group**

Based on the *meiji way* Action Guidelines as noted in the Meiji Group’s System of Principles, we seek personnel who take the initiative in setting ambitious innovation-oriented goals. Further, we want our personnel to be capable of drawing on their expertise and the Group’s strength to achieve these goals.

**Human Resource Development**

In order to develop personnel with the qualities and skills that the Meiji Group seeks, we have an employee development system to promote growth in each employee as well as career development based on our Basic policies for developing the capabilities of personnel.

**Skills Development Structure**

<table>
<thead>
<tr>
<th>Managers</th>
<th>Young employees</th>
<th>New employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training for newly promoted managers</td>
<td>Training for promoted employees</td>
<td>Training for new employees</td>
</tr>
<tr>
<td>Training for career track employees</td>
<td>Training for clerical workers</td>
<td>Training for new employees</td>
</tr>
</tbody>
</table>

**Global training**
- Language training
- e-learning
- Training through overseas assignments

**Training for top management**
- Support to create individual career paths for women

**Training for next-generation leaders**
- Management school
- Management school interactions with and exposure to other industries
- Developing managers

**Developing next-generation leaders**
- Fostering innovation
- Developing next-generation leaders

**Division-specific training**
- Marketing
- Global
- Admin
- Manufacturing technologies
- CSR
- Logistics
- Sales

**Training for Group company employees**
- New employees
- Business management
- Fundamentals and practical

**Self-development support**
- e-learning
- Open college
- Distance learning
- Video archives

**SDGs for Human Resources**

**Mission and Vision**


**Basic policies for developing the capabilities of personnel**


**Work-style Reform**

We believe it is our corporate responsibility to create a safe and healthy environment at the workplace. To achieve this, we are creating a positive and comfortable work environment to promote a good work-life balance.

**Improving long working hours**
- Reporting and managing working hours appropriately
- No-overtime days (once per week)
- Improving productivity by implementing a work-focus time strategy
- More effective meetings to increase productivity
- Streamlining work tasks at each workplace to improve efficiency

**Encouraging employees to take paid leave**
- Encourage employees to take paid leave for five consecutive days
- President advocates employees taking consecutive paid leave
- Schedule vacation at the beginning of the year and share it at work
- Follow up with employees who do not take paid leave

**Promoting flexible work-style**
- Implement work-at-home programs and flextime system
- Support male employees who wish to take childcare leave
- Run programs to help employees continue their jobs during life events
- Expand applicable time periods to work short shifts to accommodate childcare
As a company, it is our fundamental duty to ensure human rights are promoted and respected. Therefore, the Meiji Group manages its operations considering all of our stakeholders’ rights. To help build a richer society, we stay active in community activities, providing emergency aid and support as well as providing our products to welfare facilities.

**The Meiji Group Human Rights Meeting**

In FY2019, the Meiji Group launched an inter-organizational Group Human Rights Meeting to address a broad range of human rights issues concerning the overall Group. The meeting reviews issues prioritized in the risk assessment of each business and weighs specific preventive measures and mitigation strategies. Having regular meetings will raise awareness of human rights throughout the Group. We will also have a system in place to address various issues domestically and abroad.

**Implementing Human Rights Due Diligence**

The Meiji Group has adopted the United Nations Global Compact. We have also implemented human rights initiatives based on the Meiji Group Policy on Human Rights and encourage our employees and supply chain to follow suit. Before implementing the human rights due diligence, we finished identifying and assessing risks at each stage of the value chain for both the Food and Pharmaceutical segments as part of an ongoing risk management process in FY2018.

**Infant Formulas for National Council of Homes for Infants**

As a leading company in infant formulas, we wanted to help promote healthy growth of infants and toddlers, and therefore we started donating Meiji Hohoemi in June 2019 to infant homes and orphanages nationwide through the National Council of Homes for Infants. We donated more than 1,200 cans of Meiji Hohoemi (800 gram/can) to 135 facilities, and have plans to donate once more this year.

