



TSE code: 2269

Sustainability Meeting

Meiji Group's Approach to Sustainability

December 9, 2020

Meiji Holdings Co., Ltd.

1. Meiji Group's Approach to Sustainability

2. Governance

3. Environment

4. Society

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“Contributing to the Country through Nutrition”



Hanji SOMA
The Meiji Group Founder

Group Philosophy

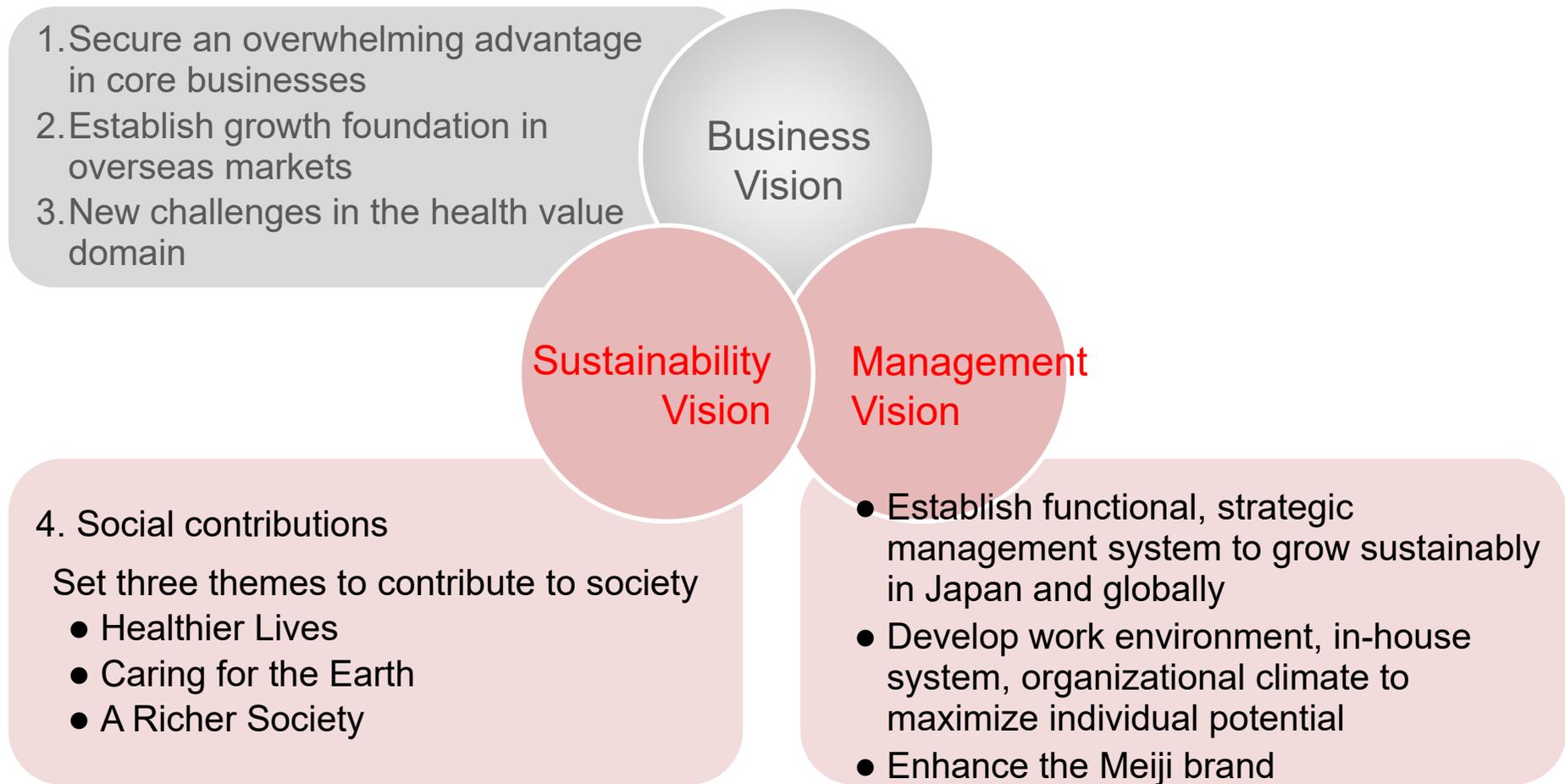
Our mission is to widen the world of “Tastiness and Enjoyment” and meet all expectations regarding “Health and Reassurance.”

