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Meiji Holdings Co., Ltd.
Q&A from Small Meeting with Outside Directors

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Presenters (Outside Director):

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*This material has been edited to make it easier to understand some of the questions and answers.

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Q-1 Board of Directors' effectiveness evaluation and strategic deliberations, succession planning for CEO and Outside Directors

In the Integrated Report 2024, it was indicated that effectiveness evaluation for the Board of Directors identified enhancing strategic deliberations, refining the CEO selection process, and also formulating the succession planning for Outside Directors as ongoing issues. What is your current awareness concerning these issues? Also, please indicate what initiatives you are undertaking to address these issues moving forward.

A-1

Kawata: Strategic deliberations are something we as Outside Directors also view as an incredibly important theme. Board of Directors' meetings have a tendency to focus on specific incidents or current issues but the Board should be taking a broader approach that questions how its deliberations will link to enhancing corporate value and increasing shareholder value. In particular, the Board must take a medium- and long-term approach to deliberating themes such as growth strategy, business portfolio, and capital allocation. While there is room for improvement, the Meiji Group's internal awareness of this strategic perspective has increased significantly. However, the issue moving forward will be to what extent the Group is really able to dig deep into such themes. As Outside Director, I want to aggressively support more intrinsic strategic deliberations.

Matsumura: This is my eighth year serving as an Outside Director. During this period, how the Nomination Committee and the Compensation Committee are operated has changed significantly. In the past, an Internal Director served as committee chairperson but Meiji later transitioned to a structure through which each Committee is chaired by an Outside Director. There was a time when I personally served as chairperson of the Nomination Committee. That was a significant period that involved the succession of not only the CEO but also the Presidents of major operating companies. I had numerous interviews with candidates and also engaged in incredibly in-depth deliberations with the Committee as well. While it was a difficult time during which contact with others internally was limited due to the COVID-19 pandemic, I believe we diligently conducted a very fair process.

Today, we are reevaluating Leadership value, strengthening points of contact with candidates, and encouraging Outside Directors to participate in training as part of its efforts to improve processes for more planned successions.

Kuboyama: Similar to succession for the CEO or COO, succession planning for Outside Directors should be prepared significantly in advance. In the past, it was common for candidates to be chosen from sources such as the President's personal network. However, we are no longer living in such times. The Board of Directors is collectively advancing a transparent process that maintains an awareness of the skills matrix, including which skills and experience are required. The Group has already begun taking specific action.

Q-2 Recording impairment losses for China business and shifting to focus on ROE
At the briefing on China business impairment losses, the message outlining fundamental structural reforms, a recovery to an ROE of around 10%, and Meiji's commitment to placing ROE at the core of management left a very strong impression. With these changes in management policy, have there been any changes in how you oversee the Group as Outside Directors or in your discussions with the executive team? Also, what do you view as most important when it comes to implementing structural reforms?

A-2
Pedersen: The transition to the new management team made it possible to have more frank discussions. We are also having in-depth discussions concerning structural reforms and business reorganization for the China business. I also feel like these changes in management stance have increased the likelihood of Meiji achieving its FY2026 operating profit target of JPY100.0 billion. The CEO is committed to future targets such as creating new businesses that produce net sales of JPY 100.0 billion with a profit margin of 30%, as well as to the organizational development needed to achieve those targets. I feel that this is a turning point for the Meiji Group.

Kawata: I take the impairment losses for the China business very seriously. Recording impairment losses not long after investment was a difficult decision for management. While we have conducted business-specific profit and cost management, I don't think the Group conducted sufficient analysis at the strategy level to dive deeply into the reasons why things turned out the way they did in the Chinese market. As a result, ROE dropped significantly. Because of this, the Board of Directors as a whole now has a strong sense of urgency regarding achieving fiscal year operating profit targets, improving ROE, and implementing structural reforms. There is a sense of the need to make fundamental changes.

Q-3 Approach to shareholder proposals

Recent years have seen an increase in shareholder proposals. Meiji has also been on the receiving end of such proposals, but how do you view these as Outside Directors?

A-3

Matsumura: I do not view shareholder proposals simply as some inconvenience. Rather, there are instances where shareholder proposals serve as an opportunity for the company to evaluate what improvements it can make towards improving corporate value. Even if opposed to a proposal, there is still meaning in the process of sufficiently discussing the proposal internally and organizing the company's position on why it opposes the proposal. Needless to say, the level of quality of proposals varies, so it is also necessary to carefully assess the details of proposals and continue dialogue when necessary.

Kawata: Among the recent proposals Meiji received, some appeared to involve very short timeframes. There was also a strong tendency towards attempts to restrict company management through changes to the Articles of Incorporation. Of course, some proposals can provide a valuable perspective. However, corporate management requires a certain level of flexibility, so there is a difference of opinion when it comes to taking an approach that ties everything to the Articles of Incorporation. As such, while accepting such proposals as hints or points of reference, I do think it is important that we carefully explain our stance on such matters.

