Meiji Group Long-term Environmental Vision

March 1, 2021
Meiji Holdings Co., Ltd.
Agenda

1. Meiji Group Long-term Environmental Vision
2. ESG Investment
3. Sustainability Finance Framework
1. Meiji Group Long-term Environmental Vision

2. ESG Investment

3. Sustainability Finance Framework
# Global Environment in 2050

## Projected conditions in 2050

<table>
<thead>
<tr>
<th>Category</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Climate Change</strong></td>
<td>Global greenhouse gas emissions: <em><em>Up 1.5x</em> Exceed Paris Agreement international goal of limiting global warming to 2°C or less</em>*</td>
</tr>
<tr>
<td><strong>Water resources</strong></td>
<td>Population without access to tap water: <strong>Over 240MN</strong> Population without basic hygienic facilities: <strong>1.4BN</strong></td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>Global population increase causing <strong>Increasing waste disposal problems</strong></td>
</tr>
<tr>
<td><strong>Pollution</strong></td>
<td>Deaths caused by particulate matter: <strong>2x to 3.6M people/year</strong>*, mainly India and China</td>
</tr>
<tr>
<td><strong>Biodiversity</strong></td>
<td>Land-based biodiversity: Down another <em><em>10%</em> by 2050</em>*</td>
</tr>
</tbody>
</table>

*Compared to 2010

(Source) Organisation for Economic Co-operation and Development (OECD). OECD Environmental Outlook to 2050
Need to Sustain Ecosystem

Relation between Meiji Group and the Ecosystem

Meiji Group Operations

- Natural resources are critical to our management platform
- Maintaining nature’s blessings is critical

Looking ahead

- Natural resources are critical to our management platform
- Maintaining the ecosystem is critical

Ecological pyramid

Maintaining the ecosystem requires sufficient natural resources such as water and air

Source: Ecosystem Conservation Society-Japan
Meiji Group Long-term Environmental Vision

Purpose
To reduce the environmental load associated with business for coexisting with nature

Meiji Group Long-term Environmental Vision
Meiji Green Engagement for 2050

Commitment in our Engagement

<table>
<thead>
<tr>
<th>Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dialogue</td>
</tr>
<tr>
<td>Promise</td>
</tr>
<tr>
<td>Desire to contribute</td>
</tr>
</tbody>
</table>

Dialogue
Aim for “A Healthy Future. For People. For Earth.” Dialogue with global environment.

Promise
Promise to maintain a healthy global environment

Desire to contribute
Contribute to realization of sustainable global environment
Employees voluntarily engage in activities

Concept Image
Meiji Green Engagement for 2050
A Healthy Future: For People. For the Earth

气候変化
Water
循環経済
汚染防止
Meiji Group Long-term Environmental Vision

Four activity domains

- Climate Change
- Water Resources
- Circular Economy
- Pollution Prevention
Our goal

To become carbon neutral

Target by 2050

- Eliminate CO2 and other greenhouse gas emissions throughout our entire supply chain by 2050 (carbon neutral)

- Use 100% renewable energy in facilities by 2050
## Climate Change: To Become Carbon Neutral

Action plans to achieve goals by 2050

<table>
<thead>
<tr>
<th>Reduce CO2 emission volume</th>
<th>Reduce CO2 emissions (Scope 1,2) of the total Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- At least <strong>23%</strong> by FY2023</td>
</tr>
<tr>
<td></td>
<td>- At least <strong>40%</strong> by FY2030</td>
</tr>
<tr>
<td></td>
<td>*Compared to FY2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promoting use of renewable energy</th>
<th>Increase renewable energy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- At least <strong>15%</strong> of total power usage by FY2023</td>
</tr>
<tr>
<td></td>
<td>- At least <strong>50%</strong> of total power usage by FY2030 for the total Group</td>
</tr>
</tbody>
</table>
Climate Change: To Become Carbon Neutral

Current initiatives

Energy conservation activities to reduce CO2

Install energy-efficient devices

Top Runner* transformer

Optimize control of production facilities

Multi-meter for substations

Adopt modal shift

Use renewable energy

Install and expand use of solar panels

Santa Ana Plant of Meiji America

Use biomass energy created using methane fermentation**

Sakado Plant

Use electricity created with renewable energy

Future initiatives

- Aim for Science-Based Target (SBT) certification by FY2022
- Adopt internal carbon pricing (ICP) in FY2021
- Adopt and use next-gen technology