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

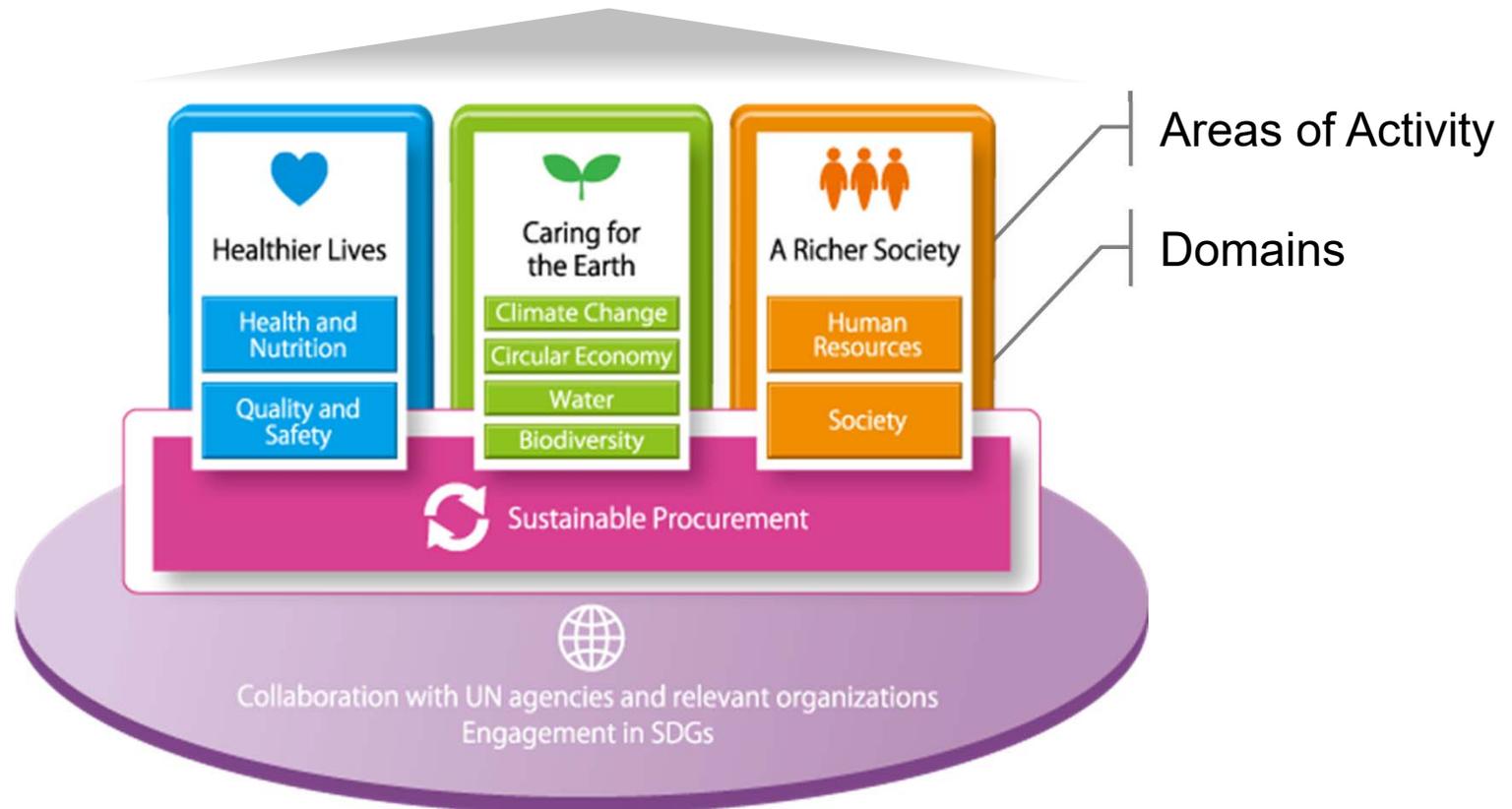
Our responsibility as “Food and Health” professionals is to continue finding innovative ways to meet our customers’ needs, today and tomorrow

Our Promise and Commitment for the 2026 Vision

The Meiji Group will combine the strengths, we have 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.



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.

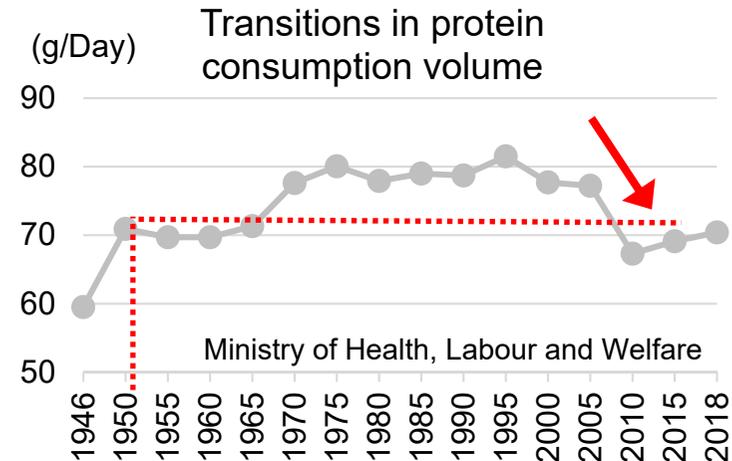


Sustainability Programs Unique to the Meiji Group #1



Launched *Meiji TANPACT* to address poor nutrition

- Current protein intake down to 1950s levels
- Propose +10g/day in protein consumption, Promote products unique to Meiji that can be consumed in a variety of daily occasions
- Collaborate with other companies to expand product line



