Sustainability Meeting

Meiji Group’s Approach to Sustainability

December 17, 2019

Meiji Holdings Co., Ltd.
1. Meiji Group 2026 Vision
2. Sustainability 2026 Vision
3. Our Activities during FYE March 2020
4. Sustainability Topics
1. Change in social structure due to aging population
   - 30% of Japan’s population will be 65 years or older by 2025

2. More health conscious and focused on prevention
   - Rise in diseases and disorders due to changes in lifestyle and dietary habits

3. Larger middle class all over the world
   - Rising income level in emerging countries such as China and India

4. Increasing global food problem
   - Increase in global feminine, malnutrition due to food shortage, and food loss

5. Spreading antibiotic-resistant bacteria
   - Global increase in antimicrobial resistance (AMR)
Meiji Group 2026 Vision
Improve our corporate value over the medium- and long-terms

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

Business Vision

To promote;
- Use external resources
- Increase productivity significantly

Sustainability Vision

4. Social contributions
   Set three themes to contribute to society
   - Healthier Lives
   - Caring for the Earth
   - A Richer Society

Management Vision

- 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

To promote;
Meiji Group Sustainability 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.
Established the Group Sustainability System

October 2019 Established Sustainable Management Dept.
Plan and promote sustainability strategy for the Group to realize Sustainable Society

<Promotion System>

- Management Meeting
- The Group CSR Committee (meets two times per year)
- The Group Sustainability Secretariat Meeting (Monthly)

Chairman: President and representative director, Meiji Holdings
Vice chairman: President and representative directors of Meiji, Meiji Seika Pharma, KM Biologics
Chief of Secretariat: Member of the Board in charge of the Group Sustainability

<meeting committee structure>

- Group Human Rights Meeting
  - Subcommittee 1 (Raw materials for food)
  - Subcommittee 2 (Raw materials for pharmaceutical)
  - Subcommittee 3 (Foreign employee)

- Sustainable Procurement Meeting
  - Subcommittee for Raw milk
  - Subcommittee for Cocoa
  - Subcommittee for Paper

- The Group Environment Meeting
  - Subcommittee for Recycling of Plastic Resources
  - Subcommittee for Science Based Targets

Meiji Holdings Co., Ltd.
Meiji Co., Ltd.
Meiji Seika Pharma Co., Ltd.
KM Biologics Co., Ltd.
Climate Change

- **Our Activities for FY 2019**
  - Prepare long-term plan for solar power system introduction. Install the system in 1-2 plants/year for the next 10 years.
  - Introduce solar power system in Kyushu Plant, Meiji Co., Ltd. Start operation in March 2020.
  - Replace to low emission vehicle.

- **Revised target for CO2 emission**

  Setup global target taking into account of SBT* by FY 2030.

  *SBT: Science Based Targets

  **Concept drawing for solar power system in Kyushu Plant**

  Meiji Co., Ltd. to reduce CO2 emission by 6,000 t-CO2 compare to FY 2019 and solar power generation 8.4 MW by FY 2028.

  **CO2 Emission Volume**

<table>
<thead>
<tr>
<th>FY 2015 (Base year)</th>
<th>FY 2030 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>76 (10,000 t-CO2)</td>
<td>Reduce about 40%</td>
</tr>
</tbody>
</table>

  Reduce about 40%
Securing Water Resource

● Our Activities for FY 2109
  ● Discuss water consumption reduction plan
  ● Discuss water risk management
    • Analyze water risk with Aqueduct
    • Evaluate production site by on-site survey

● Activities for FY 2020
  ● Hire consultant and discuss concrete measures for water risk

● Revised target for water consumption reduction
  Global target to reduce 20% of water consumption volume per unit of sales by FY 2030 compared to FY 2017

Water consumption volume unit per sales (1,000 m³/JPY 100 million)

- FY 2017 (Base year): 1.94
- FY 2030 (Target): Reduce 20%
### Realizing Recycling Society

#### Reduce food loss

- **Our activities for FY 2019**
  - Work with Food Bank
    - Donate our products
    - Donate stockpile of food
    - Join the events sponsored by Food Bank
  - Switch freshness date to mm/yy from mm/dd/yy
    - Establish policy, Specify products
    - Switch newly launching products from next spring
  - Extend freshness date
    - *Meiji Oishii Gyunyuu* 900 mL
  - Work with distributors
    - Review 1/3 rule
    - Review order lead time

#### Plastic resource recycling

- **Our activities for FY 2019**
  - Setup subcommittee for plastic resource recycling and discuss concrete measures
  - Meiji uses 99% of plastic Group-wide especially yogurt package
  - Establish policy
    - Discussing concrete measures
  - Reduce 25% of plastic consumption volume by 2030
  - Use bioplastic and regenerated plastic
Using Traceable Cocoa

