

Meiji Holdings Co., Ltd.
ESG Meeting
Q&A Summary

Date and time: December 9, 2020, 1:00-2:30 pm

Presenter:

Kazuo Kawamura

CEO, President and Representative Director, Meiji Holdings Co., Ltd.

Jun Furuta

CSO, Member of the Board and Senior Executive Officer, Meiji Holdings Co., Ltd.

Shinji Matsuoka

Executive Officer, Sustainable Management Dept, Meiji Holdings Co., Ltd.

Q 1. The next Medium-Term Business Plan outlines JPY 30.0 billion in ESG investments. What impact will this have on profit?

A 1. In the short-term, this will have a negative impact on profit as a result of increased depreciation related to capital expenditures. These are unavoidable investments so we think that acting quickly will contribute to profits in the medium- and long-term.

We will manage the ESG investment budget separately from conventional investments. We expect this will help eliminate negative views towards these investments and related increased depreciation.

Engaging in appropriate ESG investments will enable us to advance initiatives promoting CO2 reduction and the proper use of water resources.

Q 2. What is the objective of adopting the Chief Officer system? Specifically, what subjects are discussed by the Group's Strategy Meeting consisting of management team members?

A 2. The Chief Officer system was adopted with the goal of promoting Group unity and further growth. The Group's Strategy Meeting, which is comprised solely of Chief Officers, deliberates Group growth strategy. Specifically, this includes discussions concerning sustainability strategy. It is important that the senior management of each operating company recognize that sustainability must be an integrated part of corporate management. We believe that achieving a consistent approach between Chief Officers is critical to being able to engage in initiatives as a unified Group.

Q 3. What is your quantitative outlook for cost increases due to carbon taxes?

A 3. At present, we are not able to disclose specific figures. We are estimating impact through 2040 for dairy ingredients and through 2050 for the infectious diseases. As total, we believe the impact amount will be tens of billion yen. In our TCFD

scenario analysis based on an increase of 2°C, the assumed carbon tax amount is JPY 14,000 to 15,000 per ton.

- Q 4. What is your view of greenhouse gas emissions associated with methane gas from dairy cattle?
- A 4. Meiji Group and the entire dairy industry are beginning to move towards problem resolution. It is said that greenhouse gas emissions attributable to livestock production account for 8% of total global emissions, meaning that this is a significant issue. However, in Japan, greenhouse gas emissions attributable to livestock production account for 1% or less of total emissions. As such, the severity of this problem differs depending on the country.

Methane gas emissions change depending on herd size. Increasing per-cow milk production volume will decrease the load resulting from methane gas. We believe that increasing milk production volume per cow is the best solution. Other measures, such as creating cattle breeds and feed that produce lower methane gas emissions, may also be effective. The Japanese government has outlined a carbon neutral policy and it is likely the agricultural sector will also be subjected to various measures. As a dairy producer, we too want to continue supporting the initiatives of the dairy farmers.

- Q 5. President Kawamura serves as chairperson of the Nomination Committee and the Compensation Committee but there are those who believe the chairperson should be an outside director. What is your company's approach?
- A 5. Agendas deliberated by the committee are decided through deliberation. There are three outside directors and one internal director, meaning that the outside directors are the ones with decision-making authority. The president serves in an administrative role as a coordinator and facilitator.

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