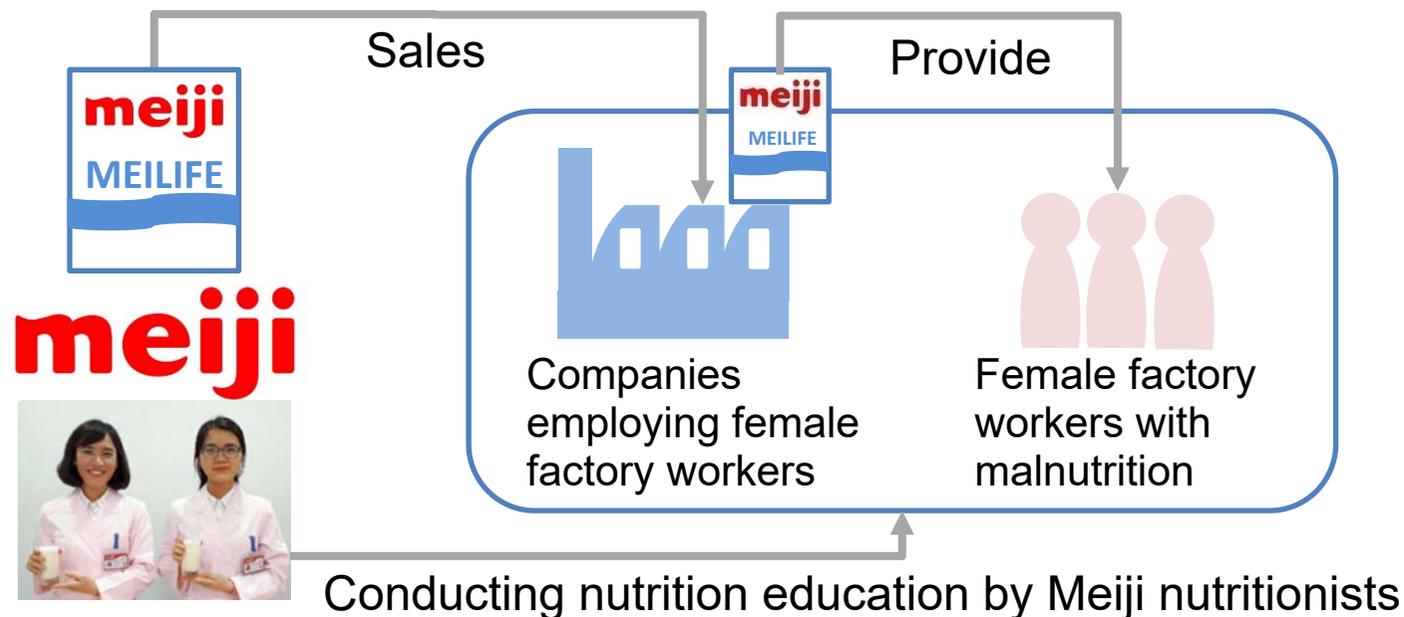
14 SKU in Spring 2020 → **26** SKU*1 in November 2020



タンパクト
TANPACT

Meiji's milk products to improve nutrition in emerging countries

- Propose a project to improve nutrition for female factory workers in Vietnam
→ The project was selected as an SDGs support enterprise by the Japan International Cooperation Agency (JICA).
- 30% of female factory workers in Vietnam have problems of malnutrition.
- Develop a nutrition improvement business model using *MEI-LIFE*, a nutritionally fortified milk



Infection prevention and control, stable supply of pharmaceuticals

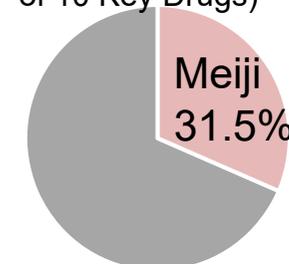
- Research and development of vaccines and pharmaceuticals

Stage	Name	Efficacy Classification / Target Disease
In preparation for Phase I / II	KD-414	Inactivated vaccine against COVID-19
Phase I (Overseas)	KD-382	Quadrivalent vaccine against dengue fever
Phase III Phase II	KD-370	Pentavalent vaccine against diphtheria, tetanus, pertussis, polio, and haemophilus influenza type b
Phase I	OP0595	β-lactamase inhibitor

- Appropriate use and stable supply of antibiotics

- Efforts to prevent the spread of Anti-Microbial Resistance (AMR)
- Strengthening stable supply system for five Key Drugs *1

Share of Meiji's 5 Key Drugs (among total sales volume of 10 Key Drugs) *2



*1: Clinically important injectable 10 antibiotics are designated as "Key Drugs" by four associations, the Japanese Society of Chemotherapy, the Japanese Association for infectious Diseases, the Japanese Society for Clinical Microbiology and the Japanese Society for Infection Prevention and Control. Meiji supplies 5 drugs among the 10 Key Drugs.