Meiji’s current situation (Imaginary)

- **Total volume**
- **Traceable cocoa**
- **Non-traceable**

<table>
<thead>
<tr>
<th>Region</th>
<th>Traceable cocoa</th>
<th>Non-traceable</th>
<th>Total volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>10%</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>Latin America</td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50%</td>
<td>50%</td>
<td>100%</td>
</tr>
</tbody>
</table>

- **Revised target**
  - Procure sustainable cocoa bean* 100% by 2026

- **Our activities for FY 2019**
  - Start subcommittee for cocoa
  - Continue *Meiji Cocoa Support*
  - Work w/World Cocoa Foundation
  - Discuss *Action Plan to Protect Forestry in Cocoa Producing Countries*
  - Discuss concrete measures to procure sustainable cocoa bean*

*Sustainable cocoa bean: Human rights and environmentally sound cocoa beans such as certified beans and traceable beans
Replace 100% to Certified Palm Oil

- Our activities for FY 2019
  - Acquisition of RSPO Certification (mass balance)
    - Acquired and in acquiring in FY 2019
      - Confectionary: Sakado, Tokai, Osaka Plans, and Donan Shokuhin
      - Ice cream: Gunma, Kansai Ice cream Plants
      - Infant formula: Gunma Nutritionals and Saitama Plants
  - Start using RSPO certified palm oil
    - October 2019: Sakado and Gunma Plants
    - April 2020: Six others (plan)

- Targets
  - Ratio of certified oil amount in FY 2019: ca. 10%
  - Ratio of certified oil amount in FY 2020: ca. 60%

Accelerate for the Olympic and Paralympic Games Tokyo 2020
## Alignment with External organization

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2019</td>
<td>Signed The United Nations Global Compact</td>
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</table>
| April 2019     | Joined Global Compact Network Japan  
                 Improve our activities by using information and tools obtained through subcommittee in GCNJ |
| October 2019   | Joined The Climate Change Initiative |
| November 2019  | Agreed on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) |
| December 2019  | Joined TCFD Consortium  
                 Develop and share scenario analysis and quantitative analytical method with investors and companies who agreed on TCFD  
                 Improve analysis results |
Topics-1  TCFD Scenario analysis

Applied to TCFD scenario analysis hosted by Ministry of the Environment
Started scenario analysis in August 2019

Target theme

1. Raw milk
   Drinking milk, Yogurt, Infant formula, …

2. Anti-infectious drug
   Antibacterial, Vaccine

Important risks

Raw milk
- Changes in patterns of precipitation and temperature
- Recycling of packages
- Changes in consumer behavior

Infectious disease
- Increase in average temperature
- Frequent abnormal climate
- Introduction of carbon tax
- Sea level rise
- Increase/decrease in mainstay products

Reference: ARS SYR Figure SPM.6
### 4°C/If leaving to chance…

Delaying decarbonization, risk of flood damage etc. will increase, while infectious disease market will expand.

- Milk production decreases due to heat stress
- Cooling cost increases
- Due to natural disaster
  - Increase in operating cost and logistic cost
  - Possible shutdown of facilities
- Decrease in operating rate of factory in water-stressed areas
- Increase in mosquito-borne diseases
- Increase in diarrhea such as infectious enteritis and cholera due to water pollution

### 2°C/If strictly regulate…

Promoting decarbonization, investors and customers become interested in environmental issues. Increase in various costs, while ethical consumerism may become popular.

- Increase in logistic cost due to introduction of carbon tax
- Increase in production cost and procuring cost due to use of reclaimed materials
- Buying more ethical products
- Increase in mosquito-borne diseases
- Increase in diarrhea such as infectious enteritis and cholera due to water pollution
Topics-2 Following Human Rights Due Diligence

- **FY 2018**
  - Assessing actual and potential human rights risks in each value chain

- **July 2019**
  - Setup Group Human Rights Meeting
  - Prioritize and select three themes

- **FY 2020**
  - Conduct a questionnaire survey on sustainable procurement

**Raw materials for Food**
- Specify six raw materials
  - Raw milk, Cocoa, Paper, Palm oil, Soy beans, and Sugar

**Raw materials for Pharmaceutical**
- Procurement of raw materials
- Follow UK Modern Slavery Act 2015

**Foreign employee**
- Reality check for Technical intern trainee

**Group Human Rights Meeting**
- Sustainability staff of Meiji Holdings, Meiji, Meiji Seika Pharma, KM Biologics and related department
Topics-3  Volunteer activity