* Equipment with excellent energy-saving performance
**Methane fermentation processing method: Processing method that uses anaerobic (air-disliking) microorganisms break down organic matter in wastewater to transform that matter into methane gas and CO2. Methane gas is used as fuel in boilers and other facilities.
Climate Change: To Become Carbon Neutral

Eliminate the use of specified fluorocarbons (CFCs)

Designated CFCs in Meiji Group Japan
- Reduced by 35%* or more by FY2023
- Eliminate completely by FY2030

*Compared to FY2020

Milestones for eliminating designated CFCs

<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FY2023</th>
<th>FY2026</th>
<th>FY2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by 35%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>by 75%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Eliminate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>completely</td>
<td></td>
<td></td>
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</tbody>
</table>

Our initiatives

Currently own approx. 1500 devices containing CFCs

Replace with devices using natural coolants or CFC substitutes
Our goal

Perpetual use of limited water resources

Target by 2050

- Reduce water use intensity per unit of sales by 50% by 2050 compared with FY2017
- Restore 100% of the water used as raw material for products by 2050 (water-neutral)
- Resolve water risk in and around facilities and where we procure raw materials
## Water Resources: Reduce Water Use

### Action plans to achieve goals by 2050

<table>
<thead>
<tr>
<th>Water usage</th>
<th>Reduce Group total water use (source unit)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Reduce by <strong>10% or more</strong> by FY2023</td>
</tr>
<tr>
<td></td>
<td>- Reduce by <strong>20% or more</strong> by FY2030</td>
</tr>
</tbody>
</table>

*Compared to FY2017

### Our initiatives

<table>
<thead>
<tr>
<th>Reduce</th>
<th>Reuse</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficient use of cleaning water</td>
<td>Reuse cooling water</td>
</tr>
<tr>
<td>Install water-saving equipment</td>
<td></td>
</tr>
<tr>
<td>Use rainwater</td>
<td></td>
</tr>
</tbody>
</table>

- Aichi Plant
- Meiji Innovation Center
- Meiji Innovation Center
- Recycling-type coolers
- Meiji Innovation Center
# Water Resources: Realize Water Neutral

## Action plans to achieve goals by 2050

<table>
<thead>
<tr>
<th>Water volume regeneration</th>
<th>Regeneration rate for water used as product raw material</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- <strong>27% or more</strong> in FY2023</td>
</tr>
<tr>
<td></td>
<td>- <strong>45% or more</strong> in FY2030</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Water conservation</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Forestry conservation</td>
</tr>
<tr>
<td>● Paddy field flooding</td>
</tr>
<tr>
<td>● Rainwater permeation</td>
</tr>
</tbody>
</table>

### Current initiatives

- Paddy field flooding at KM Biologics
- Approx. **18%** water regeneration planned for FY2022

### Future initiatives

- Forest conservation and new paddy field flooding on plant water sources
- Adopting rainwater permeation facilities on plant grounds
Water Resources: Respond to Water Risks

Evaluate water risks

- Investigate water risks at all production sites in Japan and overseas
- Assign response priority order

(1) Flood risk  (2) Water quality risk  (3) Drought risk

Our initiatives

Flooding risk measures
Install breakwater

Breakwater
Nihon Kanzume Co., Ltd.

Water quality risk measures
Install RO* membrane

*Reverse Osmosis Membrane: a type of filtration membrane that can separate materials and is capable of removing ions and organic substances from aqueous solutions

Future measures

Organizational

Outline business continuity plan (BCP) that addresses water risks
- Document actions during an emergency, Prioritize life-saving measures
- Select alternative production sites when plants flooding

Facilities

Propose and implement plans based on projected risk damage amount
Our goal

Transition to a circular economy

Target by 2050

- Achieve zero emissions in the manufacturing process
- Use recycled materials in containers and packaging to minimize the use of new natural capital
## Circular Economy: Achieve Zero Emissions

### Current initiatives

<table>
<thead>
<tr>
<th>Control production of emissions</th>
<th>Enhance recycling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase production efficiency</td>
<td>Plant and animal-based residue</td>
</tr>
<tr>
<td>Reduce volume of containers and packaging</td>
<td>Use as feed, fertilizer, methane fermentation</td>
</tr>
<tr>
<td></td>
<td>Containers and packaging</td>
</tr>
<tr>
<td></td>
<td>Recycling using recycling contractors</td>
</tr>
</tbody>
</table>

### Future initiatives

- Develop materials suitable for recycling
- Install recycling equipment
- Use carbonization technology
- Use IT
Circular Economy: Minimize Use of Natural Capital