*2: Copyright © 2020 IQVIA

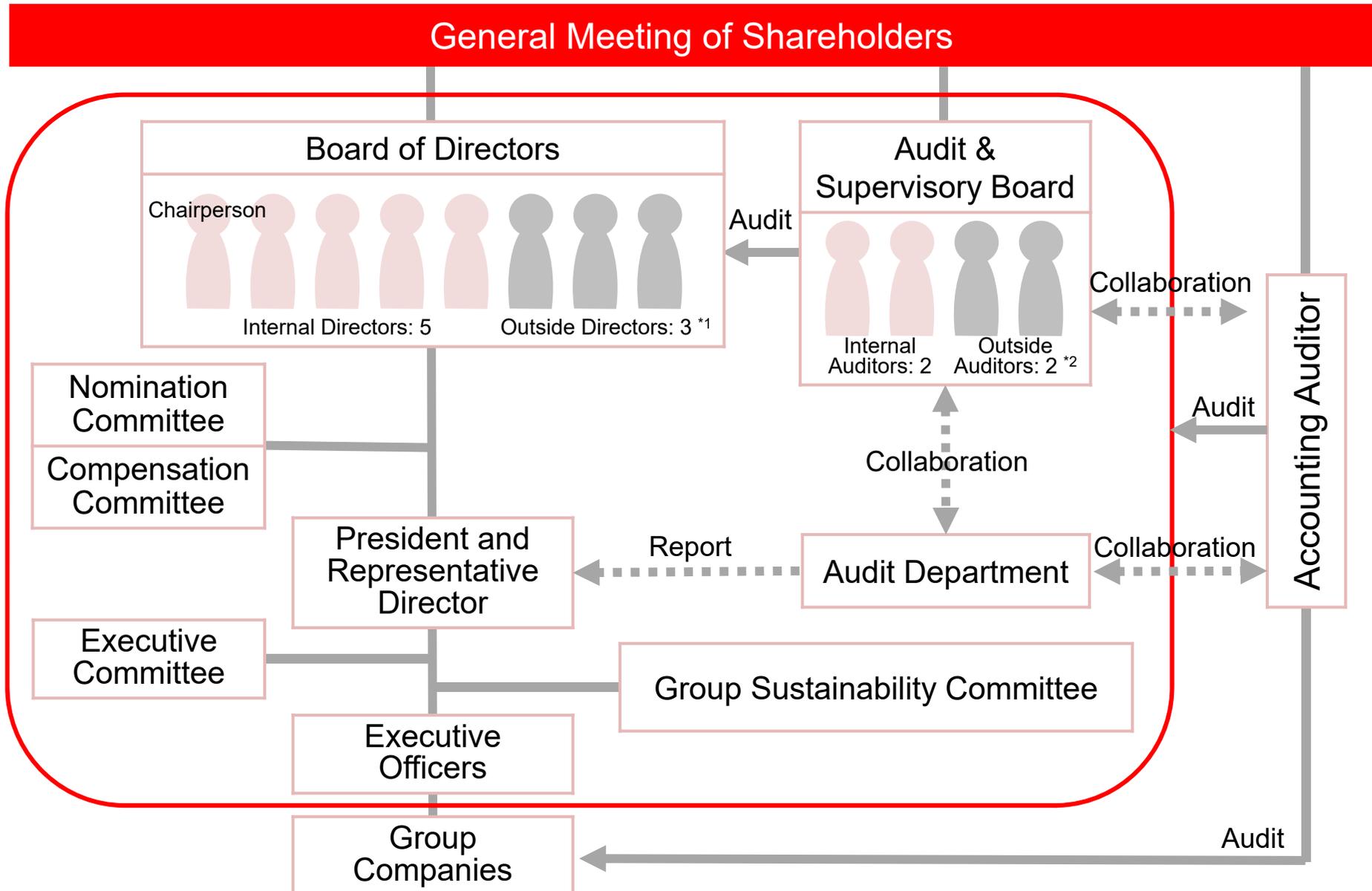
Source: Calculated based on JPM 2020 Mar MAT Market scope as defined by Meiji Seika Pharma *Reprinted with permission

