Sustainability Meeting

Meiji Group’s Approach to Sustainability

December 9, 2020

Meiji Holdings Co., Ltd.
Agenda

1. Meiji Group’s Approach to Sustainability
2. Governance
3. Environment
4. Society
1. Meiji Group’s Approach to Sustainability

2. Governance

3. Environment

4. Society
“ Contributing to the Country through Nutrition”

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.

Hanji SOMA
The Meiji Group Founder
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.

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

Business 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

Sustainability Vision

Management Vision
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.
Launched Meiji TANPACT to address poor nutrition

- Current protein intake down to 1950s levels
- Propose +10g/day in protein consumption, Propose 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

*1: Total SKU for TANPACT series, including collaborative products
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

- Conducting nutrition education by Meiji nutritionists

- Companies employing female factory workers

- Female factory workers with malnutrition

- Sales

- Provide
Sustainability Programs Unique to the Meiji Group #3

Infection prevention and control, stable supply of pharmaceuticals

• Research and development of vaccines and pharmaceuticals

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

• 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

*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.

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

*2: Copyright © 2020 IQVIA

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

1. Meiji Group’s Approach to Sustainability
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Corporate Governance System

General Meeting of Shareholders

Board of Directors
- Chairperson
- Internal Directors: 5
- Outside Directors: 3

Audit & Supervisory Board
- Internal Auditors: 2
- Outside Auditors: 2

Nomination Committee
Compensation Committee
Executive Committee
President and Representative Director
Executive Officers
Group Companies
Group Sustainability Committee
Audit Department
Audit
Collaboration
Report

Outside Directors: 3

Internal Directors: 5

Outside Auditors: 2

*1: Including 1 female director  *2: Including 1 female auditor
**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

<table>
<thead>
<tr>
<th>Management Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CEO</strong></td>
</tr>
<tr>
<td><strong>CFO</strong></td>
</tr>
<tr>
<td><strong>CSO</strong></td>
</tr>
</tbody>
</table>

**Food Segment**
- **COO** (Chief Operating Officer) Oversees business operations for food segment

**Pharmaceutical Segment**
- **COO** (Chief Operating Officer) Oversees business operations for pharmaceutical segment

**Supervise Group function strategy Group wide**

- **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

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairperson</td>
<td>Kawamura</td>
<td>Internal Director</td>
</tr>
<tr>
<td>Members</td>
<td>Iwashita</td>
<td>Outside Directors</td>
</tr>
<tr>
<td></td>
<td>Murayama</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Matsumura</td>
<td></td>
</tr>
</tbody>
</table>

- Discussion Topics

<table>
<thead>
<tr>
<th>Year</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018</td>
<td>Leadership Values, Competencies for managers who drive the Group forward</td>
</tr>
<tr>
<td>FY2019</td>
<td>Succession planning for the CEO and other top executives</td>
</tr>
<tr>
<td>FY2020</td>
<td>- Appointment and dismissal of an incumbent CEO</td>
</tr>
<tr>
<td></td>
<td>- Nomination of successor candidates and a successor talent bench for the position</td>
</tr>
</tbody>
</table>

- Leadership Values

- Review Competencies and Development Policies
## Compensation Committee

### Initiatives

<table>
<thead>
<tr>
<th>Year</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2011</td>
<td>Established rules for director and executive officer compensation</td>
</tr>
<tr>
<td>FY2015</td>
<td>Established rules of the Compensation Committee</td>
</tr>
<tr>
<td>FY2017</td>
<td>Introduced Restricted Stock Compensation</td>
</tr>
</tbody>
</table>

### Breakdown of Director Remuneration (excluding outside directors)

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
<th>Approx. ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base compensation</td>
<td>A fixed amount according to the position and responsibilities</td>
<td>Fixed 60%</td>
</tr>
<tr>
<td>Performance-linked compensation</td>
<td>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</td>
<td>Variable 40%</td>
</tr>
<tr>
<td>Stock compensation</td>
<td>Compensation as a medium- to long-term incentive which is based on the Company’s stock price movement</td>
<td></td>
</tr>
</tbody>
</table>

Link director remuneration with the next medium-term business plan:

- Capital efficiency
- Sustainability
Evaluation of the Board of Directors

• 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
1. Meiji Group’s Approach to Sustainability
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Response to Climate Change

✓ **Reduce CO₂ emission volume**

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

<table>
<thead>
<tr>
<th>FY2019 results</th>
<th>Reduced by 18.5% (compared to FY2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015 Baseline</td>
<td>742 (thousand tons)</td>
</tr>
<tr>
<td>FY2019</td>
<td>604 (thousand tons)</td>
</tr>
<tr>
<td>FY2030</td>
<td>445 (thousand tons)</td>
</tr>
</tbody>
</table>

**KPI**

**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**

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)

**KPI**

* Same sites appear due to upgrading multiple equipment gradually

✓ **Promoting use of renewable energy**

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

**KPI**

**<Introduced solar power generation equipment>**
  FY2020: Kyushu plant, Meiji Oils and Fats Co., Ltd., Tochigi Meiji Milk Products Co., Ltd.
- KM Biologics FY2011: Kikuchi Research Center, Distribution Center
  FY2014: Meiji Oils and Fats Co., Ltd.
  FY2015: Kyushu plant, Tochigi Meiji Milk Products Co., Ltd.
  FY2016: Meiji Oils and Fats Co., Ltd.
  FY2017: Meiji Oils and Fats Co., Ltd., Kanagawa Plant, Tokai Meiji Co., Ltd.
  FY2018: Meiji Oils and Fats Co., Ltd.
  FY2019: Kyoto Plant, Moriya Plant, Tokai Meiji Co., Ltd.
  FY2020: Tokai Meiji Co., Ltd.