**Donating to the Children’s Future Support Fund**

Poverty in children is a major social issue and it is said that 1 in 7 children under 17 years old lives in poverty (according to the Comprehensive Survey of Living Conditions conducted in 2016 by Ministry of Health, Labor and Welfare). The Cabinet Office earmarked measures against child poverty as a future investment. The office is collecting donations from companies and individuals and other resources under the Children’s Future Support Fund and is also managing the Future Support Network Project to support groups and organizations nationwide that help provide academic support and food for children. The Meiji Group has pledged its support to this cause since 2017 and donates every year to the Children’s Future Support Fund.
Sustainable Procurement

Policies & Plan

When procuring raw materials and basic ingredients for our corporate activities, the Meiji Group has established the Meiji Group Procurement Policy in order to provide our customers with safe and reassuring high-quality products. Based on this policy, we always consider fairness, transparency and compliance with laws and regulations, and take into account our corporate social responsibility, including human rights and the environment.

Procurement

The Meiji Group takes into consideration human rights and the environment when procuring raw materials, such as cocoa, palm oil and paper from suppliers and when performing supplier audits. In addition, the Group is involved in support programs like Meiji Cocoa Support (see page 30 for details) and one for domestic dairy farmers to ensure the stable supply of cocoa and raw milk. We are also helping improve food productivity by providing a stable supply of agricultural chemicals and veterinary drugs, including research and development of environmentally benign drugs and chemicals (green chemicals).

Formulating and Disclosure of Procurement Guidelines

Based on the Meiji Group Procurement Policy, the Meiji Group formulated Procurement Guidelines in September 2018 for cocoa, palm oil and paper in order to ensure human rights and the environment are taken into consideration during the procurement of raw materials. We disclosed these guidelines on our website and disseminated them both inside and outside the company. By working with our business partners, we ensure our procurement practices and those of our partners take into account human rights and the environment.

Cocoa Procurement Guideline

The Meiji Group complies with all the laws and regulations in the producing countries or regions, and ensures that the working environment and conditions do not infringe on human rights and preserves local biodiversity. The Group also continues its own farmer support program Meiji Cocoa Support, collaborates with the World Cocoa Foundation and engages in other cocoa procurement activities that take into account human rights and the environment.

Palm Oil Procurement Guideline

We joined the Roundtable on Sustainable Palm Oil (RSPO) in 2016. We will increase the amount of RSPO-certified palm oil and our goal is to use 100% of this oil by 2023.

Paper Procurement Guideline

For product packaging, containers, printing and copy paper and other paper-based materials, we are striving to use 100% paper raw materials from forests certified for sustainability practices (such as FSC®*) and/or from recycled paper by FY2020.

* Forest Stewardship Council®

Using the FSC®-certified Paper and Displaying the Logo on Our Products

Based on our Paper Procurement Guideline, we are striving to use 100% paper raw materials from forests certified for sustainability practices (FSC®, PEFC) and/or from recycled paper by FY2020. Since FY2019, we have been increasing the use of environmentally-friendly paper (such as the one certified by FSC®) and recycled paper specifically in our product packaging, containers, printing and copy paper as well as other paper-based materials. We will increase the visibility and familiarity of the FSC® logo through our participation in the FSC® Forest Work 2019 (Jul – Sep) and by displaying the logo on our product packaging.
By closely working with dairy farmers, the Meiji Group is supporting stable and high quality milk production in order to deliver our customers delicious and quality milk.

**Partnership with Domestic Dairy Farmers to Ensure Stable Raw Milk Procurement**

Raw milk delivery and quality control

**Support dairy farmers using our unique operations support for producers**

In domestic dairy farming, there are concerns about the raw milk production base weakening, and dairy farmers are having problems, such as a lack of labor force and/or training that labor force. To address these issues, the Meiji Group is currently pouring resources into the Meiji Dairy Advisory (MDA), which is our own farm management support program designed to help improve farms’ productivity.

The goals of the MDA are to increase work efficiency and to improve work satisfaction for the employees. For management, the goals are to raise the productivity of the farm overall and to attract and secure good workers. To be more specific, the Meiji Group has assigned specialized advisory staff and is creating a system that provides continuous and various support. That support includes building a sense of ownership in each employee, reducing waste or loss on the farm and standardizing work processes or tasks. Thanks to the help of the Meiji Feed Co., Ltd., our Group company who is building a close relationship with producers nationwide, this MDA initiative will be developed even more. Accordingly, we hope to secure sustainable dairy production by improving work on farms and developing management skills.