1. Meiji Group's Approach to Sustainability

2. Governance

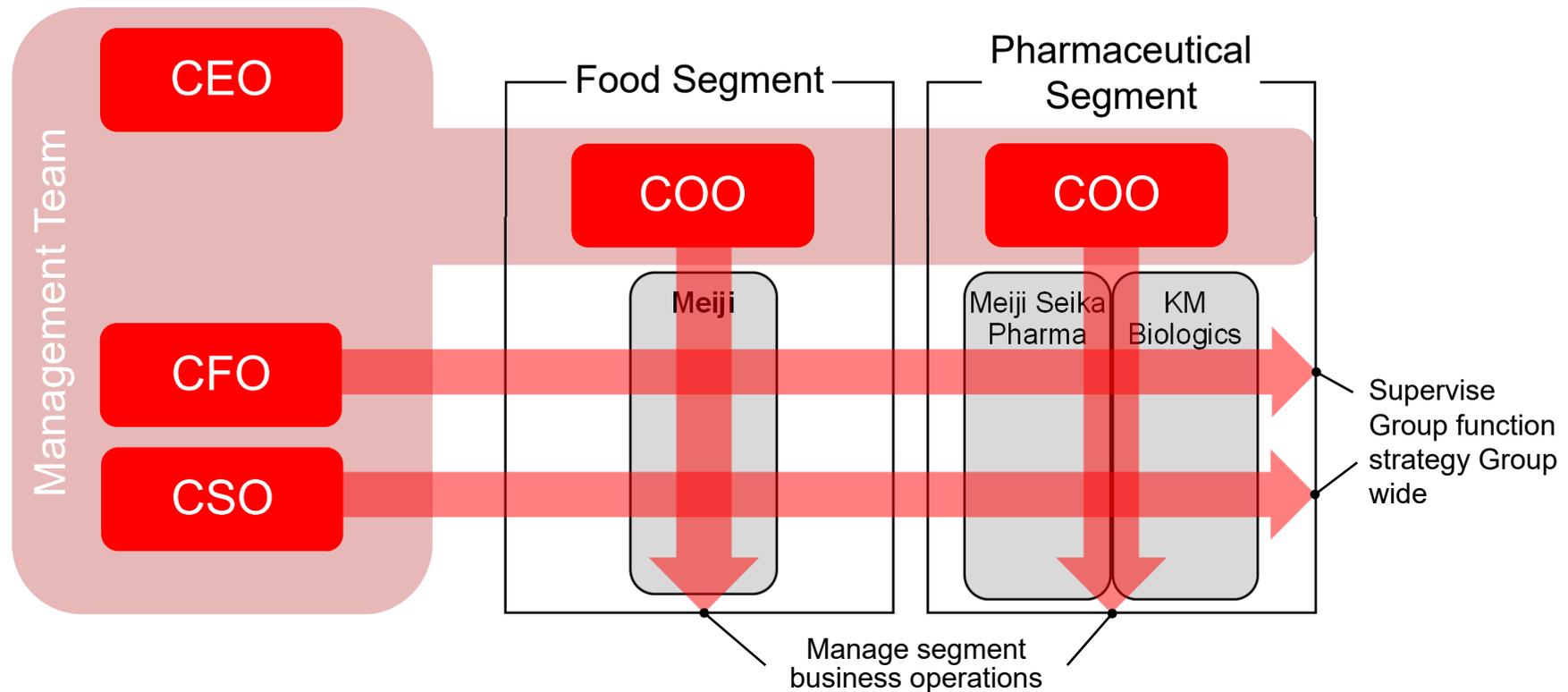
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Introduce Chief Officer System

- Introduced Chief Officer system in June 2020
- Established the Group's strategy meeting consisted of the members of the Management Team



● CEO (Chief Executive Officer)	Oversees management of entire Group
● CFO (Chief Financial Officer)	Oversees Group financial strategy and operational management
● CSO (Chief Sustainability Officer)	Oversees Group sustainability strategy, sustainability activities
● COO (Chief Operating Officer)	Oversees business operations for food segment and pharmaceutical segment

Nomination Committee

● Members

Role	Name	
Chairperson	Kawamura	Internal Director
Members	Iwashita Murayama Matsumura	Outside Directors

● Discussion Topics

FY2018	Leadership Values, Competencies for managers who drive the Group forward
FY2019	Succession planning for the CEO and other top executives
FY2020	<ul style="list-style-type: none"> - Appointment and dismissal of an incumbent CEO - Nomination of successor candidates and a successor talent bench for the position

● Leadership Values



● Review Competencies and Development Policies

Personal Characteristics (Strengths and Challenges)		Strengths	Challenges	Details		
Strategic planning and action	Imagination			● _____		
	Decisiveness	●		● _____		
	Ability to achieve breakthroughs			● _____		
	Ability to channel creative energies					
Organizational leadership skills	Ability to communicate and convince		✓	● _____		
	Ability to motivate			● _____		
	Magnanimity for others' mistakes			● _____		
Character	Ability to develop others' talents	○		● _____		
	Ability to utilize diverse talents			● _____		
	Upstanding character	○		● _____		
Efforts to accomplish the Meiji Group 2026 Vision (understanding, directions, action)				● _____		
Desirable experience for the future				● _____		
Career Summary (Section Manager and Above)		Recent Roles and Achievements				
Section manager	● _____	Period	Position	Role	Achievement	Evaluation
Department manager	● _____	—	—	● _____	● _____	●

● Members

Role	Name	
Chairperson	Kawamura	Internal Director
Members	Iwashita	Outside Directors
	Murayama	
	Matsumura	

● Initiatives

FY2011	Established rules for director and executive officer compensation
FY2015	Established rules of the Compensation Committee
FY2017	Introduced Restricted Stock Compensation

● Breakdown of Director Remuneration (excluding outside directors)

Category	Details	Approx. ratio	
Base compensation	A fixed amount according to the position and responsibilities	Fixed	60%
Performance-linked compensation	Compensation as a short-term incentive, which is assigned according to the Company's performance (sales and operating profits) and individual's performance from the previous year	Variable	40%
Stock compensation	Compensation as a medium- to long-term incentive which is based on the Company's stock price movement		

Link director remuneration with the next medium-term business plan

- Capital efficiency
- Sustainability

- Self-assessment questionnaire

Self-assessment categories

Roles of the Board (setting strategic direction, overseeing company, preparing succession plan, discussing/deliberating/reporting on business matters)