Kuboyama: The company receives shareholder proposals in part because the market sees a problem in terms of not sufficiently creating value. As such, I believe the best strategy is not only to address individual proposals, but intrinsically, to continuously improve corporate value.

Pedersen: I think a company that is solidly generating profits and achieving growth is less likely to see shareholder proposals. In that sense, I take proposals very seriously. On the other hand, the company must also firmly address issues when it has an opposing stance. That said, I also think it is important that the company view such opportunities as learning opportunities.

Q-4 Issues related to improving shareholder value
What do you identify as issues related to improving shareholder value? Also, as Outside Directors, how have you thus far been involved in resolving those issues?

A-4
Kawata: I view the most important issues as being growth strategy and business portfolio reform. Balancing capital allocation between growth investments and returns to shareholders is also extremely important. Shareholders focus on more than simply hoping for increasing returns. Shareholders want to know what kind of medium- and long-term growth scenario the company is envisioning. As such, management must not only consider ROE and ROIC, but adopt a more multidimensional approach that includes the WACC spread. Also, rather than simply designating ROIC as a management indicator, it is important to promote an understanding among employees that targets are linked to the work of each individual.

Pedersen: I think significant progress has been made on structural reforms in the Pharmaceutical business over the past few years. In the past, there was even a time when some questioned the purpose of the Pharmaceutical business but today it now stands as a core revenue base for the

Meiji Group. On the other hand, the globalization of the Food business has become a major issue. In particular, I feel that there is a lack of overseas management personnel and human capital capable of advancing M&A. In the future, we will promote participation in the Board of Directors' meetings by the heads of overseas subsidiaries as part of efforts to enhance global management.

Kuboyama: I think it is extremely important that the Meiji Group not only reforms its business portfolio, but also transforms its human capital and organizational culture. Top management has changed significantly, but the previous culture still exists at the local level. There are still numerous elements that remain unchanged, including meeting operations, evaluation systems, and the utilization of mid-career hires. I think a major issue moving forward will be whether or not Meiji can truly transform into a company where global talent and mid-career hires can find opportunities.

Q-5 Synergy between Pharmaceutical and Food

Investors continuously evaluate whether or not it is truly beneficial for the same company to operate both a pharmaceutical business and a food business. Pharmaceuticals require a very long timeline and strict evidence. Meanwhile, food is an entirely different business. Operating both runs the risk of dispersing management resources and making it difficult to focus on other domains. As Outside Directors, what is your view on this?

A-5

Kuboyama: Employees are keenly aware that Meiji is a company that contributes to health. However, when considering the concept of synergy between Pharmaceuticals and Food businesses, I don't necessarily think solely about technological fusion. I also think this can be found in health support services and information provision as well, and discussions are moving in the direction of seeking synergies in broader domains of health value and well-being. For example, initiatives like *Inner Garden** involve conducting intestinal environment tests and providing personalized food and lifestyle suggestions. Meiji can also leverage its network of pharmacists in the Pharmaceutical business to offer in-store advice on *MeiBalance*, a nutritional food for the elderly. These are values that are unique to Meiji with both pharmaceutical and food products.

* Inner Garden Japanese site (https://floracheck.meiji.co.jp/)

Pedersen: Meiji Group is a company that has spent many years building a business category centered on health value. In that sense, the Group has unique knowledge and a brand in the health domain not possessed by its competitors. However, as your question implies, this matter is not as simple as generating great business value through simple multiplication. Moving forward, rather than aiming for the space between Food and Pharmaceuticals businesses, Meiji will consider value creation in higher-level concepts such as well-being, prevention, lifestyle support, and lifestyle proposals. Whether a truly large business will emerge from this remains to be seen. However, as Outside Directors, we strive to engage in constructive thinking about how we can turn these concepts into a reality, rather than simply raising questions.

Q-6 Structure of Nomination and Compensation Committees

At some companies, the Nomination Committee and the Compensation Committee are comprised solely of Outside Directors. Some believe that involvement by Internal Directors, particularly the CEO, can lead to nominations and compensations being influenced by internal matters. In the future, will Meiji consider adopting a structure comprised solely of Outside Directors? Or, conversely, do you feel your current structure is appropriate?

A-6

Matsumura: When I first assumed my role, each committee was structured as two Internal and three Outside Directors. Later, the Group further increased the ratio of Outside Directors. The benefit of participation by Internal Directors is the ability to share information related to candidates in real time. With discussions related to succession in particular, there is HR information and workplace perspective that cannot be fully ascertained by Outside Directors alone. As such, I believe there is a practical reason for this structure. In fact, during the last CEO succession, the committee operated based on a structure of one Internal Director and four Outside Directors, and I believe process was sufficiently led by Outside Directors in terms of decision-making and leading discussions.