**MDA is helpful in seeing management issues more clearly**

After participating in the Meiji Group’s MDA program, I understand the importance of standardization and feel comfortable delegating tasks to others. I have more free time and can see the different management issues more clearly. At the same time, I also feel more confident as a farm manager. Going forward, I hope that more family-operated dairy farms begin using MDA to strengthen the production base and improve production efficiency.

Yosuke Tomita  
Limited private company Kao-Tomita Farm, Kumamoto prefecture
Directors and Audit & Supervisory Board Members
(As of June 27, 2019)
## Responsibilities of Members of the Board and Audit & Supervisory Board Members (As of June 27, 2019)

### Members of the Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Positions and areas of responsibility in the Company</th>
<th>Attendance at meetings (FY2018)</th>
<th>Number of years as Member of the Board</th>
<th>Number of the Company’s shares held (Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masahiko Matsuo</td>
<td>Chairman and Representative Director (Corporate Development Dept. and HR &amp; General Affairs Dept.) Member of the Board, Meiji Co., Ltd. Member of the Board, KM Biologics Co., Ltd. Member of Nomination Committee President and Representative Director of Meiji Co., Ltd. Chairperson of Nomination Committee Chairperson of Compensation Committee</td>
<td>16/16</td>
<td>10 years</td>
<td>26,396 shares</td>
</tr>
<tr>
<td>Kazuo Kawamura</td>
<td>President and Representative Director (Corporate Development Dept. and HR &amp; General Affairs Dept.) Member of the Board, Meiji Seika Pharma Co., Ltd. Member of the Board, Meiji Co., Ltd. Chairperson of Nomination Committee</td>
<td>16/16</td>
<td>7 years</td>
<td>31,246 shares</td>
</tr>
<tr>
<td>Michiro Saza</td>
<td>Member of the Board (Corporate Development Dept. and HR &amp; General Affairs Dept.) Member of the Board, Meiji Seika Pharma Co., Ltd. Member of the Board, KM Biologics Co., Ltd.</td>
<td>16/16</td>
<td>7 years</td>
<td>12,455 shares</td>
</tr>
<tr>
<td>Koichiro Shiozaki</td>
<td>Member of the Board and Managing Executive Officer General Manager, Financial &amp; Accounting Department</td>
<td>16/16</td>
<td>4 years</td>
<td>9,906 shares</td>
</tr>
<tr>
<td>Jun Furuta</td>
<td>Member of the Board and Managing Executive Officer General Manager, PR &amp; IR Department</td>
<td>15/16</td>
<td>5 years</td>
<td>3,966 shares</td>
</tr>
<tr>
<td>Daikichiro Kobayashi</td>
<td>President and Representative Director, Meiji Seika Pharma Co., Ltd.</td>
<td>16/16</td>
<td>5 years</td>
<td>9,334 shares</td>
</tr>
<tr>
<td>Katsunari Matsuda</td>
<td>Member of the Board President and Representative Director, Meiji Co., Ltd.</td>
<td>12/12</td>
<td>1 year</td>
<td>7,298 shares</td>
</tr>
<tr>
<td>Tomochika Iwashita</td>
<td>Member of the Board (Outside) Independent director</td>
<td>16/16</td>
<td>3 years</td>
<td>723 shares</td>
</tr>
<tr>
<td>Tohru Murayama</td>
<td>Member of the Board (Outside) Independent director Member of Nomination Committee Member of Compensation Committee</td>
<td>16/16</td>
<td>3 years</td>
<td>530 shares</td>
</tr>
<tr>
<td>Mariko Matsumura</td>
<td>Member of the Board (Outside) Independent director Member of Nomination Committee Member of Compensation Committee</td>
<td>12/12</td>
<td>1 year</td>
<td>65 shares</td>
</tr>
</tbody>
</table>