Composition of the Board

Chairperson's performance in the Board of Directors

Quality of meeting materials and presentations

Secretariat's performance

Progress in achieving challenges set in the previous fiscal year

- Individual interviews between the Chairperson of the Board and independent outside directors

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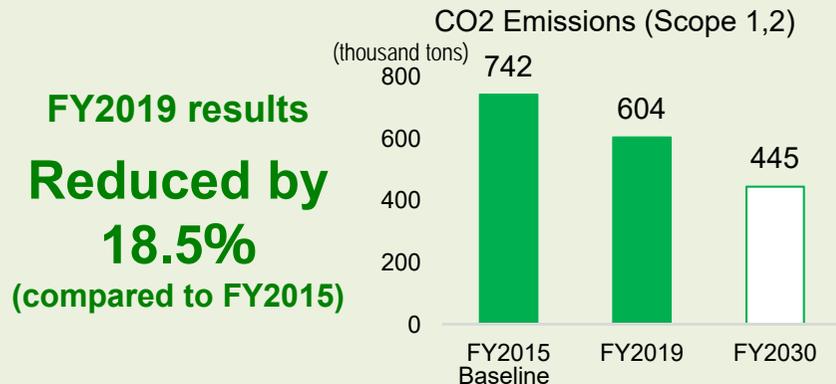
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✓ Reduce CO₂ emission volume

KPI Reduce CO₂ emissions (Scope 1,2) of the total Group by at least 40% by FY2030 (compared to FY2015)



FY2019 results
Reduced by 18.5%
 (compared to FY2015)

Acquiring SBT* Certification

- Participated in SBT* Target Establishment Support Project sponsored by the Ministry of the Environment
- **Planning to commit to the SBT* initiative in FY2020**
- Aim to acquire certification in FY2022

✓ Eliminate the use of specified fluorocarbons

KPI Domestic production bases (by FY2030)
 - Eliminate all specified CFCs used in freezers, etc.

Eliminate all facilities using specified CFCs

- Gradual upgrades beginning with large-scale facilities

(Replace 80% in number of units by FY2026)

<Upgraded to natural refrigerant>

Meiji FY2015: Kyoto Plant, Gunma Plant
 FY2017: Kyushu Plant
 FY2018: Kyoto Plant, Moriya Plant, Tokai Meiji Co., Ltd.
 FY2019: Kanagawa Plant, Moriya Plant, Nagano Depo, Tokai Meiji Co., Ltd.

KM Biologics FY2015: Kumamoto Office

* Same sites appear due to upgrading multiple equipment gradually

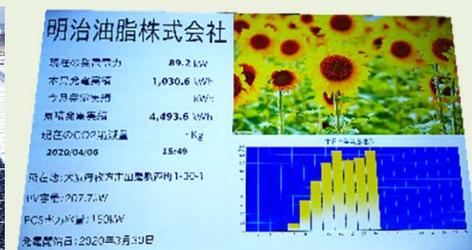
✓ Promoting use of renewable energy

KPI Increase renewable energy at least 50% of total power usage for the total Group by FY2030

<Introduced solar power generation equipment>

Meiji FY2011: Osaka plant FY2014: Aichi plant
 FY2020: Kyushu plant, Meiji Oils and Fats Co., Ltd., Tochigi Meiji Milk Products Co., Ltd.

KM Biologics FY2011: Kikuchi Research Center, Distribution Center



Solar power generation panels at Meiji Oils and Fats

Response to Climate Change



- ✓ **Analyzing scenarios based on TCFD* recommendations and reflecting risks and opportunities in business activities**

Analyzed the impact of climate change on two important areas; **dairy ingredients** and **infectious diseases**, and investigated countermeasures

Dairy ingredients

	Items of financial impacts	Level of impact	
		4 °C	2 °C
Risks	Increased cattle barn operation expenses (feed expenses, heat mitigation expenses)	High	—
	Increased purchase prices for dairy ingredients	Low	—
	Increased losses due to water risks	Medium	—
	Increased electricity costs	Low	—
	Increased costs associated with carbon taxes	Low	High
	Increased costs associated with plastics regulations	—	Low
	Decreased demand due to ethical consumption	—	Low
Oppor-tunities	Expansion of new demand (thirst-quenching beverages, etc.)	Low	Low ~ Medium

Infectious diseases

	Items of financial impacts	Level of impact	
		4 °C	2 °C
Risks	Lost opportunities due to site shutdowns caused by natural disasters	High	—
	Increased logistics costs due to natural disasters and severe weather	High	—
	Increased water procurement costs due to water risks	High	—
	Increased electricity costs	Medium	Medium
	Increased costs associated with carbon taxes	Low	High
Oppor-tunities	Spread of infectious diseases due to climate change	Medium	—

Continue detailed analysis in FY2021
Also planning to analyze new categories

Reducing Plastic Usage

- KPI**
- Reduce domestic plastic usage by at least 25% (compared to FY2017) by FY2030
 - Increase use of biomass plastics and recycled plastics
 - ▶ Plan to reduce by 7,700 tons of plastic usage from 30,800 tons used in FY2017