**<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

* Science Based Targets are the targets for companies to reduce greenhouse gas emissions and meet the goals of the Paris Agreement.
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

<table>
<thead>
<tr>
<th>Items of financial impacts</th>
<th>Level of impact</th>
<th>4 °C</th>
<th>2 °C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased cattle barn operation expenses (feed expenses, heat mitigation expenses)</td>
<td>High</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Increased purchase prices for dairy ingredients</td>
<td>Low</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Increased losses due to water risks</td>
<td>Medium</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Increased electricity costs</td>
<td>Low</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Increased costs associated with carbon taxes</td>
<td>Low</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Increased costs associated with plastics regulations</td>
<td>–</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Decreased demand due to ethical consumption</td>
<td>–</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Expansion of new demand (thirst-quenching beverages, etc.)</td>
<td>Low</td>
<td>Low ~ Medium</td>
<td></td>
</tr>
</tbody>
</table>

### Infectious diseases

<table>
<thead>
<tr>
<th>Items of financial impacts</th>
<th>Level of impact</th>
<th>4 °C</th>
<th>2 °C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost opportunities due to site shutdowns caused by natural disasters</td>
<td>High</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Increased logistics costs due to natural disasters and severe weather</td>
<td>High</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Increased water procurement costs due to water risks</td>
<td>High</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Increased electricity costs</td>
<td>Medium</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Increased costs associated with plastics regulations</td>
<td>Low</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Spread of infectious diseases due to climate change</td>
<td>Medium</td>
<td>–</td>
<td></td>
</tr>
</tbody>
</table>

Continue detailed analysis in FY2021

Also planning to analyze new categories

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*Task Force on Climate-Related Financial Disclosures
Reducing Plastic Usage

- 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 weigh 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 Response

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)

- Flood risk
- Drought risk
- Water quality risk

Disclosed assessment results in July 2020

2) Business characteristic analysis (business impact assessment)

- Water use volume
- Wastewater volume
- Production volume etc.

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)

STEP 3
Future initiatives
Evaluate response measures for high-risk plants

<table>
<thead>
<tr>
<th>Region</th>
<th>Drought risk</th>
<th>Flood risk</th>
<th>Water quality risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>0%</td>
<td>58%</td>
<td>0%</td>
</tr>
<tr>
<td>52 Plant/office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>20%</td>
<td>80%</td>
<td>60%</td>
</tr>
<tr>
<td>5 Plant/office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>62%</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>13 Plant/office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA, Europe</td>
<td>67%</td>
<td>67%</td>
<td>0%</td>
</tr>
<tr>
<td>3 Plant/office</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The tools mapping water risks developed by World Resources Institute (WRI)*
Planning to Spend JPY 30bn in ESG Investment

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

<table>
<thead>
<tr>
<th>Items</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions reduction</td>
<td>● Install energy-saving equipment in domestic and overseas plants&lt;br&gt;● Install solar power generation equipment, etc.</td>
</tr>
<tr>
<td>Measures toward CFC-free</td>
<td>● Install CFC-free refrigerators and freezers</td>
</tr>
<tr>
<td>Plastic volume reduction</td>
<td>● Capital expenditures for changes in packaging and containers&lt;br&gt;● Procurement expenses for environmentally-friendly packaging materials, etc.</td>
</tr>
<tr>
<td>Water source conservation</td>
<td>● Install equipment for efficient water use&lt;br&gt;● Install water quality improvement equipment, etc.</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>R&amp;D</th>
<th>Procurement</th>
<th>Manufacturing</th>
<th>Sales, Distribution, and Consumption</th>
<th>Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Access to information</td>
<td>• Child labor</td>
<td>• Forced labor</td>
<td>• Considering impacts of marketing on children</td>
<td>• Healthy lifestyle for local residents, access to water</td>
</tr>
<tr>
<td>• Privacy rights</td>
<td>• Healthy lifestyle for local residents, access to water</td>
<td>• Customer and user health</td>
<td></td>
<td>• Healthy lifestyle for local residents, access to water</td>
</tr>
</tbody>
</table>

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
Developing a Responsible Supply Chain

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 cocoa bean procurement (by region)

<table>
<thead>
<tr>
<th>Region</th>
<th>Traceable beans</th>
<th>Sustainable cocoa beans*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana general beans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central and South American beans (approx. 20%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-sustainable beans</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Procured approx. 30% sustainable cacao 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

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

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)

<table>
<thead>
<tr>
<th>Plant</th>
<th>Certification acquisition</th>
<th>Start of procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kansai Nutritionals Plant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meiji Oils and Fats Co., Ltd. Kyushu Plant</td>
<td>Acquisition during FY2021 (planned)</td>
<td>April 2021 (planned)</td>
</tr>
</tbody>
</table>

* Certification acquired at 11 domestic plans (as of Nov. 2020)
Sustainability as a Personal Issue

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

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%

✓ 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

✓ 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

✓ Considering to designate Sustainability Promotion Leaders
  To help permeate and stimulate sustainability activities within each workplace, and to accelerate groupwide activities
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