### Audit & Supervisory Board Member

<table>
<thead>
<tr>
<th>Name</th>
<th>Positions and areas of responsibility in the Company</th>
<th>Attendance at meetings (FY2018)</th>
<th>Number of years as Audit &amp; Supervisory Board Member</th>
<th>Number of the Company’s shares held (Shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineo Matsuzumi</td>
<td>Audit &amp; Supervisory Board Member Audit &amp; Supervisory Board Member, KM Biologics Co., Ltd.</td>
<td>16/16 15/15</td>
<td>2 years</td>
<td>3,152 shares</td>
</tr>
<tr>
<td>Hiroyuki Tanaka</td>
<td>Audit &amp; Supervisory Board Member</td>
<td>16/16 15/15</td>
<td>2 years</td>
<td>6,973 shares</td>
</tr>
<tr>
<td>Hajime Watanabe</td>
<td>Audit &amp; Supervisory Board Member (Outside) Independent director</td>
<td>16/16 15/15</td>
<td>6 years</td>
<td>—</td>
</tr>
<tr>
<td>Makoto Ando</td>
<td>Audit &amp; Supervisory Board Member (Outside) Independent director</td>
<td>16/16 15/15</td>
<td>2 years</td>
<td>800 shares</td>
</tr>
</tbody>
</table>
Career summary

Ex-Executive Vice President, Tokio Marine & Nichido Fire Insurance Co., Ltd.
Ex-President, Tokio Marine & Nichido Life Insurance Co., Ltd.
Director (External), DCM Holdings Co., Ltd.
Ex-Representative Director and President and Ex-Director and Chairman, Accenture Japan Ltd.
Visiting Professor, Faculty of Science and Engineering, Waseda University

Attorney at Law
Outside Audit & Supervisory Board Member, Adastria Co., Ltd.
Certified Public Accountant
Unaffiliated Auditor, Nippon Concrete Industries Co., Ltd.

* Attendance since appointment to Member of the Board on June 29, 2018
It was the first fiscal year of the 2020 Medium-Term Business Plan last year. Despite increased sales and profits, the Group did not reach the initial targets. And, the results fell short of the stakeholders’ expectations.

I understand that is because the performance of the Food segment slowed down. On the other hand, the Food segment also underwent major reform. The marketing organization was restructured, and it is now rearranged according to function rather than by business segment. This move was made to better communicate Meiji’s unique value to the customers. Once all employees have a clear understanding of the reform’s goal and manage the business accordingly, then it should certainly lead to substantial results.

Achieving Targets in the Meiji Group 2026 Vision

Meiji Holdings Co., Ltd. welcomes three outside directors with different specializations to the Board to strengthen the function of the Board of Directors and to establish more effective corporate governance. Here, Mr. Tomochika Iwashita, Mr. Tohru Murayama and Ms. Mariko Matsumura discuss the issues to achieve the Meiji Group 2026 Vision targets and provide insight on resolving those issues.

Outside director
Tomochika Iwashita

Outside director
Tohru Murayama

Outside director
Mariko Matsumura

Achieve sustainable growth by staying on track in 2026 Vision

**Matsumura** It was the first fiscal year of the 2020 Medium-Term Business Plan last year. Despite increased sales and profits, the Group did not reach the initial targets. And, the results fell short of the stakeholders’ expectations.

**Iwashita** I understand that is because the performance of the Food segment slowed down. On the other hand, the Food segment also underwent major reform. The marketing organization was restructured, and it is now rearranged according to function rather than by business segment. This move was made to better communicate Meiji’s unique value to the customers. Once all employees have a clear understanding of the reform’s goal and manage the business accordingly, then it should certainly lead to substantial results.

**Murayama** Of course, emphasis on business performance for each fiscal year is important. However, achieving sustainable growth is key for the Meiji Group. For this reason, we established the Meiji Group 2026 Vision (the 2026 Vision). I believe that we, as outside directors, should monitor and ensure that the Meiji Group manages its businesses in line with this Vision.

In the Food segment, strengthening the marketing
is vital in order to further expand the new markets that the Group carved out. In light of this, the Group carried out this radical organizational reform. I believe that this restructuring is a well-regarded move. In addition, we are working toward reforming the business structure in the Pharmaceutical segment. While the direction of this restructuring is clear, the key issue is how do we accelerate this process.