Our efforts and initiatives

Reduce the weight of packages

Functional Yogurt mini-PET bottle 13.7g→8.7g

- Gradually shift production lines for light weight package
- Accelerate to reduce the weight of packages further until FY2023



Reduced by 1,660 t
From 2014 to 2017

Increase use of biomass plastics and recycled plastics

✓ Blend biomass plastic to plastic straws

Gradually shift to biomass plastic blended plastic straws (approx. 600 million straws used annually) from FY2020



✓ Blend biomass plastic to SAVAS plastic cups



✓ Examine the possibility shifting to biomass plastic or recycled plastic for confectionery packaging such as *Kaju Gummy*



✓ Water risk assessment and information disclosure

STEP 1

Use Aqueduct and hazard maps to assess water risks (drought, flood, water quality risks) for region where plants are located

1) External factor assessment (identify local water issues)



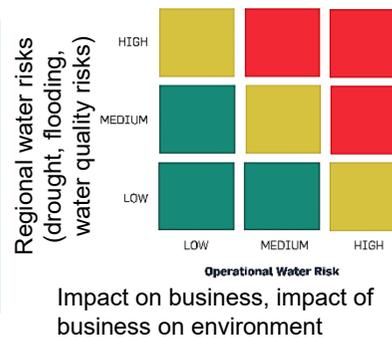
Disclosed assessment results in July 2020

2) Business characteristic analysis (business impact assessment)



STEP 2

Analyze business impact level (Production amount of a plant, water use volume, wastewater volume), and conduct 2-point analysis using STEP 1 regional water risks to select high-priority plants (production bases)



	Drought risk	Flood risk	Water quality risk
Japan 52 Plant/ office	0%	58%	0%
China 5 Plant/ office	20%	80%	60%
Asia 13 Plant/ office	62%	31%	69%
USA, Europe 3 Plant/ office	67%	67%	0%

STEP 3 Future initiatives

Evaluate response measures for high-risk plants

Main targets of ESG investment for 3 years from FY2021 to FY2023

Items	Details
CO ₂ emissions reduction	<ul style="list-style-type: none">● Install energy-saving equipment in domestic and overseas plants● Install solar power generation equipment, etc.
Measures toward CFC-free	<ul style="list-style-type: none">● Install CFC-free refrigerators and freezers
Plastic volume reduction	<ul style="list-style-type: none">● Capital expenditures for changes in packaging and containers● Procurement expenses for environmentally-friendly packaging materials, etc.
Water source conservation	<ul style="list-style-type: none">● Install equipment for efficient water use● Install water quality improvement equipment, etc.

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Implementing Human Rights Due Diligence

We launched the Group Human Rights Meeting in July 2019 and began human rights due diligence. We also revised the Group's Human Rights Policy and identified the existing risks and important issues in value chains

Important Human Rights Issues in Value Chains



High Priority Issues addressed in FY2019

Human rights issues in ingredient procurement for food products

- ✓ Identified six ingredients that are essential to business and pose human rights
- ✓ Created a list of Meiji primary suppliers



Human rights issues in raw materials procurement for pharmaceuticals

- ✓ Identified country and region of bulk drug suppliers
- ✓ Created a list of primary suppliers for Meiji Seika Pharma and KM Biologics

Issue of human rights of foreign workers

- ✓ Created a list of foreign workers in the Group companies in Japan
- ✓ Conducted and analyzed a survey of eight Meiji group companies to understand the current situation

Corporations must take responsibility for human rights and environmental issues, both internally and along their entire supply chain
Create a framework for risk prevention and reduction related to **the realization of responsible procurement activities**

Draft supplier code of conduct

Drafted the **Meiji Group Supplier Code of Conduct** as a **guideline** for responsible procurement activities
Working with suppliers to **create a responsible supply chain**
<Content details>
Comprised of 9 sections including human rights and labor, safe and healthy work environments, environmental awareness, sustainable procurement, etc.

Conduct supplier surveys

Started **Sustainable Procurement Surveys** from October 2020 to verify supplier's current status
<Overview of FY2020 Activities>
- **Selected 76 companies** from among primary suppliers involved in direct transactions with the main offices of our three operating companies
Selection criteria:
Companies representing approx. 80% of transaction amounts

● Survey implementation schedule

Sept. 2020 Preliminary contact to suppliers

Mid-Oct. Supplier seminar

Late-Oct. to Dec. Conduct surveys

Jan. to Mar. 2021 Analyze responses and provide feedback

● Survey method

- **EcoVadis* survey or Meiji original survey**

● From FY2021 onward

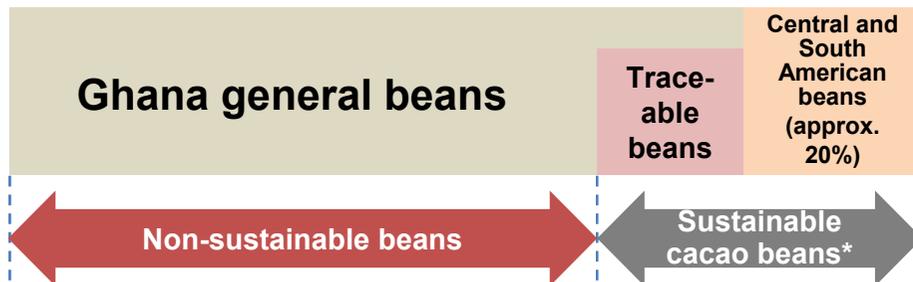
- Respond to required improvements indicated in FY2020 survey