Kawata: More important than the structure of the members is the extent to which the CEO, as an internal committee member, exerts influence. Currently, the CEO is in no way in any position to suppress the Outside Directors. As a matter of fact, I feel that we are able to exchange opinions openly while sharing necessary internal information. In that sense, I currently believe there is a rationale for the CEO's participation.

Kuboyama: While I do think that a structure comprised solely of Outside Directors is a possibility, at present I find no significant issue with participation by the CEO.

Pedersen: Looking back at the last succession process, when we selected the CEO and the two COOs, the four Outside Directors evaluated matters to an extent that could be considered excessive. However, we have no way of fully knowing in detail which candidates should be on the table. For this reason, my current impression is that it is more efficient to have the participation of the CEO.

Q-7 Information asymmetry and Board of Directors' meeting operations

There is a significant information asymmetry between investors and directors. While the facts of what actually happened are important, external investors are not privy to that process. Mr. Pedersen, I believe you have witnessed many transformations at other companies. How do the Board of Directors operate and what topics are discussed in companies undergoing transformation?

A-7

Pedersen: I actively share reform examples I've seen at other companies within the Meiji Group. For example, Mitsubishi Electric has implemented large-scale governance reforms, and the MARUI GROUP has made significant progress with human capital and organizational reforms. I introduce these case studies to discuss with the executive side regarding what we can do within the Meiji Group.

Kuboyama: In some ways, current Board of Directors' materials are an extension of management meetings. However, Board of Directors' meetings are not merely for confirming business execution, but also for discussing strategies and direction. In this sense, it is necessary to have materials and explanations that include the background, purpose, and strategic positioning. We have repeatedly requested improvements over the past two to three years. We have seen some improvements since the new management team was adopted, including the introduction of pre-meeting explanatory videos and a digital platform, but it is still not perfect. However, I do feel that the company is starting to move in the direction of improvement.

Q-8 Activism and responsibilities of Outside Directors
I believe that companies targeted by activist shareholders are often not simply those with poor performance. Rather, companies possess valuable assets but their governance and transformation efforts have not kept pace. Ideally, there are many issues that should be pointed out more directly by Outside Directors before they are raised by activist shareholders. I also feel that Meiji's biggest problem is the persistence of organizational silos. Does the current management team charge Outside Directors with the mission of speaking their minds for the sake of change?

A-8
Kuboyama: I fully understand your point. I also feel that the issue of developing the talent and organization within the Group that can drive M&A and overseas business should have been raised sooner. Meiji is a diligent company and has human capital. However, in the past, the Group’s culture of taking on big challenges and risks may have been somewhat weak. Among the Outside Directors, we have very frank discussions, including in informal settings, and we share the details of those discussions with the CEO and the administrative staff. On the other hand, the Group has not necessarily been very clear in terms of setting expectations or tasking us with taking on a strong

role in leading transformation.

Pedersen: The new management team has created a very open atmosphere for discussion, and the CEO and COOs welcome frank suggestions. However, I do feel that we, as Outside Directors, need to be more proactive and delve deeper into the issues.

Q-9 ROESG and shift to a focus on ROE

While the Meiji Group has designated ROESG as a management indicator, it is also the case that you have not made sufficient improvement in stock price or ROE. Rather than suggesting that there is a problem with ESG, it seems like there has been a problem of successfully linking sustainability to economic value. Currently, the Meiji Group is shifting to a direction of further focusing on ROE but how will you approach ESG moving forward?

A-9

Kawata: In terms of taking an integrated approach to economic value and social value, I think that ROESG is an incredibly important concept. In reality, external evaluations in the ESG domain are very high and Meiji has put in an extreme level of effort. However, it is also a reality that this has not sufficiently resulted in improvement in ROE, something that is very regrettable. The Group's focusing fully on ROE does not mean simply abandoning ESG, but represents a restart and a commitment to first thoroughly establishing economic value.

Pedersen: The reality is that having only a high ESG evaluation with a low ROE will not lead to sufficient evaluation by capital markets. ROESG was adopted under the previous CEO's strong belief that the future would be an age of integrated management. However, as this did not result in ROE improvement, those efforts were not necessarily favorably evaluated by the markets. Currently, I view the Meiji Group as being in the phase of correcting to a course that balances improving ROE and achieving sustainability.

Q-10 Is ESG evaluation reflected in stock prices?

In the integrated report, Mr. Pedersen mentioned that “there is no premium attached to ESG.” As an investor, we apply a discount for negative aspects, but we find it difficult to determine how to assign a premium for “good ESG.” What should investors focus on?