Currently, I believe that both segments are operating their business following the course that is mapped out in the 2026 Vision. Mr. Iwashita and I have been involved in formulating the 2026 Vision. We will check to ensure that the Group does follow the path and policies in the 2026 Vision.

Matsumura I started working as an outside director for Meiji Holdings Co., Ltd. a year ago. In the Board meetings, the directors are quite active in the discussions, and I was surprised to see how the meetings always went beyond the scheduled time period. I feel that the exchange between all the directors is frank, which makes the discussions very fruitful.

As the Meiji Group progresses into the 2nd stage of management integration, the Co-Creation Center stands out as a symbol

Iwashita I have high expectations for the Co-Creation Center, which was the research laboratory established in April 2019. Since the 2026 Vision was established, I suggested that One of Meiji’s biggest advantages is having both Food and Pharmaceutical segments. Integrating or combining these segments would produce tremendous value. Establishing the Co-Creation Center was a major step in our strategy to combine resources and realize synergy.

Murayama I think that the Co-Creation Center has great appeal and should be publicized more. It is a symbol of Meiji’s progress into the 2nd stage of management integration. We successfully created a new management system in the 1st stage, merging two management departments to reinforce that new system, which was well received in the stock market. Now in the 2nd stage, both the Food and Pharmaceutical segments must be combined to create a new business platform. The Co-Creation Center is a stepping stone and embodies the 2026 Vision’s slogan Beyond meiji.

Matsumura International business will also be an important topic for the Meiji Group. From discussions in the Board meetings I believe that there is a lot of room
for growth in international business. The Food business in China has continued to grow steadily. I understand that the Group wants business in China to maintain steady growth while keeping a close eye on food safety, rather than just following the market’s momentum.

Iwashita My impression of the Meiji Group’s business approach can be described as very devoted and methodical. The Group does what needs to be done one task at a time, carefully building up and developing the business. The Group is using this same approach to develop the international business. Even though it may take time, it should lead to a successful business in the long run.

Murayama I think the Meiji Group should actively publicize its approach on international business in the market so that investors understand the Group’s strategy.

Since the Meiji Group deals with food products, as a Japanese company it should provide high quality and safe products to the customers. The Group tries very hard to deliver products with added value that are both attractive and delicious to the market. That is the meiji way and by sticking to this approach, the Group has grown enormously in Japan. I know it is important to achieve rapid growth in the international business. But I also understand that maintaining the meiji way at each location is important. We should balance these strategies to optimize international business development.

Fostering the next generation of management early on is an important issue

Matsumura I think that the Meiji Group has a heightened sense of corporate governance. Revising the Corporate Governance Code made its way quickly to the Board meeting discussion. There has been a very active Q&A on the corporate governance of KM Biologics Co., Ltd., which became part of the Group last July. All the outside directors visited KM Biologics Co., Ltd. last year, and we have had frequent reports from their president in the Board meetings. We are keeping abreast of the progress and improvements they make in their corporate governance.

Iwashita The other day, a practical succession plan was developed. A pending topic over the last few years was creating a system to screen and select directors, which was finally established. However, first, we have to focus our efforts in developing potential candidates for the process leading up to the succession plan. One thing that the Meiji Group needs for further growth is to continue to innovate. Innovation means accumulating various expertise and skills to produce something new that changes society. Fostering such innovation is a vital topic among management. And, I think a system that develops the next generation of management early on is a part of that succession plan.

Murayama The Meiji Group can achieve sustainable growth by following the 2026 Vision and revising that strategic plan when necessary. So a succession plan should be linked with it.

In addition, in order to achieve the 2026 Vision, we
need to overcome the inter-organizational, business and regional obstacles. For the future, it is critical to give these types of opportunities to the next generation of management and challenge them. By assigning them projects that need inter-organizational collaboration, we will train and educate the next generation of management and broaden their minds. The newly established Co-Creation Center is a platform where personnel can gain that experience, and we are hoping that this center will be a training ground for them.

The Meiji Group should be a leading company for diversity and sustainability

Matsumura I have heard that becoming more diverse was one of the top business priorities since I joined the company. Recently, I have been focusing more on this topic. For example, the current ratio of female managers is 3 to 4%, and I think the presence of women is a little behind. It is imperative to have a diverse staff, including people from other countries, in order to support the different tastes of consumers and the globalization of business. What we face now is how we accelerate the Group to be more diverse.