- **Expand scope of application**
Suppliers to domestic Group companies and overseas Group company

KPI for Cocoa

Procuring 100% sustainable cocoa beans* by FY2026

● Status of cacao bean procurement (by region)



* Sustainable cacao beans: Cacao beans produced in regions where Meiji provides support to cocoa farmers

- ✓ Procured approx. **30% sustainable cocoa beans*** in FY2019
- ✓ Approx. **80% of Ghana general beans** (approx. 70% of all beans) require Meiji's support
- ✓ 4 points of Meiji's support (Shown below)

Eliminate forest destruction

Eliminate child labor

Improve lifestyle environment

Improve quality and productivity

KPI for Palm oil

Use 100% certified palm oil by FY2023

1) FY2019 results

10% of RSPO certified oil used in total domestic palm oil volume



2) Targeting approx. 60% in FY2020

RSPO certification acquisition and start of certified palm oil procurement in FY2020 (table to right)

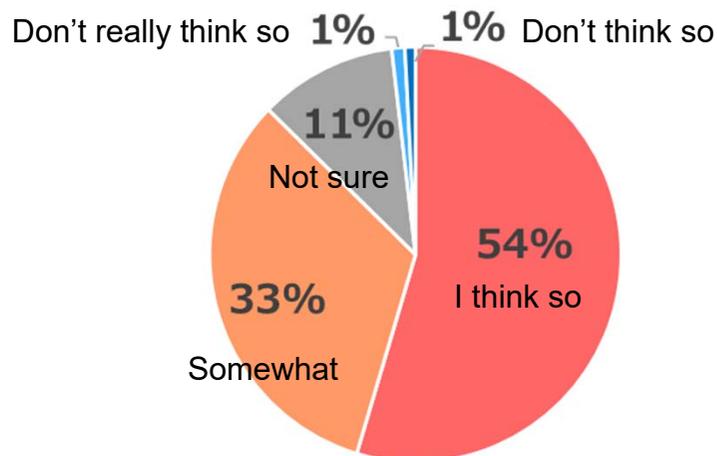
	Certification acquisition	Start of procurement
Gunma Nutritionals Plant Kansai Nutritionals Plant	Acquired Sept. 2020	Oct. 2020
Meiji Oils and Fats Co., Ltd. Kyushu Plant	Acquisition during FY2021 (planned)	April 2021 (planned)

* Certification acquired at 11 domestic plans (as of Nov. 2020)

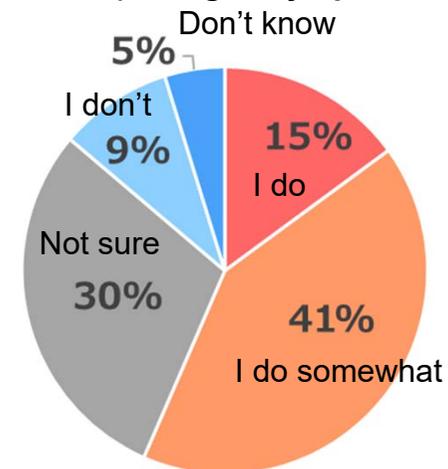
FY2020 Meiji Group Employee Sustainability Awareness Survey

- Period: April 20, 2020 to April 24, 2020
- Subjects: 10,447 employees of Meiji Holdings, Meiji, Meiji Seika Pharma, and KM Biologics
- Response rate: 83%
- Survey method: E-learning systems in each company
- No. of questions: 32

Do you think sustainability activities are important to increase corporate value?



Do you usually have social issues in mind at work (during daily operations)?



- 1) **Employees understand the importance of sustainability activities**
87% responded that they think sustainability activities “are important to increase corporate value”
- 2) **Gap between awareness and actions**
56% responded that they consider social issues at work

Need to increase sustainability awareness among employees

➡ Critical to make it their own issue

Making Sustainability Employees' Own Issue

- ✓ Conducting sustainability seminars for employees

Since April 2020 for all employees at Meiji Holdings, Meiji, Meiji Seika Pharma, and KM Biologics

Held: 4 times
Participation rate:
Approx. 90%



- ✓ Established Meiji Happiness Fund, an in-house fund-raising scheme

Objective of establishment:

Employees voluntarily participate in this activity, to raise employee awareness about sustainability and have employees feel a sense of ownership over social issues

Donated to food bank organizations, etc. in April and October 2020



- ✓ Published Sustainability Book and distributed to employee

Explains how business activities are closely tied to social issues

Promotes awareness of how daily operations are linked to social issues



- ✓ Considering to designate Sustainability Promotion Leaders

To help permeate and stimulate sustainability activities within each workplace, and to accelerate groupwide activities

■ Contact Information

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