A-10

Pedersen: Even for companies with strong ESG performance, it is rare for a clear stock price premium to be assigned. Rather, I view ESG as something that underpins corporate value. Ultimately, unless a company demonstrates how sustainability leads to business growth, it will not translate into market valuation.

Q-11 Speed of improvement

While awareness of issues is fairly well shared through your integrated reports and the like, from an investor’s perspective, it can be puzzling why aspects that seem easy to fix remain unchanged for years. For example, improvements in materials or board operations could presumably be changed as early as the following month if the top management were serious.

A-11

Kuboyama: Improvements are progressing in some areas, but there are still gaps, particularly in the content of disclosures. Personally, if I were in an advisory role, there are situations where I would want to be more directly involved. However, as an Outside Director, there are inherent challenges in determining how far to step into operational matters.

Pedersen: My impression is that both change and stagnation exist. For instance, if the Meiji Group aims to globalize, it is important for the heads of overseas subsidiaries to attend board meetings and report, and I believe areas where this has not yet been implemented need to change. On the other hand, the speed of improvement has increased considerably over the past year. With the introduction of digital platforms, pre-meeting explanatory videos, and streamlined agendas, there is a much stronger focus on key themes. Compared to before, the Board reform has clearly progressed.

Q-12 Should Outside Directors be more involved?
Under the Companies Act, Outside Directors are primarily supervisors, but I would like to see you play a more proactive guiding role as well. You bring knowledge that does not exist within the company, and I believe it should be used more creatively for corporate transformation rather than limited to supervision.

A-12
Kuboyama: I feel that the role of Outside Directors has evolved significantly in recent years. In the past, the focus was on monitoring, but now there are expectations to support transformation and stimulate the organization. I am currently quite involved in programs for developing female managers and talent training. I participate in workshops and have opportunities to engage directly with candidates and younger employees, which allows me to understand on-the-ground realities that are difficult to see from the boardroom. In terms of succession, I believe it is necessary to expand the scope to younger generations going forward. It is extremely important not to limit involvement to board meetings, but to visit operational sites, understand organizational dynamics, and engage directly. At the same time, if Outside Directors become too deeply involved in operations, the boundary with execution becomes blurred, which presents its own challenges. Striking this balance will become increasingly important.

Q-13 How will you monitor the coming year?
Following the leadership transition, structural and organizational reforms are progressing, but it has also been said that change must reach the employee level. How will you, as Outside Directors, monitor the next year?

A-13

Kawata: First and foremost, achieving this fiscal year's operating profit target of ¥100.0 billion and improving ROE are absolute requirements. These are not just financial targets, but also crucial indicators of whether the company can truly transform. Delivering results is essential for restoring employee confidence and market trust. However, numbers alone are not sufficient. We need to continuously assess how far corporate culture and organizational reforms are permeating middle management and frontline operations. The new CEO is highly open and positive, and it will be important to see whether this mindset truly reaches the frontline. As Outside Directors, we intend to expand our engagement beyond the boardroom and increase interactions with employees to confirm the reality of change.

Pedersen: The next medium-term business plan and long-term vision will not merely be numerical targets; they will determine whether the company can truly transform. Key themes such as globalization, talent, diversity, M&A, and new businesses are areas where the company has not necessarily excelled in the past. Therefore, the question will be whether there is real determination to change and break away from conventional approaches. Additionally, regarding organizational restructuring and new business investments, we need to assess whether these can be embedded into the management foundation on a continuous basis rather than as one-off initiatives. From our perspective, we intend to monitor progress with a very rigorous eye.

Q-14 Concretizing succession planning

In considering the medium-term business plan and long-term vision, it is necessary to accelerate and concretize the succession planning. How are you currently approaching this?

A-14

Kawata: Succession should not be something addressed hastily as terms come to an end; it should be a continuously reviewed theme. We are currently preparing scenarios that also account for emergency situations. When evaluating candidates, we place importance not only on skills and track records but also on character and integrity. It is crucial that candidates can lead the organization and earn trust, not just deliver results. Therefore, we engage in multifaceted evaluations that go beyond formal interviews, considering day-to-day behavior and management style.

Kuboyama: Rejuvenating the management team is a key challenge. We must develop talent capable of taking on management responsibilities at a younger stage and continuously prepare next-generation candidates. While this is not merely an issue of age, having the energy as a top leader to drive transformation over the long term is extremely important. Furthermore, it is not just about CEO candidates, but also about strengthening the broader management talent pool beneath them. Going forward, a major theme will be how to develop talent with diverse experiences, such as global business, M&A, and new business development—areas that differ from traditional career paths. Therefore, succession should not be viewed merely as “choosing a successor,” but as the medium- to long-term development of management talent itself.

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