Murayama I think that nowadays the company’s efforts toward sustainability are directly linked to the corporate brand value. I am afraid that the current activities may be lacking from the viewpoint of a branding strategy. We should integrate the meiji way into our efforts for sustainability. I do hope that each and every employee learns about the essence of sustainability and not only participates in activities but strives for a higher level.

Murayama I think that the Meiji Group is quite popular among students who are looking for jobs and has a strong chance of hiring excellent and capable young workers. That is why we must not follow conventional trends with a low ratio of female employees. Hence, currently the Group is trying to boost female staff systematically, which also translates into promoting female employees. I hope that we can help the female employees to achieve their potential and become a leading company in the industry.

Matsumura In terms of a work-life balance, the Meiji Group has incorporated systems such as a flextime system and a telecommuting system. It would be nice to offer a flexible working style and become a model company for society.

Iwashita I think that there should be more active exchange between the Food and Pharmaceutical segments. This is also part of our strategy to promote diversity in workplace. When employees with different backgrounds work together, it can have a tremendous impact. I believe certain stress can be an opportunity for growth. Personnel will learn and grow when they are challenged to view their own organization or department more objectively from the outside.

With regard to sustainability, the Group is steadily building up its activities one step at a time through its main businesses in Food and Pharmaceuticals.

Iwashita For the future growth of the Meiji Group, I believe each employee should always keep the 2026 Vision in mind, and try to work hard almost with a sense of urgency. I will monitor the progress and check for any deviation or delays, and then report back to the Meiji Group as necessary.

Murayama As an outside director, I always question myself to make sure I have not lost my ability to see things in a fresh and different way. And to help the Group stay on track in the 2026 Vision, I will be sure to draw attention to anything that comes to mind or anything I see.
General Meeting of Shareholders

Election, Dismissal

Meiji Holdings Co., Ltd.

Nomination Committee
Compensation Committee
5 Member System (Outside Directors: 3, Internal Directors: 2)
Executive Committee
Corporate Development Department
Financial & Accounting Department
HR & General Affairs Department
PR & IR Department
Co-Creation Center

President and Representative Director
Appointment, Dismissal, Supervision

Audit Department
Audits Conducted by Audit & Supervisory Board Members

Audit & Supervisory Board
Audit & Supervisory Board Members: 4 (Including Outside Audit & Supervisory Board Members: 2)

Outside Directors: 3
Internal Directors: 2
Executive Committee
Board of Directors
Directors: 10 (Including Outside Directors: 3)
Audit & Supervisory Board
Audit & Supervisory Board Members: 4 (Including Outside Audit & Supervisory Board Members: 2)

Outside Auditors: 2
Outside Audit & Supervisory Board Members: 2

Audit Department (internal auditing)

Accounting Auditor
Ernst & Young ShinNihon LLC

Corporate Governance Data

(As of June 27, 2019)

<table>
<thead>
<tr>
<th>Items related to corporate governance</th>
<th>Organization Form</th>
<th>Content</th>
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<tr>
<td>Basic views on corporate governance</td>
<td>Established</td>
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<td></td>
<td>Company with Audit &amp; Supervisory Board</td>
<td></td>
</tr>
<tr>
<td>Directors</td>
<td>Term of Directors</td>
<td>1 year</td>
</tr>
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<td></td>
<td>Chairperson of the Board</td>
<td>President</td>
</tr>
<tr>
<td></td>
<td>Number of Directors (including Outside Directors)</td>
<td>10 (3 Outside Directors, including one female Director)</td>
</tr>
<tr>
<td></td>
<td>Number of Board of Directors meetings</td>
<td>16 times (FY2018)</td>
</tr>
<tr>
<td></td>
<td>Attendance of Outside Directors at Board of Directors meetings</td>
<td>100% (FY2018)</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board</td>
<td>Number of Audit &amp; Supervisory Board Members (including Outside Auditors)</td>
<td>4 (2 Outside Auditors, including one female Auditor)</td>
</tr>
<tr>
<td></td>
<td>Attendance of Outside Auditors at Board of Directors meetings</td>
<td>100% (FY2018)</td>
</tr>
<tr>
<td></td>
<td>Principal meetings auditors attend</td>
<td>Board of Directors, Executive Committee*, Audit &amp; Supervisory Board, Audit Department Liaison Meeting, and others</td>
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<tr>
<td></td>
<td>Number of Audit Committee meetings</td>
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<td></td>
<td>Attendance of Outside Auditors at Audit Committee meetings</td>
<td>100% (FY2018)</td>
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<tr>
<td>Election of Independent Director</td>
<td>5 (3 Outside Directors, 2 Outside Audit &amp; Supervisory Board members)</td>
<td></td>
</tr>
<tr>
<td>Accounting Auditor</td>
<td>Ernst &amp; Young ShinNihon LLC</td>
<td></td>
</tr>
<tr>
<td>Audit department (internal auditing)</td>
<td>Audit Department</td>
<td></td>
</tr>
</tbody>
</table>
Director Remuneration