- November 2, 2019 Saturday
  9:00 am to 2:00pm
- In Takeo city, Saga Prefecture
- Visited Omoyai Volunteer Center
- 19 volunteers
- Activities
  Scoop fresh sand under the floor of houses suffered above floor level inundation

Forthcoming Volunteer activities

- December 21, Saturday
  In Nagano prefecture where hit by Typhoon #19
- March 2020
  Sale of disaster-stricken regional specialty at company store and provide specialty menu at cafeteria
<The Meiji Group Founding Spirit>

Contributing to the country through nutrition

Topics

- Sweetness
- Tastiness
- Nutrition
- Infectious Disease
- Healthiness
- Malnutrition
- Aging
- Prevention

Contribute to extend healthy life expectancy
References: Progress of Materiality in FY 2018
Health and Nutrition

Contribution to healthy diet, Solving super-aging society

**Target**

1. Develop products that contribute to healthy diets and a super-aged society

2. Enroll a total of 500,000 participants into nutrition and healthy diet education within three years from FY2018 to FY2020

**Results of FY 2018**

- Health-conscious Products: 47 products
- Nutritional products with added value: 32 products
- Products for a super-aged Society: 6 products
- 196,000 enrolled
Materiality-2  Caring for the Earth

Climate Change  Our contribution to the SDGs

Reduce CO2 emission volume

Previous Target
Reduce total domestic* CO2 emission volume by more than 15% compared with FY2013 baseline by FY2030

Results of FY 2018
Reduced 16.8%

* The domestic Meiji Group, excluding KM Biologics

CO2 emission volume per unit of sales (10,000 t-CO2)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2013 Baseline</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2030 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td>58.2</td>
<td>52.3</td>
<td>50.4</td>
<td>48.4</td>
<td>49.5</td>
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<tr>
<td>FY 2016</td>
<td>52.3</td>
<td>50.4</td>
<td>48.4</td>
<td>49.5</td>
<td></td>
</tr>
<tr>
<td>FY 2017</td>
<td>50.4</td>
<td>48.4</td>
<td>49.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2018</td>
<td>48.4</td>
<td>49.5</td>
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</tr>
<tr>
<td>FY 2030</td>
<td>49.5</td>
<td></td>
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Water  Our contribution to the SDGs

Secure water resources

Previous Target
Reduce total domestic* water consumption volume by More than 20% compared with FY2015 baseline by FY 2030

Results of FY 2018
Reduced 12.2%

* The domestic Meiji Group, excluding KM Biologics

Water consumption volume per unit of sales (1,000 m³/JPY 100 million)

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<thead>
<tr>
<th>Year</th>
<th>FY 2015 Baseline</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2030 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>2.13</td>
<td>2.07</td>
<td>1.92</td>
<td>1.87</td>
<td>1.70</td>
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<tr>
<td>FY 2016</td>
<td>2.07</td>
<td>1.92</td>
<td>1.87</td>
<td>1.70</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>FY 2018</td>
<td>1.87</td>
<td>1.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2030</td>
<td>1.70</td>
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Materiality-3  A Richer Society

Human Resources and Society

Promote diversity and inclusion and Development of human resources

**Target**

- More than **10%** female managers by FY 2026
- Female leaders*¹ in FY 2026
- Minimum of **420** leaders
- The ratio of disabled employees*²
- More than **2.2%**

**Results of FY 2018**

- Female managers **3.1%**
- Female leaders **171 leaders**
  *¹ The combined total targets for Meiji HD Co., Ltd., Meiji Co., Ltd., Meiji Seika Pharma Co., Ltd. and KM Biologics Co., Ltd. alone, excluding affiliates
  Leader: Manager and assistant manager
- **2.29%**
  *² The combined total targets for Meiji HD, Meiji and Meiji Seika Pharma alone, excluding affiliates

Respect and Promote human rights

Employees receive training on human rights **100%**
Materiality-4  Sustainable Procurement

Procure raw materials with consideration toward human rights and the environment

Cocoa Beans
- Previous Target: Improve traceability of cocoa
- Target: Use 100% of RSPO*-certified palm oil by FY2023
  - * RSPO: Roundtable on Sustainable Palm Oil
- Results of FY 2018: Approximately 10% reduction in usage from previous year
  - Reason: Did not meet chocolate usage targets

Palm oil
- Target: Use 100% of RSPO*-certified palm oil by FY2023
  - * RSPO: Roundtable on Sustainable Palm Oil
- Results of FY 2018: Using approximately 2%

Paper
- Target: Use 100% paper raw materials* from forests certified for sustainability practices (FSC®, PEFC) and/or from recycled paper by FY2020
  - * Packaging paper for products manufactured domestically
- Results of FY 2018: 55.3%
  - The domestic Meiji Group, excluding KM Biologics
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