<table>
<thead>
<tr>
<th>Reduce plastic usage</th>
<th>Reduce domestic plastic usage by</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- At least <strong>15%</strong> by FY2023</td>
</tr>
<tr>
<td></td>
<td>- At least <strong>25%</strong> by FY2030</td>
</tr>
</tbody>
</table>

*Compared to FY2017

Our initiatives

<table>
<thead>
<tr>
<th>Reduce the weight of packages</th>
<th>Reuse and recycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shift production lines for light weight packages</td>
<td>Reuse plastic distribution materials</td>
</tr>
<tr>
<td>Shift to paper-based package</td>
<td>Pallets</td>
</tr>
</tbody>
</table>

- Functional Yogurt mini-PET bottle 13.7g→8.7g

Increase use of biomass plastics and recycled plastics

<table>
<thead>
<tr>
<th>Collaborate with business partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use in containers, packaging and straws</td>
</tr>
<tr>
<td>10% of biomass plastic used</td>
</tr>
<tr>
<td>Approx. 600 million straws used annually</td>
</tr>
</tbody>
</table>
Our goal

Achieve zero pollution throughout our business activities

Target by 2050

- Strive to achieve zero pollution caused by chemical substances originating from our business activities
- Strive to resolve environmental pollution-related issues throughout our supply chain
## Pollution Prevention

### Current initiatives

<table>
<thead>
<tr>
<th>Wastewater processing</th>
<th>Water quality management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Set voluntary standards stricter than laws</td>
</tr>
<tr>
<td></td>
<td>• Wastewater treatment based on active sludge treatment</td>
</tr>
<tr>
<td></td>
<td><strong>Adopt facilities using environmental technology</strong></td>
</tr>
<tr>
<td></td>
<td>Two-stage for waste with larger environmental load</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chemical substance management</th>
<th>Monitor to manage and minimize environmental waste discharge</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Set voluntary control standards based on international laws and regulations</strong></td>
</tr>
</tbody>
</table>

### Future initiatives

- Switch to highly safe chemical substances
- Strengthen pollution prevention along entire supply chain
1. Meiji Group Long-term Environmental Vision

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### ESG Investment

#### Planning to Spend JPY 30bn in ESG Investment (for FY2021-2023)

<table>
<thead>
<tr>
<th>Items</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CO₂ emissions reduction</strong></td>
<td>• Upgrade, adopt Top Runner facilities with superior energy conservation ratings</td>
</tr>
<tr>
<td></td>
<td>• Install solar power generation equipment, etc.</td>
</tr>
<tr>
<td><strong>Measures toward CFC-free</strong></td>
<td>• Install CFC-free refrigerators and freezers</td>
</tr>
<tr>
<td><strong>Plastic volume reduction</strong></td>
<td>• Adopt equipment for reuse and for minimizing containers and packaging</td>
</tr>
<tr>
<td></td>
<td>• Adopt environmentally-friendly package and container equipment</td>
</tr>
<tr>
<td><strong>Water source conservation</strong></td>
<td>• Install equipment for reusing cleaning water from production processes</td>
</tr>
<tr>
<td></td>
<td>• Install water quality improvement facilities and rainwater usage equipment</td>
</tr>
</tbody>
</table>
Agenda

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2. ESG Investment
3. Sustainability Finance Framework
Created a sustainability finance framework in January 2021

Purpose
Aggressively use sustainability financing as capital to fund activities aimed at realizing the Meiji Group Sustainability 2026 Vision.

Feature
Based on the four elements below defined in the green bond principles and social bond principles outlined by the International Capital Market Association (ICMA)

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

Assessment by the third-party entity
Obtained an assessment score of SU1(F), the highest score possible, in the Sustainability Finance Framework Assessment conducted by the Japan Credit Rating Agency (JCR).
## Sustainability Finance Framework: Use of Proceeds

**Sustainable procurement**
- Sustainable cocoa bean procurement
- Supporting cocoa farmers (Meiji Cocoa Support)
- Developing a responsible supply chain

**Caring for the Earth**
- Energy efficiency and energy creation at domestic and overseas plants
- Securing and conserving domestic and overseas marine resources
- Switching to environmentally friendly packaging (plastic – paper)
- Local biodiversity conservation activities

**Healthier Lives**
- Capital investments and R&D for initiatives related to infant nutrition (General infant formulas and special formulas)
- R&D and capital investments in infectious disease prevention
- R&D related to extending healthy lifespans
- Activities contributing to fostering of future generations
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