Policy on Determining Remuneration Amounts and Calculation Methods

The remuneration of internal directors in the Company is comprised of three components: 1. Base compensation, which is fixed according to the position and responsibilities, 2. Performance based compensation as a short-term incentive, which is assigned according to the Company’s and individual’s performances from the prior fiscal year, and 3. Stock compensation as a medium- to long-term incentive, which is based on the Company’s stock price movement. The base compensation and performance-linked compensation are paid out in cash, and stock compensation is allocated as restricted stock. Note that the fixed (base) compensation and variable compensation (performance-linked compensation and stock compensation) have an approximate 6:4 ratio of the overall remuneration. The variable compensation is designed to pay out more for higher positions.

The remuneration for outside directors and Audit & Supervisory Board members is only comprised of a fixed base compensation due to their position and to maintain their independence.

The amount of compensation for a director falls within a general range that is decided at the General Meeting of Shareholders. The amount is calculated based on an evaluation of the company’s performance and the individual’s performance, while referencing the standard compensation level at other companies provided by an external research agency.

The metrics of company performance are consolidated net sales and consolidated operating income, 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 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 operating results used to calculate the performance-linked compensation paid in FY2018.

| Results (FY2017) | Consolidated Net Sales | ¥1.24086 trillion | Consolidated Op. Income | ¥94.673 billion |
| Targets FY2017    | ¥1.261 trillion        | ¥94.5 billion     |
| Results from previous year (FY2016) | ¥1.24248 trillion | ¥88.395 billion |

The calculated compensation is then decided by the Board of Directors based on a recommendation from the Compensation Committee, which is made up of at least 3 members with a majority of independent outside directors.

Breakdown of Director Remuneration (FY2018)

Information is disclosed such as the total amount of remuneration for each type of director, the total amount for each type of compensation and the number of officers that are paid. In addition, the individual remuneration is disclosed for any director who has a total compensation of JPY 100 million or higher. The details of the remuneration for each type of director during FY2018 are as follows.

| 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(s): 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 JPY 1 billion per year (not including the employee portion of remuneration for directors who concurrently serve as employees).
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 JPY 300 million per year.
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.
4. The total stock compensation is the amount recorded as an expense in the fiscal year being reported.)
Evaluation of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors as a whole, takes remedial measures to address any issues that are highlighted so that the Board of Directors can fulfill its functions more effectively. This is based on survey that includes a self-evaluation questionnaire submitted each year by members of the Board of Directors on the role and management of the Board of Directors and problems or issues that the Board faces.

1. Method for analyzing/evaluating how effectively the Board functioned in FY2018

In May 2019, we analyzed/evaluated how effectively the Board of Directors functioned in FY2018 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 covers the following categories:
- Roles and responsibilities of the Board meeting (setting strategic direction, overseeing company, preparing succession plan, discussing/deliberating/reporting on business matters)
- Board composition
- Chairperson’s performance
- Quality of presentation materials and performance
- Secretariat’s performance
- Progress in achieving challenges set in previous year.

The feedback items are summarized as follows:
- How well the Board has performed according to our corporate governance policy
- How well the Board is being run
- Progress in achieving 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.

Issues identified last fiscal year:
- Systematize succession planning and develop a procedure and operational method
- Establish criteria for including/excluding topics in the agenda
- Manage Board meetings effectively.

These issues were addressed appropriately and the Board has become more effective.

This evaluation also highlighted some issues for discussion in the Board meetings:
- Ensuring steady progress of the development policy for our succession planning
- Improving the quality of meeting materials and presentations.

Succession Planning

The Nomination Committee recommends the appointments and dismissals of top executives. This committee is comprised of at least three members, and the majority are independent outside directors. The members have a say in the succession planning.

After celebrating our 100th anniversary, the Meiji Group created a new long-term business plan, the Meiji Group 2026 Vision. Due to the importance of succession planning for our top executives as per our Corporate Governance Code and in order to achieve this Vision, we established a set of Leadership Values for our executives. These standards were reviewed by both the Nomination Committee and the Board of Directors before being adopted by the latter in January 2018.

In order for Meiji Group executives to lead the Group toward achieving its vision, we believe it is critical for them to instigate change and lead reform efforts. The Leadership Values identify ten leadership qualities from the following three categories.

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

In addition, the development policy for our succession planning was discussed and decided in the Board meeting in March 2019 as recommended by the Nomination Committee.

Candidate screening and nomination for the next president of the Company and major group companies are to be discussed in the Nomination Committee.

We will identify and develop new leaders based on the criteria listed in the succession planning, specifically by selecting leadership candidates, building their careers strategically, and building a talent bench.
Risk Management

Basic Views
Risk does not just involve support and recovery when an emergency or disaster occurs that severely impacts business activities. Our risk management systems are also based on measures that help control and mitigate risk. In addition, part of corporate responsibility in the Food and Health fields is to have systems in place to ensure a stable supply of pharmaceuticals, infant formulas and enteral formulas is delivered even in times of emergency.

Management System
The Meiji Group has risk management systems in place that are appropriate for both the Food and Pharmaceutical businesses. To help identify risk factors in our businesses, we conduct regular information sharing in a three-company committee structure, which includes Meiji Holdings Co., Ltd., in order to detect risk early on. We also address other issues and review our support.

Compliance

Basic Views
The Meiji Group complies with the laws, regulations and social rules of each country in order to ensure all transactions are proper and to promote fair, transparent, and free competition. To increase awareness and strengthen compliance further, we established internal regulations based on our Corporate Behavior Charter and work to improve internal training. We conduct business holding ourselves to high ethical standards and shall continue to develop to be a company trusted by society.

Management System
The Meiji Group has Compliance Regulations as well as related rules and committees in place, and also uses an internal reporting system.

At Meiji Co., Ltd., our approach uses the risk management and compliance in close conjunction with one another, and we have a Compliance & Risk Management Committee to promote a variety of activities and programs. We promote activities to nurture and foster compliance awareness so as to ensure compliance is the cornerstone of our operations and to ensure those operations are conducted fairly and faithfully.

Meiji Seika Pharma Co., Ltd. has established the Compliance Program Guidelines and the Meiji Seika Pharma Code of Practice. As professionals who work in a business and with products that concern the health and lives of people, we require all executives and employees to act in accordance with high ethical standards.

The KM Biologics Co., Ltd. joined the Meiji Group in July 2018 and has initiated the Winning Back Trust project in order to raise compliance awareness among workers on site. We implemented a structural reform in order to strengthen the auditing function, ensure independent auditing, clarify responsibilities and authority by introducing Meiji-style plant management systems and clarify the reporting and communication routes. These reforms will help the organization identify and address issues early on. As a new member of the Meiji Group, we will establish compliance system with higher standards.

Strengthening Our Business Continuity Planning (BCP)
We are in the process of further strengthening our BCP. In the event of a major earthquake or other large-scale disaster, our planning goal is to be able to restore operations as quickly as possible so that we can fulfill our mission to supply necessary pharmaceuticals and food products.

Connecting Risk to Growth Opportunities
The Meiji Group 2026 Vision and the Meiji Group CSR 2026 Vision consider risk from social trends or social issues that could potentially impact business. The Meiji Group sees these types of changes in the economic or social climate as growth opportunities that enable us to continue finding innovative ways to meet our customers’ needs, today and tomorrow.